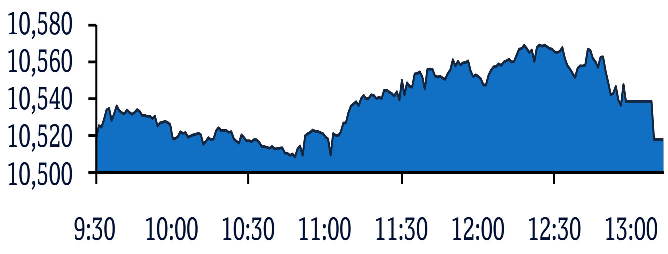
# Daily Market Report

Thursday, 10 December 2020

## QSE Intra-Day Movement




## Qatar Commentary

The QE Index declined 0.1% to close at 10,519.2. Losses were led by the Industrials and Telecoms indices, falling 0.9% and 0.5%, respectively. Top losers were INMA Holding and Qatar General Insurance & Reinsurance Company, falling 3.5% and 3.4%, respectively. Among the top gainers, Qatari German Company for Medical Devices gained 4.4%, while Mazaya Real Estate Development was up 2.1%.

## GCC Commentary

**Saudi Arabia:** The TASI Index gained 0.6% to close at 8,660.2. Gains were led by the Diversified Financials and Software & Services indices, rising 2.1% and 1.9%, respectively. Saudi Paper Manufac. rose 10.0%, while Al-Omran Ind. was up 8.6%.

**Dubai:** The DFM Index gained 0.3% to close at 2,539.6. The Telecommunication index rose 1.2%, while the Banks index gained 0.8%. Ajman Bank and Ithmaar Holding were up 2.6% each.

**Abu Dhabi:** The ADX General Index gained 0.3% to close at 5,077.0. The Telecommunication index rose 0.7%, while the Energy index gained 0.6%. Abu Dhabi Ship Building Company rose 2.2%, while Waha Capital was up 1.7%.

**Kuwait:** The Kuwait All Share Index fell 0.2% to close at 5,549.0. The Utilities index declined 2.5%, while the Basic Materials index fell 1.4%. Credit Rating & Collection declined 9.1%, while Kuwait Insurance Company was down 6.2%.

**Oman:** The MSM 30 Index fell 1.6% to close at 3,606.9. Losses were led by the Financial and Services indices, falling 2.4% and 0.1%, respectively. Bank Dhofar declined 6.1%, while Ahli Bank was down 4.6%.

**Bahrain:** The BHB Index fell 0.2% to close at 1,489.8. The Commercial Banks index declined 0.4%, while the Investment index fell 0.2%. Zain Bahrain declined 1.7%, while GFH Financial Group was down 1.2%.

| Market Indicators | 09 Dec 20 | 08 Dec 20 | %Chg. |
|---|---|---|---|
| Value Traded (QR mn) | 430.5 | 540.0 | (20.3) |
| Exch. Market Cap. (QR mn) | 607,669.0 | 609,278.7 | (0.3) |
| Volume (mn) | 196.4 | 223.1 | (12.0) |
| Number of Transactions | 9,680 | 11,124 | (13.0) |
| Companies Traded | 45 | 46 | (2.2) |
| Market Breadth | 30:13 | 9:33 | – |

| Market Indices | Close | 1D% | WTD% | YTD% | TTM P/E |
|---|---|---|---|---|---|
| Total Return | 20,222.83 | (0.1) | 0.5 | 5.4 | 17.9 |
| All Share Index | 3,225.24 | (0.2) | 0.3 | 4.1 | 18.4 |
| Banks | 4,274.06 | (0.3) | (0.1) | 1.3 | 15.1 |
| Industrials | 3,118.77 | (0.9) | (0.6) | 6.4 | 27.9 |
| Transportation | 3,344.64 | 1.2 | 4.3 | 30.9 | 15.3 |
| Real Estate | 1,979.99 | 0.7 | 2.7 | 26.5 | 17.5 |
| Insurance | 2,476.73 | 0.2 | (1.4) | (9.4) | N.A. |
| Telecoms | 969.35 | (0.5) | 3.5 | 8.3 | 14.4 |
| Consumer | 8,272.62 | 0.7 | 0.4 | (4.3) | 24.5 |
| Al Rayan Islamic Index | 4,294.33 | (0.0) | 0.1 | 8.7 | 19.6 |

| GCC Top Gainers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Saudi Kayan Petrochem. | Saudi Arabia | 13.08 | 4.1 | 42,689.0 | 17.8 |
| Dar Al Arkan Real Estate | Saudi Arabia | 8.80 | 3.3 | 21,969.1 | (20.0) |
| Rabigh Refining & Petro. | Saudi Arabia | 14.56 | 3.3 | 9,271.7 | (32.8) |
| National Industrialization | Saudi Arabia | 13.64 | 2.9 | 17,549.7 | (0.3) |
| Alinma Bank | Saudi Arabia | 16.54 | 2.9 | 24,459.7 | (13.0) |

| GCC Top Losers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Bank Dhofar | Oman | 0.09 | (6.1) | 4,317.6 | (24.4) |
| Ahli Bank | Oman | 0.13 | (4.6) | 1,481.8 | 1.0 |
| HSBC Bank Oman | Oman | 0.09 | (4.3) | 135.0 | (25.6) |
| Sohar International Bank | Oman | 0.09 | (4.3) | 804.9 | (15.7) |
| National Bank of Oman | Oman | 0.15 | (1.9) | 167.9 | (16.8) |

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% |
|---|---|---|---|---|
| Qatari German Co for Med. Devices | 2.24 | 4.4 | 24,567.2 | 285.6 |
| Mazaya Real Estate Development | 1.26 | 2.1 | 25,398.0 | 74.7 |
| Alijarah Holding | 1.27 | 2.1 | 25,610.4 | 80.3 |
| Qatar Gas Transport Company Ltd. | 3.27 | 1.8 | 6,140.6 | 36.8 |
| Qatar Islamic Insurance Company | 6.70 | 1.5 | 34.8 | 0.3 |

| QSE Top Losers | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| INMA Holding | 5.38 | (3.5) | 5,530.8 | 183.4 |
| Qatar General Ins. & Reins. Co. | 2.30 | (3.4) | 3.2 | (6.5) |
| Qatar Oman Investment Co. | 0.92 | (2.0) | 6,889.9 | 36.9 |
| Industries Qatar | 10.90 | (1.8) | 776.7 | 6.0 |
| QNB Group | 18.23 | (0.9) | 1,805.3 | (11.5) |

| QSE Top Volume Trades | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Alijarah Holding | 1.27 | 2.1 | 25,610.4 | 80.3 |
| Mazaya Real Estate Development | 1.26 | 2.1 | 25,398.0 | 74.7 |
| Ezdan Holding Group | 1.83 | 0.8 | 24,812.2 | 196.9 |
| Qatari German Co for Med. Devices | 2.24 | 4.4 | 24,567.2 | 285.6 |
| Investment Holding Group | 0.61 | 1.3 | 18,305.2 | 8.5 |

| QSE Top Value Trades | Close* | 1D% | Val. '000 | YTD% |
|---|---|---|---|---|
| Qatari German Co for Med. Dev. | 2.24 | 4.4 | 55,210.0 | 285.6 |
| Ezdan Holding Group | 1.83 | 0.8 | 45,358.1 | 196.9 |
| QNB Group | 18.23 | (0.9) | 33,058.6 | (11.5) |
| Alijarah Holding | 1.27 | 2.1 | 32,402.5 | 80.3 |
| Mazaya Real Estate Development | 1.26 | 2.1 | 31,815.6 | 74.7 |

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* | 10,519.21 | (0.1) | 0.5 | 2.5 | 0.9 | 116.79 | 165,042.9 | 17.9 | 1.5 | 3.7 |
| Dubai | 2,539.63 | 0.3 | 5.0 | 5.0 | (8.1) | 122.85 | 94,238.1 | 11.9 | 0.9 | 3.8 |
| Abu Dhabi | 5,077.00 | 0.3 | 2.3 | 2.3 | 0.0 | 123.64 | 200,839.6 | 19.6 | 1.4 | 4.8 |
| Saudi Arabia | 8,660.21 | 0.6 | (0.2) | (1.0) | 3.2 | 3,154.54 | 2,456,929.6 | 34.7 | 2.1 | 2.3 |
| Kuwait | 5,549.01 | (0.2) | 0.1 | 1.6 | (11.7) | 140.06 | 101,579.3 | 37.0 | 1.4 | 3.5 |
| Oman | 3,606.94 | (1.6) | (0.9) | (1.0) | (9.4) | 7.54 | 16,460.8 | 10.9 | 0.7 | 7.0 |
| Bahrain | 1,489.79 | (0.2) | (0.5) | 0.8 | (7.5) | 5.39 | 22,788.5 | 14.5 | 1.0 | 4.5 |

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 declined 0.1% to close at 10,519.2. The Industrials and Telecoms indices led the losses. The index fell on the back of selling pressure from Qatari and GCC shareholders despite buying support from Arab and Foreign shareholders.
- INMA Holding and Qatar General Insurance & Reinsurance Company were the top losers, falling 3.5% and 3.4%, respectively. Among the top gainers, Qatari German Company for Medical Devices gained 4.4%, while Mazaya Real Estate Development was up 2.1%.
- Volume of shares traded on Wednesday fell by 12.0% to 196.4mn from 223.1mn on Tuesday. Further, as compared to the 30-day moving average of 259.1mn, volume for the day was 24.2% lower. Alijarah Holding and Mazaya Real Estate Development were the most active stocks, contributing 13.0% and 12.9% to the total volume, respectively.

| Overall Activity | Buy %* | Sell %* | Net (QR) |
|---|---|---|---|
| Qatari Individuals | 50.96% | 50.78% | 773,950.8 |
| Qatari Institutions | 11.83% | 15.40% | (15,362,080.8) |
| **Qatari** | **62.79%** | **66.17%** | **(14,588,130.0)** |
| GCC Individuals | 0.39% | 0.63% | (1,013,577.2) |
| GCC Institutions | 2.25% | 3.33% | (4,614,718.9) |
| **GCC** | **2.65%** | **3.95%** | **(5,628,296.0)** |
| Arab Individuals | 14.13% | 13.01% | 4,835,020.4 |
| Arab Institutions | 0.01% | – | 52,180.0 |
| **Arab** | **14.14%** | **13.01%** | **4,887,200.4** |
| Foreigners Individuals | 4.51% | 4.06% | 1,956,263.4 |
| Foreigners Institutions | 15.91% | 12.81% | 13,372,962.3 |
| **Foreigners** | **20.43%** | **16.87%** | **15,329,225.7** |

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

## Global Economic Data

| Date | Market | Source | Indicator | Period | Actual | Consensus | Previous |
|---|---|---|---|---|---|---|---|
| 12/09 | US | Mortgage Bankers Association | MBA Mortgage Applications | 04-Dec | -1.2% | – | -0.6% |
| 12/09 | Japan | Bank of Japan | Money Stock M2 YoY | Nov | 9.1% | 8.9% | 9.0% |
| 12/09 | Japan | Bank of Japan | Money Stock M3 YoY | Nov | 7.6% | 7.4% | 7.5% |
| 12/09 | China | National Bureau of Statistics | PPI YoY | Nov | -1.5% | -1.8% | -2.1% |
| 12/09 | China | National Bureau of Statistics | CPI YoY | Nov | -0.5% | 0.0% | 0.5% |

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

## News

### Qatar

- **QLM IPO to raise QR659.4mn opens for subscription from today –** The QLM Life and Medical Insurance's (QLM) IPO to raise QR659.4mn is all set to open for subscription from December 10, 2020, the company announced. A total of 210,000,000 offer shares will be available for subscription at QR3.15 per offer share during the subscription period that will conclude on December 23, 2020. (Qatar Tribune)
- **Moody's affirms QIIK rating at 'A2' with a 'Stable' outlook –** Global credit rating agency Moody's has affirmed Qatar International Islamic Bank's (QIIK) rating at 'A2' with a 'Stable' outlook. This indicates that QIIK has managed to maintain the strength of its financial position in the light of the various market factors and challenges during the past period. On QIIK's credit strengths, Moody's highlighted the bank's solid asset quality, solid capitalization and profitability, resilient funding profile, underpinned by a solid retail-focused franchise and very high probability of government support in case of need. Commenting on Moody's rating affirmation of QIIK's CEO, Abdulbasit Ahmed Al-Shaibei said, "One of the key factors for affirming QIIB at this remarkable level is the strength of Qatar's economy, which provides protection and support for the State's different economic sectors, particularly the banking sector. In this regard, we are pleased to raise our various indicators to be consistent with the strength of the Qatari economy. Moody's affirmation of QIIK rating during its periodic review has great significance and reflects on our success in overcoming challenges and factors that have been witnessed lately by the international markets due to the repercussions of the COVID-19 pandemic. In addition, maintaining our profitability in these circumstances is yet another affirmation of our successful focus on the local market, punctuated by our efforts during our strategic and interim plans for many years." (QSE)
- **VFQS, QNTC cooperate to harness big data to drive tourism sector growth –** Vodafone Qatar (VFQS) and Qatar National Tourism Council (QNTC) have signed a Memorandum of Understanding (MoU) for the implementation of Vodafone's Big Data & Advanced Analytics solution, a partnership that will accelerate the country's goal of being a world-class tourist destination. It signifies the first time VFQS has provided an external organization with its own internal Big Data solution, tailored to their needs. As the government entity responsible for strategic planning in the tourism sector, QNTC sought a partner that could provide deep insights into tourist behavior. VFQS' tailored Big Data & Advanced Analytics solution is a clear choice for QNTC, due to its ability to deliver real-time, anonymized, aggregated data, in accordance with Qatar regulations and global best practices. The innovative platform works by analyzing and aggregating vast amounts of telecommunications data based on user geo-location to extract

value for businesses. By integrating Vodafone Big Data & Analytics, QNTC will be able to segment tourist data with a level of detail previously unattainable, to understand the different types of tourists that visit Qatar and how they choose to enjoy their stay. The insights will help QNTC support tourist attractions and service providers - as they look to diversify and customize their offerings, not only to increase visitor numbers, but also to ensure guests have the best possible experience. As Qatar prepares to welcome millions of visitors for the FIFA World Cup 2022, VFQS' data analytics will enable QNTC to consolidate information on visitor arrivals, accommodation, events, attractions, transportation, and other key areas of the tourist experience. Prior to the pandemic, the sector recorded excellent growth, welcoming over 2mn visitors in 2019, with an estimated total contribution of 10.4% and an estimated direct contribution of 5.2% to Qatar's non-oil-related GDP. Tourism has proven to be a valuable means of diversifying Qatar's economy, building bridges with the wider world by sharing Qatar's culture and heritage. (QSE)

- **Qatar cabinet approves draft law on mortgaging movable property –** The Prime Minister and Minister of Interior HE Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani chaired Wednesday the cabinet's regular meeting held at its seat at the Amiri Diwan. The cabinet approved a draft law on mortgaging movable property and agreed to refer it to the Shura Council. The project aims to allow companies and individuals to obtain bank loans guaranteed by their movable property. This would help lower the cost of loans by finding guarantees for banks that lowers the risk of default and support small and medium enterprises in making a bigger contribution to the national economy. Some of the draft law's provisions include establishing an electronic record at the Qatar Central Securities Depository, mentioning the required documents for establishing the electronic record, and the rights of the borrowers and lenders. (Peninsula Qatar)
- **QATI announces its board meeting result –** Qatar Insurance Company (QATI) announced the results of its board of directors' meeting held on December 08, 2020 and approved – (1) To arrange for another meeting after 2020 account closing for QATI and its subsidiaries to review and approve 2020 financial statements, since the board has reviewed today the performance for the 11 months ended November 2020, (2) Approved the 2021 budget, (3) Board decided to arrange for the Annual General Assembly Meeting on March 9, 2021. (QSE)
- **QNB Group offers electronic registration and subscription in QLM IPO –** QNB Group, the largest financial institution in the Middle East and Africa, announced the beginning of the registration and subscription process in the IPO of QLM Life and Medical Insurance Company (QLM). The bank will provide IPO subscription services to its Qatari and corporate customers through its internet and mobile banking services. In line with the relevant healthcare initiatives to respond to the pandemic, the bank provides a convenient and secure registration and subscription service through its internet and mobile banking services to enable retail customers to submit their registration applications or register any family member of first-degree relatives seamlessly in the e-IPO. Customers who have previously registered for the service or completed an IPO subscription in the past through QNB's e-channels will not have to register again. Moreover, SME customers eligible as per the applicable laws may take part in the IPO, and subscription applications can be submitted through QNB's internet and mobile banking services once the IPO starts on 10 December. No applications will be accepted through the branch network. QNB continuously seeks to provide more innovative, fast and secure services to its customers through its electronic channels. (Press Release)
- **Qatar Fund signs pact with USAID in virtual ceremony –** The Qatar Fund for Development (QFFD) and the US Agency for International Development (USAID) signed a Memorandum of Understanding (MoU) in a virtual ceremony, to establish a strategic partnership in the field of international development and humanitarian assistance. The MoU aims to establish a partnership between QFFD and USAID and foster collaboration that supports sustainable development in third countries. In addition, the MoU further enhances the strategic relationship between Qatar and the US. (Gulf-Times.com)

**International**

- **US job openings rise moderately; layoffs increase –** US job openings increased modestly in October and layoffs rose, strengthening views that the labor recovery from the COVID-19 pandemic was slowing. Job openings, a measure of labor demand, increased to 6.65mn on the last day of October from 6.49mn the prior month, the Labor Department said on Wednesday in its monthly Job Openings and Labor Turnover Survey, or JOLTS. Vacancies are below their 7mn level in February. The job openings rate edged up to 4.5% from 4.4% in September. Layoffs increased 243,000 to 1.7mn. That included 91,000 layoffs in the federal government, largely due to the discharge of temporary workers hired for the 2020 Census. The layoffs rate rose to 1.2% from 1.0% in September. Hiring dipped to 5.81mn from 5.89mn in September. That lowered the hiring rate to 4.1% from 4.2% in September. The JOLTS report followed on the heels of news last Friday that the economy created 245,000 jobs in November, the smallest gain in nonfarm payrolls since the jobs recovery started in May and the fifth straight monthly slowdown in employment growth. The economy has recouped only 12.4mn of the 22.2mn jobs lost in March and April. (Reuters)
- **US wholesale inventories revised higher; sales surge –** US wholesale inventories increased more than initially estimated in October, suggesting inventory investment could contribute to economic growth in the fourth quarter. The Commerce Department said Wednesday wholesale inventories surged 1.1% in October, instead of rising 0.9% as estimated last month. Stocks at wholesalers rose 0.9% in September. The component of wholesale inventories that goes into the calculation of GDP jumped 1.3% in October. Inventories fell 2.2% in October from a year earlier. GDP rebounded at a historic 33.1% annualized growth rate in the third quarter, thanks to more than $3tn in government pandemic relief for businesses and workers. That followed a 31.4% rate of contraction in the second quarter, the deepest since the government started keeping records in 1947. Inventories added to GDP growth last quarter after being a drag for five straight quarters. Growth estimates for the fourth quarter are mostly below a 5% rate because of a resurgence in

new COVID-19 cases and the largely expired fiscal stimulus. (Reuters)

- **Britain signs free trade deal with Singapore –** Britain signed a free trade deal with Singapore on Thursday, the latest in a series of agreements Britain is trying to broker around the globe as it prepares to end its transition out of the European Union on December 31. Britain's secretary of state of international trade Liz Truss and Singapore's trade minister Chan Chun Sing signed the deal at a ceremony in the Southeast Asian city-state. The Singapore deal comes as British Prime Minister Boris Johnson and the European Union's chief executive gave themselves until the end of the weekend to seal a new trade pact after failing to overcome persistent rifts. Britain formally left the European Union at the end of January and has spent the year negotiating its future relationship with Brussels and striking trade agreements with major economies such as Japan and Canada. The deal with Singapore largely mirrors a standing agreement the Southeast Asian nation has with the European Union. But it is an important deal for Singapore, which counts Britain among its top trading partners for goods and services globally and its top investment destination in Europe. (Reuters)
- **UK firms avoid hiring permanent staff in November lockdown –** British employers recruited fewer permanent staff during an England-wide lockdown last month and relied instead on temporary workers to plug the gap, a monthly survey of recruiters showed. The number of permanent staff recruited fell for a second month in a row in November and dropped by its most since July, when Britain had just emerged from its first coronavirus lockdown, the Recruitment and Employment Confederation said. "A lot of demand for permanent staff is displaced to January as firms hope the COVID crisis is easing. For now though, temporary work continues to help businesses operate and people find jobs," REC chief executive Neil Carberry said. Britain's government has extended a job furlough scheme until the end of March, due to a resurgence in COVID cases, and government forecasters expect the jobless rate to peak at 7.5% after it ends, the highest since the 2013. While Britain is now rolling out a vaccine against COVID, there has been less progress in trade talks with the European Union before the end of a post-Brexit transition on January 1. Some 29% of businesses surveyed by the Institute of Directors in the week to Dec. 7 said they were unsure if they would be ready for the end of the transition, which will require exporters to make customs declarations and potentially face tariffs when they ship goods to the EU. (Reuters)
- **ECB to unveil yet another stimulus package –** The European Central Bank (ECB) will unveil fresh stimulus measures on Thursday to prop up the recession-hit currency bloc long enough for a coronavirus vaccine to be deployed and its devastated economy to start to heal. With fresh support measures already promised, only the details of the package remain up in the air. But the bottom line is clear: borrowing costs will be kept close to zero for years so that governments and firms can spend their way out of the biggest recession in living memory. The ECB's challenge will be to balance a growing range of short-term risks against improving long term prospects, indicating that its move will be big but lack the "shock and awe" impact of previous crisis-fighting measures. "With the positive news in terms of vaccine development, Europe is now starting to see the light at the end of the tunnel," Oxford Economics said in a note. "However, the short-term outlook remains extremely challenging, with Eurozone GDP likely to contract in the fourth quarter." For now, the 19-country Eurozone is facing a triple shock: a lingering second wave of the pandemic, the prospect of a hard Brexit and political stalemate over the European Union's 750bn Euro ($908bn) recovery fund. But all three are seen as temporary shocks, with the political strife likely to be resolved and the pandemic easing by the spring, leaving the ECB with the task of getting the bloc through a difficult winter. (Reuters)
- **German exports inch up, giving economy hope of avoiding fourth-quarter slump –** German exports rose less than expected in October but foreign trade still gave Europe's largest economy a boost at the start of the fourth quarter as it struggles to avoid slipping into a double-dip contraction. Seasonally adjusted exports rose 0.8% on the month after an increase of 2.3% in September, the Federal Statistics Office said on Wednesday. Imports rose 0.3% after an upward revision in the prior month's figure to an increase of 0.2%. The trade surplus expanded to 18.2bn Euros ($22.07bn). Economists polled by Reuters had expected exports to rise by 1.2% and imports to increase by 1.0%. The trade surplus was predicted to come in at 18.0bn Euros. The trade figures chimed with data on Monday that showed industrial output surged in October, in a sign that the export-oriented manufacturing sector helped the economy get off to a solid start in the current quarter. Sentiment surveys and high-frequency data such as truck toll mileage have also pointed to relatively strong manufacturing activity in November despite a partial lockdown imposed to slow a second wave of coronavirus infections. The lockdown measures, which forced large parts of the services sector to close from November 2, are clouding the outlook for the economy, which is expected to stagnate or even shrink in the final three months of the year. (Reuters)
- **Merkel: Pandemic is shifting balance of the world economy –** German Chancellor Angela Merkel said on Wednesday that the COVID-19 pandemic was shifting the balance of the world economy, with many countries suffering economic downturns due to the coronavirus crisis. She told the Bundestag lower house of parliament that the economies proving to be the most resilient were those that had managed to get the pandemic under control. (Reuters)
- **Japan's October machinery orders rebound from previous month's drop –** Japan's core machinery orders rebounded sharply in October from the previous month's drop, the government said on Wednesday, a welcome development for an economy emerging from a deep coronavirus slump. The jump in core orders suggests a modest revival in corporate spending, seen by policymakers as necessary to accelerate the recovery in the world's third-largest economy. Core machinery orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, soared 17.1% in October, recouping the previous month's 4.4% drop. The increase, the largest month-on-month rise since comparable data became available in 2005, was much better than a 2.8% expansion forecast by economists in a Reuters poll. By sector,

orders from manufacturers rose 11.4%, boosted by non-ferrous metals, including a large order of seven billion yen ($67.22mn), while those from non-manufacturers advanced 13.4%, led by finance and insurance, the Cabinet Office data showed. The government raised its assessment on machinery orders, saying they had stopped falling. Japan's cabinet approved a fresh $708bn economic stimulus package to boost the economy. The package includes about $385bn in direct fiscal spending, while also targeting investment in new growth areas such as green initiatives and digital innovation. Japan's economy has been recovering from the shock of the coronavirus mainly thanks to a rebound in exports and consumption in the third quarter. (Reuters)

- **Japan's November wholesale prices slump, auto demand rebound offers hope –** Japanese wholesale prices in November fell 2.2% from a year earlier, marking the biggest drop in six months in a sign the lingering pain from the coronavirus pandemic is keeping the economy under deflationary pressure. But some goods saw prices rebound due to a pick-up in global automobile demand, suggesting a gradual recovery in trade was underpinning the export-reliant economy. The fall in the corporate goods price index (CGPI), which measures the price companies charge each other for their goods and services, matched a median market forecast. It followed a 2.1% drop in October and marked the biggest YoY fall since a 2.8% decrease in May, Bank of Japan data showed. While slumping oil costs continued to weigh on overall wholesale prices, machinery, nonferrous metals and other goods used for auto production saw prices pick up, the data showed. Wholesale prices are considered among leading indicators of the consumer price index, which is closely watched as a key gauge for the BOJ in deciding monetary policy. After suffering its worst postwar contraction in the second quarter, Japan's economy rebounded in July-September helped by improved exports and consumption. But many analysts expect a third wave of COVID-19 infections to keep any recovery modest. (Reuters)
- **Japan to extend housing tax break to cope with COVID-19 pain –** Japan will extend a housing tax incentive by one year, allowing a deduction for those scheduled to move into a new home by the end of 2022 as part of efforts to ease economic strain caused by COVID-19, according to a ruling party tax plan seen by Reuters. The mortgage tax break is among a batch of tax measures in an annual revision of the tax code due to be approved on Thursday by the ruling Liberal Democratic Party (LDP) and its coalition ally, the Komeito party. The mortgage tax breaks were originally introduced in October 2019 to cushion the blow from a sales tax hike adopted at that time, for those home buyers who would move into a new home by the end of 2020. Earlier this year, the year-end deadline was extended by one year to end-2021 to ease the pain from the coronavirus outbreak. Among other requirements, a lower cap on the floor space would be reduced to 40 square meters (430 square feet) from the current 50 square meters (538 square feet), while those who buy a home with a floor space of 40-50 square meters would face an income limit of up to 10mn Yen to qualify for the extended tax break, the plan showed. Those home buyers who would apply for the extended tax break should enter a contract between October this year to end-September 2021. (Reuters)
- **Japan's ruling LDP calls for tax system encouraging carbon-free investment –** Japan's ruling Liberal Democratic Party (LDP) on Thursday called for creating a tax system encouraging companies to invest in technology that helps the country achieve a carbon-free society, a document approved by the party's tax panel showed. In a proposal to the government on tax reforms for next fiscal year, the LDP called for expanding tax exemptions for firms that increase carbon-free investment, according to the draft obtained by Reuters. It also proposed extending by two years tax reductions for environment-friendly cars, and cut the tax charged on aviation fuel to help airlines hit by COVID-19, the draft showed. (Reuters)
- **China outstanding total social financing rises 13.6% YoY at November end –** China's outstanding total social financing (TSF) rose to 283.25tn Yuan ($43.37tn) at the end of November, up 13.6% from a year earlier, the central bank said. TSF includes off-balance-sheet forms of financing that exist outside the conventional bank lending system, such as initial public offerings, loans from trust companies and bond sales. In November, TSF rose to 2.13tn Yuan from 1.42tn Yuan in October. Analysts polled by Reuters had expected November TSF to be 2.075tn Yuan. (Reuters)
- **China bank loans rise more than expected in November, credit growth eases –** China's new bank loans rose more than expected in November while broad credit growth eased, as the central bank maintained a accommodative stance amid the global pandemic. Chinese banks extended 1.43tn Yuan ($218.96bn) in new Yuan loans in November, data from the People's Bank of China (PBOC) showed. Analysts polled by Reuters had predicted new yuan loans would rise to 1.40tn Yuan in November, from 689.8bn Yuan in October. Lending usually rebounds after October, when a week-long National Day holiday falls. Rising corporate bond defaults could impel Chinese officials to step up their efforts to rein in risky borrowing and withdraw the implicit state guarantees that distort credit allocation, he added. Still, some analysts reckoned it was premature for the central bank to start tightening. Banks doled out 18.38tn Yuan in new loans in the first 11 months, on course to set a new annual record after extending 16.81tn Yuan in 2019. Beijing has been relying more on fiscal stimulus to weather the downturn, cutting taxes and allowing local governments to issue more bonds to fund infrastructure projects. (Reuters)
- **India retail inflation expected to stay above 7% in November, economists say –** India's retail inflation probably fell in November from October but remained above the Reserve Bank of India's target, amid high food and petrol prices, a Reuters poll of economists showed. Retail inflation has stayed above the central bank's comfort zone of 2% to 6% for seven consecutive months, a streak not seen since August 2014. The December 4-9 poll of 48 economists forecast a drop in inflation in November to 7.10% from 7.61% in October, which was the highest since May 2014. If realized, November's rate would be above 7.0% for the third consecutive month. "Inflation for November is likely to be lower than October as there was some moderation in prices of vegetables in particular as well as pulses," said Madan Sabnavis, chief economist at CARE Ratings. "On the upside, petrol prices had increased which worked in the other

direction." At its December 2-4 meeting, the RBI kept its key repo rate at 4.0% and the Monetary Policy Committee retained its accommodative stance while ensuring ample liquidity, playing a delicate balancing act of curbing high inflation and bolstering a nascent economic recovery. The central bank also said inflation would remain elevated. The Indian economy will suffer its worst contraction on record this fiscal year, and recent government stimulus does not go far enough to significantly boost activity depressed by the coronavirus pandemic, according to economists polled by Reuters. (Reuters)

- **Brazil central bank holds rates at 2.00%, eyes end of forward guidance –** Brazil's central bank kept its key interest rate at a record low 2.00% on Wednesday, as expected, but gave the first sign it could soon drop its pledge to keep rates lower for longer as inflation expectations converge toward target. In a statement accompanying the unanimous decision, the bank's rate-setting committee known as Copom said conditions for forward guidance still hold, and that the economy still requires a large amount of monetary stimulus. But for the first time, policymakers outlined a scenario where that guidance could be withdrawn. "A scenario of inflation expectations converging to target suggests that the conditions for maintaining the forward guidance may soon no longer apply," Copom said. This would not "mechanically" imply that interest rates will rise, and in the event, policy would still be guided by the bank's inflation-targeting framework. Copom said the recent spike in inflation was temporary, and that it will continue to monitor developments closely, "in particular the core inflation readings." Figures this week showed annual consumer inflation in November topping 4% for the first time since February. That is the mid-point of the central bank's target range for the year, and more than double the rate it was only six months earlier. Using market-based forecasts for interest rates, and an exchange rate of 5.25 reais per dollar, Copom sees inflation around 4.3% this year and 3.4% next year, and 3.4% in 2022. Using a constant interest rate of 2.00% and the same FX outlook, Copom sees inflation reaching 4.3% this year, 3.5% next year and 4.0% in 2022, the final year of its policy horizon. The central bank's inflation targets for this year, 2021 and 2022 are 4.0%, 3.75% and 3.50%, respectively. (Reuters)
- **IMF: Russian state banks' snapping of govt debt does not hurt lending activity –** Russia's increased state borrowing amid the COVID-19 crisis that is mostly being financed by major state banks does not crowd out lending activity, the International Monetary Fund said, playing down the finance ministry's concerns. Russia's finance ministry said last month it saw a risk that domestic banks may cut lending to the economy because they are increasingly buying into government OFZ bonds that Russia needs to plug holes in the budget. "Credit growth remains healthy particularly for corporate and mortgages, hence there is no evidence that bond buying is crowding out credit provision," the IMF told Reuters in an emailed comment. "More generally, the share of government bonds in banking sector assets (about 6% as of October) remains low compared with other emerging economies." Russian banks, chiefly its two biggest state lenders, Sberbank and VTB, have stepped up OFZ purchases, supporting the domestic state bond market at a time when some foreign investors have cut their exposure on Russia. OFZ bonds are popular among foreign investors for their lucrative yields and non-residents are expected to keep their share of OFZ treasury bonds at their current levels of 27%-30% in 2021, assuming no new Western sanctions are imposed on Moscow, Russian credit rating agency ACRA said. Asked whether the Russian central bank could also consider buying OFZ bonds, the IMF said: "there is no need to, as the central bank has ample conventional policy space to keep inflation at target." (Reuters)
- **Russian Central bank sees annual inflation slowing from mid-1H next year –** Annual inflation in Russia has exceeded the 4% target and is expected to start slowing in the middle of the first half of 2021, the central bank said. The central bank's assessment of inflation is in focus ahead of its rate-setting meeting on December 18, where it is likely to choose between holding the key rate at a record low of 4.25% or trimming it further to support the economy. Economic growth in Russia in November was close to zero compared with October, the central bank said in a regular report. (Reuters)

**Regional**

- **Fitch: Middle East fiscal regimes risk social backlash next year –** Middle East countries that have adopted painful fiscal measures to contain the impact of the coronavirus crisis on their finances risk political and social backlash next year in the absence of economic improvements, ratings agency Fitch said. After a severe contraction this year, most economies in the region are expected to bounce back to growth as oil prices recover and stimulus spending for the COVID-19 pandemic eases. However, "lower-for-longer oil prices and other potential consequences of the pandemic raise questions about the long-term social and economic models of the GCC," Fitch said in a report this week. "Painful fiscal adjustments and the economic dislocation from coronavirus-containment measures risk a social and political backlash in 2021 in the absence of economic opportunities and improved living standards to satisfy still rapidly growing, young and under-employed populations," it said. Saudi Arabia, the largest Arab economy and the world's biggest oil exporter, tripled a value-added tax this year to 15% to offset the blow to its finances of lower oil prices. Oman - among the financially weakest in the Gulf - has announced plans to introduce VAT next year as part of measures to restore coffers battered by lower oil prices. "Social backlash against fiscal consolidation and reforms poses a downside risk to ratings in 2021, particularly in Oman, Saudi Arabia and to some extent Iraq, Jordan and Tunisia," Fitch said. In a separate report this month, the agency said debt-burdened Oman was likely to underperform against its fiscal targets, and asset drawdowns and external financial support will be key to covering its funding needs in the coming years. Overall fiscal balances of oil exporting countries in the region are expected to improve next year as oil prices recover to an average of $45 per barrel, Fitch said, but deficits will remain large and debt levels are expected to increase further. It expects GCC gross foreign debt sales of $50bn, $60bn in drawdowns from sovereign wealth funds, and around $40bn in local debt issuance, mostly coming from Saudi Arabia. (Reuters)
- **Moody's assigns Aa2 rating to UAE government with stable outlook –** The UAE government received an Aa2 rating in creditworthiness - which is the highest sovereign rating in the

region - with a stable outlook for the national economy by the international rating agency, Moody's. This is another testament to the success of the country's financial and economic vision and policies, and the strength and stability of its economic, financial and credit sectors. Deputy Ruler of Dubai and Minister of Finance, H.H. Sheikh Hamdan bin Rashid Al Maktoum confirmed that this new classification reflects the strength and resilience of the country's economy and its ability to overcome various challenges - especially in light of the exceptional circumstances that the world is witnessing due to the COVID-19 pandemic. Sheikh Hamdan noted that this rating has proved beyond any doubt the solid foundations of the nation's public finances. He affirmed the success and effectiveness of the proactive policies and measures taken by the federal government to deal with the effects of the pandemic, to continue achieving economic targets and pushing forward comprehensive and sustainable development, making the UAE a model to be followed globally. (Zawya)

- **Fitch affirms Emirates NBD at 'A+'; outlook stable –** Fitch Ratings has affirmed Emirates NBD's (ENBD) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating (VR) at 'bb+'. ENBD's IDRs, SR and SRF reflect an extremely high probability of support available to the bank from the UAE authorities (AA-/Stable). Fitch's view of support factors in the sovereign's strong capacity to support the banking system, underpinned by UAE's solid net external asset position, still strong fiscal metrics and recurring hydrocarbon revenues. Fitch expects the propensity of the UAE authorities to support the banking sector to remain high given its very strong, timely and predictable record of supporting its domestic banks. This view also reflects the sovereign's close ties with, and part government ownership of, a number of banks, including ENBD (55.8% owned by Investment Corporation of Dubai (ICD), the investment arm of the government of Dubai). ENBD's SRF of 'A+' is one notch above the UAE domestic systemically important bank (D-SIB) SRF of 'A', reflecting the bank's flagship status in the UAE, and Dubai in particular, and government ownership. ENBD's Short-Term IDR of 'F1' is the lower of the two options corresponding to a 'A+' Long-Term IDR as described in our rating criteria. This is because a significant proportion of UAE banking sector funding is related to the government and stress on banks would likely come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk as high in the UAE, and this is reflected in the choice of Short-Term IDR. ENBD's senior unsecured program and notes issued under these-program are rated in line with the bank's Long- and Short-Term IDRs, reflecting Fitch's view that the likelihood of default of these obligations is the same as that of the bank. ENDB's commercial paper program is also rated in line with the bank's Short-Term IDR. ENBD's VR reflects significant single-borrower concentration risk, the highest among peers, despite the impact of the Denizbank acquisition, and as such only adequate capital ratios. ENBD has significantly concentrated exposure to the heavily indebted Dubai government and its government-related entities (GREs). Total exposure to Dubai sovereign represented 34% of gross loans (2.4x of common equity tier 1 (CET1)) at end-9M20. However, the VR also factors in the bank's leading UAE franchise, healthy profitability and strong customer base. (Bloomberg)
- **Fitch affirms Dubai Islamic Bank at 'A'; outlook stable –** Fitch Ratings has affirmed Dubai Islamic Bank's (DIB) Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook and Viability Rating (VR) at 'bb+'. The affirmation of DIB's IDRs, SR and SRF reflects Fitch's view of an extremely high probability of support available to the bank from the UAE authorities (AA-/Stable) if needed. Fitch's view of potential support in case of need factors in the sovereign's strong capacity to support the banking system, underpinned by its solid net external asset position, still strong fiscal metrics and recurring hydrocarbon revenues. Fitch also expects the propensity of the UAE authorities to support the banking sector to remain high given its very strong, timely and predictable track record of supporting its domestic banks. This view also reflects the authorities' close ties with, and part-government ownership of, a number of banks, including DIB (25.8% owned through Investment Corporation of Dubai, the investment arm of the Dubai government). DIB's 'A' SRF is at the level of the UAE domestic systemically important banks' SRF, reflecting the bank's systemic importance in particular in Dubai, where DIB is based, and more broadly in the UAE. DIB's consolidated market share of total UAE banking system assets is approximately 9%, up from around 8% following the merger with Noor. DIB's Short-Term IDR of 'F1' is the lower of the two options corresponding to 'A' Long-Term IDR as described in the rating criteria. This is because a significant proportion of the UAE banking sector's funding is related to the government and stress on banks is likely to come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk to be high in the UAE, and this is reflected in the assigned Short-Term IDR. The ratings of the senior unsecured debt (Sukuk) issued by the bank's special purposes vehicles, DIB Sukuk Limited and Noor Sukuk Company Limited, are in line with its Long-Term IDR because Fitch views the likelihood of default of these obligations the same as the likelihood of default of the bank. The affirmation of DIB's 'bb+' VR reflects pressure on the bank's asset quality and profitability in the weaker operating environment, in light of which we consider capitalization only adequate. Asset quality risks are heightened by high single-name and sectoral concentrations and persisting high exposure to the troubled real estate and construction sectors (notably in Dubai) - albeit reported asset quality metrics remain acceptable - while profitability has been eroded by increased impairments. (Bloomberg)
- **NMC Health administrators sound out investors for flagship UAE hospitals –** Administrators of troubled hospital operator NMC Health are sounding out potential buyer interest for its flagship business in the UAE, sources said. The potential sale of its biggest assets which would also include Oman, could generate around $1bn, one of the sources said. It follows administrators Alvarez & Marsal's launch in August of a process to sell NMC's international business including its international fertility units. NMC, which was founded by Indian businessman BR Shetty in the mid-1970s, became the largest private healthcare provider in the UAE but has run into trouble after short-seller Muddy Waters questioned its financial

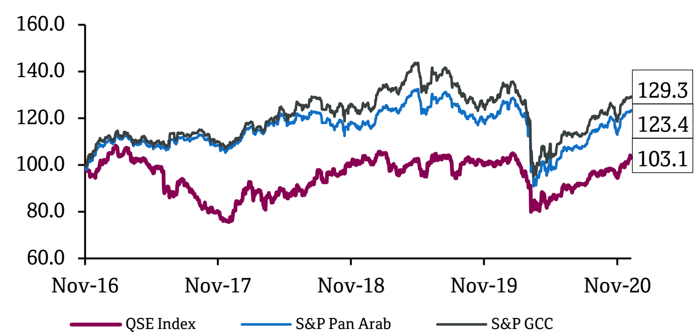
reporting and doubts emerged over the size of stakes owned by its biggest shareholders. NMC went into administration in April following months of turmoil over its finances and the discovery that it had $6.6bn in debt, well above earlier estimates. (Reuters)

- **Abu Dhabi to resume economic, tourist and entertainment activity within two weeks –** The Abu Dhabi Emergency, Crisis and Disaster Committee is working with local authorities in the UAE capital to resume all economic, cultural, tourist and entertainment activities within two weeks, state Abu Dhabi Media said on Wednesday. The decision comes after the success of precautionary measures against the COVID-19 virus and a low number of confirmed cases, a tweet by Abu Dhabi Media said. (Reuters)
- **Abu Dhabi's Mubadala invests in US-based Truck Hero –** Abu Dhbai state investor Mubadala has invested in Michigan-based Truck Hero, as part of a consortium led by consumer-focused private equity firm, L Catterton. The consortium includes a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA), as well as Mubadala Investment Company, StepStone Group Inc and CCMP, among other shareholders, and Truck Hero's founding CEO, Bill Reminder, will remain meaningful investors in the Company. Terms of the transaction were not disclosed, L Catterton said in a statement. Founded in 2007, Truck Hero is the manufacturer, and marketer of branded functional truck and Jeep accessories that enhance the experience for consumers' daily activities and enthusiast lifestyles, the statement said. It has a leading online presence selling directly to consumers through RealTruck.com. "This transaction further strengthens our portfolio in the consumer space, and in a company that we believe has strong growth potential and is led by an exceptional management team," Mubadala said. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions. (Zawya)
- **ADNOC awards Occidental onshore exploration concession –** Abu Dhabi National Company (ADNOC) said on Wednesday it had signed an exploration concession agreement with Occidental Petroleum Corp for onshore block 5. Occidental will have a 100% stake in the exploration phase and will invest up to $140mn, including a participation fee, it said. The block covers 4,212 square kilometer southeast of Abu Dhabi city. (Reuters)
- **ADNOC to ease January crude oil cuts to term buyers, sources say –** Abu Dhabi National Oil Company (ADNOC) has informed some term buyers that it will raise crude supply from January although it will still deliver less than the contractual volumes, sources told Reuters on Tuesday. The supply of its flagship Murban crude grade will be reduced by 20%, while the volume of two other grades - Upper Zakum and Das - will be cut by 15%, the sources said. ADNOC will also trim the supply of Umm Lulu crude grade by 5% in January, one of the sources said. The January term crude oil supply cut was smaller compared with a roughly 20% overall reduction by ADNOC in December. (Reuters)
- **Fitch affirms First Abu Dhabi Bank at 'AA-'; outlook stable –** Fitch Ratings has affirmed First Abu Dhabi Bank's (FAB) Long-Term Issuer Default Rating (IDR) at 'AA-' with a Stable outlook and Viability Rating (VR) at 'a-'. FAB's IDRs reflect an extremely high probability of support available to the bank from both the UAE (AA-/Stable) and Abu Dhabi (AA/Stable) authorities, as reflected in its 'AA-' SRF. Fitch's assessment of potential state support, in case of need, factors in the sovereign's strong ability to support the banking system, underpinned by its solid net external asset position, still strong fiscal metrics and recurring hydrocarbon revenues. Fitch expects the propensity of the UAE authorities to support the banking sector to remain high, given its very strong, timely and predictable track record of supporting its domestic banks. This view also reflects the sovereign's close ties with, and part government ownership of, a number of banks, including FAB (37% owned by Mubadala Investment Company, an Abu Dhabi sovereign wealth fund). FAB's 'AA-' SRF is one notch above the Abu Dhabi domestic systemically important banks' (D-SIB) SRF of 'A+', reflecting the bank's flagship status in the UAE, and in Abu Dhabi in particular. The D-SIB SRF of Abu Dhabi banks is one notch higher than that of other UAE banks given Abu Dhabi's superior financial flexibility compared with the UAE as a whole. FAB's senior unsecured program, the trust certificate issuance program of FAB Sukuk Company Ltd and the notes issued under these programs, are rated in line with FAB's respective Long- and Short-Term IDRs, reflecting Fitch's view that the likelihood of default on any senior unsecured obligation is the same as the likelihood of default of the bank. FAB's VR reflects the bank's very strong domestic franchise and funding and liquidity profile, which underpin the rating at the 'a-' level. FAB is the largest UAE bank, controlling a material 29% of banking sector assets at end-3Q20. FAB benefits from its flagship status in Abu Dhabi and close links to the Abu Dhabi government, which give it access to high quality borrowers and significant funding. (Bloomberg)
- **Fitch affirms Abu Dhabi Commercial Bank at 'A+'; outlook stable –** Fitch Ratings has affirmed Abu Dhabi Commercial Bank's (ADCB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating (VR) at 'bb+'. ADCB's IDRs reflect an extremely high probability of support available to the bank from both the UAE (AA-/Stable) and Abu Dhabi (AA/Stable) authorities, as reflected in its 'A+' SRF. Fitch's assessment of potential state support, in case of need, factors in the sovereign's strong ability to support the banking system, underpinned by its solid net external asset position, still strong fiscal metrics and recurring hydrocarbon revenues. Fitch expects the propensity of the UAE authorities to support the banking sector to remain high given its very strong, timely and predictable track record of supporting its domestic banks. This view also reflects the sovereign's close ties with, and part government ownership of, a number of banks, including ADCB (60% owned by Abu Dhabi Investment Council, the Abu Dhabi government's investment arm). ADCB's 'A+' SRF is at the Abu Dhabi domestic systemically important banks (D-SIB) SRF level, reflecting its high systemic importance and government ownership. The Abu Dhabi D-SIB SRF is one notch above that of other UAE banks, largely due to Abu Dhabi's superior financial flexibility compared with the UAE as a whole. ADCB's Short-Term IDR of 'F1' is the lower of the two options corresponding to a 'A+' Long-Term IDR as described in our rating criteria. This is because a significant proportion of UAE banking sector

funding is related to the government and stress on banks would likely come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk as high in the UAE, and this is reflected in the assigned Short-Term IDR. ADCB's commercial paper program is rated in line with the bank's Short-Term IDR of 'F1', reflecting Fitch's view that the likelihood of default of these obligations is the same as the likelihood of default of the bank. Similarly, the ratings of the bank's unsecured debt (program and notes), including that issued by ADCB's special purpose vehicles (SPVs) ADCB Finance (Cayman) Limited and AHB Sukuk Company Ltd, are in line with the bank's Long- and Short-Term IDRs. ADCB assumed UNB's senior unsecured program and notes when the two banks merged in 2019. As they rank pari passu with ADCB's senior unsecured debt, they are rated in line with ADCB's IDRs. ADCB's 'A-' subordinated notes, issued under ADCB Finance (Cayman) Limited, are rated two notches below ADCB's 'A+' Long-Term IDR reflecting their subordinated status and Fitch's view of a heightened likelihood of poor recoveries in the event of default. We do not notch the notes for non-performance as in our opinion, this risk is low relative to the risk captured by the bank's LT IDR. ADCB's VR reflects its strong domestic franchise (controlling about 13% of sector assets at end-3Q20), which has been further strengthened by the merger with UNB and Al Hilal Bank, reasonable strategy and good funding and liquidity profile. It also reflects the bank's fairly high-risk appetite, significant credit concentrations and asset quality that is weaker than the peer and sector average. Fitch assigns a negative factor outlook on the operating environment score for UAE banks. The economic environment has become more challenging in recent years due to the fall in oil prices, which has resulted in slower GDP growth, and the economic disruption caused by the coronavirus pandemic. (Bloomberg)

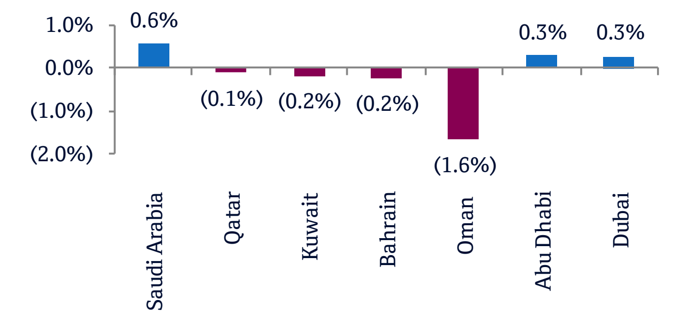
- **Kuwait's 2Q2020 current-account surplus drops 51% to KD108.3mn –** Kuwait's 2Q2020 current-account surplus drops 51% to KD108.3mn. The surplus was KD220.3mn in the first quarter, according to statement. Total receipts fell 37.4% from previous three months to KD2.27bn, payments dropped 36.9% to KD2.16bn. (Bloomberg)
- **Burgan Bank places $500mn Tier 2 bonds in debt market –** Burgan Bank, Kuwait's second largest conventional bank by asset size, has placed $500mn Subordinated Tier 2 Capital Securities (bonds) in the international debt capital markets. With an eleven-year tenor, and an option for redemption after six years from the date of their issuance, the bonds' term structure is the first of its kind from the GCC. The bonds comply with the Basel III regulatory framework, as adopted by the Central Bank of Kuwait. The transaction came on the back of calls with global, institutional investors from Europe, Asia and the Middle East. Investors took comfort in the Bank's sound business strategy, strong credit fundamentals, and the bonds' A- rating by Fitch. The orderbook saw strong momentum - with participation from more than 160 investors, its size peaked at $2bn (excluding JLMs' interest), representing a 4x oversubscription rate. This allowed the Bank to place the bonds at a coupon rate of 2.75% per annum, which translated to a margin of 222.9bps over the interpolated six-year US Treasury Rate. Demand from a diverse investor base allowed for balanced geographic distribution. The bonds were allocated to investors across Europe 48%, Asia 23%, the Middle East 23%, and US Offshore Accounts 6%. Allocations to different types of accounts were also well balanced between Fund Managers 76%, Banks and Private Banks 19%, and Pension Funds, Agencies and Insurance Companies 5%. (Zawya)
- **Oman to give visa-free 10-day entry to 103 countries to boost tourism –** Oman will exempt nationals of 103 counties from needing an entry visa for a stay of up to 10 days, police said on Wednesday, in a move to support tourism and shore up its struggling economy. Visitors must have a confirmed hotel reservation, health insurance and a return ticket, Royal Oman Police said. "Nationals of 103 counties are exempted from entry visas into the Sultanate for a period of ten days," it said. Oman last week said it would resume granting tourist visas to people visiting on trips arranged by hotels and travel companies, after they were suspended due to the coronavirus pandemic. The Gulf state resumed international flights on October 1, but only citizens and people holding valid existing residency and work visas could enter. Oman, rated sub-investment grade by all major credit rating agencies, faces a widening deficit and large debt maturities in coming few years. It has recently embarked on a new fiscal plan to wean itself off its dependence on oil revenues. (Reuters)
- **Bahrain puts economic recovery ahead of boosting budget revenue –** Bahrain could extend the duration of support measures to help businesses cope with the impact of the coronavirus after deploying the Gulf region's biggest stimulus relative to economic output. Before following some of its neighbors and exploring raising taxes to boost revenue, the focus is now on ensuring that a projected recovery gathers pace next year, Finance Minister, Sheikh Salman bin Khalifa al Khalifa said in an interview. The government will "do what is necessary to ensure a positive path" while "observing very closely" what countries including Saudi Arabia and Oman are doing to bolster income, he said. "We're also keeping one eye on the economy and looking at the economic impact or potential for economic impact for any new revenue-boosting measures," Sheikh Salman said. "We really want to see the recovery take hold before we take any additional steps in that regard, that's our priority." Despite a $10bn bailout package pledged by its wealthier neighbors in 2018, Bahrain's public finances have been under strain from the twin shock of the pandemic and lower oil prices. The kingdom has responded to the health emergency by rolling out a stimulus package estimated by S&P at about 32% of GDP, mostly consisting of liquidity for lending and debt deferment. (Bloomberg)

## Rebased Performance




Source: Bloomberg

## Daily Index Performance




Source: Bloomberg

| Asset/Currency Performance | Close ($) | 1D% | WTD% | YTD% |
|---|---|---|---|---|
| Gold/Ounce | 1,839.55 | (1.7) | 0.0 | 21.2 |
| Silver/Ounce | 23.95 | (2.5) | (1.0) | 34.2 |
| Crude Oil (Brent)/Barrel (FM Future) | 48.86 | 0.0 | (0.8) | (26.0) |
| Crude Oil (WTI)/Barrel (FM Future) | 45.52 | (0.2) | (1.6) | (25.5) |
| Natural Gas (Henry Hub)/MMBtu | 2.36 | (0.8) | (4.1) | 17.2 |
| LPG Propane (Arab Gulf)/Ton | 58.00 | 0.0 | (2.1) | 40.6 |
| LPG Butane (Arab Gulf)/Ton | 58.00 | 4.0 | (5.7) | (11.5) |
| Euro | 1.21 | (0.2) | (0.3) | 7.7 |
| Yen | 104.23 | 0.1 | 0.1 | (4.0) |
| GBP | 1.34 | 0.3 | (0.3) | 1.1 |
| CHF | 1.12 | (0.1) | 0.3 | 8.8 |
| AUD | 0.74 | 0.5 | 0.3 | 6.1 |
| USD Index | 91.09 | 0.1 | 0.4 | (5.5) |
| RUB | 73.88 | 0.5 | (0.2) | 19.2 |
| BRL | 0.19 | (1.0) | (0.3) | (22.3) |

Source: Bloomberg

| Global Indices Performance | Close | 1D%* | WTD%* | YTD%* |
|---|---|---|---|---|
| MSCI World Index | 2,627.53 | (0.5) | (0.5) | 11.4 |
| DJ Industrial | 30,068.81 | (0.3) | (0.5) | 5.4 |
| S&P 500 | 3,672.82 | (0.8) | (0.7) | 13.7 |
| NASDAQ 100 | 12,338.95 | (1.9) | (1.0) | 37.5 |
| STOXX 600 | 394.90 | (0.0) | (0.4) | 2.1 |
| DAX | 13,340.26 | 0.1 | (0.3) | 8.4 |
| FTSE 100 | 6,564.29 | 0.2 | (0.5) | (12.3) |
| CAC 40 | 5,546.82 | (0.6) | (1.7) | (0.2) |
| Nikkei | 26,817.94 | 1.1 | 0.0 | 18.3 |
| MSCI EM | 1,255.85 | 0.1 | 0.4 | 12.7 |
| SHANGHAI SE Composite | 3,371.96 | (1.3) | (2.3) | 17.6 |
| HANG SENG | 26,502.84 | 0.7 | (1.3) | (5.5) |
| BSE SENSEX | 46,103.50 | 0.9 | 2.2 | 7.9 |
| Bovespa | 113,001.20 | (1.5) | (0.5) | (24.0) |
| RTS | 1,372.47 | 0.6 | 1.1 | (11.4) |

Source: Bloomberg (*$ adjusted returns)

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