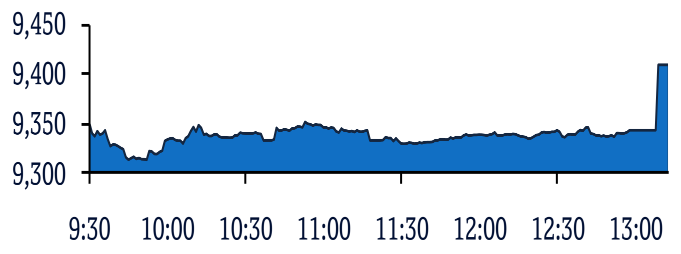
Daily Market Report

Sunday, 09 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 1.0% to close at 9,411.8. Gains were led by the Insurance and Industrials indices, gaining 1.9% and 1.8%, respectively. Top gainers were Qatar General Insurance & Reinsurance Company and Qatar Oman Investment Company, rising 9.5% and 4.2%, respectively. Among the top losers, Qatari German Company for Medical Devices and Qatar Navigation were down 3.9% each.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.4% to close at 7,500.0. Gains were led by the Retailing and Consumer Durables & Apparel indices, rising 1.2% and 1.1%, respectively. L'Azurde Company for Jewelry rose 8.7%, while Abdullah Saad Mohammed Abo Moati Stationeries Company was up 6.8%.

Dubai: The DFM Index gained 1.4% to close at 2,107.6. The Insurance index rose 4.9%, while the Transportation index gained 1.7%. Islamic Arab Insurance Company was up 9.8%, while Arab Insurance Group was up 9.2%.

Abu Dhabi: The ADX General Index gained 1.2% to close at 4,359.6. The Real Estate index rose 2.7%, while the Insurance index gained 1.5%. Abu Dhabi Aviation Company rose 6.1%, while Gulf Pharmaceutical Industries was up 5.6%.

Kuwait: The Kuwait All Share Index fell marginally to close at 5,009.8. The Basic Materials index declined 1.0%, while the Industrials index fell 0.5%. Al-Deera Holding Co. declined 5.3%, while Real Estate Trade Centers Co. was down 5.0%.

Oman: Market was closed on August 6, 2020.

Bahrain: The BHB Index fell 0.3% to close at 1,288.8. The Services index declined 2.0%, while the Commercial Banks index fell 0.1%. BMMI declined 6.4%, while Telecommunication was down 2.7%.

Market Indicators	06 Aug 20	05 Aug 20	%Chg.
Value Traded (QR mn)	463.9	503.7	(7.9)
Exch. Market Cap. (QR mn)	550,759.1	545,877.3	0.9
Volume (mn)	255.5	202.9	25.9
Number of Transactions	8,234	13,370	(38.4)
Companies Traded	44	45	(2.2)
Market Breadth	32:10	21:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,093.93	1.0	0.5	(5.7)	15.3
All Share Index	2,942.12	1.0	0.6	(5.1)	16.2
Banks	4,100.53	1.1	0.8	(2.8)	13.7
Industrials	2,643.08	1.8	1.2	(9.9)	23.5
Transportation	2,851.59	(1.1)	(0.4)	11.6	13.5
Real Estate	1,581.19	0.1	0.5	1.0	13.0
Insurance	2,038.64	1.9	0.1	(25.5)	32.9
Telecoms	893.03	(0.7)	(2.1)	(0.2)	15.0
Consumer	7,473.88	0.5	0.5	(13.6)	21.8
Al Rayan Islamic Index	3,788.74	0.9	0.8	(4.1)	17.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Industries Qatar	Qatar	8.05	3.2	1,377.8	(21.7)
Aldar Properties	Abu Dhabi	1.76	2.9	9,824.3	(18.5)
Bupa Arabia for Coop. Ins.	Saudi Arabia	122.80	2.5	265.0	19.9
GFH Financial Group	Dubai	0.59	2.4	21,873.0	(30.1)
Emaar Properties	Dubai	2.69	2.3	14,050.5	(33.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bahrain Telecom. Co.	Bahrain	0.39	(2.7)	399.5	1.6
BBK	Bahrain	0.46	(1.3)	145.8	(15.7)
Rabigh Refining & Petro.	Saudi Arabia	12.66	(1.1)	1,755.4	(41.6)
Kingdom Holding Co.	Saudi Arabia	6.80	(0.9)	489.4	(9.9)
Bank Al-Jazira	Saudi Arabia	11.84	(0.7)	16,557.9	(21.3)

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%
Qatar General Ins. & Reins. Co.	2.20	9.5	2.6	(10.6)
Qatar Oman Investment Company	0.88	4.2	35,249.2	30.9
Baladna	1.88	4.2	23,762.9	88.0
Industries Qatar	8.05	3.2	1,377.8	(21.7)
Qatari Investors Group	2.38	2.7	4,605.3	32.7

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Oman Investment Company	0.88	4.2	35,249.2	30.9
Qatar First Bank	1.48	0.1	25,524.7	80.9
Investment Holding Group	0.52	2.2	24,737.2	(8.3)
Baladna	1.88	4.2	23,762.9	88.0
Qatar Insurance Company	2.01	0.5	13,102.2	(36.4)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	2.25	(3.9)	8,825.1	285.7
Qatar Navigation	5.81	(3.9)	2,750.5	(4.8)
Vodafone Qatar	1.25	(1.5)	12,429.3	7.8
Mazaya Qatar Real Estate Dev.	0.86	(1.4)	7,063.7	19.9
Gulf Warehousing Company	4.95	(1.0)	553.0	(9.7)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.18	1.0	46,342.7	(11.7)
Baladna	1.88	4.2	44,229.4	88.0
Qatar First Bank	1.48	0.1	37,938.5	80.9
Qatar Oman Investment Co.	0.88	4.2	31,028.9	30.9
Qatar Insurance Company	2.01	0.5	25,607.4	(36.4)

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*	9,411.83	1.0	0.5	0.5	(9.7)	126.49	150,192.0	15.3	1.4	4.3
Dubai	2,107.64	1.4	2.8	2.8	(23.8)	78.55	81,217.5	7.2	0.7	4.6
Abu Dhabi	4,359.59	1.2	1.3	1.3	(14.1)	32.11	175,014.5	15.1	1.3	5.6
Saudi Arabia	7,499.97	0.4	0.5	0.5	(10.6)	1,480.93	2,233,323.4	24.6	1.8	3.4
Kuwait	5,009.79	(0.0)	0.8	0.8	(20.3)	84.58	93,452.0	16.7	1.2	4.0
Oman#	3,568.10	0.3	0.1	1.5	(10.4)	4.55	16,088.4	10.4	0.8	6.7
Bahrain	1,288.83	(0.3)	(0.1)	(0.1)	(20.0)	4.57	19,527.4	12.0	0.8	5.6

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any, #Data as of July 29, 2020)

Qatar Market Commentary

- The QE Index rose 1.0% to close at 9,411.8. The Insurance and Industrials indices led the gains. The index rose on the back of buying support from Qatari, GCC, and Arab shareholders despite selling pressure from Foreigners shareholders.
- Qatar General Insurance & Reinsurance Company and Qatar Oman Investment Company were the top gainers, rising 9.5% and 4.2%, respectively. Among the top losers, Qatari German Company for Medical Devices and Qatar Navigation were down 3.9% each.
- Volume of shares traded on Thursday rose by 25.9% to 255.5mn from 202.9mn on Wednesday. However, as compared to the 30-day moving average of 305.5mn, volume for the day was 16.4% lower. Qatar Oman Investment Company and Qatar First Bank were the most active stocks, contributing 13.8% and 10.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	39.71%	46.34%	30,782,620.1
Qatari Institutions	27.52%	21.49%	(27,972,797.5)
Qatari	**67.23%**	**67.84%**	**2,809,822.6**
GCC Individuals	0.58%	0.82%	1,128,921.3
GCC Institutions	0.37%	1.27%	4,199,863.4
GCC	**0.94%**	**2.09%**	**5,328,784.7**
Arab Individuals	10.30%	11.29%	4,570,558.4
Arab Institutions	–	0.03%	(123,682.7)
Arab	**10.30%**	**11.32%**	**4,446,875.7**
Foreigners Individuals	4.25%	4.53%	1,300,773.7
Foreigners Institutions	17.27%	14.23%	(14,133,622.0)
Foreigners	**21.52%**	**18.76%**	**(12,832,848.3)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
City Cement Co.	Saudi Arabia	SR	108.9	0.7%	36.3	9.5%	36.2	12.2%
Saudi Basic Industries Corp. #	Saudi Arabia	SR	24.6	-29.5%	(1.3)	N/A	(2.2)	N/A
Arabian Scandinavian Ins. Takaful	Dubai	AED	25.9	-28.8%	–	–	13.1	1280.5%
Ras Al Khaima Poultry	Abu Dhabi	AED	5.1	-12.1%	–	–	1.6	-48.9%
Reem Investments*	Abu Dhabi	AED	9.0	2.2%	–	–	(390.5)	N/A
Abu Dhabi National Insurance Co.	Abu Dhabi	AED	687.5	13.4%	–	–	67.1	1.6%
Wahat Al Zaweya Holding*	Abu Dhabi	AED	2.2	-99.5%	(26.5)	N/A	(86.1)	N/A
Investcorp Holdings**	Bahrain	USD	178.0	-61.7%	–	–	(165.0)	N/A
Bahrain Cinema Company	Bahrain	BHD	0.3	-89.9%	(0.3)	N/A	1.0	-19.6%
Solidarity Bahrain	Bahrain	BHD	–	–	–	–	1.4	5.5%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Billions, *Comparison based on YTD period, ** Financial for Year ended June 30, 2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/06	US	Department of Labor	Initial Jobless Claims	01-Aug	1,186k	1,400k	1,435k
08/06	US	Department of Labor	Continuing Claims	25-Jul	16,107k	16,900k	16,951k
08/07	US	Bureau of Labor Statistics	Unemployment Rate	Jul	10.2%	10.6%	11.1%
08/06	UK	Markit	Markit/CIPS UK Construction PMI	Jul	58.1	57.1	55.3
08/06	Germany	Markit	Markit Germany Construction PMI	Jul	49.7	–	41.3
08/07	Germany	Deutsche Bundesbank	Industrial Production SA MoM	Jun	8.9%	8.2%	7.4%
08/07	Germany	Bundesministerium fur Wirtscha	Industrial Production WDA YoY	Jun	-11.7%	-11.4%	-19.5%
08/07	France	INSEE National Statistics Office	Industrial Production MoM	Jun	12.7%	8.4%	19.9%
08/07	France	INSEE National Statistics Office	Industrial Production YoY	Jun	-11.7%	-12.9%	-23.4%
08/07	France	INSEE National Statistics Office	Manufacturing Production MoM	Jun	14.4%	13.0%	22.2%
08/07	France	INSEE National Statistics Office	Manufacturing Production YoY	Jun	-12.5%	-13.3%	-25.2%

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 2Q2020 results	No. of days remaining	Status
DOHI	Doha Insurance Group	9-Aug-20	0	Due
QGMD	Qatari German Company for Medical Devices	9-Aug-20	0	Due
IGRD	Investment Holding Group	10-Aug-20	1	Due
SIIS	Salam International Investment Limited	10-Aug-20	1	Due
DBIS	Dlala Brokerage & Investment Holding Company	11-Aug-20	2	Due
MCCS	Mannai Corporation	11-Aug-20	2	Due
MRDS	Mazaya Qatar Real Estate Development	12-Aug-20	3	Due
QOIS	Qatar Oman Investment Company	12-Aug-20	3	Due
QCFS	Qatar Cinema & Film Distribution Company	12-Aug-20	3	Due
MERS	Al Meera Consumer Goods Company	12-Aug-20	3	Due
GISS	Gulf International Services	12-Aug-20	3	Due
ERES	Ezdan Holding Group	13-Aug-20	4	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	4	Due

Source: QSE

News

Qatar

- **GWCS calls off proposal to indirectly acquire Spick and Span Cleaning Services –** Gulf Warehousing Company (GWCS), the leading provider of logistics and supply chain solutions in Qatar, has called off a proposal to indirectly acquire Spick and Span Cleaning Services. "The acquisition process has not been completed and it has been cancelled after the study and assessments made by GWCS on terms of acquisition," GWCS said in a regulatory filing with the Qatar Stock Exchange (QSE). In March this year, the QSE-listed GWCS had proposed to initially acquire 76% stake in Spick and Span Cleaning Services, a limited liability entity with a capital of QR200,000. GWCS, which proposed the indirect acquisition through its wholly-owned subsidiary GWC Chemicals, had said the amount of acquisition was small and there were no expected risks to the shareholders of the listed company as well as its subsidiary (GWC Chemicals) (QSE, Gulf-Times.com)
- **QETF discloses its financial statements for 1H2020 –** QE Index ETF (QETF) disclosed its financial statements for the period from January 1, 2020 to June 30, 2020. The statements showed that the net asset value as of June 30, 2020 amounted to QR358,910,937 representing QR8.848 per unit. The QETF Fund Committee approved and distributed a total dividend of QR0.377 per unit for the year ended December 31, 2019 (2018: QR0.425 per unit). On April 7, 2020, the Fund Committee approved a cash dividend of QR0.333 per unit, to be distributed to unit holders entitled as on record-date April 23, 2020. On May 5, 2020, the Fund Committee approved a cash dividend of QR0.044 per unit, to be distributed to unit holders entitled as on record-date May 19, 2020. (QSE)
- **Changes in QSE rulebook get approval from QFMA –** Qatar Financial Markets Authority (QFMA) on Saturday announced that it has approved amendments to Qatar Stock Exchange's (QSE) rulebook relating to market maker and liquidity provider. The amendments regarding the market maker and liquidity provider have been made in compliance with the Liquidity Provider Rules issued previously by QFMA, the regulatory authority has said in a statement posted on its website. In another move to bring in more transparency for investors, the QFMA announced that it has given approval for disclosure of financial and non-financial statements for companies listed on QSE through the unified electronic disclosure system. QFMA said, "The system aims to facilitate the disclosure process with greater efficiency and flexibility for financial and non-financial statements required from the QSE listed companies. The new disclosure system would provide the information in the appropriate and timely manner and contribute to enhancing the disclosure quality of QSE-listed firms." The market making activities are carried out by the financial services companies after obtaining the necessary licenses from the QFMA, in accordance with the rules set by the regulator in efforts to develop the activities and financial services relating to Qatar's capital market. (Qatar Tribune)
- **FocusEconomics: Qatar's merchandise trade balance to touch $49.8bn in 2024 –** Qatar's merchandise trade balance, which is the difference in value between imported and exported goods, is expected to reach $49.8bn in 2024, according to the latest country forecast by FocusEconomics. This year the country's merchandise trade balance has been forecast to total $25.4bn, $32.1bn (in 2021), $38.7bn (2022) and $44.8bn (2023). The report said that Qatar's fiscal balance as a percentage of GDP is set to rise to 4.7% in 2024 from an estimated -7.6% this year. According to FocusEconomics, Qatar's public debt (as a percentage of GDP) has been forecast to fall to 52.8 from 64.8 this year. The country's public debt as a percentage of the GDP will fall continuously over the next four years, the researcher said. It is projected at 62.9 next year, 59.5 (in 2022) and 56.2 in 2023. Qatar's GDP has been estimated to reach $216bn in 2024 from $163bn this year. Next year, it will be $177bn, followed by $190bn (2022) and $203bn in 2023. GDP per capita, FocusEconomics said, has been estimated to reach $77,495 in 2024 from $59,007 this year. GDP per capita next year will be $64,130, followed by $68,662 in 2022 and $73,090 in 2023. Qatar's economic growth in terms of nominal GDP will reach 6.3% in 2024 from -11.2% by the year-end. Next year, economic growth in terms of nominal GDP will be 8.9%, 7.3% in 2022 and 6.7% in 2023. The current account balance (as a percentage of GDP) will be 4.6 in 2024 compared with -3.7 in 2020, 0.4 (2021), 4.5 (2022) and 4.5 in 2023. International reserves may exceed $32.4bn in 2024, from $31.9bn this year. The country's inflation, the report noted, will be -1.1% this year, 1.5% (2021), 1.7% (2022), 1.8% (2023) and 2% in 2024. Qatar's

unemployment rate (as a percentage of active population) will remain a meagre 0.1% in 2024, from 0.4% this year. Next year it will be 0.3%, 0.2% in 2022 and 2023, FocusEconomics said. (Gulf-Times.com)

- **Kahramaa offers a reduction in electricity and water charges, will be an additional boost for the agriculture sector this year –** As coronavirus (COVID-19) cases have come down in Qatar, agricultural farms growing winter crops for local markets are gradually getting back to the normal mode of operation. The vegetable farms that target manifold expansion this year at Al Shamal, Al Khor and Umm Salal Ali will resume routine operations shortly. The first phase of winter farming - preparing soil-bed for sprouting seeds - will begin in the middle of August. Plantation of healthy saplings will begin by the end of September. The initiative of Qatar General Electricity and Water Corporation (Kahramaa) that offers a reduction in electricity and water charges will be an additional boost for the agriculture sector this year. Kahramaa has completed a project to deliver electricity and water to farms in various regions of the country to help enhance production capacity. Kahramaa has announced a reduction of 70% for electricity charges and 40% for water charges and said that farmlands would no longer be classified as commercial area. The strong local supply chain and opening of winter vegetable markets at different locations along with the new wholesale market at Sailiya with an area dedicated to local vegetables have also inspired young investors to turn to the agriculture sector. The seed market will also become active within a couple of weeks. (Qatar Tribune)
- **Qatar's automobile sector witnesses strong rebound MoM in June –** Qatar's automobile sector witnessed strong rebound this June MoM as there was substantial expansion in new and used vehicles segment; indicating resiliency in the local economy amidst the COVID-19 pandemic. The registration of new private vehicles and motorcycles specifically saw three-digit growth in the review period, said the figures released by the Planning and Statistics Authority. The total clearing vehicles were 124,609 units, which registered 51.4% and 47.3% expansion MoM and YoY respectively in the review period, the PSA said. The new vehicles' registration stood at 3,898 in June this year, which more than doubled on a monthly basis, while it was down 5% on yearly basis. There was more than doubled registration of new private vehicles MoM to 2,272 units in June this year. It, however, fell 22.7% YoY. These registrations accounted for more than 58% of the new vehicles registered compared to 53% in May 2020. (Gulf-Times.com)

International

- **US weekly jobless claims fall, labor market struggling as COVID-19 epidemic spreads –** The number of Americans seeking jobless benefits fell last week, but a staggering 31.3mn people were receiving unemployment checks in mid-July, suggesting the labor market was stalling as the country battles a resurgence in new COVID-19 cases that is threatening a budding economic recovery. Other data on Thursday showed a 54% surge in job cuts announced by employers in July. The reports followed on the heels of news this week of a sharp step-down in private payrolls in July and continued declines in employment at manufacturing and services industries. "Repeated shutdowns for virus containment remain a threat to the labor market, which is already weak," said Chief US economist at High Frequency Economics in White Plains, New York, Rubeela Farooqi. "Without effective virus containment the recovery remains at risk from ongoing job losses that could further restrain incomes and spending." Initial claims for state unemployment benefits fell 249,000 to a seasonally adjusted 1.186mn for the week ended August 1, the Labor Department said. That was the lowest since mid-March. Claims remain well above the peak of 695,000 during the 2007-2009 Great Recession. Economists polled by Reuters had forecast 1.415mn applications in the latest week. (Reuters)
- **Slowing US job growth, rising COVID-19 raise doubts on the recovery's strength –** US employment growth slowed considerably in July, underscoring an urgent need for additional government aid as a resurgence of COVID-19 infections threatens to snuff out the nascent economic recovery. The Labor Department's closely watched employment report on Friday came as Democratic leaders in Congress and top aides to President Donald Trump struggled to negotiate a fiscal package. Trump, who lags former Vice President Joe Biden, the presumptive Democratic Party nominee, in polls ahead of the November 3 election, threatened to bypass Congress with an executive order. Nonfarm payrolls increased by 1.763mn jobs last month after a record rise of 4.791mn in June. Excluding government employment which was artificially boosted by a seasonal quirk related to local and state government education, and temporary hiring for the 2020 Census, payrolls rose 1.462mn, stepping down from 4.737mn in June. (Reuters)
- **UK says it is confident of Brexit trade deal as EU changing tone –** Britain's top minister overseeing Brexit talks said on Friday he was confident a free trade deal would be clinched with the European Union (EU) as there had been a distinct change of tone from the bloc in recent weeks allowing progress to be made. The UK left the EU on January 31 but the main terms of its membership remain in place - including being in the EU customs union and single market - during a transition period until the end of this year, during which time both sides hope to negotiate a new free trade accord. "I'm confident that there will be a deal, I think there has been a welcome change in tone over the last few weeks," Michael Gove told reporters in Portadown in the British province of Northern Ireland. "The omens are good for a deal. Now of course there is some tough talking to do," Gove said. "I believe that there will be a successful negotiated outcome." While Britain has always said it believed a deal was possible, the tenor of the comments from Gove - one of the most senior Brexit supporters in Prime Minister Boris Johnson's government - was distinctly more positive than in recent months. In late May, for example, Gove was demanding that the EU break the impasse in talks. Failure to reach a deal would convulse global trade just as the world comes to terms with the economic destruction sown by the novel coronavirus. The EU is willing to compromise by softening its demand that Britain heed the bloc's rules on state aid in the future, diplomatic sources told Reuters earlier this month. (Reuters)
- **Halifax: UK housing market saw 'mini-boom' in July –** British house prices saw a "mini-boom" as the market reopened following the coronavirus lockdown, mortgage lender Halifax said on Friday. House prices rose 1.6% month-on-month, the

biggest rise this year after being flat in June, Halifax said. Compared with a year ago, prices were 3.8% higher - the largest annual increase since January. (Reuters)

- **BoE's Bailey: Negative rates in BoE toolbox, but no plans to use them –** Britain's central bank said it saw no immediate case to cut interest rates below zero on Thursday as it warned the economy would take longer to recover from its COVID slump than it previously forecast. Unemployment is likely to almost double by the end of this year, the Bank of England (BoE) said. "There are some very hard yards, to borrow a rugby phrase, to come," Bank of England Governor Andrew Bailey said. "And frankly, we are ready to act, should that be needed." On negative rates, already used by the European Central Bank and the Bank of Japan, Bailey said: "They are part of our toolbox ... But at the moment we do not have a plan to use them." The BoE cut interest rates to just 0.1% in March and expanded its bond-buying plan to almost $1tn. On Thursday, its nine monetary policymakers all voted for no policy changes as they sketched out a slow path to recovery. The BoE said the economy would not recover its pre-pandemic size until the end of 2021, slightly later than its previous estimate. But the BoE's shorter-term projections are less grim. While unemployment is expected to peak at 7.5% at the end of 2020, that is lower than its previous estimate of just under 10%. A 9.5% drop in the overall economy this year would be the worst performance in 99 years but less severe than a 14% plunge in the May scenario. (Reuters)
- **Finance Minister: Extending UK furlough would trap people in false hope –** Extending Britain's furlough scheme would leave some workers trapped in false hope that they could return to their jobs after the coronavirus pandemic, British finance minister Rishi Sunak said on Friday. With redundancies mounting, opposition politicians and think tanks have said Sunak should extend the Coronavirus Job Retention Scheme - due to expire at the end of October - until the economy is strong enough to support more at-risk workers. Sunak has said there is no question of a wholesale extension of the program and he was backed up by Bank of England Governor Andrew Bailey on Thursday. He said the government had taken action to provide people with new opportunities, including apprenticeships and training during what "is unquestionably going to be a difficult time". Last week the National Institute of Economic and Social Research, a major think tank, said closing the furlough scheme early would be a "mistake" that would cause surging unemployment. Extending the scheme would largely pay for itself by averting job cuts, NIESR said. The BoE said it estimated 7.5mn workers had benefited from the furlough scheme at its peak, and that 4mn had now returned to work, while 3.5mn were still on furlough. (Reuters)
- **UK and Japan aim to strike outline trade deal this month –** Britain and Japan have reached substantial agreement in most areas for a bilateral post-Brexit trade deal and will try to clinch a preliminary deal by the end of this month, top officials from both countries said on Friday. "We agreed to accelerate talks with an aim of reaching an outline agreement by the end of August," Japanese Foreign Minister Toshimitsu Motegi, who is in London for the talks, told reporters in an online briefing. British trade minister Liz Truss said negotiations, which began in June, had been positive and productive. "We have reached consensus on the major elements of a deal, including ambitious provisions in areas like digital, data and financial services that go significantly beyond the EU-Japan deal," she said in a statement. Britain, which formally left the European Union in January but has a no-change transition arrangement until December 31, is seeking a deal that builds on the 2019 EU-Japan agreement. Japan is a major investor in British industry, particularly consumer electronics and car manufacturing. The total value of bilateral trade in 2019 was 31.6bn Pounds ($41bn) according to British data, a figure London hopes to increase by about 15bn Pounds a year in the long run. (Reuters)
- **China's July export surge may point to more sustainable recovery –** China's economy appeared to be gathering pace in July as exports rose the most year while some raw material imports hit record highs, adding to hopes for a more sustained recovery. The economy is gradually emerging from a record contraction in the first quarter but the recovery remains fragile as rising coronavirus cases around the world and renewed lockdowns could hit demand. Chinese consumer spending also remained subdued amid job losses and concerns about a resurgence in infections. The country's export performance, however, has not been as severely affected by the global slowdown as some analysts had feared, while signs of stabilization in the domestic economy have reduced the urgency for more stimulus. Exports in July increased 7.2% from a year earlier, the fastest pace since December last year, customs data showed on Friday, confounding analysts' expectations for a 0.2% drop and quickening from a 0.5% increase in June. Imports, on the other hand, fell 1.4%, missing market expectations for a 1.0% increase. (Reuters)
- **China soybean imports rise 18% through July as Brazilian cargoes arrive –** China's soybean imports rose 18% this year through July versus a year ago, as large volumes of soybeans bought cheaply from top supplier Brazil arrived in the country, according to data from the General Administration of Customs. China, the world's biggest buyer of soybeans, brought in 10.09mn tons of beans last month, up from 8.63mn tons in July 2019 but below June's record 11.16mn tons, the customs data showed. "Brazil had record high soybean output this year, while the real (currency) depreciated. Brazilian beans are cheap and crush margins are great, so crushers made purchases very actively," said Xie Huilan, analyst at agriculture consultancy Cofeed. Exports from Brazil have picked up after March as the weather there improved. Soybean imports surged 17.7% in the first seven months of the year, compared to the same period in 2019, to 55.14mn tons. (Reuters)

Regional

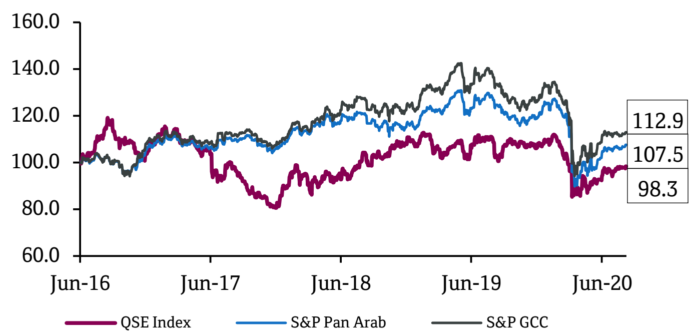
- **Gulf energy ministers, Iraq see improving global economy in Friday call –** Energy ministers from Gulf oil producing countries including Saudi Arabia and Iraq held a call on Friday and said they were encouraged by recent signs of improvement in the global economy, stressing the importance of compliance with the OPEC+ cuts. The ministers from Saudi Arabia, the UAE, Kuwait, Bahrain, Oman and Iraq reviewed developments in the oil market, the continued recovery in oil demand and the global economy, according to a joint statement carried by Saudi state news agency SPA and the Iraqi oil ministry. "The ministers are very encouraged by the recent signs of improvement in the global economy and commend the efforts taken by countries all over the globe to reopen their economies in a safe way" amid the coronavirus pandemic, the statement said. (Reuters)

- **S&P: High debt-to-GDP ratio could strain region's sovereign ratings –** The fallout of the pandemic on domestic demand and international trade will raise the Middle East governments' debt to GDP ratio at a significant rate. EMEA (Europe Middle East and Africa) sovereigns entered 2020 with higher public and private debt than in the run-up to the global financial crisis. For those sovereigns, particularly in GCC with large commodity exposures and shallow domestic capital markets, creditworthiness has been under considerable pressure, according to S&P Global Ratings. Compared with the lead-up to the 2008-2010 global financial crisis, when the net balance of rating outlooks on emerging sovereigns in EMEA was positive, emerging EMEA entered the pre-pandemic period with already deteriorating fiscal and lower average ratings. Between 2014 and 2019, median general government debt for the group increased by over 10 percentage points of GDP. During 2020 alone, S&P expects, another rise in public debt of around 8 points of GDP on average. Partly as a consequence of weakening fiscal positions, the ratings on some of the most liquid emerging EMEA sovereigns, including some GCC countries, have been on a downward trajectory for the last six years. Commenting on Qatar, S&P Ratings Analyst, Shokhrukh Temuro said the country's Stable outlook indicates broadly balanced risks to the ratings. (Peninsula Qatar)
- **Moody's: Gulf countries to lead 2H2020 rally in Sukuk issuance –** The GCC countries will lead a rally in the issuance of Islamic debt or Sukuk in the second half (H2) of 2020, according to Moody's. Volumes are likely to rebound in 2H2020, as governments raise money to finance their responses to the coronavirus crisis, the rating agency said. "We expect issuance will rally in H2 of the year to around $90bn, led by sovereigns in the Gulf," Vice President-Senior Credit Officer at Moody's, Nitish Bhojnagarwala said. Sukuk market volumes are usually lower in 2H2020 of the year, but the sharp decline in crude prices and persistent uncertainty regarding the length of the coronavirus pandemic will force sovereigns to raise funding to support their economies. Persistently low oil prices could also increase deficits and financing needs among oil-exporting issuers, primarily in Gulf countries, it added. "We therefore expect borrowing requirements of the GCC sovereigns to be higher in 2020 than in 2019," it said. In addition, Moody's expects the GCC sovereigns to continue diversifying their funding mix in favor of Sukuk instruments in order to develop their Islamic debt markets and that several issuers will also need to refinance Sukuk listed after 2015 that will begin to mature in the coming years. (Gulf-Times.com)
- **Saudi Arabia, Iraq stress full commitment to OPEC+ deal –** Saudi Arabia and Iraq have stressed their full commitment to the OPEC+ deal, Iraqi state news agency said on Friday. On Thursday, Iraq said it would make an additional cut in its oil production of about 400,000 bpd in August to compensate for its overproduction over the past period of the OPEC+ supply reduction pact. The OPEC and allies, together known as OPEC+, began a record supply cut in May to bolster oil prices hammered by the coronavirus crisis. Under that deal, Iraq is committed to cutting output by 1.06mn bpd. (Reuters)
- **Saudi budget revenues gaining recovery in 3Q2020 –** Prominent Saudi economic experts expect that the Kingdom's budget revenues would recover starting from the third quarter of 2020 as against the results of the second quarter. They attributed this mainly to major strategic factors that would contribute to a significant increase in state revenues. These factors include the lifting of the lockdown imposed to stem the spread of coronavirus pandemic, the improvement of oil prices, the raising of value-added tax (VAT), and the cancelation of additional financial allocations in government spending to enhance potential financial savings, Asharq Al-Awsat newspaper reported. Economic Consultant, Yahya Al-Hujairi said that the ceiling of expectations for the recovery of Saudi budget revenues in the third quarter is very high, thanks to the inevitable measures and reforms that the Kingdom has adopted before and during the pandemic. (Zawya)
- **Asian refiners to ask for less crude after Saudi cut underwhelms –** Several Asian refiners struggling with weakening demand will ask Saudi Arabia for less crude next month after the Kingdom cut official selling prices by a smaller amount than the processors had been hoping for. At least three buyers are planning to request less oil from Saudi Aramco for September, according to company officials. Three others expressed disappointment at the size of the cut, the first reduction in four months, however, will seek normal volumes, sources said. Asian demand has taken a hit of late as the coronavirus staged a comeback in countries including India, and as flooding in China led to top refiner Sinopec scaling back some crude processing. Chinese oil imports fell in July from a record in June as tankers clustered off ports waiting to unload cargoes of cheaper oil purchased earlier in the year. (Bloomberg)
- **SABIC posts third straight quarterly loss, forecasts more of the same in second half –** Saudi Basic Industries Corp, the world's fourth-biggest petrochemicals firm, reported a third straight quarterly loss on Thursday and said low oil prices and weak global growth meant the second half would likely be similar to the first. SABIC reported a net loss of SR2.2bn in the second quarter on impairments and a drop in sales, far wider than the mean SR40.85mn loss forecast by four analysts in a Refinitiv Eikon poll. Chief Executive, Yousef Al-Benyan said on Thursday that the company had taken the maximum hit from the coronavirus pandemic in the second quarter, and that SABIC's business had started to see slight improvement in July and August. "Hopefully this is something positive, but other challenges still persist," he told an earnings briefing. "The future of demand is driven by uncertainties in the energy market. Market conditions are going to put pressure on the chemical industry for the remainder of this year," he said. SABIC blamed SR1.18bn in impairments on capital assets and lower average selling prices and sales volumes for the second-quarter loss, which compared to a net profit of SR2.03bn a year earlier. (Reuters)
- **ARNB's net profit falls 45.6% YoY to SR486mn in 2Q2020 –** Arab National Bank (ARNB) recorded net profit of SR486mn in 2Q2020, registering decrease of 45.6% YoY. Total operating profit fell 15.2% YoY to SR1,469.7mn in 2Q2020. Total revenue

for special commissions/investments fell 23.2% YoY to SR1,501.4mn in 2Q2020. Total assets stood at SR187.3bn at the end of June 30, 2020 as compared to SR170.9bn at the end of June 30, 2019, while customer deposits stood at SR133.9bn (+1.5% YoY) at the end of June 30, 2020. EPS came in at SR0.75 in 1H2020 as compared to SR1.11 in 1H2019. (Tadawul)

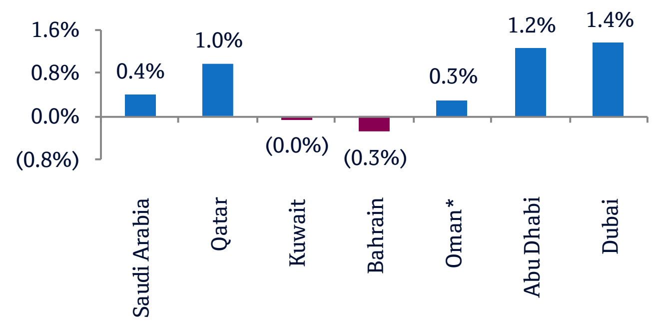
- **Saudi Walaa Insurance ink SR9.53mn deal with Advanced Petrochemical –** Walaa Cooperative Insurance Company has signed an insurance agreement with Advanced Petrochemical Company. Under the SR9.53mn deal, Walaa will provide various insurance coverage services to the petrochemicals company, according to a statement on Thursday. The contract duration is one year, the statement revealed. Furthermore, the financial impact of the policy will appear on the financial results of 2020. (Zawya)
- **CBUAE temporarily relaxes rules on liquidity, funding for banks –** The Central Bank of the UAE (CBUAE) said on Saturday it was temporarily relaxing two key requirements to improve liquidity and funding needs of banks to encourage them to lend more to businesses under the COVID-19 economic stimulus plan. Banks will be allowed to go below the 100% 'net stable funding ratio' (NSFR) but not below 90%, and above the 100% requirement for 'advances to stable resources ratio' (ASRR) but no higher than 110%, until December 31 2021. "This step comes as an additional measure encouraging banks to strengthen the implementation of the Targeted Economic Support Scheme and support their impacted customers in overcoming the repercussions of COVID-19 pandemic," the central bank said in a statement. (Zawya)
- **Abu Dhabi's Mubadala reports 7% stake in Virgin Galactic –** Abu Dhabi state fund Mubadala Investment Co on Friday reported an over 7% stake in space tourism company Virgin Galactic Holdings Inc. The fund said it acquired the shares for investment purposes, according to a regulatory filing. Earlier this week, Virgin Galactic said its billionaire Founder, Richard Branson will fly into space on its rocket ship early next year. The company had also said it would raise new funds with a share offering. (Reuters)
- **Abu Dhabi's Etihad Airways loses $758mn in first half –** Abu Dhabi's Etihad Airways said its core operating loss deepened to $758mn in the first half of the year as passenger traffic fell by nearly 60% due to the coronavirus pandemic. The state carrier suspended regular, scheduled passenger flights in March due to the pandemic. Those services began to resume June. Its core operating loss was up nearly 30% from $586mn a year ago as the airline carried around 3.5mn passengers compared with 8.2mn in the first half of 2019. Total revenue fell 38% to $1.7bn, though cargo revenue increased 37% to $490mn, it said. Aviation has been one of the industries worst hit during the COVID-19 crisis, forcing airlines to lay off staff and seek government bailouts. Etihad has slashed jobs and salaries. Etihad, which had lost $5.62bn in the four years prior to 2020, said it had started the year strongly before the pandemic brought global travel to a near halt. (Reuters)
- **Kuwait to postpone September oil price release beyond August 10 –** Kuwait Petroleum Corp. said the announcement of its crude official selling prices for September sales will be postponed beyond August 10 due to the Eid al-Adha holiday, according to a notice to its customers seen by Bloomberg. (Bloomberg)
- **Kuwait Finance House's 2Q2020 profit down 77.5% hit by lockdown –** Kuwait Finance House on Thursday posted a 77.5% decline in second-quarter profit after it boosted impairment charges and precautionary provisioning for bad loans, as the economy was hit by a lockdown. Net profit fell to KD12.6mn for the quarter to June 30, down from KD56.1mn a year earlier. Analysts at Arqaam Capital had expected a net profit of KD29.1mn while EFG Hermes analysts had forecast a profit of KD44mn. The reduction in business activity due to lockdowns to curb the spread of the coronavirus will likely lead to an increase in defaults on bank loans and rising loan-loss provisioning in the Gulf region, rating agency Moody's said earlier this year. (Zawya)
- **Kuwait's Shamal Az-Zour to list on stock exchange on August 16 –** Kuwait's Shamal Az-Zour Al-Oula Power and Water Company said it received approval to list on Boursa Kuwait's Premier Market on August 16. The listing by the company that owns and operates a major power station is the first public offering in Kuwait resulting from a public-private partnership. Half of the company's shares were made available in a public offering last year, which closed with a subscription rate of almost 1.3 times the securities up for sale. The company's Az-Zour gas-fired combined cycle power and water desalination plant started commercial operations in November 2016. It supplies about 10% of Kuwait's installed power-generation capacity and about 20% of the country's installed water-desalination capacity. (Bloomberg)
- **Investcorp 'less concerned' about US CLOs asset quality –** Investcorp is "less concerned now" about the deteriorating asset quality of collateralized loan obligations in the US than it was in April and May, Chief Financial Officer, Jan Erik Back said during the investment-management company's full-year earnings call. The trend for the past 2 1/2 months has been positive. "Valuation losses have been limited." Company is "well-prepared" for a second wave of the coronavirus pandemic and ready for any scenario, whether that is an improvement in the economy or continued difficult conditions Competition for attractive assets is fierce because the industry has a lot of "dry powder." Investcorp prefers to scout for attractive assets on a bilateral basis. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of July 29, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	2,035.55	(1.4)	3.0	34.2
Silver/Ounce	28.30	(2.1)	16.0	58.5
Crude Oil (Brent)/Barrel (FM Future)	44.40	(1.5)	2.5	(32.7)
Crude Oil (WTI)/Barrel (FM Future)	41.22	(1.7)	2.4	(32.5)
Natural Gas (Henry Hub)/MMBtu	2.15	(0.9)	19.6	2.9
LPG Propane (Arab Gulf)/Ton	49.75	(1.2)	(1.5)	20.6
LPG Butane (Arab Gulf)/Ton	48.38	(0.8)	0.3	(26.1)
Euro	1.18	(0.8)	0.1	5.1
Yen	105.92	0.4	0.1	(2.5)
GBP	1.31	(0.7)	(0.3)	(1.5)
CHF	1.10	(0.3)	0.1	6.1
AUD	0.72	(1.1)	0.2	1.9
USD Index	93.44	0.7	0.1	(3.1)
RUB	73.72	0.6	(0.9)	18.9
BRL	0.18	(1.9)	(4.0)	(26.1)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,355.97	(0.2)	2.2	(0.1)
DJ Industrial	27,433.48	0.2	3.8	(3.9)
S&P 500	3,351.28	0.1	2.5	3.7
NASDAQ 100	11,010.98	(0.9)	2.5	22.7
STOXX 600	363.55	(0.6)	1.8	(8.4)
DAX	12,674.88	(0.3)	2.7	0.4
FTSE 100	6,032.18	(0.8)	1.8	(21.4)
CAC 40	4,889.52	(0.8)	2.0	(14.3)
Nikkei	22,329.94	(0.9)	2.7	(3.1)
MSCI EM	1,089.32	(1.6)	1.0	(2.3)
SHANGHAI SE Composite	3,354.04	(1.2)	1.4	9.9
HANG SENG	24,531.62	(1.6)	(0.3)	(12.5)
BSE SENSEX	38,040.57	(0.1)	1.0	(12.5)
Bovespa	102,775.50	(2.9)	(4.2)	(34.2)
RTS	1,271.43	(0.9)	3.0	(17.9)

Source: Bloomberg (*$ adjusted returns)

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