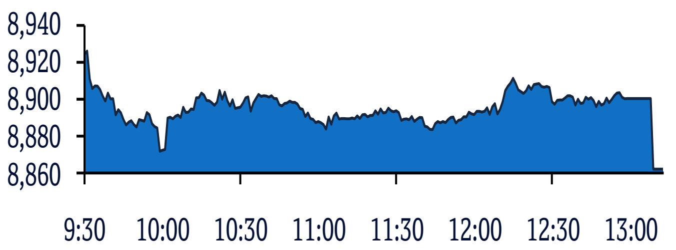
Daily Market Report

Tuesday, 12 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.5% to close at 8,863.6. Losses were led by the Real Estate and Banks & Financial Services indices, falling 3.0% and 0.7%, respectively. Top losers were Qatari German Company for Medical Devices and United Development Company, falling 10.0% and 7.0%, respectively. Among the top gainers, Vodafone Qatar gained 2.7%, while Qatar National Cement Company was up 2.2%.

GCC Commentary

Saudi Arabia: The TASI Index fell 1.2% to close at 6,604.0. Losses were led by the Retailing and Transportation indices, falling 6.0% and 2.9%, respectively. Fawaz Abdulaziz Alhokair & Co. and United Electronics Co. were down 9.9% each.

Dubai: The DFM Index fell 1.0% to close at 1,883.5. The Banks index declined 1.4%, while the Investment & Financial Services index fell 1.3%. SHUAA Capital declined 5.0%, while Al Salam Group Holding was down 4.9%.

Abu Dhabi: The ADX General Index gained marginally to close at 4,120.6. The Investment & Fin. Serv. index rose 6.6%, while the other indices ended flat or in red. International Holdings rose 9.2%, while Abu Dhabi National Energy was up 4.6%.

Kuwait: The Kuwait All Share Index fell 0.9% to close at 4,769.0. The Industrials index declined 2.1%, while the Real Estate index fell 1.4%. Inovest Co. declined 12.3%, while Kuwait Financial Centre was down 10.1%.

Oman: The MSM 30 Index fell 0.1% to close at 3,465.8. Losses were led by the Services and Industrial indices, falling 0.4% and 0.1%, respectively. United Power Company declined 10.0%, while Muscat Thread Mills Company was down 8.9%.

Bahrain: The BHB Index fell 1.2% to close at 1,252.5. The Commercial Banks index declined 2.2%, while the Services index fell 0.3%. National Bank of Bahrain declined 3.4%, while Al Salam Bank - Bahrain was down 3.2%.

Market Indicators	11 May 20	10 May 20	%Chg.
Value Traded (QR mn)	303.9	208.3	45.9
Exch. Market Cap. (QR mn)	502,302.1	504,192.0	(0.4)
Volume (mn)	157.9	136.7	15.5
Number of Transactions	9,093	5,435	67.3
Companies Traded	44	45	(2.2)
Market Breadth	14:27	29:14	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,040.04	(0.5)	0.7	(11.2)	14.0
All Share Index	2,745.91	(0.5)	0.4	(11.4)	14.6
Banks	3,816.95	(0.7)	(0.6)	(9.6)	12.5
Industrials	2,447.77	(0.1)	3.2	(16.5)	19.5
Transportation	2,747.19	0.0	(0.1)	7.5	13.3
Real Estate	1,412.76	(3.0)	0.4	(9.7)	14.0
Insurance	1,992.31	(0.2)	0.1	(27.1)	33.7
Telecoms	836.26	2.2	2.7	(6.6)	14.0
Consumer	7,095.05	0.1	0.6	(17.9)	18.1
Al Rayan Islamic Index	3,537.09	(0.6)	1.3	(10.5)	16.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ooredoo	Qatar	6.24	2.1	1,871.9	(11.9)
Industries Qatar	Qatar	7.80	2.0	2,307.0	(24.1)
Advanced Petrochem. Co.	Saudi Arabia	44.60	1.9	624.4	(9.7)
Saudi Basic Ind. Corp.	Saudi Arabia	73.00	1.8	2,717.7	(22.3)
Sahara Int. Petrochemical	Saudi Arabia	13.94	1.8	2,350.6	(22.4)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Arabian Centres Co Ltd	Saudi Arabia	19.22	(6.7)	1,313.3	(34.1)
Jarir Marketing Co.	Saudi Arabia	129.20	(5.3)	716.5	(22.0)
Dar Al Arkan Real Estate	Saudi Arabia	6.81	(4.6)	36,335.6	(38.1)
Savola Group	Saudi Arabia	37.40	(3.6)	1,193.8	8.9
Samba Financial Group	Saudi Arabia	20.42	(3.5)	1,908.8	(37.1)

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%
Vodafone Qatar	1.10	2.7	12,511.0	(5.3)
Qatar National Cement Company	3.61	2.2	1,551.8	(36.2)
Ooredoo	6.24	2.1	1,871.9	(11.9)
Industries Qatar	7.80	2.0	2,307.0	(24.1)
Mannai Corporation	3.10	1.3	64.8	0.6

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.27	(7.0)	26,601.3	(16.4)
Qatar Aluminium Manufacturing	0.70	(3.8)	24,202.7	(10.4)
Ezdan Holding Group	0.84	(1.2)	21,764.5	35.8
Vodafone Qatar	1.10	2.7	12,511.0	(5.3)
Investment Holding Group	0.47	(6.1)	9,789.9	(17.6)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	0.98	(10.0)	1,927.1	68.7
United Development Company	1.27	(7.0)	26,601.3	(16.4)
Investment Holding Group	0.47	(6.1)	9,789.9	(17.6)
Qatar Aluminium Manufacturing	0.70	(3.8)	24,202.7	(10.4)
Qatar First Bank	0.96	(3.1)	3,200.9	17.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.09	(0.5)	35,634.2	(17.0)
United Development Company	1.27	(7.0)	34,407.2	(16.4)
Qatar Fuel Company	16.09	0.0	21,207.9	(29.7)
Ezdan Holding Group	0.84	(1.2)	18,390.5	35.8
Industries Qatar	7.80	2.0	18,098.3	(24.1)

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*	8,863.63	(0.5)	0.7	1.1	(15.0)	82.98	137,078.2	14.0	1.4	4.5
Dubai	1,883.51	(1.0)	(2.0)	(7.1)	(31.9)	55.85	75,598.1	7.3	0.7	5.1
Abu Dhabi	4,120.56	0.0	1.5	(2.6)	(18.8)	31.08	124,015.0	12.3	1.2	6.2
Saudi Arabia	6,603.96	(1.2)	(0.4)	(7.2)	(21.3)	1,192.58	2,061,821.8	19.1	1.6	3.8
Kuwait	4,768.95	(0.9)	(1.9)	(4.1)	(24.1)	60.99	88,585.2	13.3	1.1	4.4
Oman	3,465.81	(0.1)	(0.5)	(2.1)	(12.9)	1.12	15,130.7	8.3	0.7	6.9
Bahrain	1,252.45	(1.2)	(2.1)	(4.4)	(22.2)	2.60	19,558.6	8.7	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)

Qatar Market Commentary

- The QE Index declined 0.5% to close at 8,863.6. The Real Estate and Banks & Financial Services indices led the losses. The index fell on the back of selling pressure from GCC and non-Qatari shareholders despite buying support from Qatari shareholders.
- Qatari German Company for Medical Devices and United Development Company were the top losers, falling 10.0% and 7.0%, respectively. Among the top gainers, Vodafone Qatar gained 2.7%, while Qatar National Cement Company was up 2.2%.
- Volume of shares traded on Monday rose by 15.5% to 157.9mn from 136.7mn on Sunday. However, as compared to the 30-day moving average of 190.9mn, volume for the day was 17.3% lower. United Development Company and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 16.8% and 15.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.80%	37.06%	5,290,186.52
Qatari Institutions	26.95%	19.56%	22,441,263.86
Qatari	**65.75%**	**56.62%**	**27,731,450.38**
GCC Individuals	1.77%	0.80%	2,970,573.42
GCC Institutions	1.35%	3.01%	(5,056,144.51)
GCC	**3.12%**	**3.81%**	**(2,085,571.09)**
Non-Qatari Individuals	13.36%	13.09%	806,222.25
Non-Qatari Institutions	17.77%	26.48%	(26,452,101.54)
Non-Qatari	**31.13%**	**39.57%**	**(25,645,879.29)**

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

Earnings Releases and Global Economic Data

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
Orient Insurance	Dubai	AED	1,505.6	15.0%	–	–	165.2	1.9%
National General Insurance Co.	Dubai	AED	178.9	24.8%	–	–	(15.8)	N/A
AXA Green Crescent Insurance	Abu Dhabi	AED	25.7	21.5%	–	–	(1.4)	N/A
Abu Dhabi National Oil Co. for Dist.	Abu Dhabi	AED	4,939.5	3.6%	421.4	-30.3%	399.5	-30.9%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/11	China	The People's Bank of China	Money Supply M2 YoY	Apr	11.1%	10.3%	10.1%
05/11	China	The People's Bank of China	Money Supply M0 YoY	Apr	10.2%	10.0%	10.8%
05/11	China	The People's Bank of China	Money Supply M1 YoY	Apr	5.5%	5.7%	5.0%

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

News

Qatar

- **S&P: Qatar's external balance sheets sufficient to withstand COVID-19 –** Qatar's external balance sheets will provide sufficient buffers to withstand the sharp decline in economic activity associated with the COVID-19 pandemic and low hydrocarbon prices, S&P Global Ratings (S&P) has said in its latest report. "We regard Qatar's overall external position to be a key strength, underpinned by our estimate of its large liquid financial assets, equivalent to more than 100 percent of GDP," S&P said in the report. The report stated, "Authorities are likely to provide extraordinary liquidity support to the banking system, in case of sudden reversals in foreign flows. The government's timely intervention during the ongoing boycott that started in 2017, to curb the pressure emanating from external funds outflows, supports our view. Broadly mirroring developments on the external side, fiscal balance on the central government level will record a deficit averaging about 5 percent of GDP over 2020-2023 compared with a small surplus of 1 percent of GDP in 2019. We expect that rising fiscal pressure from low hydrocarbon prices and the COVID-19 pandemic will be mitigated to a certain extent by reduced capital spending on discretionary projects and continued control of public wages and salaries. Downside risks to the fiscal position are subject to lower hydrocarbon revenue and higher recurrent expenses than we anticipate to mitigate potential economic fallout from the global pandemic. Our medium-term base-case revenue and expenditure forecasts reflect broadly stable hydrocarbon production estimates under our most recent oil price assumptions, still-high but gradually decreasing capital expenditure, and continued control of recurrent expenses. We include estimates of investment income on large existing government assets in the general government balance, which results in an overall general government surplus of about 3% of GDP over 2020-2023. We recognize downside risks to 2020 investment returns due to ongoing market volatility. We foresee Qatar's government net asset position remaining a ratings strength over our forecast period. We expect the net asset position to average 106% of GDP over 2020-2023. In April this year, the government returned to the international bond markets with a three-tranche, $10bn Eurobond." A portion of the proceeds will be deployed for liability management since the central government's debt principal repayments total about $14.1bn this year. "We expect fiscal financing needs on the central government level will largely be met by debt issuances rather than drawings on assets. Although we expect government debt will increase in absolute terms over the coming years, we project that total debt will fall to about 73% of GDP through 2023. We estimate that interest payments on the government's debt will increase to about 8.5% of general government revenue in 2020, compared with 5.6% in 2019, and stabilize at about 7% through 2023," the report said. The QCB reduced the deposit and repo interest rates twice in March by 100 basis points, following the cut in the US Federal Reserve's key policy rate. (Qatar Tribune)
- **KPMG: Business sentiment less adverse in Qatari firms –** Despite COVID-19, the business sentiment has been less adverse in the local companies, as reflected in the (performance of) the Qatar Stock Exchange vis-a-vis other markets, according to KPMG Qatar, a global consulting firm. "This is partly due to limited presence of external investors and a QR10bn government backstop for the stock market," KPMG Qatar Country Senior Partner Ahmed Abu-Sharkh said. The government also offered a stimulus package of QR75bn to assist small business and hard-hit sectors. He said the recent Moody's upgrade of Qatar's rating to 'Aa3' with a 'Stable' outlook on April 15 is also a sign of a resilient economy. The global credit rating agency had said the stable outlook reflects its assessment that Qatar's credit metrics are likely to remain consistent with the 'Aa3' rating, even as oil prices remain subdued due to depressed global oil demand caused by the coronavirus pandemic. The 'Stable' outlook balances fiscal and economic risks stemming from the decline in oil prices with Qatar's very large fiscal and foreign currency reserve buffers in the form of sovereign wealth fund assets. KPMG Qatar said the financial services sector in the country is better shielded than in the 2008 financial crisis by stronger capitalization, a wider use of digital solutions and their expected role in transferring money from the government to distressed companies. Although Qatar has been impacted by the new coronavirus, it seems to be weathering the storm better than many other countries. KPMG said non-hydrocarbon sectors are likely to be struck at different levels of intensity in Qatar, depending on how they have been impacted during the lockdown period and their dependency on global trade. Highlighting that Qatar has 324 respirators per million of population; he said that Qatar benefits from a well-supported healthcare system in comparison to other affected countries and that Qatar's population aged 65 and over is low; indicating a reduced risk of deaths. (Gulf-Times.com)
- **Qatar Airways CEO says air travel demand might not recover until 2024 –** Qatar Airways expects passengers to fill up to 60% of seats on some flights over the next two months as it gradually rebuilds its network, though a full recovery could be up to four years away, its Chief Executive said on Monday. Qatar Airways said it will not be able to operate a full network of flights until 2023 unless a miracle happens within the next year, as the aviation market begins a long, slow recovery from the COVID-19 crisis. The travel industry needs around two to three years to get back to 2019 levels, the CEO added. The state-owned carrier has said that it would start resuming flights this month to some destinations it was forced to suspend because of the coronavirus pandemic. The Doha-based company has reduced headcount to help reduce operating costs while planes remain grounded, he said. Airlines around the globe were forced to halt almost all commercial passenger flights after governments slammed shut their borders to contain the COVID-19 outbreak. Airlines stand to lose $314bn in ticket sales this year, the International Air Transport Association estimates, and it remains unclear when carriers will be able to resume even a partial service. Qatar has been able to keep operating 75% of its fleet even as other carriers have idled 90% or more, Al Baker said. That's been partly to accommodate cargo transport and the repatriation of foreign nationals to their home countries. The CEO also said that Qatar Airways plans to rehire employees made redundant once countries start to lift travel bans imposed to contain the coronavirus. Social distancing will be factored in when the airline restarts operations in a way that complies with

local and international regulations. Leaving an empty seat between travelers may be part of a long-term solution, though this will be harder to enforce with families. Qatar Airways will give 100,000 round-trip tickets to front-line medical workers to thank them for their work looking after patients during the coronavirus pandemic. (Reuters, Bloomberg)

- **Qatar offers Al-Shaheen, Qatar Land Crude for July –** Qatar Petroleum for the Sale of Petroleum Products Company Limited (QPSPP) offered to sell two cargoes of Al-Shaheen crude and a cargo of Qatar Land Crude for July loading, according to a tender document. Al-Shaheen cargoes to be loaded on July 3-4 and July 13-14 from Al-Shaheen terminal; and Qatar Land Crude on July 1-31 from Mesaieed Industrial City. (Bloomberg)
- **MoCI: Exchange houses to reopen today with strict health measures –** The Ministry of Commerce and Industry (MoCI) has decided to reopen money exchange houses from Tuesday (May 12) with the mandatory application of precautionary measures against the coronavirus (COVID-19) pandemic. The decision comes as a response to meet the urgent public needs in a manner consistent with medical and preventive guidelines. Procedures include requiring visitors to wear masks, following social distancing guidelines, measuring temperature, and allowing a certain number of customers in at the same time, in addition to applying other preventive measures specified by the Ministry of Public Health. The working hours are fixed at six hours a day for employees at exchange houses, and they are allowed additional work for two hours. The exchange houses are required to prevent overcrowding and give instructions to security personnel to assist customers and regulate the spacing. The MoCI called on the exchange houses and the public to adhere to the instructions and preventive measures for their safety and the safety of those around them. Exchange houses found to be violating the measures will face legal action, it added. (Qatar Tribune)
- **QGMD extends the period for board of directors' candidacy –** Qatari German for Medical Devices Company (QGMD) announced that no one has applied for candidacy for the board of directors until the closure May 11, 2020, and hence it has extended the period for the candidacy of the vacant position in the membership. (QSE)

International

- **Trump 'not interested' in reopening US-China trade deal after report of Beijing discontent –** US President Donald Trump said on Monday he opposed renegotiating the US-China "Phase 1" trade deal after a Chinese state-run newspaper reported some government advisers in Beijing were urging fresh talks and possibly invalidating the agreement. Trump, who himself has considered abandoning the pact signed in January, told a White House press briefing he wanted to see if Beijing lived up to the deal to massively increase purchases of US goods. "No, not at all. Not even a little bit," Trump said when asked if he would entertain the idea of reworking Phase 1. "I'm not interested. We signed a deal. I had heard that too, they'd like to reopen the trade talk, to make it a better deal for them." The Global Times tabloid reported on Monday that unidentified advisers close to the talks have suggested that Chinese officials revive the possibility of invalidating the trade pact and negotiate a new one to tilt the scales more to the Chinese side. The Global Times is published by the People's Daily, the official newspaper of China's ruling Communist Party. While not an official party mouthpiece, the Global Times' views are believed at times to reflect those of its leaders. (Reuters)
- **Trump again pressures US regulator on news programming –** US President Donald Trump is again pressuring the US Federal Communications Commission over a broadcast news program after failing for years to convince regulators to take any action against broadcasters. On Monday, Trump said NBC News "Meet the Press" host Chuck Todd should be fired, suggesting the program misleadingly aired only part of U.S. Attorney General William Barr's answer to a question. Trump tweeted at FCC Chairman Ajit Pai and said Todd "knew exactly what he was doing. Public Airwaves = Fake News! @AjitPaiFCC." Justice Department spokeswoman Kerri Kupec called the video and Todd's commentary "deceptive." In a Twitter post, "Meet the Press" said "we inadvertently and inaccurately cut short a video clip of an interview with AG Barr before offering commentary and analysis. The remaining clip included important remarks from the attorney general that we missed, and we regret the error." NBC and its parent Comcast Corp declined to comment. A White House spokesman declined to comment and a Pai spokesman did not comment. (Reuters)
- **US auto industry workers return to jobs amid concerns of second virus wave –** Factory workers began returning to assembly lines in Michigan on Monday, paving the way to reopen the US auto sector but stoking fears of a second wave of coronavirus infections as strict lockdowns are eased across the country. With millions of Americans out of work and much of the economy at a virtual standstill, a growing number of states are relaxing tough restrictions on commerce and social life put in place to slow the outbreak. Some auto suppliers in Michigan, a Midwest industrial powerhouse hard hit by the pandemic and its economic fallout, reopened plants on Monday with skeleton crews to get ready for a resumption of vehicle production next week. Skilled-trades workers and salaried employees also began returning to auto assembly plants to prepare for the wider restart. Factory workers will be issued face masks, checked for fever and required to submit health-screening questionnaires. (Reuters)
- **Think tank: UK should extend part of furlough scheme to end of year –** Britain's government should extend a costly job support program until the end of the year for retail and hospitality workers hit hardest by the coronavirus, a think tank said on Tuesday, ahead of an expected government announcement. The Resolution Foundation said the scheme should remain open to workers in all sectors until early August - more than a month longer than planned - and that businesses should be able to bring workers back part-time from June. Finance Minister Rishi Sunak is due later on Tuesday to address the future of the Coronavirus Job Retention Scheme, which currently supports more than 6 million jobs but is scheduled to expire at the end of June. Sunak has said there will be no 'cliff edge' and Prime Minister Boris Johnson said on Monday the government would continue to offer some support to workers who have been temporarily put on leave. But the government is keen to ensure businesses and workers do not become too reliant on the program, which government forecasters estimate will cost 49

billion pounds ($60bn) in its first three-and-a-half months of operation. The Resolution Foundation, which called for a similar program before Sunak launched it in March, said it would prove complex to unwind. (Reuters)

- **Britain, EU start penultimate round of talks before key deadline –** Britain and the European Union start their penultimate scheduled round of trade talks on Monday with little progress on major sticking points before a June deadline to agree on any extension of negotiations. British Prime Minister Boris Johnson has repeatedly refused to prolong the current transition period beyond the end of the year to grant more time for the two sides to agree the scale and scope of their new relationship. The EU is pushing for progress on a comprehensive deal including fisheries, security and the so-called level playing field guarantees of fair competition. London is more keen on a narrower trade agreement with the bloc from 2021. Both sides have dug in their heels in and negotiations have been complicated by the coronavirus pandemic, which is sapping the energy and political attention on both sides of the English Channel. This week's round is due to cover trade in goods and services, fisheries, transport and aviation, energy and other matters, and another one is planned for the week of June 1. The end of that month marks a deadline for both sides to assess progress so far and agree on any extension of talks. The EU fears London's refusal to do so raises the risk of another cliff-edge later this year if Britain were to crash out of the current, elaborate relationship with the 27-nation bloc without a network of new rules for cooperation in place. (Reuters)
- **Johnson: UK economy may need to adapt if virus vaccine takes time –** Britain will need to think about how its economy can adapt if a vaccine for the novel coronavirus does not emerge quickly, Prime Minister Boris Johnson said on Monday. "If we can't get a vaccine fast, we're going to have to think a lot more about how we make our businesses, our lives, COVID secure whilst continuing with economic activity," Johnson told reporters. He added that he had no doubt the British economy would bounce back. (Reuters)
- **Germany's Ifo institute sees widespread layoffs in coronavirus crisis –** Many German industries are cutting jobs as a result of the coronavirus crisis, Germany's Ifo institute said on Monday, specifying that 39% of automotive companies, 50% of hotels, 58% of restaurants and 43% of travel agencies had shed staff in April. "From now on, the crisis will have an impact on the German labor market," said Klaus Wohlrabe, head of surveys. Higher than average layoffs were also being made in many other sectors but none in pharmaceuticals, the institute noted. Geographically, the Bavaria and Baden-Wuerttemberg states were worst hit while there were far fewer redundancies in Saarland and Rhineland-Palatinate. (Reuters)
- **German engineering body sees China supply chain issues subsiding –** German engineering industry association VDMA on Monday withdrew its 2020 production forecast for a decline of 5% as coronavirus hits the entire sector, but it said supply chain problems in China were subsiding. "It's also gratifying that the outlook for the next three months has brightened somewhat on both the demand and supply side," VDMA added in a statement. (Reuters)
- **Kuroda says Bank of Japan will do 'whatever it can' to beat pandemic fallout –** Bank of Japan (BOJ) Governor Haruhiko Kuroda said on Tuesday the central bank would do "whatever it can" to combat the growing fallout from the coronavirus pandemic, warning that a collapse in global activity would hamstring the economy. In a semi-annual testimony to parliament, Kuroda said the raft of monetary easing steps the central bank has taken so far is helping ease corporate funding strains and market jitters. But he warned the outlook for Japan's economy was "highly uncertain" and dependent on when the pandemic is contained, with risks skewed to the downside. "Japan's economy is in an increasingly severe state. The outlook will remain severe for the time being," he said on Tuesday. "What's most important for us is to take steps to smoothen corporate financing and stabilize markets," Kuroda added. "We will do whatever we can as a central bank, working closely with the government." The BOJ expanded monetary stimulus for the second straight month in April by ramping up risky asset purchases and pledging to buy an unlimited amount of bonds to keep borrowing costs low. (Reuters)
- **China April PPI posts sharpest YoY all in four years –** China's factory gate prices in April fell at the sharpest annual rate in four years, official data showed on Tuesday, underscoring the downward pressure on production in the world's second-largest economy from the coronavirus pandemic. The producer price index (PPI) fell 3.1% from a year earlier, China's National Bureau of Statistics said in a statement, compared with a 2.6% fall tipped by a Reuters poll of analysts and a 1.5% decline in March. China's consumer price index rose 3.3% from a year earlier, compared with a 3.7% rise tipped by a Reuters poll of analysts and a 4.3% rise in March. (Reuters)
- **China April new bank loans fall to 1.7tn yuan, beat forecast –** Chinese banks extended 1.7tn Yuan ($240.05bn) in new local-currency loans in April, down from March but beating analyst expectations. Analysts polled by Reuters had predicted new yuan loans would fall to 1.4tn Yuan in April, down from 2.85tn Yuan in the previous month and compared with 1.02tn Yuan a year earlier. Broad M2 money supply in April grew 11.1% from a year earlier, central bank data showed on Monday, above the 10.2% forecast in the Reuters poll. It rose 10.1% in March. Outstanding yuan loans grew 13.1% from a year earlier compared with 12.7% growth in March. Analysts had expected 12.9% growth. (Reuters)
- **China's factory deflation deepens as pandemic hits demand –** China's factory prices fell at the sharpest rate in four years in April, highlighting weakening industrial demand in the world's second-largest economy as the coronavirus pandemic slams global growth. The producer price index (PPI) fell 3.1% from a year earlier, the National Bureau of Statistics said in a statement on Tuesday, compared with a 2.6% drop tipped by a Reuters poll of analysts and a 1.5% decline in March. Data released last week showed China's exports unexpectedly grew in April from a year earlier, although a sharper-than-expected decline in imports signaled weak domestic demand. China is trying to recover from its first economic contraction on record during the January-March quarter, when the economy was paralyzed by curbs to slow the spread of the virus that has killed more than 4,600 people in the mainland. But the spread of

the virus beyond China now threatens to push the global economy into a deep recession. China's statistics bureau said the producer price declines were driven by a slump in global crude oil and commodities prices. Nearly 60% of the deflation came from fuel extraction and processing and chemical manufacturing. Among the 40 major industrial sectors surveyed, oil and gas extraction reported the largest year-on-year price fall of 51.4%, steepening from a 21.7% drop in the previous month. Chinese manufacturers have been hit by a plunge in overseas orders and face rising inventories and falling profits, while many have let workers go to cut costs. (Reuters)

- **China stainless steel hits nine-month high as domestic demand recovers –** Chinese stainless steel futures surged on Monday, hitting their highest level in over nine months as domestic demand continued to pick up after coronavirus-related shutdowns. The most-traded stainless steel futures contract on the Shanghai Futures Exchange, for June delivery, rose as much as 4.4% before ending the session 4.0% higher at 13,675 Yuan ($1,931.55) a ton, the highest since August 1. Apart from a revival in demand, prices also rose on concerns about the supply of raw materials such as nickel and chrome, according to a contact at a stainless steelmaker who requested not to be named. The top two nickel miners in the Philippines have gradually resumed mining and shipping operations since May after coronavirus-led disruptions. But the trader said output was still lower compared with a year earlier. Other steel futures on the Shanghai exchange were range-bound, with the October contract of construction rebar dipping 0.1% to 3,452 Yuan a ton while hot-rolled coil edged up 0.03% to 3,329 Yuan for a sixth straight session of gains. China's monthly vehicle sales rose for the first time in almost two years in April as more customers visited showrooms after the economy began to open up and authorities loosened restrictions. (Reuters)
- **India's automakers warn of up to 45% sales drop as economy slumps amid pandemic –** India's automakers have warned that total automobile sales could fall as much as 45% in the current fiscal year in a worst-case scenario as economic growth slumps due to the COVID-19 pandemic, and they are seeking government help through the crisis. The Society of Indian Automobile Manufacturers (SIAM), an industry trade body, told government officials last week that if India's economy contracts by 2% in the year starting April 1, sales of cars, trucks and motorbikes could decline by as much as 45% from a year before. SIAM presented two more scenarios to the government — one where the economy grows by 2%-3%, which would lead to a 20% decline in auto sales, and a second where growth stagnates from last year, resulting in a 35% decline in sales. The trade body represents most major automakers in India, including Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Hero MotoCorp and the local units of Toyota Motor, Hyundai Motor, Ford and Volkswagen. Global consultancy McKinsey & Co estimated in April that if India's lockdown was extended until mid-May, the economy could shrink by 2%-3% in the current fiscal year, while rating agency Moody's said on Friday the country could see 0% growth. (Reuters)

Regional

- **Coronavirus highlights GCC telecoms operators' cash flow squeeze –** Rated GCC telecoms operators' earnings will fall in the next few years, Moody's Investors Service said yesterday in a new report. The key drivers behind the contraction in EBITDA margins is a combination of fairly mature domestic markets with high penetration rates, particularly in the mobile segment and consumers shifting toward more data consumption, which is cheaper than traditional voice calls. The coronavirus related lockdown and the sharp decrease in oil prices will also hamper revenue and EBITDA generation. "Free cash flow generation will also decrease over the next two to three years as capital spending remains high and dividend payments stable, despite decreasing cash flow from operations," Vice President - Senior Analyst, Julien Haddad said. M&A activity by GCC telecoms operators will remain low, with companies targeting opportunities in select geographies where the price is right and the associated execution risks are limited. Governments will likely provide support to the operators if necessary. (Peninsula Qatar)
- **Saudi Arabia deepens oil cuts as weak demand weighs on prices –** Saudi Arabia will voluntarily deepen oil output cuts from June as low oil prices are causing huge pain to the Kingdom's budget and global demand remains weak due to lockdowns to contain the coronavirus pandemic. The announcement by the Kingdom to add 1mn bpd - equal to 1% of global supply - to the previously announced cuts follows last week's phone conversation between US President, Donald Trump and Saudi Arabia's King Salman. Trump had worked last month to persuade Saudi Arabia, fellow OPEC members and Russia - a group known as OPEC+ - to cut oil output after a collapse in crude prices put heavy pressure on US producers. Last Friday, the two men discussed oil and defense amid news Washington would withdraw two Patriot anti-missile batteries from Saudi Arabia that have been a defense against Iran. Washington said the withdrawal was not linked to oil. Saudi Energy Minister, Prince Abdulaziz told Reuters the deeper oil output cuts in June are designed to expedite draining a global supply glut and rebalancing the oil market. He said the Kingdom wants to be "ahead of the curve" and he sees signs of demand picking up as countries move to ease restrictions on movements imposed over the past months to stop the spread of the coronavirus epidemic. "We want to expedite the process of returning back to normal," he said. On Monday, a Saudi energy ministry official said new cuts would bring total Saudi production down by around 4.8mn bpd in June versus April. Output would then stand at 7.492mn bpd, the lowest in almost two decades. "The Kingdom aims through this additional cut to encourage OPEC+ participants, as well as other producing countries, to comply with the production cuts they have committed to, and to provide additional voluntary cuts, in an effort to support the stability of global oil markets," the Saudi official said. (Reuters)
- **Under virus pressure, Saudi Aramco may cut government payout –** Saudi Aramco may cut its dividend to the Saudi government, however, is likely to maintain payouts to minority shareholders as a plunge in crude prices shrinks first-quarter profits, analysts said. Saudi Arabian Oil Co., as the company is formally known, pledged an annual dividend of $75bn for the first five years to attract investors to its initial public offering in December last year. Since then, global movement restrictions to contain the novel coronavirus have destroyed fuel demand and the oil market has been rocked by the impact of surplus

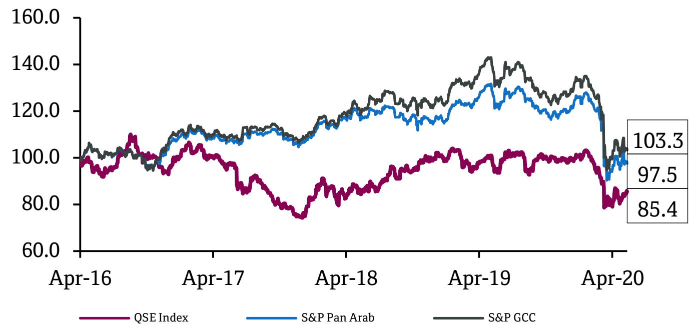
supplies, as Riyadh and Moscow in April pumped flat out in a battle for market share. When it reports its first-quarter results on Tuesday analysts expect Saudi Aramco to report lower earnings and a decrease in cash flows. Some also predict a cut in payments to the Saudi government, possibly by half. That would add to the economic burdens on Saudi Arabia from the oil market crash. "We are forecasting a cut of 50% in dividends to the government due to the lower oil prices and production," Equity Analyst at EFG-Hermes, Yousef Husseini said. By contrast, the 1.7% of shareholders who bought into last year's stock market listing are likely to see their dividend protected as Saudi Aramco, in common with other giant oil companies, seeks to retain shareholders made nervous by the twin shocks of the coronavirus crisis and the climate crisis. Saudi Aramco paid a dividend of $73.2bn in 2019 and has said it plans to declare a cash dividend of $75bn in 2020, of which 1.7% will go to minority shareholders. Analysts expect the 1.7% portion - which amounts to $1.3bn - to be untouched. (Zawya)

- **UAE will make additional oil output cut in June –** The UAE will cut its oil output by 100,000 bpd more in June than its commitments under the OPEC+ pact, its Energy Minister, Suhail Al-Mazrouei said, joining Saudi Arabia and Kuwait in announcing new crude supply reductions. "In support of efforts led by the Kingdom of Saudi Arabia to further restore stability to energy markets, the UAE has committed to undertake an additional voluntary cut of 100,000 barrels per day in the month of June," he said. (Reuters)
- **UAE not planning VAT hike, Finance Minister tells Al Arabiya –** The UAE has no plans to increase its value-added tax rate, its Finance Minister told Al Arabiya TV on Monday, after Saudi Arabia said it would triple its rate. Saudi Arabia on Monday said it would raise VAT to 15% from 5% from July 1, seeking to shield finances hit by low oil prices and a slump in demand for its lifeline export worsened by the new coronavirus. (Reuters)
- **Dubai April PMI at 41.7 compared to 45.5 in March –** The seasonally adjusted IHS Markit Dubai Purchasing Managers' Index (PMI) posted a new survey record low of 41.7 in April, down from 45.5 in March, to indicate a severe deterioration in overall business conditions in the Dubai non-oil private sector. Activity across the sector retreated at a sharp pace due to the COVID-19 crisis and government lockdown measures to curb the spread of the virus. The rate of decline was much quicker than the previous record set in March, with 38% of surveyed businesses noting a fall in output during the month. While firms often linked weaker activity to restricted movement and reduced opening hours, the loss of new business was also widely apparent in April. Sales declined at a steep rate, one that was the fastest seen in over ten years of data collection. With countries in the region, and further afield, initiating similar public health measures, exports in the Emirate also took a drastic hit. The downturn from the virus pandemic was notably broad based across Dubai's non-oil private sector economy, with all key sectors recording stark decreases in activity and new work. That said, by far the sharpest reduction in activity was seen in the travel & tourism industry amid continued restrictions at home and abroad on international air travel. There was also a substantial decline in construction work as firms placed new building activity on hold during the lockdown period. Employment conditions worsened again in Dubai at the start of the second quarter. Job shedding was only marginally quicker than in March, yet stills the fastest seen in the survey's history. Firms mentioned efforts to cut staff costs and operate with a minimal workforce during the lockdown, although they still managed to reduce outstanding work. Meanwhile, lower purchases and reduced salaries helped to ease input costs in April for the first time since last November. This enabled a further drop in selling prices, as has been seen throughout the last two years. Looking ahead to the next 12 months, businesses in Dubai mostly highlighted concerns about the duration of the COVID-19 pandemic. Reflecting this, the outlook for activity dropped to an historic low in April's survey, with private sector companies signaling only a mildly positive forecast for output. (Markit)
- **EIBANK's reports net loss of AED6.1mn in 1Q2020 –** Emirates Investment Bank (EIBANK) recorded net loss of AED6.1mn. Net interest and investment income fell 57.6% YoY to AED11.8mn in 1Q2020. Operating income fell 48.4% YoY to AED19.8mn in 1Q2020. Total assets stood at AED2,537.9mn at the end of March 31, 2020 as compared to AED3,120.4mn at the end of March 31, 2019. Loans and advances, net stood at AED667.9mn (-24.9% YTD), while customers' deposits stood at AED1,690.9mn (+2.7% YTD) at the end of March 31, 2020. Loss per share came in at AED8.67 in 1Q2020 as compared to AED13.29 in 1Q2019. (DFM)
- **Abu Dhabi's Mubadala hires banks for bond issues –** Abu Dhabi's state fund Mubadala has hired banks for a potential three-tranche bond issue consisting of six-year and 10-year conventional bonds and 30-year dual-listed Formosa bonds, sources said on Monday. Mubadala has hired Banca IMI, BNP Paribas, BofA Securities, First Abu Dhabi Bank, HSBC, Natixis and Societe Generale to arrange investor calls on Monday, to be followed by the issuance, subject to market conditions, the sources said. One source said Mubadala was looking to raise $3bn to $4bn and that it made sense for the state fund to raise extra liquidity now ahead of a potential worsening of conditions in international markets later this year. The extra cash could give Mubadala more firepower to buy stakes in companies later this year when many are expected to seek liquidity due to the economic crisis, the source said. "We're continually looking for ways to optimize our capital structure, as part of how we manage the overall portfolio," a Mubadala spokesman said. (Reuters)
- **Abu Dhabi announces partial refund for restaurant and tourism property leases –** Abu Dhabi has announced a 20% refund on annual commercial property leases for restaurants and for tourism and entertainment facilities, state news agency WAM reported on Monday. Eligible businesses will have to apply online for the refund, which is calculated against fixed rental costs, WAM reported, citing the Emirate's department of economic development. The report did not say who would bear the cost of the refund or whether the government would compensate landlords. The refund scheme is aimed at easing pressure on businesses affected by government measures to contain the spread of the new coronavirus, WAM said. The UAE last month began easing restrictions on businesses, allowing shopping centers and restaurants to reopen under limited

capacity. Hotels are excluded from the refund scheme. (Reuters)

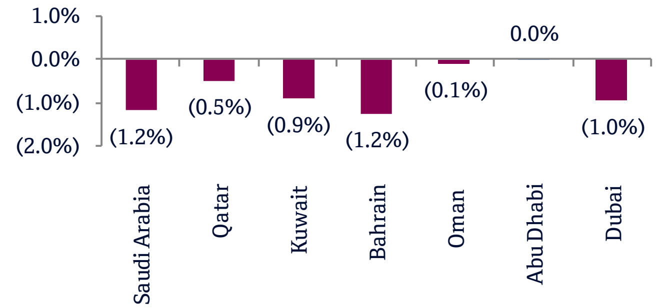
- **Etihad Airways lays off staff, warns of further cuts –** Abu Dhabi's Etihad Airways has laid off a large number of employees due to the coronavirus pandemic that has shattered global travel demand, and warned staff to brace for further cuts, according to sources. However, during a previously unreported US-UAE Business Council webinar on April 29, Etihad Airways' Chief Executive, Tony Douglas said the airline had made quite sizeable redundancies. It was not immediately clear how many employees had been affected or from which departments. Etihad Airways has grounded scheduled passenger flights and temporarily cut wages by as much as 50%. It has said it plans to restart flights from mid-June. The company had 20,520 employees as of August 2019, according to its website. (Reuters)
- **Kuwait joins Saudi move to reduce oil supply in June with 80,000 bpd cut –** Kuwait joined Saudi Arabia on Monday in announcing fresh oil production cuts to be implemented in June, state news agency KUNA reported, citing Oil Minister, Khaled Al-Fadhel. Kuwait will slash production by 80,000 bpd in June, on top of the cuts already agreed under a pact by the OPEC+ group of major oil producing countries, the agency reported Al-Fadhel as saying. (Reuters)
- **Kuwait cuts volume of each exported oil cargo by 22% from May 1 –** OPEC producer Kuwait has started reducing the volume of each of its exported crude cargos by about 22%, Kuwait Petroleum said. The cut took effect from May 1. (Bloomberg)
- **Equate Petrochemical Company to issue bonds as soon as this week –** Kuwait's Equate Petrochemical Company plans to issue US Dollar bonds and Sukuk as early as Tuesday, sources said, reviving a debt issue that it postponed in late March due to volatile markets. Sources said the issue would consist of five-year Sukuk and 10-year conventional bonds in a benchmark issue, of at least $500mn. In late March, Equate Petrochemical, a joint venture between US-based Dow Chemical Company and a unit of Kuwait Petroleum Corporation, had planned to issue 10- and 30-year dollar-denominated bonds and five-year Sukuk. It put off those plans after failing to secure the pricing it sought following huge volatility in the market, sources added. The banks hired in March were Citi, JPMorgan, KFH Capital, MUFG, NBK Capital, First Abu Dhabi Bank, HSBC, Mizuho and SMBC Nikko. (Reuters)
- **S&P expects Gulf support for Oman in case of liquidity pressures –** S&P said members of the GCC would likely come to Oman's rescue if the Sultanate experiences significant external liquidity pressures, especially in a situation that threatens its currency peg to the dollar. "In the event Oman's external reserves deteriorate significantly, we expect that financial support from neighboring GCC countries would be forthcoming," S&P Analysts including Zahabia Gupta said in a report. "If one country's peg were to fall, the contagion effects could be severe for the rest of the GCC." S&P's baseline scenario is that the government will meet its funding needs - totaling almost $50bn over 2020-2023 - through debt issuance abroad and at home, drawdowns of domestic and external liquid assets, and other financial transactions Oman's fiscal deficit estimated at 17.5% of GDP this year, up from 9.7% in 2019. The economy is projected to shrink 4% in 2020 before accelerating next year. If market access doesn't improve for the rest of the year, the government is expected to use the Petroleum Reserve Fund to repay its $1.2bn of external debt redemptions As a slump in oil prices and the coronavirus pandemic weigh on the country's finances, S&P warned that Oman's depletion of external assets could accelerate should the cost of borrowing abroad be prohibitive or if foreign investors decline to roll over maturing debt. In case it opts to seek external assistance, a package from the International Monetary Fund could be another possibility, although S&P said its understanding is that "the government is currently not exploring this option. "Support for Oman could come in the form of deposits in the Central Bank to shore up reserves and support the peg or a loan package similar to that received by Bahrain, possibly with fiscal and foreign policy conditionality," S&P said. (Bloomberg)
- **Oman sells OMR65mn 91-day bills at a yield of 0.791% –** Oman sold OMR65mn of 91-day bills due on August 12, 2020. The bills were sold at a price of 99.803, having a yield of 0.791% and will settle on May 13, 2020. (Bloomberg)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 1.4x –** Bahrain sold BHD70mn of 91-day bills due on August 12, 2020. Investors offered to buy 1.4 times the amount of securities sold. The bills were sold at a price of 99.397, having a yield of 2.4% and will settle on May 13, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,697.93	(0.3)	(0.3)	11.9
Silver/Ounce	15.49	0.1	0.1	(13.2)
Crude Oil (Brent)/Barrel (FM Future)	29.63	(4.3)	(4.3)	(55.1)
Crude Oil (WTI)/Barrel (FM Future)	24.14	(2.4)	(2.4)	(60.5)
Natural Gas (Henry Hub)/MMBtu	1.71	(2.3)	(2.3)	(18.2)
LPG Propane (Arab Gulf)/Ton	37.75	(0.7)	(0.7)	(8.5)
LPG Butane (Arab Gulf)/Ton	33.63	(0.4)	(0.4)	(48.7)
Euro	1.08	(0.3)	(0.3)	(3.6)
Yen	107.66	0.9	0.9	(0.9)
GBP	1.23	(0.6)	(0.6)	(7.0)
CHF	1.03	(0.2)	(0.2)	(0.5)
AUD	0.65	(0.7)	(0.7)	(7.6)
USD Index	100.24	0.5	0.5	4.0
RUB#	73.42	0.0	0.0	18.4
BRL	0.17	(1.5)	(1.5)	(30.9)

Source: Bloomberg (#Market was closed on May 11, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,060.70	(0.1)	(0.1)	(12.6)
DJ Industrial	24,221.99	(0.4)	(0.4)	(15.1)
S&P 500	2,930.32	0.0	0.0	(9.3)
NASDAQ 100	9,192.34	0.8	0.8	2.4
STOXX 600	339.70	(0.8)	(0.8)	(21.4)
DAX	10,824.99	(1.1)	(1.1)	(21.2)
FTSE 100	5,939.73	(0.0)	(0.0)	(26.7)
CAC 40	4,490.22	(1.7)	(1.7)	(27.7)
Nikkei	20,390.66	0.1	0.1	(12.8)
MSCI EM	915.90	0.5	0.5	(17.8)
SHANGHAI SE Composite	2,894.80	(0.3)	(0.3)	(6.9)
HANG SENG	24,602.06	1.6	1.6	(12.3)
BSE SENSEX	31,561.22	(0.8)	(0.8)	(28.2)
Bovespa	79,064.60	(2.2)	(2.2)	(52.6)
RTS#	1,136.34	0.0	0.0	(26.6)

Source: Bloomberg (*$ adjusted returns, #Market was closed on May 11, 2020)

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