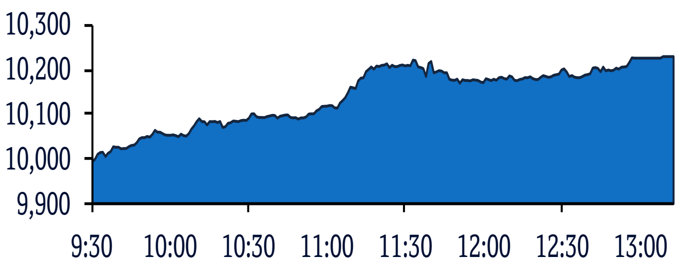
Daily Market Report

Sunday, 01 September 2019

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 2.1% to close at 10,232.9. Gains were led by the Banks & Financial Services and Industrials indices, gaining 2.7% and 2.3%, respectively. Top gainers were Al Khaleej Takaful Insurance Company and Mesaieed Petrochemical Holding Company, rising 7.1% and 5.2%, respectively. Among the top losers, Qatar Oman Investment Company fell 3.7%, while Qatar First Bank was down 2.0%.

GCC Commentary

Saudi Arabia: The TASI Index fell 1.9% to close at 8,019.8. Losses were led by the Media & Ent. and Banks indices, falling 2.7% and 2.6%, respectively. Saudi Investment Bank declined 4.8%, while Mouwasat Medical Services was down 4.5%.

Dubai: The DFM Index gained marginally to close at 2,758.6. The Transportation index rose 1.2%, while the Insurance index gained 0.6%. Dar Al Takaful rose 5.0%, while Aramex was up 1.4%.

Abu Dhabi: The ADX General Index gained 0.7% to close at 5,165.6. The Telecommunication index rose 1.6%, while the Real Estate index gained 0.7%. National Bank of Fujairah rose 13.9%, while Abu Dhabi Comm. Bank was up 3.5%.

Kuwait: The Kuwait All Share Index fell 0.2% to close at 5,941.1. The Consumer Goods index declined 0.8%, while the Insurance index fell 0.4%. Sanam Real Estate Co. declined 9.8%, while Umm Al Qaiwain General Investments was down 8.8%.

Oman: The MSM 30 Index gained 0.8% to close at 4,004.9. The Financial index gained 0.5%, while the other indices ended in red. Oman United Insurance rose 5.6%, while Bank Dhofar was up 4.3%.

Bahrain: The BHB Index fell 0.1% to close at 1,533.1. The Services index declined 0.3%, while the Commercial Banks index fell 0.1%. Khaleeji Commercial Bank declined 2.0%, while BMMI was down 1.9%.

Market Indicators	29 Aug 19	28 Aug 19	%Chg.
Value Traded (QR mn)	324.8	203.6	59.5
Exch. Market Cap. (QR mn)	564,167.6	551,087.2	2.4
Volume (mn)	92.0	66.4	38.5
Number of Transactions	7,209	5,894	22.3
Companies Traded	45	44	2.3
Market Breadth	31:8	19:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,829.31	2.1	3.2	3.8	14.8
All Share Index	3,004.42	2.1	2.5	(2.4)	14.9
Banks	3,995.04	2.7	3.0	4.3	13.8
Industrials	3,071.36	2.3	3.5	(4.5)	17.7
Transportation	2,526.86	2.0	0.8	22.7	13.9
Real Estate	1,402.74	0.1	(1.3)	(35.9)	15.4
Insurance	2,795.45	0.2	4.8	(7.1)	16.3
Telecoms	900.94	1.9	1.2	(8.8)	16.4
Consumer	8,219.83	0.9	2.6	21.7	16.2
Al Rayan Islamic Index	3,919.79	1.5	2.3	0.9	14.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
The Commercial Bank	Qatar	4.76	5.1	3,913.2	20.8
DP World	Dubai	14.00	4.5	431.7	(18.1)
Bank Dhofar	Oman	0.15	4.3	62.0	(5.9)
Abu Dhabi Comm. Bank	Abu Dhabi	8.69	3.5	3,163.4	6.5
QNB Group	Qatar	19.15	3.4	3,851.6	(1.8)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mouwasat Med. Services	Saudi Arabia	85.00	(4.5)	94.7	5.6
Samba Financial Group	Saudi Arabia	28.70	(4.3)	3,771.1	(8.6)
Al Rajhi Bank	Saudi Arabia	60.50	(3.4)	13,722.9	6.4
Banque Saudi Fransi	Saudi Arabia	35.00	(3.3)	1,534.0	11.5
Yanbu National Petro. Co.	Saudi Arabia	53.60	(3.2)	835.4	(16.0)

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Al Khaleej Takaful Insurance Co.	1.81	7.1	2,271.0	110.7
Mesaieed Petrochemical Holding	2.84	5.2	4,024.0	89.0
The Commercial Bank	4.76	5.1	3,913.2	20.8
Medicare Group	7.97	4.3	1,747.8	26.3
QNB Group	19.15	3.4	3,851.6	(1.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Oman Investment Co.	0.49	(3.7)	311.5	(7.5)
Qatar First Bank	0.29	(2.0)	12,032.0	(27.9)
Qatar Electricity & Water Co.	15.10	(1.3)	728.5	(18.4)
Doha Insurance Group	1.05	(0.9)	81.9	(19.8)
Gulf International Services	1.56	(0.6)	962.2	(8.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar First Bank	0.29	(2.0)	12,032.0	(27.9)
Ezdan Holding Group	0.61	0.0	11,123.1	(53.2)
Masraf Al Rayan	3.63	2.3	10,457.8	(12.9)
Qatar Gas Transport Company Ltd.	2.38	3.0	5,624.3	32.7
Vodafone Qatar	1.23	0.8	5,485.8	(21.3)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.15	3.4	72,555.2	(1.8)
Masraf Al Rayan	3.63	2.3	37,815.4	(12.9)
Industries Qatar	10.88	2.7	22,588.2	(18.6)
Qatar Islamic Bank	15.80	1.3	18,347.9	3.9
The Commercial Bank	4.76	5.1	18,094.9	20.8

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,232.85	2.1	3.2	(2.6)	(0.6)	88.76	154,976.8	14.8	1.5	4.3
Dubai	2,758.60	0.0	(0.4)	(5.5)	9.0	44.67	98,584.3	11.6	1.0	4.5
Abu Dhabi	5,165.57	0.7	2.5	(2.9)	5.1	83.44	142,596.8	15.3	1.5	4.8
Saudi Arabia	8,019.77	(1.9)	(5.0)	(8.2)	2.5	1,078.65	507,008.8	19.9	1.8	3.8
Kuwait	5,941.13	(0.2)	(1.0)	(2.9)	17.0	67.32	111,056.4	14.7	1.4	3.5
Oman	4,004.86	0.8	0.4	6.5	(7.4)	6.19	17,436.3	8.2	0.8	6.8
Bahrain	1,533.09	(0.1)	(0.0)	(0.9)	14.6	1.79	23,958.3	11.5	1.0	5.1

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index rose 2.1% to close at 10,232.9. The Banks & Financial Services and Industrials indices led the gains. The index rose on the back of buying support from GCC and non-Qatari shareholders despite selling pressure from Qatari shareholders.
- Al Khaleej Takaful Insurance Company and Mesaieed Petrochemical Holding Company were the top gainers, rising 7.1% and 5.2%, respectively. Among the top losers, Qatar Oman Investment Company fell 3.7%, while Qatar First Bank was down 2.0%.
- Volume of shares traded on Thursday rose by 38.5% to 92.0mn from 66.4mn on Wednesday. Further, as compared to the 30-day moving average of 63.8mn, volume for the day was 44.0% higher. Qatar First Bank and Ezdan Holding Group were the most active stocks, contributing 13.1% and 12.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.29%	29.78%	(30,822,082.82)
Qatari Institutions	19.28%	21.75%	(8,027,445.36)
Qatari	**39.57%**	**51.53%**	**(38,849,528.18)**
GCC Individuals	0.48%	2.07%	(5,165,240.20)
GCC Institutions	4.73%	1.81%	9,498,795.17
GCC	**5.21%**	**3.88%**	**4,333,554.97**
Non-Qatari Individuals	7.36%	8.92%	(5,080,935.32)
Non-Qatari Institutions	47.86%	35.67%	39,596,908.53
Non-Qatari	**55.22%**	**44.59%**	**34,515,973.21**

Source: Qatar Stock Exchange (* as a % of traded value)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/29	US	Bureau of Economic Analysis	GDP Annualized QoQ	2Q2019	2.0%	2.0%	2.1%
08/29	US	Department of Labor	Initial Jobless Claims	24-August	215k	214k	211k
08/29	US	Department of Labor	Continuing Claims	17-August	1,698k	1,686k	1,676k
08/30	UK	GfK NOP (UK)	GfK Consumer Confidence	August	-14	-12	-11
08/29	EU	European Commission	Services Confidence	August	9.3	10.6	10.6
08/29	EU	European Commission	Consumer Confidence	August	-7.1	-7.1	-7.1
08/30	EU	Eurostat	CPI Core YoY	August	0.9%	1.0%	0.9%
08/30	EU	Eurostat	CPI Estimate YoY	August	1.0%	1.0%	1.1%
08/29	Germany	German Federal Statistical Office	CPI MoM	August	-0.2%	-0.1%	0.5%
08/29	Germany	German Federal Statistical Office	CPI YoY	August	1.4%	1.5%	1.7%
08/29	France	INSEE National Statistics Office	GDP QoQ	2Q2019	0.3%	0.2%	0.2%
08/29	France	INSEE National Statistics Office	GDP YoY	2Q2019	1.4%	1.3%	1.3%
08/30	France	INSEE National Statistics Office	PPI MoM	July	0.4%	–	-0.6%
08/30	France	INSEE National Statistics Office	PPI YoY	July	0.0%	–	0.2%
08/30	France	INSEE National Statistics Office	CPI MoM	August	0.5%	0.4%	-0.2%
08/30	France	INSEE National Statistics Office	CPI YoY	August	1.1%	1.0%	1.1%
08/30	Japan	Ministry of Internal Affairs and Communications	Tokyo CPI YoY	August	0.6%	0.6%	0.9%
08/30	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	July	0.7%	-0.6%	-3.8%
08/30	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	July	1.3%	0.3%	-3.3%
08/29	Japan	Economic and Social Research Institute	Consumer Confidence Index	August	37.1	37.5	37.8
08/31	China	China Federation of Logistics & Purchasing	Composite PMI	August	53.0	–	53.1
08/31	China	China Federation of Logistics & Purchasing	Manufacturing PMI	August	49.5	49.6	49.7
08/31	China	China Federation of Logistics & Purchasing	Non-manufacturing PMI	August	53.8	53.7	53.7
08/30	India	Central Statistics Office India	GDP YoY	2Q2019	5.0%	5.7%	5.8%

Source: Bloomberg (s.a. = seasonally adjusted; n.s.a. = non-seasonally adjusted; w.d.a. = working day adjusted)

Qatar

- **QCSD amends the individual ownership limit of QEWS to 1% –** Qatar Central Securities Depository (QCSD) has modified the individuals' ownership limit of Qatar Electricity & Water Company (QEWS) to be 1% of the capital, which is equal to 11,000,000 shares. (QSE)
- **Doha Bank signs new investment management agreement for its QETF –** Doha Bank recently signed a new investment management agreement with Aventicum Capital Management (Qatar) to replace the current fund manager of its QE Index Exchange Traded Fund (QETF). Doha Bank's CEO, R Seetharaman said, "The new managers bring the right mix of expertise and international experience as we look to expand the product offering to a wider audience of investors. Clients are seeking more income, at a time of low rates and low returns with less risk as ETF assets under management just crossed $5.7tn globally." (Gulf-Times.com)
- **QCB's July foreign reserves rise to QR196.2bn –** The Qatar Central Bank (QCB) has published Qatar's foreign reserves for July on website. International reserves and foreign currency liquidity rose to QR196.2bn from QR194.6bn in June. (Bloomberg)
- **QCB's total assets grow by 23.7% to QR233bn at the end of 2018 –** The Qatar Central Bank's (QCB) total assets increased by a significant 23.7% to QR233bn at the end of 2018, compared with QR188.4bn in 2017. The year 2018 witnessed considerable shifts in the composition. There was large accumulation of net foreign assets as capital flows normalized during 2018. A major portion of these net foreign assets was developed in the form of investment in foreign securities, which increased by 286.9% to QR54.8bn at the end of 2018, QCB data showed. QCB's balances with foreign banks have also increased substantially by 45.2% to QR49.1bn from QR33.8bn. The value of investment in gold rose to QR4.7bn from QR4.5bn. On the other hand, SDR deposits declined to QR1.39bn from QR1.42bn, primarily reflecting valuation changes. The domestic assets in the form of balances with local banks contracted substantially following the withdrawal of liquidity support, including repo transactions, provided by QCB to banks. These balances declined by 27.4% to QR80.2bn at the end of 2018 from QR110.5bn at the end of 2017. Yet, they continued to constitute the largest component of QCB's assets (34.4%). QCB's other domestic assets also increased markedly by 78.4% to QR42.9bn and formed the fourth largest component of QCB's assets. With significant re-accumulation of foreign exchange reserves by QCB during 2018, the international reserve adequacy indications at the end of 2018 improved substantially. The currency issued to international reserve ratio of 681% at the end of 2018 was almost seven times the stipulated minimum of 100% in the QCB law. The liabilities of QCB mainly consist of capital and reserves, domestic banks' balances with QCB in the form of total reserves. (Peninsula Qatar)
- **EIU: Qatar's real economic growth to remain stable and average 3.1% between 2019 and 2030 –** Qatar's real economic growth will remain stable between 2019 and 2030 and average 3.1% during the period, according to the Economist Intelligence Unit (EIU). The country's economic diversification investment projects will also sustain robust growth until 2030, the EIU stated in its latest country update. "There remains potential for bursts of high growth if further gas export projects, beyond those planned for the mid-2020s, are approved by the government. Diversification and the expansion of the services sector, funded by the state's hydrocarbons wealth, will also provide opportunities for growth," EIU stated. The population will continue to increase, largely through immigration, to 3.9mn in 2050. In terms of sovereign risk, the EIU stated the state is expected to fully meet its external obligations, given its large and stable stock of foreign reserves and the fact that the public debt stock remains low by comparison with the similarly rated sovereign. The threat of capital outflows in the wake of the regional blockade has largely subsided with the recovery and subsequent stabilization of foreign reserves and the return to a current-account surplus in 2018. This will be maintained, albeit at a lower level in 2019-20. Moreover, reserves at the Qatar Investment Authority (the sovereign wealth fund) provide strong underlying support for maintaining the currency peg to the Dollar, EIU noted. Qatar's banking sector, the EIU noted is supported by strong regulation and solid capital and liquidity indicators. Commercial banks have been increasing liquidity from abroad in the form of a number of recent debt issues, and cash injections from the Qatar Investment Authority have further bolstered their liquidity. (Gulf-Times.com)
- **Fuel prices drop in September –** Qatar Petroleum announced the diesel and gasoline prices for September 2019. Gasoline of both types decreased by more than 5%, and diesel prices fell by 2.6%. Qatar Petroleum set the diesel price at QR1.85 per liter for September, compared to QR1.9 per liter in August, a decline by 2.6%. It set the price of Super Gasoline (95) at QR1.8 per liter, 5.2% lower than the August price of QR1.9 per liter. Premium Gasoline (91) price has been set at QR1.7 per liter in September, compared to QR1.8 per liter in August, a decline by about 5.6%. (Gulf-Times.com)
- **QFZA signs MoUs with leading entities in Singapore –** Qatar Free Zones Authority (QFZA) has signed MoUs with leading entities in Singapore at the 2nd Annual Bilateral Qatar-Singapore Summit to promote the exchange of best practices and knowledge on innovation and intellectual property as well as develop a roadmap for greater trade facilitation. QFZA's partnership with Intellectual Property of Singapore (IPOS) will promote the exchange of best practices and knowledge on innovation and intellectual property. QFZA will work with CrimsonLogic, a leading provider of eGovernment solutions, to develop a roadmap for greater trade facilitation. QFZA is the authority that develops free zones in Qatar and sets the strategic direction as well as formulates and governs policies for businesses operating in the free zones. The signings took place as part of the 2nd annual Implementation Monitoring Mechanism (IMM) meeting held in Singapore. (Gulf-Times.com)

- **Ooredoo, Atos strengthen ties to enhance cybersecurity services** – Ooredoo, the region's leading enabler of digital business innovation, and Atos, a global leader in digital transformation and cybersecurity, announced a partnership to launch enhanced industry-leading cybersecurity solutions to support secure digital transformation for Qatar's organizations. From its Qatar Data Centre, Ooredoo is leveraging Atos' experience to enhance the capabilities of its Security Operations Centre. The central unit can investigate security incidents, perform incident response and forensics and maintain business uptime 24x7. Atos, which has a team of 5,000 security specialists, runs 14 Security Operations Centers worldwide. Ooredoo's Business customers can also benefit from Atos' support for new levels of Managed Security Services. (Qatar Tribune)
- **More than 1mn people use Doha Metro in last two months** – The Doha Metro set a ridership record as it carried some 1,082,112 passengers during the months of July and August, Qatar Rail stated. While 518,535 people used the Metro in July, the number increased to 563,577 in August. Operations on the Doha Metro's Red Line South were launched on May 8 and the service was met with an excellent response right from Day 1. A total of 86,487 passengers travelled on the Doha Metro on the first two days of its launch, and the service has since emerged as a favored mode of travel for many people in Qatar. (Gulf-Times.com)
- **Sales of private cars up in the first half** – The start of Doha Metro services and higher fuel prices appear to have no adverse impact on the sales of private cars and vehicles in Qatar as it was anticipated. The sales of private vehicles, including cars and SUVs, in the country saw an increase of nearly 5% YoY during 1H2019 compared to the corresponding period last year (January-June 2018). The combined number of newly registered private vehicles during the January-June period this year surged to 22,696 against 21,643 for the same period last year. During 1H2019 some 32,364 new vehicles were registered (all types including cars, private and commercial vehicles and equipment). Private vehicles took the lion's share accounting for more than 70% of the total registrations during the period, official data compiled by The Peninsula showed. Qatar's automobile market by and large remained stable during the first six months of this year compared to the same period last year, as the overall sales of vehicles in all categories stood at 32,364 in 1H2019 against 32,570 in 1H2018. When compared on half-yearly basis, it has registered an increase of over 6% (or 1,876) compared to the total number of 30,488 registration of new vehicles in 2H2018. (Peninsula Qatar)

International

- **Trump to move ahead with new tariffs on Chinese products** – Washington is set to move ahead today with new tariffs on Chinese imports as it steps up a high pressure campaign aimed at coercing Beijing to sign a new trade deal even amid fears of a further slowing of US and world growth. The additional 15% tariffs, affecting a portion of the $300bn in goods from the Asian giant that so far has been spared, will take effect, according to the US Trade Representative's office. President Donald Trump on Friday ruled out any further postponement. "They're on," he told reporters. The new tariffs will target a range of products, from foodstuffs (ketchup, butchered meat, pork sausage, fruits, vegetables, milk, and cheese) to sports equipment, to musical instruments, sportswear and furniture, according to an official list. (Peninsula Qatar)
- **US economy slowing, but consumers limiting downside** – The US economic growth slowed in the second quarter, the government confirmed on Thursday, but the strongest consumer spending in four-and-a-half years amid a solid labor market threw cold water on financial market expectations of a recession. Signs that the economy was growing at a moderate pace and not slowing rapidly were underscored by other data showing a narrowing in the goods trade deficit in July as exports rebounded. Businesses stepped up inventory accumulation last month, likely in anticipation that demand would remain strong. Consumers have so far shown no signs of pulling back, with retail sales powering ahead in July. However there are fears the Trump administration's year-long trade war with China, which will see additional tariffs on Chinese goods coming into effect in September and December, could take the sails out of consumer spending. GDP increased at a 2.0% annualized rate, the government stated in its second reading of second-quarter GDP on Thursday. That was a downward revision from the 2.1% pace estimated last month. The small downgrade was in line with economists' expectations. The economy grew at a 3.1% rate in the January-March quarter. It expanded 2.6% in the first half of the year. (Reuters)
- **Strong consumer spending propping up US economy** – The US consumer spending increased solidly in July as households bought a range of goods and services, which could further allay financial market fears of a recession, but the strong pace of consumption is unlikely to be sustained amid tepid income gains. The report from the Commerce Department on Friday added to July trade and inventory data in suggesting that while the economy was slowing, it was not losing altitude rapidly for now. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.6% last month after an unrevised 0.3% gain in June, the government stated. Economists polled by Reuters had forecasted consumer spending advancing 0.5% last month. Consumer spending is being driven by a strong labor market, which is marked by the lowest unemployment rate in nearly 50 years, and better job security. (Reuters)
- **US weekly jobless claims increase slightly** – The number of Americans filing applications for unemployment benefits rose moderately, pointing to sustained labor market strength despite slowing economic growth. Initial claims for state unemployment benefits increased 4,000 to a seasonally adjusted 215,000 for the week ended August 24, the Labor Department stated. Data for the prior week was revised to show 2,000 more applications received than previously reported. Last week's increase in claims was in line with economists' expectations. The Labor Department stated only claims for the Virgin Islands were estimated last week. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, slipped 500 to 214,500 last week. (Reuters)
- **BoE: UK mortgage approvals hit two-year high in July as market stabilizes** – British lenders approved the greatest number of mortgages in two years during July, adding to signs the housing market has stabilized from its pre-Brexit slowdown, official data showed. The Bank of England (BoE) stated lenders approved

67,306 mortgages, up from 66,506 in June and more than any economist predicted in a Reuters poll that had pointed to 66,167 approvals for July. The BoE stated net mortgage lending rose by 4.611bn Pounds in July, the biggest increase since March 2016, while consumer lending increased by 0.897bn Pounds compared with a forecast rise of 1.0bn Pounds on the month. Lending to businesses fell by 4.218bn Pounds last month, the sharpest fall since August 2017. While the series is volatile, the severity of the fall could be another sign of nerves in British companies as the Brexit crisis escalates. (Reuters)

- **Nationwide: UK house prices rise at fastest pace in three months in August –** British house prices rose in August at the fastest annual pace in three months, mortgage lender Nationwide stated, adding to tentative signs the housing market has picked up from its recent pre-Brexit slowdown. House prices rose 0.6% YoY after a 0.3% rise in July, Nationwide stated. On the month, prices were flat. British house price growth has sagged since the 2016 Brexit referendum - especially in London and neighboring areas - but at a national level the market appears to have stabilized, surveys suggest. (Reuters)
- **Eurozone's inflation unchanged in August, more ammo for ECB to ease monetary policy –** Eurozone's inflation remained low at 1.0% in August, well below the European Central Bank's (ECB) target, a first estimate showed, bolstering market expectations that the bank will further ease monetary policy next month. The European Union's statistics office stated on Friday that inflation in the 19 countries sharing the Euro was unchanged from the July reading, in line with expectations in a Reuters poll. The rates of price increases in July and August are the lowest since November 2016, well below the ECB's inflation target of below, but close to, 2% despite years of unprecedented monetary stimulus through rate cuts and trillions of Euros of bond purchases. Economists said the latest economic data strengthened the case for further loosening monetary policy. (Reuters)
- **QNB Group: ECB must do more to stave off weak economic growth –** QNB Group stated in its weekly commentary that the European Central Bank (ECB) needs to do more in September to avoid weak economic growth. QNB Group expected that ECB is preparing a comprehensive package of monetary stimulus to be announced at the bank's meeting on September 12. In its weekly commentary, QNB Group noted, "Last week we highlighted divergent economic performance across the Euro area. Our conclusion was that this divergence in performance across the Euro area is a serious problem for policymakers and the ECB in particular. For example, there is not enough German government debt for the ECB to buy and too much Italian debt. We believe that the ECB is putting together a comprehensive package of monetary stimulus to be announced at its meeting on September 12. Here we review the likely components of the ECB's stimulus." QNB Group stated, "Our view is that the ECB will need to engage in a combination of four main measures to stimulate the economy due to the constraints limiting the effectiveness of each measure alone." (Qatar Tribune)
- **German inflation eases, joblessness rises as economy sputters –** German inflation slowed in August and unemployment rose, data showed, adding to signs that Europe's largest economy is running out of steam and cementing expectations of a new European Central Bank stimulus package next month. The August reading undershot a Reuters forecast for 1.2%, was the lowest level since November 2016, and marked a fourth month running well below the ECB's target of close to but below 2% for the Eurozone as a whole. Separate German Labor Office data showed seasonally adjusted unemployment rose 4,000 on the month in August, eroding a pillar of growth that has helped support an economy whose traditionally powerful export engine is sputtering and that could well slip into recession in the current quarter. On the month, EU-harmonized prices fell by 0.1% after an increase of 0.4% in July. The market had expected an unchanged reading. The national inflation figure (CPI) eased to 1.4% YoY from 1.7%, mainly due to a slower rise in energy prices. Germany's preliminary consumer price data does not include a figure for core inflation, which excludes the more volatile energy and food prices. (Reuters)
- **German retail sales decline by more than expected in July –** Shop sales in Germany fell by far more than expected in July, with customers handing over 2.2% less than in the previous month - the latest in a cluster of signs that Europe's largest economy is losing steam. Traditionally an export-driven economy, Germany has increasingly been reliant on domestic demand to sustain growth as the international economic environment has soured, meaning signs of retail weakness will prompt concern. While growth compared to the same period the year before was still solid at 4.4%, the MoM decline was far worse than the 1% fall analysts had anticipated. The data followed Thursday's news of rising unemployment and slowing inflation, adding question marks over the sustainability of any growth driven by domestic demand. Compared to the year before, Internet and mail-order sales enjoyed the biggest growth, surging 8.4% in real terms. (Reuters)
- **Japan government sticks to moderate economic view in August –** Japan's government left its assessment that the economy is recovering at a moderate pace unchanged in August, with weakness continuing to centre on exports, according to a monthly economic report released by the Cabinet Office. Risks to the outlook caused by an overseas slowdown and the US-China trade war could add to pressure on the government to boost spending to offset a potential drop in domestic demand after a sales tax hike in October. On the bright side, the government raised its assessment of public works as sectors less affected by slowing global trade were seen pulling the economy forwards. A government official added that domestic demand continued to contribute positively since the fourth quarter of last year. Industrial output rebounded more than expected in July, other data released on Friday showed, but production was set to contract next month, signaling a darkening outlook for the economy. The government also stuck to its view that capital expenditure was expanding at a moderate pace despite weakness in machinery investment. (Reuters)
- **China's factory activity shrinks for fourth month as trade woes deepen –** Factory activity in China shrank in August for the fourth month in a row as the US ramped up trade pressure and domestic demand remained sluggish, pointing to a further slowdown in the world's second-largest economy. Persistent weakness in China's vast manufacturing sector could fuel expectations that Beijing needs to roll out stimulus more quickly,

and more aggressively, to weather the biggest downturn in decades. The Purchasing Managers' Index (PMI) fell to 49.5 in August, China's National Bureau of Statistics stated, versus 49.7 in July, below the 50-point mark that separates growth from contraction on a monthly basis. A Reuters poll showed analysts expected the August PMI to stay unchanged from the previous month. The official factory gauge showed growing trade frictions with the US and cooling global demand continued to wreak havoc on China's exporters. Export orders fell for the 15th straight month in August, although at a slower pace, with the sub-index picking up to 47.2 from July's 46.9. Total new orders - from home and abroad - also continued to fall, indicating domestic demand remains soft, despite a flurry of growth-boosting measures over the past year. (Reuters)

- **India's GDP growth hits six-year low, more stimulus expected –** India's economy grew at its weakest pace since 2013 between April and June as consumer demand and government spending slowed amid global trade frictions, raising chances of the central bank cutting interest rates further at its next meeting. Asia's third largest economy expanded just 5.0% year on year, official data showed, far below the 5.7% forecast in a Reuters poll of economists - and analysts believe the slowdown could persist for two or three years while much needed structural reforms are put in place. India's economy grew 8% in the same quarter of 2018, and 5.8% in the previous quarter. In its annual report, the Reserve Bank of India (RBI) stated a big push on infrastructure spending would be needed to revive consumer demand and private investment. Structural reforms - covering labor laws, taxation and the legal system - were also required to ease the path for businesses in India, it stated. (Reuters)

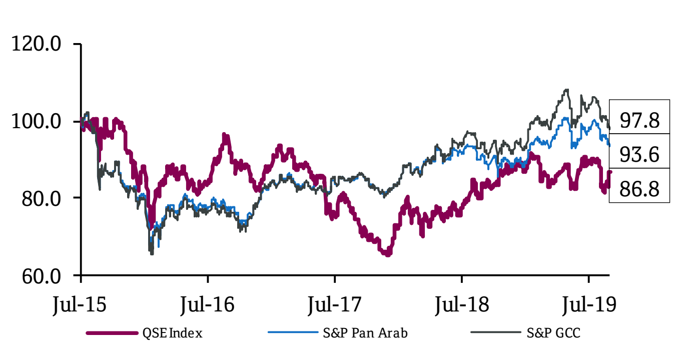
Regional

- **OPEC posts first 2019 oil-output rise despite Saudi Arabia's cuts –** OPEC oil output has risen in August for the first month this year as higher supply from Iraq and Nigeria outweighed restraint by top exporter Saudi Arabia and losses caused by US sanctions on Iran, a Reuters survey found. The 14-member OPEC has pumped 29.61mn bpd this month, the survey showed, up 80,000 bpd from July's revised figure which was the lowest OPEC total since 2014. The survey indicates Saudi Arabia is not deviating from its plan of restraining output by more than called for by an OPEC-led supply deal to support the market. Despite calls this year from US President, Donald Trump on OPEC to raise output, the producers renewed the supply pact in July. OPEC's supply curbs should eventually start to support the price of crude LCOc1, which has fallen from a 2019 high above $75 on concern about slowing oil demand and economic growth, analysts at Commerzbank said. "Even the moderate demand growth that can be expected is likely – given the considerable production discipline shown by OPEC – to result in an ongoing tightening of supply and to support rising prices," Commerzbank Analyst, Eugen Weinberg said. (Reuters)
- **Russia's August oil output slightly above level agreed with OPEC+ –** Russia's oil output in August was slightly higher than levels agreed under its output deal with OPEC+, but Russia is still aiming to fully comply with the deal, RIA and Interfax news agencies cited Energy Minister, Alexander Novak as saying. OPEC and non-OPEC's joint monitoring committee will meet on September 12 to discuss the market and the global oil output deal in general, Novak was quoted as saying. (Reuters)
- **Saudi Aramco considering Tokyo for IPO listing –** Saudi Aramco is considering Tokyo as the international destination to list its shares, The Wall Street Journal reported. The state oil giant is considering an IPO in two stages: A flotation on Tadawul later this year, and an international listing in 2020 or 2021, the Journal stated, citing sources familiar with the plans. "The company is leaning toward Tokyo as the venue for the second phase of its proposed plan" as political uncertainty in Britain and China reduced the appeal of London and Hong Kong markets, the report stated. The IPO, when it goes ahead, is expected to be the world's largest. The corporate value of Saudi Aramco is believed to be $2tn. (Zawya)
- **Saudi Arabia's July M1 money supply rises 5.1% YoY –** Saudi Arabian Monetary Authority (SAMA) published data on monetary aggregates which showed that M1 money supply rose 5.1% YoY, M2 money supply rose 3.9% YoY and the M3 money supply rose 3.9% YoY. (Bloomberg)
- **Tadawul now full MSCI member, however market euphoria may fade –** The Saudi Stock Exchange (Tadawul), the region's largest market, has completed the second and final phase of joining the MSCI Emerging Markets Index, raising its weight on the closely monitored index to 2.8%. Its inclusion has generated foreign inflows worth billions of Dollars since the start of the year and has helped the Saudi Arabian index make double-digit gains. Those benefits may fade as trading wanes amid gloomy economic conditions. "Full inclusion in the MSCI Emerging Market Index represents an important milestone in advancing the Saudi Arabia's capital market and further opening Tadawul to international investors," Tadawul's Chief Executive, Khalid Al-Hussan said in an exchange filing. From the start of 2019 through July 31, trading activity of foreign investors totaled $56bn, representing 21% of total trading, according to the filing. Foreigners have been net buyers every month this year, sending the Saudi Arabian index TASI up nearly 20% at its peak in May. (Reuters)
- **Saudi Arabia's July bank assets fall 0.2% MoM; rise 6.1%** YoY – Saudi Arabian Monetary Authority (SAMA) published banking data, which showed that in July total bank assets fell to SR2,465.7bn from SR2,469.6bn in the previous month, representing a fall of 0.2% MoM. Total bank assets stood at SR2,324.1bn in the same month a year ago, representing a rise of 6.1% YoY. (Bloomberg)
- **Islamic Development Bank hires banks to raise more than $1bn in Sukuk –** The Islamic Development Bank (IsDB) has hired banks to arrange a new issue of US Dollar-denominated Sukuk, expected to be more than $1bn in size, sources said. The Jeddah-based triple A-rated institution issues Sukuk regularly to promote Islamic finance and attract liquidity to the Sukuk market. It has hired a group of banks including Emirates NBD, Standard Chartered, Gulf International Bank and HSBC to arrange the new transaction, expected to take place next month. IsDB was last in the market in April this year with a $1.5bn five-year Sukuk deal. It generally issues Dollar-denominated bonds twice a year, and last year it also sold its first Sukuk denominated in euro. The new transaction will be more than $1bn in size, with one of the sources saying it could go up to

$1.5bn. Its April, Sukuk was arranged by Credit Agricole, Emirates NBD Capital, First Abu Dhabi Bank, Gulf International Bank, HSBC, JPMorgan, Natixis and Standard Chartered. (Reuters)

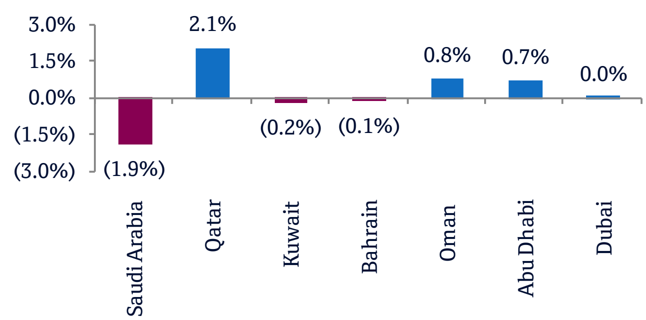
- **Etihad Etisalat Co. seeks to cut cost of $2.1bn debt –** Etihad Etisalat Co. held preliminary talks with banks to refinance as much $2.1bn of debt as the Saudi Arabian mobile-network operator looks to lower borrowing costs following a turnaround in its finances, according to sources. Mobily, as the company is known, has been gauging appetite from lenders to participate in the refinancing and plans to start formal discussions before the end of the year, sources said. Banks were told that the firm wants to reduce interest expenses with the new facility, they said. Saudi Arabia's second-largest wireless operator is trying to benefit from four straight quarters of profit growth after accounting irregularities discovered in 2014 led to years of losses. Amid the slump in earnings, Mobily in 2017 refinanced SR8bn of loans at a rate that was said at the time to be 20% higher than the debt it was repaying. (Bloomberg)
- **UAE's Utico confident of securing deal for Singapore's Hyflux –** UAE-based Utico stated that it was confident a restructuring deal with Singapore's indebted Hyflux Ltd could be reached, after the two sides earlier issued conflicting statements about progress on an agreement. Utico announced at the start of the week that a deal had been reached in which it would take 88% of Hyflux, however, the Singaporean firm stated that no definitive agreement had been struck although discussions were advanced. Hyflux, which is under a court-supervised restructuring process, was once considered a national champion running a strategically important water source for the city-state. Utico Chief Executive, Richard Menezes told Reuters his company was confident of reaching agreement because a deal had the approval of 70% of senior creditors, a majority of perpetual and preference shareholders and Utico's board. He said that the Hyflux board was holding back over issues such as advisors fees, board representation and management oversight. Once the Hyflux board and court approved the deal, Utico planned to set up a separate entity in Singapore to make the payments due, the CEO said, adding that Utico was committed to a proposed initial public offering (IPO) in two years. "We can turn the company around and we are there for the long-term," he said, adding Hyflux had valuable intellectual property and assets, and also had management team expertise. (Reuters)
- **Dubai property developer Sobha plans for IPO in 2022 –** Property developer Sobha is planning an IPO for its UAE business in 2022, Bloomberg reported. Sobha has not decided where to list the shares however, will wait to meet profitability projections before making a final decision on the IPO, Bloomberg reported citing the company's founder PNC Menon. The company expects revenue to jump to about AED2bn this year from AED620mn in 2018 as it delivers more homes in its Sobha Hartland development. Prices in Dubai have stabilized and will "stay like this for the next three to five years," he said. The market is crowded with developers and only the best will survive over the next five years, he said. Due to oversupply and slow economic growth property prices in the UAE have dropped about 27% since October 2014. According to real estate experts, residential prices and rents are likely to continue to soften in 2019. (Zawya)
- **Kuwait inks $358mn residential city project contracts –** Kuwait has awarded $358mn worth of contracts for the development of the Al Mutlaa Residential City, one of the country's most vital housing projects, reported state news agency KUNA. The establishment, completion, and maintenance contract covers the development works of roads and intersections in the residential project, stated the report citing Public Works Minister, Jenan Ramadan. A strategic project, Al Mutlaa Residential City is set to link Al Mutlaa city with the highway network (Al Abdaly Highway/Subiya Expressway). Once operational, it will handle 70% of the traffic flow from the city, stated Ramadan, Ramadan, who is also the Minister of State for Housing Affairs. The minister pointed out that the contract reflects a new strategic dimension in line with Kuwait's overall development plan. It will also boost the infrastructure of Al Mutlaa city as well as the roads network in North Kuwait according to the state's organizational chart. The Public Authority for Roads and Transportation plans to sign some more deals after finalizing the legal and regulatory procedures to boost the transportation network in the northern area, he added. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,520.30	(0.5)	(0.4)	18.5
Silver/Ounce	18.38	0.6	5.5	18.6
Crude Oil (Brent)/Barrel (FM Future)	60.43	(1.1)	1.8	12.3
Crude Oil (WTI)/Barrel (FM Future)	55.10	(2.8)	1.7	21.3
Natural Gas (Henry Hub)/MMBtu	2.34	(0.8)	8.8	(26.6)
LPG Propane (Arab Gulf)/Ton	41.25	(2.9)	0.0	(35.0)
LPG Butane (Arab Gulf)/Ton	46.00	(0.8)	13.9	(34.3)
Euro	1.10	(0.7)	(1.5)	(4.2)
Yen	106.28	(0.2)	0.8	(3.1)
GBP	1.22	(0.2)	(0.9)	(4.7)
CHF	1.01	(0.4)	(1.6)	(0.9)
AUD	0.67	0.1	(0.3)	(4.5)
USD Index	98.92	0.4	1.3	2.9
RUB	66.78	0.3	1.2	(4.2)
BRL	0.24	0.6	(0.5)	(6.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,138.52	0.3	2.1	13.5
DJ Industrial	26,403.28	0.2	3.0	13.2
S&P 500	2,926.46	0.1	2.8	16.7
NASDAQ 100	7,962.88	(0.1)	2.7	20.0
STOXX 600	379.48	0.1	0.8	7.8
DAX	11,939.28	0.3	1.4	8.6
FTSE 100	7,207.18	0.1	0.7	2.2
CAC 40	5,480.48	(0.0)	1.5	11.2
Nikkei	20,704.37	1.4	(0.9)	7.4
MSCI EM	984.33	1.5	1.1	1.9
SHANGHAI SE Composite	2,886.24	(0.3)	(1.2)	11.2
HANG SENG	25,724.73	0.1	(1.7)	(0.6)
BSE SENSEX	37,332.79	0.9	2.0	0.9
Bovespa	101,134.60	1.2	2.9	7.7
RTS	1,293.32	0.7	2.0	21.0

Source: Bloomberg (*$ adjusted returns)

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