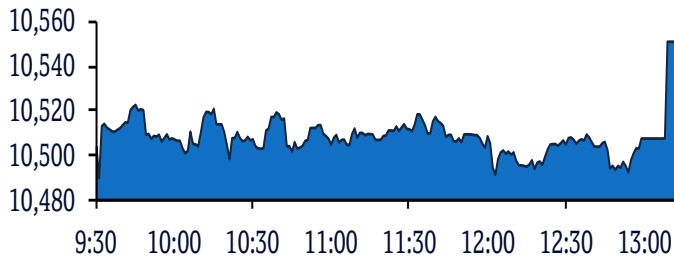


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index rose 0.5% to close at 10,551.2. Gains were led by the Banks & Financial Services and Real Estate indices, gaining 0.9% and 0.7%, respectively. Top gainers were Mazaya Qatar Real Estate Development and Medicare Group, rising 6.6% and 5.4%, respectively. Among the top losers, Islamic Holding Group fell 4.0%, while Gulf International Services was down 2.1%.

## GCC Commentary

**Saudi Arabia:** The TASI Index gained 0.6% to close at 8,905.6. Gains were led by the Food & Staples Retailing and Software & Services indices, rising 1.9% and 1.5%, respectively. Al Yamamah Steel Ind. rose 4.8%, while Saudi Steel Pipe was up 4.5%.

**Dubai:** The DFM Index gained 1.2% to close at 2,687.2. The Real Estate & Construction index rose 2.7%, while the Invest. & Fin. Services index gained 1.1%. National Industries Group Holding rose 7.1%, while Emaar Properties was up 3.5%.

**Abu Dhabi:** The ADX General Index gained 0.1% to close at 5,026.7. The Real Estate index rose 1.9%, while the Telecommunication index gained 0.2%. Al Qudra Holding rose 10.6%, while Bank of Sharjah was up 5.5%.

**Kuwait:** The Kuwait All Share Index gained 0.5% to close at 6,126.1. The Telecommunications index rose 2.2%, while the Technology index gained 2.1%. Kuwait & Middle East Fin. Inv. rose 18.2%, while National Real Estate was up 7.9%.

**Oman:** The MSM 30 Index fell 0.3% to close at 3,813.0. Losses were led by the Financial and Industrial indices, falling 0.4% and 0.1%, respectively. Al Omaniya Financial Services fell 2.0%, while Sohar International Bank was down 1.8%.

**Bahrain:** The BHB Index gained 0.1% to close at 1,539.9. The Industrial and Commercial Banks indices rose 0.2% each. Nass Corporation rose 4.2%, while Zain Bahrain was up 1.2%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.81	6.6	8,635.8	3.2
Medicare Group	8.40	5.4	3,273.7	33.1
Qatar Navigation	6.56	2.2	88.2	(0.6)
Qatar Islamic Insurance Company	5.84	1.9	0.9	8.7
QNB Group	19.21	1.7	1,539.3	(1.5)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.81	6.6	8,635.8	3.2
Qatar Gas Transport Company Ltd.	2.26	0.0	7,846.2	26.0
Ezdan Holding Group	0.73	0.8	5,514.9	(43.6)
Qatar First Bank	0.41	(0.2)	5,471.3	(0.5)
Qatar Aluminium Manufacturing	1.00	0.0	3,401.3	(25.5)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,551.21	0.5	(0.1)	0.9	2.4	48.44	159,441.1	15.0	0.4	4.1
Dubai	2,687.23	1.2	1.0	1.1	6.2	55.79	96,326.2	12.0	1.0	4.6
Abu Dhabi	5,026.74	0.1	0.5	0.9	2.3	26.42	139,965.3	14.9	1.5	4.9
Saudi Arabia	8,905.57	0.6	0.7	1.0	13.8	786.25	558,075.0	19.8	2.0	3.3
Kuwait	6,126.09	0.5	3.0	5.0	20.6	232.14	114,466.0	15.3	1.5	3.4
Oman	3,812.99	(0.3)	(0.3)	(1.9)	(11.8)	5.02	16,742.7	7.5	0.8	7.2
Bahrain	1,539.91	0.1	1.9	4.7	15.2	17.24	24,057.5	11.3	1.0	4.9

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

Market Indicators	10 July 19	09 July 19	%Chg.
Value Traded (QR mn)	177.1	131.2	35.1
Exch. Market Cap. (QR mn)	580,419.1	576,339.7	0.7
Volume (mn)	63.5	42.8	48.4
Number of Transactions	5,544	4,601	20.5
Companies Traded	43	45	(4.4)
Market Breadth	21:15	25:12	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,415.11	0.5	(0.1)	7.0	15.0
All Share Index	3,120.00	0.6	(0.2)	1.3	15.0
Banks	4,092.67	0.9	(0.4)	6.8	14.4
Industrials	3,233.85	0.2	(0.4)	0.6	16.3
Transportation	2,518.96	0.5	0.4	22.3	15.4
Real Estate	1,566.18	0.7	0.0	(28.4)	13.1
Insurance	3,118.81	0.1	0.8	3.7	18.0
Telecoms	921.92	(0.4)	(0.3)	(6.7)	18.9
Consumer	8,242.01	0.5	1.0	22.1	16.0
Al Rayan Islamic Index	4,084.64	0.2	(0.1)	5.1	14.0

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Emaar Properties	Dubai	4.77	3.5	17,018.0	15.5
Agility Pub. Warehousing	Kuwait	0.82	3.1	4,201.6	18.0
Mobile Telecom. Co.	Kuwait	0.57	3.1	9,270.4	27.4
Comm. Bank of Kuwait	Kuwait	0.57	2.7	119.1	24.3
Bupa Arabia for Coop. Ins.	Saudi Arabia	101.40	2.2	139.1	25.2

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
National Shipping Co.	Saudi Arabia	28.20	(2.1)	1,014.2	(15.6)
Sohar International Bank	Oman	0.11	(1.8)	582.0	(3.3)
National Industrialization	Saudi Arabia	16.10	(1.6)	3,791.0	6.5
Burgan Bank	Kuwait	0.35	(1.4)	4,587.2	30.7
Al Ahli Bank of Kuwait	Kuwait	0.31	(1.3)	2.7	5.4

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Islamic Holding Group	2.64	(4.0)	1,919.7	20.8
Gulf International Services	1.86	(2.1)	1,244.4	9.4
Qatari German Co for Med. Dev.	0.78	(2.0)	1,586.7	37.5
Al Khalij Commercial Bank	1.17	(1.7)	22.7	1.4
Gulf Warehousing Company	4.87	(1.6)	33.1	26.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.21	1.7	29,452.3	(1.5)
Medicare Group	8.40	5.4	27,141.9	33.1
Qatar Gas Transport Company	2.26	0.0	17,714.9	26.0
Mannai Corporation	4.00	1.5	8,071.0	(27.2)
Masraf Al Rayan	3.82	0.5	7,559.6	(8.3)

Source: Bloomberg (\* in QR)

## Qatar Market Commentary

- The QE Index rose 0.5% to close at 10,551.2. The Banks & Financial Services and Real Estate indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Mazaya Qatar Real Estate Development and Medicare Group were the top gainers, rising 6.6% and 5.4%, respectively. Among the top losers, Islamic Holding Group fell 4.0%, while Gulf International Services was down 2.1%.
- Volume of shares traded on Wednesday rose by 48.4% to 63.5mn from 42.8mn on Tuesday. However, as compared to the 30-day moving average of 144.6mn, volume for the day was 56.1% lower. Mazaya Qatar Real Estate Development and Qatar Gas Transport Company Limited were the most active stocks, contributing 13.6% and 12.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	41.58%	48.84%	(12,856,120.25)
Qatari Institutions	14.97%	13.71%	2,235,542.45
<b>Qatari</b>	<b>56.55%</b>	<b>62.55%</b>	<b>(10,620,577.80)</b>
GCC Individuals	1.20%	1.41%	(364,751.98)
GCC Institutions	0.14%	4.35%	(7,455,820.99)
<b>GCC</b>	<b>1.34%</b>	<b>5.76%</b>	<b>(7,820,572.97)</b>
Non-Qatari Individuals	11.25%	11.82%	(1,023,803.58)
Non-Qatari Institutions	30.86%	19.87%	19,464,954.35
<b>Non-Qatari</b>	<b>42.11%</b>	<b>31.69%</b>	<b>18,441,150.77</b>

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

## Earnings Releases, Global Economic Data and Earnings Calendar

### Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2019	% Change YoY	Operating Profit (mn) 2Q2019	% Change YoY	Net Profit (mn) 2Q2019	% Change YoY
Acwa Power Barka**	Oman	OMR	24.0	-29.1%	-	-	3.9	-25.2%
Dhofar Poultry*	Oman	OMR	5,429.7	0.4%	-	-	-31.9	N/A
Al Kamil Power	Oman	OMR	3.8	-31.9%	-	-	2.3	127.1%
Dhofar Generating Company**	Oman	OMR	20.6	-0.4%	-	-	1.1	35.9%
Al Anwar Ceramic Tiles**	Oman	OMR	10.3	-0.4%	-	-	1.1	124.0%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (\*\*Figures for 6M2019, \*Values in Thousands)

### Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/10	US	Mortgage Bankers Association	MBA Mortgage Applications	5-July	-2.4%	-	-0.1%
07/10	UK	UK Office for National Statistics	Monthly GDP (MoM)	May	0.3%	0.3%	-0.4%
07/10	UK	UK Office for National Statistics	Industrial Production MoM	May	1.4%	1.5%	-2.9%
07/10	UK	UK Office for National Statistics	Industrial Production YoY	May	0.9%	1.2%	-1.1%
07/10	UK	UK Office for National Statistics	Manufacturing Production MoM	May	1.4%	2.2%	-4.2%
07/10	UK	UK Office for National Statistics	Manufacturing Production YoY	May	0.0%	1.1%	-1.0%
07/10	France	INSEE National Statistics Office	Industrial Production MoM	May	2.1%	0.3%	0.5%
07/10	France	INSEE National Statistics Office	Industrial Production YoY	May	4.0%	1.6%	1.1%
07/10	France	INSEE National Statistics Office	Manufacturing Production MoM	May	1.6%	0.3%	-0.1%
07/10	France	INSEE National Statistics Office	Manufacturing Production YoY	May	3.4%	-	0.4%
07/10	Japan	Bank of Japan	PPI MoM	June	-0.5%	-0.1%	-0.1%
07/10	Japan	Bank of Japan	PPI YoY	June	-0.1%	0.4%	0.7%
07/10	China	National Bureau of Statistics	CPI YoY	June	2.7%	2.7%	2.7%
07/10	China	National Bureau of Statistics	PPI YoY	June	0.0%	0.2%	0.6%

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

### Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2019 results	No. of days remaining	Status
WDAM	Widam Food Company	15-Jul-19	4	Due
MARK	Masraf Al Rayan	15-Jul-19	4	Due
QGMD	Qatari German Company for Medical Devices	16-Jul-19	5	Due
IHGS	Islamic Holding Group	16-Jul-19	5	Due
QFLS	Qatar Fuel Company	17-Jul-19	6	Due
QIBK	Qatar Islamic Bank	17-Jul-19	6	Due
QIIK	Qatar International Islamic Bank	17-Jul-19	6	Due
ERES	Ezdan Holding Group	18-Jul-19	7	Due

Tickers	Company Name	Date of reporting 2Q2019 results	No. of days remaining	Status
ABQK	Ahli Bank	18-Jul-19	7	Due
NLCS	Aljjarah Holding	18-Jul-19	7	Due
QEWS	Qatar Electricity & Water Company	21-Jul-19	10	Due
GWCS	Gulf Warehousing Company	21-Jul-19	10	Due
QIGD	Qatari Investors Group	22-Jul-19	11	Due
KCBK	Al Khalij Commercial Bank	23-Jul-19	12	Due
MCGS	Medicare Group	24-Jul-19	13	Due
UDCD	United Development Company	24-Jul-19	13	Due
QGRI	Qatar General Insurance & Reinsurance Company	24-Jul-19	13	Due
DHBK	Doha Bank	24-Jul-19	13	Due
AKHI	Al Khaleej Takaful Insurance Company	25-Jul-19	14	Due
QIMD	Qatar Industrial Manufacturing Company	25-Jul-19	14	Due
ORDS	Ooredoo	29-Jul-19	18	Due
DBIS	Dlala Brokerage & Investment Holding Company	30-Jul-19	19	Due
DOHI	Doha Insurance Group	31-Jul-19	20	Due
QISI	Qatar Islamic Insurance Company	4-Aug-19	24	Due
ZHCD	Zad Holding Company	5-Aug-19	25	Due
QOIS	Qatar Oman Investment Company	5-Aug-19	25	Due

Source: QSE

## News

### Qatar

- QNB Group delivers strong results with a net profit of QAR7.4 billion for the first half of 2019** – For the six months ended 30 June 2019, net profit reached QAR7.4 billion, up by 4% compared to previous year. Operating income reached QAR12.6 billion, up by 3% compared to previous year. This reflects QNB Group's success in maintaining sustainable income growth across a range of revenue sources. QNB Group's robust cost controls helped to improve the efficiency ratio (cost to income ratio) to 25.6%, from 27.2% last year, which is considered one of the best ratios among large financial institutions in the MEA region. Total assets reached QAR887 billion, up by 5% from 30 June 2018. Loans and advances grew by 5% to reach QAR634 billion, which contributed to the growth in total assets. Growth in the loan book was mainly funded by customer deposits which also grew by 5% to reach QAR646 billion as at 30 June 2019. QNB Group's strong asset liability management capabilities helped weather the currency headwinds in our core markets namely Turkey. Strong funding sources helped QNB Group to maintain the loans to deposits ratio at 98.3% as at 30 June 2019, well within the regulatory limit. The ratio of non-performing loans to gross loans amounted to 1.9% as at 30 June 2019, a level considered one of the lowest amongst financial institutions in the MEA region, reflecting the strong quality of the Group's loan book and effective management of credit risk. Total Equity reached QAR89 billion, up by 19% from June 2018. The Group's conservative policy in regard to provisioning resulted in the coverage ratio maintained at 106% as at 30 June 2019. Capital Adequacy Ratio (CAR) as at 30 June 2019 amounted to 18.4%, higher than the regulatory minimum requirements of the Qatar Central Bank and Basel Committee. Currency headwinds from our overseas operations had minimal impact on the CAR. QNB Group remains the highest-rated bank in Qatar and one of the highest-rated banks in the world with ratings of 'Aa3' from Moody's, 'A' from S&P and 'A+' from Fitch. During the first half of 2019, QNB Group successfully closed the

syndication of its EUR2.0 billion three-year senior unsecured term loan facility, successful completion of a USD1.0 billion bond issuance and a USD850 million Formosa bond issuances under its Euro Medium Term Note (EMTN) Programme in the international capital markets. QNB Group serves a customer base of 24 million supported by 30,000 staff resources operating from more than 1,100 locations and 4,400 ATMs. (QNB Group press release)

- QGTS' bottom line rises 5.2% YoY and 1.5% QoQ in 2Q2019, in-line with our estimate** – QGTS' bottom line rises 5.2% YoY and 1.5% QoQ in 2Q2019, in-line with our estimate – Nakilat's 2Q2019 net profit of QR239.6mn was right in-line with our estimate of QR238.4mn (variation of +0.5%). Operating metrics were also in-line with our forecasts: (1) Revenue from wholly-owned ships of QR760.7mn (-1.1% YoY, 1.2% QoQ) was in-line with our estimate of QR760.3mn (difference of +0.1%). (2) Adjusted revenue of QR890.0mn (0.2% YoY, 2.6% QoQ) was also in-line with our estimate of QR880.9mn (+1.0% divergence). (3) Adjusted EBITDA of QR694.5mn (2.2% YoY, 3.1% QoQ) was also in-line with our modeled figure of QR681.8mn (difference of +1.9%). Positive momentum continues across key metrics. Management cited better performance of LNG and LPG vessels and its towage JV for the improvement in adjusted revenue. We note the nice 8.7% YoY and 12.7% QoQ uptick in JV profits as further evidence of positive momentum. As we expected, earnings benefited from higher JV income (2 conventional LNG vessels added at Maran in March 2018 and one FSRU added in June 2018, along with continued traction in the shipyard business). Operating costs also improved 6.0% YoY driven by costs optimization. G&A costs also declined 7.7% YoY due to process enhancement and cost optimization initiatives. Finance charges also fell 0.9% YoY as QGTS made a scheduled repayment of a corporate loan. No change to our model given in-line results. QGTS trades at 2019 and 2020 P/E of 13.0x and 11.6x. We remain bullish on QGTS and consider it as the best avenue for equity investors to

participate in the long-term growth expected in Qatar's LNG sector. Going forward, in terms of catalysts, we continue to believe expansion of Qatar's LNG output from 77 MTPA to 110 MTPA is a significant driver. Currently our model does not assume any fleet expansion and we will incorporate such expansion once more details are revealed. We foresee significant upward revision to our estimates and price target once we factor in this expansion. For now, we maintain our Accumulate rating and price target of QR2.40. (QNB FS Research, QSE)

- **ZHCD to disclose 2Q2019 financial statements on August 05** – Zad Holding Company (ZHCD) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on August 05, 2019. (QSE)
- **QAMC to disclose 2Q2019 financial statements on July 25** – Qatar Aluminium Manufacturing Company (QAMC) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on July 25, 2019. (QSE)
- **MPHC to disclose 2Q2019 financial statements on August 05** – Mesaieed Petrochemical Holding Company (MPHC) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on August 05, 2019. (QSE)
- **IQCD to disclose 2Q2019 financial statements on August 01** – Industries Qatar (IQCD) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on August 01, 2019. (QSE)
- **QFBQ to disclose 2Q2019 financial statements on July 28** – Qatar First Bank (QFBQ) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on July 28, 2019. (QSE)
- **SIIS to disclose 2Q2019 financial statements on August 05** – Salam International Investment Limited (SIIS) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on August 05, 2019. (QSE)
- **GISS to disclose 2Q2019 financial statements on August 04** – Gulf International Services (GISS) announced its intent to disclose 2Q2019 financial statements for the period ending June 30, 2019, on August 04, 2019. (QSE)
- **Qatar Airways, GE Aviation sign multiple agreements for GE engines valued over \$5bn** – Qatar Airways and GE Aviation signed multiple agreements for GE engines valued over \$5bn. As part of the agreements, Qatar Airways selected the GENx engine to power its 30 new Boeing 787-9 aircraft along with a TrueChoice™ Flight Hour agreement to cover the maintenance, repair and overhaul (MRO) of the engines. Qatar Airways also signed a TrueChoice™ Flight Hour agreement for MRO services on its GE9X engine fleet that will power 60 Boeing 777X aircraft. Qatar Airways' CEO, HE Akbar Al-Baker said, "Qatar Airways has ambitious plans for the future and we are delighted to have GE beside us as we embark on this journey together. These contracts for the GE engines that will power our Boeing 787-9 and Boeing 777X aircraft further cement the strong relationship between Qatar Airways and GE." (Gulf-Times.com)
- **Ooredoo inks 10-year deal with NCR to upgrade SSMs** – Ooredoo announced it has signed a 10-year contract with global enterprise and technology leader NCR to upgrade and maintain

its next-generation self-service machines (SSMs). The agreement includes a complete technology upgrade, deployment and maintenance services for up to 150 new NCR SelfServ 80 series kiosks, which will be installed throughout Ooredoo's mobile retail outlets. The roll-out of the new interactive SSMs forms part of Ooredoo's strategy of complete digitalization, offering a superior digital experience for customers. The upgraded technology will offer a more intuitive interaction, with customers being able to carry out a number of transactions via the machines, including bill payment, prepaid services and functions of the Nojoom rewards program. The SSMs will also support future Ooredoo services. (Qatar Tribune)

- **Non-oil activities to drive Qatar's growth to 2.6% in 2019, says NBK report** – Qatar's economic growth is expected to accelerate to 2.6% in 2019 from 1.6% in 2018 on the back of strong non-oil activities in the country, National Bank of Kuwait (NBK) has stated in a report. According to the report, economic growth in Qatar has accelerated as the government advances its second National Development Strategy (NDS-2) that sees the private sector assume greater importance in driving diversification. With the government's expansive public investments bearing fruit, the report stated, the country's non-hydrocarbon sector is currently growing at a rate of 4.4%. Over the medium term, as infrastructure projects related to the FIFA World Cup 2022 and work on the broader Qatar National Vision 2030 advances, non-oil growth is expected to moderate to around 4% by 2021. By this time, the private sector should have assumed a greater role in driving diversification through projects in sectors such as manufacturing, services, transportation and real estate. The hydrocarbon sector will also get boost in 2020 from the commissioning of the \$10bn Barzan gas production facility. This should raise gas output by 12% and generate higher condensates and natural gas liquids (NGLs) volumes. The banking sector has overcome the shock of non-resident capital flight and tighter liquidity associated with the 2017 blockade, the report stated adding foreign deposits have returned, private sector credit growth is at a near-three year high and overall liquidity has improved. (Qatar Tribune)
- **QIA leads \$150mn funding for Indian education startup BYJU'S** – BYJU'S, an ed-tech company and the creator of India's learning app, has received an investment of \$150mn led by Qatar Investment Authority (QIA), a press statement stated. The investment round also includes the participation from Owl Ventures, a leading investor in education technology and this is their first-ever investment in an Indian start-up. The investment will support BYJU'S' international market expansion goals and the creation of world-class learning products for students across the globe. QIA's CEO, Mansoor Al Mahmoud said, "This investment underscores QIA's strong commitment to the education sector and our focus on investing in leading innovators in the TMT industry globally." (Qatar Tribune)
- **Qatar's automobile market records robust growth in May** – Qatar's automobile sector registered a robust YoY growth in May 2019, especially the sales of trailers and private cars. The sales of private vehicles, including cars and SUVs, increased to 4,149 in May, witnessing a double-digit growth of 12.3% compared to 3,696 in the corresponding month last year, official

data showed. When compared on monthly basis, the registration of private vehicles in May increased by 7% compared to 3,843 in the previous month (April 2019). The sales of new private vehicles accounted for 73% of the total number of new registered vehicles (5,665) in May this year, according latest monthly figures released by the Planning and Statistics Authority. The registration of new trailers, which usually finds use in Qatar's booming construction and transport sector, increased to 60 units in May 2019, up by over 62% compared to 37 units sold in April this year. The total registration of new vehicles in May 2019 reached 5,665 witnessing a YoY growth of 4.1% compared to 5,443 in the same month last year. When compared on monthly basis, the overall registration of new vehicles (all categories put together) in May saw a marginal decline of 0.7% against 5,705 in April 2019. (Peninsula Qatar)

- **Automatic Rapid Transit trial starts next week in Qatar** – The Ministry of Transport and Communications is planning to start a trial for the Automatic Rapid Transit (ART) – an innovative, modern and environment-friendly public transport system. With intelligent controls, ART is a rail-less system for urban transport which is essentially a crossover between buses and trams. It also integrates electrical and mechanical systems. The trial in Qatar for the ART system will be the first in the world after it has been in operation in the manufacturing country China. The trial will start on Al Khor Expressway next week, continue for a specific period of time and will be assessed by the ministry to make sure ART fits Qatar's weather conditions before going ahead with deploying it. (Gulf-Times.com)

#### International

- **MBA: US mortgage applications fall in latest week** – The US mortgage applications decreased last week as most home borrowing costs were unchanged to slightly higher, the Mortgage Bankers Association (MBA) stated. The Washington-based group's seasonally adjusted index on loan requests, both to buy a home and refinance one, fell 2.4% to 505.8 in the week ended July 5. This week's results include an adjustment for the Fourth of July holiday. "Borrowers have been less sensitive to low rates as many borrowers have either recently refinanced or are likely waiting for rates to fall even further," Joel Kan, MBA's Associate Vice President of economic and industry forecasting said. Most fixed-mortgage rates MBA tracks were unchanged to 3 basis points higher from the week before. (Reuters)
- **US May wholesale inventories unrevised; sales edge up** – The US wholesale inventories rose in May amid a strong increase in the automotive sector, but the pace of accumulation is slowing, supporting views that inventory accumulation was probably a drag on economic growth in the second quarter. The Commerce Department stated on Wednesday wholesale inventories increased 0.4% as reported last month after advancing 0.8% in April. Wholesale inventories increased 7.7% on a YoY basis, in May. The component of wholesale inventories that goes into the calculation of GDP gained 0.2% in May. An accumulation in inventories contributed to a 3.1% annualized increase in GDP in the first quarter. Inventories are expected to have subtracted from GDP growth in the second quarter. The Atlanta Federal Reserve is forecasting the economy grew at a 1.3% rate in the second quarter. The government will publish its advance second-quarter GDP growth estimate later this month. The

inventory bulge is concentrated in the automobile industry, which is experiencing a slowdown in sales. In May, wholesale auto inventories increased 1.8% after increasing 3.9% in the prior month. There were also increases in professional equipment, furniture and hardware inventories. (Reuters)

- **US to probe French plan to tax tech companies** – The US President, Donald Trump on Wednesday ordered an investigation into France's planned tax on technology companies, a probe that could lead to the US imposing new tariffs or other trade restrictions. The move gives Lighthizer up to a year to investigate if France's digital-tax plan would hurt US technology companies. The "Section 301" investigation will determine if the levy poses an unfair trade practice. Prior investigations have covered Chinese trade practices and European Union subsidies on large commercial aircraft. French Finance Minister Bruno Le Maire said in March that a 3% tax on the French revenue of large internet companies could yield 500mn Euros a year. (Reuters)
- **RICS survey: UK housing market shows some signs of recovery** – Britain's housing market showed tentative signs of recovery in June as interest among buyers rose for the first time since shortly after the 2016 Brexit referendum and sales also staged a rare increase, a survey showed. The Royal Institution of Chartered Surveyors (RICS) house price measure - the difference between members reporting price rises and falls - improved to -1, the strongest reading since August last year, from a revised -9 in May. The reading was stronger than a median forecast of -12 in a Reuters poll of economists and RICS stated it pointed to flat property prices over the next two quarters. Prices in London and the south east of England continued to fall but rose across the rest of the country. Britain's housing market slowed sharply after voters decided to leave the European Union more than three years ago, but several indicators have suggested stabilization in recent months. (Reuters)
- **Eurozone growth, inflation outlook cut as risks from US trade grow** – The European Commission lowered its estimates on Wednesday for Eurozone growth and inflation, saying uncertainty over US trade policy posed a major risk to the bloc. In its quarterly economic forecasts, the European Union's (EU) executive arm said prices would grow less than previously predicted, pushing the inflation rate further off the European Central Bank's (ECB) target of close to but less than 2%. The commission confirmed its prediction that economic growth in the Eurozone would slow this year to 1.2% from 1.9% in 2018. It also revised down its estimate for next year's growth which is now seen at 1.4% instead of the 1.5% forecast in May. Risks for the bloc have increased, the commission said, and mostly come from "the elevated uncertainty" around US' trade policy, as Washington keeps threatening punitive tariffs on a broad range of EU products. Fears of increased trade tensions "could also trigger a shift in global risk sentiment at times when valuations appear stretched across many asset classes," the EU economics commissioner Pierre Moscovici told a news conference. The weaker economic outlook contributed to a downward revision of inflation expectations, the commission stated, cutting its estimate to 1.3% for this year and next from the 1.4% it previously estimated for both years. This year's forecast

matches the ECB's projection, but for 2020 the commission's estimate is lower than the 1.4% rate forecast by the central bank in its latest projections, released in June. That could give the ECB a reason to push ahead with fresh stimulus. (Reuters)

- **LNG tanker rates seen rising on Asia demand** – Tanker rates for shipping liquefied natural gas (LNG) around the globe are poised to surge to last summer's highs as the heating fuel fetches rising premiums in Asia, according to Flex LNG Ltd. Spot rates for the larger tankers of about 165,000 cubic meters (5.8mn cubic feet) may climb to \$100,000 a day or even double that, up from about \$60,000 now, Oystein Kalleklev, CEO of the Oslo-based ship owner and operator, said. The potential repeat of soaring LNG tanker rates follows a surge in export capacity, while spot prices in markets that are abundantly supplied by pipelines, like North America and Europe, have collapsed after a mild winter. These lower prices have boosted the appeal of buying European gas at a decade low to sell into Asia at bigger premiums than last summer, Kalleklev said. (Gulf-Times.com)
- **China sees economic growth continuing in range of 6-6.5%** – The Chinese government is confident that economic growth can remain within a range of 6-6.5%, Finance Minister Liu Kun said during a conference. Speaking at an Italy-China financial dialogue, Liu said protectionism could however harm global growth and said Beijing would continue to promote the role of multilateral organizations such as the World Trade Organization and the G20. (Reuters)
- **Reuters poll: China June exports seen falling, adding to fears of global slowdown** – China's exports likely fell in June as weakening global demand and a sharp hike in US tariffs took a heavier toll on the world's largest trading nation, a Reuters poll showed. Imports are expected to have fallen for a second straight month, pointing to continued weakness in domestic demand and highlighting the need for Beijing to roll out more economic support measures. If Friday's trade data are in line with the downbeat forecasts or worse, it could spark concerns about a sharper-than-expected slowdown in China and the risk of a global recession. Neighboring South Korea last week slashed its export forecasts and cut this year's economic growth target to what would be a seven-year low as the US-China trade war drags on, weighing on global demand. China's June exports are expected to have declined 2% from a year earlier, according to the median estimate of 34 economists in a Reuters poll, compared with a 1.1% gain in May. June marked the first full month of higher US tariffs on \$200bn of Chinese goods, which were implemented weeks earlier. Factory activity surveys showed export orders also shrank last month, pointing to further weakness in the third quarter. (Reuters)

## Regional

- **Gulf borrowers shrug-off risks to boost bond sales to a record** – Governments and companies across the Gulf are issuing Eurobonds like never before. Euro and Dollar sales from the six-nation GCC, a six-nation bloc including Saudi Arabia, the UAE and Qatar, reached \$55bn so far in 2019, according to Bloomberg League Tables, a record on YTD basis. Investors have lapped up Gulf deals, including Saudi Arabia's \$3.4bn transaction last week and Saudi Aramco's \$12bn debut offering

in April, as borrowing costs plunge ever further. "These are exciting developments in what we think were an under-appreciated asset class," Dubai-based Chief Investment Officer for global Sukuk and fixed income for Middle East and North Africa at Franklin Templeton Investments, Mohieddine Kronfol wrote in a blog on the firm's website. "We've seen the GCC economies take some bold steps to implement both fiscal reforms and diversify economies away from their dependency on oil," he added. (Bloomberg)

- **Bosnia seeks Saudi Arabia, UAE and Turkey to resuscitate the nation's aluminum smelter** – Bosnian authorities are in talks with potential investors from the UAE, Saudi Arabia and Turkey to resuscitate the nation's sole aluminum maker that shut down after being left without power due to unpaid bills. The former Yugoslav nation's authorities want to restart production and resolve about \$230mn of debt accumulated by Mostar-based Aluminij d.d., according to the office of Prime Minister of the Federation of Bosnia and Herzegovina, Fadil Novalic one of the country's two constituent entities along with the Republika Srpska. (Bloomberg)
- **Saipem CEO says Saudi Arabian contracts part of natural gas shift** – Two contracts signed in Saudi Arabia for \$3.5bn by Italy's oil contractor Saipem are part of a shift in the company's strategy to focus more on natural gas, CEO, Stefano Cao said. Saipem stated that it won two new contracts from Saudi Aramco for the development of land facilities of the Berri and Marjan gas fields, which are both located in the Arabian Gulf. The gas contracts announced "confirm that this is the fundamental strategy for our company," he said. "The news is very positive and improves the visibility of our estimates on 2020-2022, in particular for the E&C (Exploration and Construction) onshore division," broker Equita stated. Stefano Cao met with the President of the Republic of Mozambique, Filipe Nyusi, where Saipem last month won a \$6bn exploration, procurement and construction contract for the Anadarko Mozambique liquefied natural gas project. (Reuters)
- **Saudi Arabia and Hyundai agree to manufacture marine engines and pumps** – Saudi Arabian Industrial Investments Co. (Dussur) has signed a joint venture with Saudi Aramco and Hyundai Heavy Industries to manufacture engines and marine pumps for marine and electric power plants, it stated. The venture will be located in the Kingdom's Eastern Province at Ras Alkhair, and the marine engine manufacturing facility will be the first in the Middle East and North Africa (MENA) region, it stated. (Reuters)
- **CVC-led consortium to acquire 30% stake in Dubai's GEMS Education** – A consortium led by private equity firm CVC Capital Partners has agreed to acquire a 30% stake from existing shareholders in Dubai-based GEMS Education. The deal will allow the exit by a consortium led by Fajr Capital Ltd including Tactical Opportunities funds managed by Blackstone Group and Bahrain's Mumtalakat Holding Co, a statement from GEMS stated on Wednesday. It did not disclose the value of the deal. The private equity deal comes after minority investors began exploring the sale of their combined stake following GEMS' decision to shelve its London listing last year after authorities in Dubai unexpectedly froze tuition fees, Reuters had reported. The size of the stake was then valued at around

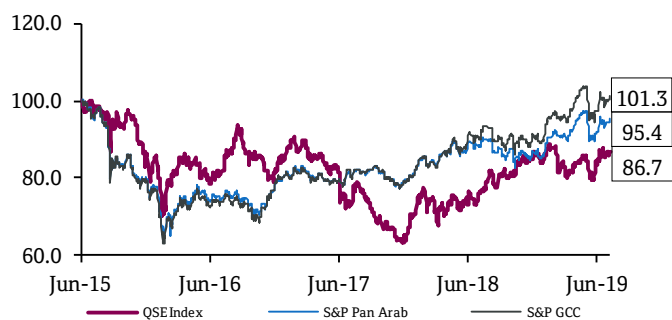
\$1bn. GEMS has also launched a refinancing plan that includes loans and bonds, it stated, adding that the transactions are expected to close by end of July. Malaysian sovereign fund Khazanah Nasional Berhad will retain a 3% stake, it stated. The Varkey family will remain the largest shareholder in GEMS once the deal is completed. This is CVC Funds' first major investment in the Gulf and is made from CVC's Strategic Opportunities Platform established in 2014. (Reuters)

- **Dubai utility DEWA invites bids to study wind power project** – Dubai Electricity & Water Authority (DEWA) has invited consultants to submit bids for a feasibility study for a wind power project in the Hatta area of the Emirate. The deadline to submit proposals is July 23, DEWA stated. (Bloomberg)
- **Russia and UAE's ADNOC discuss cooperation in LNG projects** – Russian Energy Minister, Alexander Novak and UAE's Minister of state, Sultan Ahmed Al Jaber, who also runs the Abu Dhabi National Oil Company (ADNOC), discussed cooperation in LNG projects at a meeting in Moscow, the energy ministry stated. (Reuters)
- **Gulf Bank reported net income of KD12.2mn for 2Q2019** – Gulf Bank has reported net income of KD12.2mn in 2Q2019. The operating revenue came in at KD48.3mn in 2Q2019. The operating profit came in at KD30.0mn in 2Q2019. From a half yearly perspective for 1H2019, the net income came in at KD24.0mn, with the operating income at KD55.6mn and the operating revenue at KD95.6mn. The company reported a decline in profit of 10.6% in 1H2019 attributing to lower operating revenue, higher operating expenses, partially offset by lower provisions and impairment loss. (Bloomberg)
- **HitecVision and Oman's Petrogas to buy UK oilfields from Total** – Private equity fund HitecVision and Omani oil group Petrogas have teamed up to buy a portfolio of Total's British North Sea oilfields for \$635mn, the companies stated. The fields, which are set to produce 25,000 barrels of oil equivalent per day (boepd) this year, will be owned by a subsidiary of the two groups called Petrogas NEO UK which they want to expand to produce more than 100,000 boepd within two to three years. The British North Sea has seen a change of guard since the oil price collapsed to below \$30 a barrel in 2016 with big companies selling fields to new private-equity-backed operators seeking to squeeze more barrels out of the mature basin and then exit. HitecVision, an offshore energy-focused fund with \$5.5bn under management, last December partnered with Eni to build Var Energi, now one of Norway's largest producers at 169,000 boepd. It has paid out \$1bn in dividends to HitecVision shareholders in Var. HitecVision plans to turn Petrogas NEO - controlled equally by the two partners - into a UK version of Var. (Reuters)
- **Bahrain bonds can edge past Oman in outperforming Gulf peers** – The global search for yield is playing out in the Gulf Arab world as Dollar bonds sold by Bahrain and Oman outperform peers, with Bahrain in pole position. Oman's bonds have returned 1.7% this month, while Bahrain's have risen 1.5%, outpacing gains among their Gulf peers, according to Bloomberg Barclays indexes, despite having the weakest finances in the region. Bahrain is likely to outperform in the longer-term, thanks to its \$10bn bailout package from Saudi Arabia and other rich allies. Morgan Stanley raised its valuation stance of

the Bahrain's debt to a like from neutral, stating that a sharp increase in its FX reserves in May was likely due to the release of some of the 2019 tranche of support. Bahrain's bonds had also underperformed almost all of the other five monarchies' in the GCC region in June, so there is room to play catch up. In contrast, Oman's bonds will likely come under pressure as the sultanate is set to tap the debt market again to help plug its budget shortfall, among the largest of all the sovereigns tracked by Fitch Ratings. It also risks slipping deeper into junk-level credit ratings. The gap between the yields on Oman's bond due 2028 and Bahrain's debt of similar maturity has narrowed to less than 50 basis points, from as high as 80 basis points end-May. (Bloomberg)

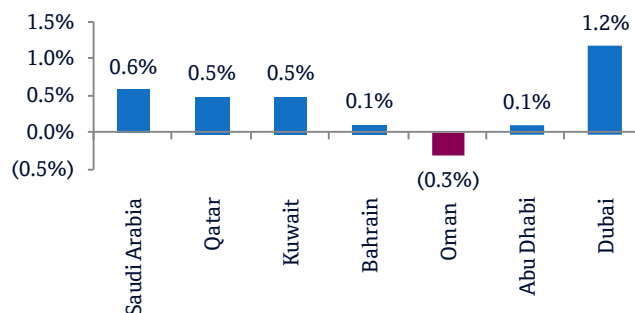
- **BBK completes the successful bond issuance raising \$500mn** – Bank of Bahrain and Kuwait (BBK) has completed a bond issuance of \$500mn through the issuance of an international senior unsecured bond with a maturity of five years. Within the investor mix, 65% of the investors are from the Middle East, 7% from Asia and 28% from Europe. Fund managers bought 50% of the bond, banks bought 44% and the remainder by private banks and others. (Bahrain Bourse)

## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,418.98	1.5	1.4	10.6
Silver/Ounce	15.24	0.8	1.6	(1.6)
Crude Oil (Brent)/Barrel (FM Future)	67.01	4.4	4.3	24.6
Crude Oil (WTI)/Barrel (FM Future)	60.43	4.5	5.1	33.1
Natural Gas (Henry Hub)/MMBtu	2.48	2.9	8.3	(22.2)
LPG Propane (Arab Gulf)/Ton	50.75	8.6	7.4	(20.7)
LPG Butane (Arab Gulf)/Ton	51.25	10.2	10.2	(26.3)
Euro	1.13	0.4	0.2	(1.9)
Yen	108.46	(0.4)	(0.0)	(1.1)
GBP	1.25	0.3	(0.2)	(2.0)
CHF	1.01	0.4	0.2	(0.8)
AUD	0.70	0.4	(0.3)	(1.3)
USD Index	97.10	(0.4)	(0.2)	1.0
RUB	63.16	(1.1)	(1.0)	(9.4)
BRL	0.27	1.2	1.8	3.4

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,201.14	0.3	(0.2)	16.8
DJ Industrial	26,860.20	0.3	(0.2)	15.1
S&P 500	2,993.07	0.5	0.1	19.4
NASDAQ 100	8,202.53	0.7	0.5	23.6
STOXX 600	387.15	0.2	(0.4)	12.7
DAX	12,373.41	(0.1)	(1.2)	15.3
FTSE 100	7,530.69	0.3	(0.3)	9.9
CAC 40	5,567.59	0.4	(0.1)	15.7
Nikkei	21,533.48	0.2	(0.9)	9.6
MSCI EM	1,048.95	0.6	(1.0)	8.6
SHANGHAI SE Composite	2,915.30	(0.2)	(2.9)	17.0
HANG SENG	28,204.69	0.2	(2.2)	9.3
BSE SENSEX	38,557.04	(0.2)	(2.2)	8.9
Bovespa	105,817.10	2.4	3.3	24.0
RTS	1,407.64	0.9	0.6	31.7

Source: Bloomberg (\*\$ adjusted returns)

## Contacts

### Saugata Sarkar, CFA, CAIA

Head of Research

Tel: (+974) 4476 6534

[saugata.sarkar@qnbfs.com.qa](mailto:saugata.sarkar@qnbfs.com.qa)

### Mehmet Aksoy, PhD

Senior Research Analyst

Tel: (+974) 4476 6589

[mehmet.aksoy@qnbfs.com.qa](mailto:mehmet.aksoy@qnbfs.com.qa)

### Shahan Keushgerian

Senior Research Analyst

Tel: (+974) 4476 6509

[shahan.keushgerian@qnbfs.com.qa](mailto:shahan.keushgerian@qnbfs.com.qa)

### QNB Financial Services Co. W.L.L.

Contact Center: (+974) 4476 6666

PO Box 24025

Doha, Qatar

### Zaid al-Nafoosi, CMT, CFTe

Senior Research Analyst

Tel: (+974) 4476 6535

[zaid.alnafoosi@qnbfs.com.qa](mailto:zaid.alnafoosi@qnbfs.com.qa)

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