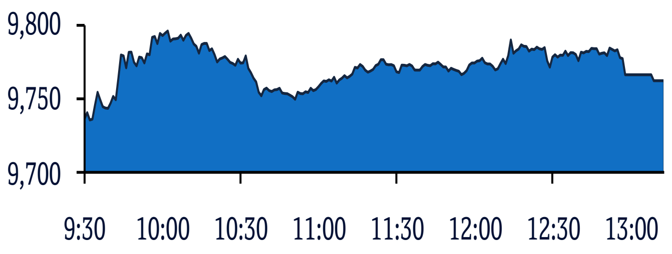
![QNB Financial Services]

Daily Market Report

Sunday, 13 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.5% to close at 9,763.8. Gains were led by the Real Estate and Telecoms indices, gaining 2.6% and 0.9%, respectively. Top gainers were Ezdan Holding Group and Qatar Industrial Manufacturing Company, rising 4.9% and 3.3%, respectively. Among the top losers, Mannai Corporation fell 6.6%, while Qatar General Insurance & Reinsurance Company was down 1.9%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.7% to close at 8,135.2. Gains were led by the Capital Goods and Retailing indices, rising 2.5% each. Saudi Vitrified Clay Pipes Company and Al Sagr Cooperative Insurance Company were up 10.0% each.

Dubai: The DFM Index fell 0.1% to close at 2,270.5. The Telecommunication index declined 1.1%, while the Banks index fell 0.3%. Dubai Refreshment Company and BH Mubasher Financial Services were down 5.0% each.

Abu Dhabi: The ADX General Index gained 0.2% to close at 4,519.1. The Energy index rose 1.2%, while the Industrial index gained 1.0%. Abu Dhabi National Takaful Co. rose 14.0%, while Ras Al Khaimah Cement Company was up 7.8%.

Kuwait: The Kuwait All Share Index gained 0.5% to close at 5,324.4. The Oil & Gas index rose 2.4%, while the Technology index gained 1.6%. Investors Holding Group Company rose 33.3%, while Al-Eid Food was up 31.3%.

Oman: The MSM 30 Index fell marginally to close at 3,686.3. Losses were led by the Services and Industrial indices, falling 0.1% each. National Finance Company declined 3.4%, while Oman & Emirates Investment Holding Co. was down 2.2%.

Bahrain: The BHB Index fell 0.3% to close at 1,389.7. The Commercial Banks index declined 0.7%, while the Investment index fell marginally. Ahli United Bank declined 1.8%, while GFH Financial Group was down 0.6%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	1.66	4.9	34,170.2	169.9
Qatar Industrial Manufacturing Co	3.20	3.3	306.1	(10.4)
Inma Holding	4.88	2.9	2,532.2	156.7
United Development Company	1.35	2.3	81,165.7	(11.5)
Barwa Real Estate Company	3.53	2.3	6,905.9	(0.3)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.65	0.2	85,616.9	15.1
United Development Company	1.35	2.3	81,165.7	(11.5)
Ezdan Holding Group	1.66	4.9	34,170.2	169.9
Aamal Company	0.92	1.5	18,403.2	13.7
Alijarah Holding	1.05	1.4	15,202.7	48.8

Market Indicators	10 Sep 20	09 Sep 20	%Chg.
Value Traded (QR mn)	554.2	606.0	(8.5)
Exch. Market Cap. (QR mn)	571,238.1	567,261.9	0.7
Volume (mn)	335.8	461.4	(27.2)
Number of Transactions	11,650	11,236	3.7
Companies Traded	47	44	6.8
Market Breadth	28:15	10:31	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,770.54	0.5	(0.7)	(2.2)	15.9
All Share Index	3,019.52	0.4	(0.8)	(2.6)	16.6
Banks	4,050.29	0.4	(1.2)	(4.0)	13.6
Industrials	2,961.54	0.3	(1.2)	1.0	25.7
Transportation	2,816.16	0.7	0.2	10.2	13.3
Real Estate	1,801.95	2.6	4.2	15.1	14.8
Insurance	2,095.61	(0.4)	(1.1)	(23.4)	32.8
Telecoms	897.03	0.9	0.2	0.2	15.1
Consumer	7,957.65	(0.0)	(1.7)	(8.0)	25.0
Al Rayan Islamic Index	4,056.06	0.6	(0.5)	2.7	18.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Arabian Mining Co.	Saudi Arabia	43.15	4.9	2,746.8	(2.8)
Yanbu National Petro. Co.	Saudi Arabia	58.00	3.4	935.1	3.8
Advanced Petrochem. Co.	Saudi Arabia	61.10	3.4	778.6	23.7
Jarir Marketing Co.	Saudi Arabia	171.80	2.9	413.3	3.7
Mouwasat Medical Serv.	Saudi Arabia	123.20	2.7	490.8	40.0

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli United Bank	Bahrain	0.72	(1.8)	321.0	(24.4)
Arabian Centres Co Ltd	Saudi Arabia	27.20	(1.6)	1,457.5	(6.7)
Jabal Omar Dev. Co.	Saudi Arabia	33.90	(1.5)	5,000.8	24.9
Ominvest	Oman	0.33	(1.2)	42.2	(3.5)
The Commercial Bank	Qatar	3.90	(1.0)	2,930.8	(17.0)

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Mannai Corporation	2.82	(6.6)	267.0	(8.4)
Qatar General Ins. & Reins. Co.	2.20	(1.9)	5.0	(10.5)
Gulf Warehousing Company	4.90	(1.8)	3,847.9	(10.6)
Qatar Islamic Insurance Company	6.37	(1.1)	35.0	(4.6)
The Commercial Bank	3.90	(1.0)	2,930.8	(17.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.35	2.3	107,599.4	(11.5)
Investment Holding Group	0.65	0.2	56,042.7	15.1
Ezdan Holding Group	1.66	4.9	55,798.4	169.9
QNB Group	17.72	0.2	43,307.6	(13.9)
Barwa Real Estate Company	3.53	2.3	24,264.4	(0.3)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,763.78	0.5	(0.7)	(0.8)	(6.3)	150.46	154,805.5	15.9	1.5	4.1
Dubai	2,270.52	(0.1)	(0.5)	1.1	(17.9)	77.36	85,969.4	8.6	0.8	4.3
Abu Dhabi	4,519.14	0.2	(0.7)	(0.0)	(11.0)	99.13	181,833.3	16.5	1.3	5.4
Saudi Arabia	8,135.16	0.7	1.1	2.4	(3.0)	3,476.77	2,414,081.9	29.7	2.0	2.5
Kuwait	5,324.42	0.5	(0.0)	0.6	(15.2)	120.31	100,527.4	28.7	1.3	3.7
Oman	3,686.29	(0.0)	(1.6)	(2.3)	(7.4)	2.35	16,627.3	10.9	0.7	6.6
Bahrain	1,389.71	(0.3)	(1.5)	0.6	(13.7)	3.95	21,146.6	12.9	0.9	5.0

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

Qatar Market Commentary

- The QE Index rose 0.5% to close at 9,763.8. The Real Estate and Telecoms indices led the gains. The index rose on the back of buying support from Arab and Foreigners shareholders despite selling pressure from Qatari and GCC shareholders.
- Ezdan Holding Group and Qatar Industrial Manufacturing Company were the top gainers, rising 4.9% and 3.3%, respectively. Among the top losers, Mannai Corporation fell 6.6%, while Qatar General Insurance & Reinsurance Company was down 1.9%.
- Volume of shares traded on Thursday fell by 27.2% to 335.8mn from 461.4mn on Wednesday. However, as compared to the 30-day moving average of 304.0mn, volume for the day was 10.5% higher. Investment Holding Group and United Development Company were the most active stocks, contributing 25.5% and 24.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	47.00%	50.41%	(18,881,690.2)
Qatari Institutions	19.59%	21.24%	(9,131,027.4)
Qatari	**66.60%**	**71.65%**	**(28,012,717.5)**
GCC Individuals	1.30%	1.15%	838,568.8
GCC Institutions	0.89%	3.33%	(13,525,553.4)
GCC	**2.20%**	**4.48%**	**(12,686,984.6)**
Arab Individuals	11.44%	10.82%	3,417,194.3
Arab	**11.44%**	**10.82%**	**3,417,194.3**
Foreigners Individuals	15.47%	10.32%	28,496,663.0
Foreigners Institutions	4.31%	2.72%	8,785,844.9
Foreigners	**19.77%**	**13.05%**	**37,282,507.8**

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

Ratings and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Arabian Centres Co. Ltd	Moody's	Saudi Arabia	LTR	–	Ba2	–	–	–

Source: News reports, Bloomberg (LTR – Long Term Rating)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/10	US	Department of Labor	Initial Jobless Claims	5-Sep	884k	850k	884k
09/10	US	Department of Labor	Continuing Claims	29-Aug	13,385k	12,904k	13,292k
09/10	US	Bloomberg	Bloomberg Consumer Comfort	6-Sep	47.8	–	45.1
09/11	US	Bureau of Labor Statistics	CPI MoM	Aug	0.40%	0.30%	0.60%
09/11	US	Bureau of Labor Statistics	CPI YoY	Aug	1.30%	1.20%	1.00%
09/11	UK	UK Office for National Statistics	Monthly GDP (MoM)	Jul	6.60%	6.70%	8.70%
09/11	UK	UK Office for National Statistics	Monthly GDP (3M/3M)	Jul	-7.60%	-7.50%	-19.10%
09/11	UK	UK Office for National Statistics	Industrial Production MoM	Jul	5.20%	4.10%	9.30%
09/11	UK	UK Office for National Statistics	Industrial Production YoY	Jul	-7.80%	-8.70%	-12.50%
09/11	UK	UK Office for National Statistics	Manufacturing Production MoM	Jul	6.30%	5.00%	11.00%
09/11	UK	UK Office for National Statistics	Manufacturing Production YoY	Jul	-9.40%	-10.50%	-14.60%
09/11	Germany	German Federal Statistical Office	CPI MoM	Aug	-0.10%	-0.10%	-0.10%
09/11	Germany	German Federal Statistical Office	CPI YoY	Aug	0.00%	0.00%	0.00%
09/10	France	INSEE National Statistics Office	Industrial Production MoM	Jul	3.80%	5.00%	13.00%
09/10	France	INSEE National Statistics Office	Industrial Production YoY	Jul	-8.30%	-8.00%	-11.30%
09/10	France	INSEE National Statistics Office	Manufacturing Production MoM	Jul	4.50%	3.50%	14.80%
09/10	France	INSEE National Statistics Office	Manufacturing Production YoY	Jul	-8.50%	-9.70%	-12.10%
09/11	Japan	Bank of Japan	PPI YoY	Aug	-0.50%	-0.50%	-0.90%
09/11	Japan	Bank of Japan	PPI MoM	Aug	0.20%	0.20%	0.60%
09/11	China	The People's Bank of China	Money Supply M2 YoY	Aug	10.40%	10.70%	10.70%
09/11	China	National Bureau of Statistics	New Yuan Loans CNY	Aug	1,280.0bn	1,250.0bn	992.7bn
09/11	China	The People's Bank of China	Money Supply M1 YoY	Aug	8.00%	7.00%	6.90%
09/11	China	The People's Bank of China	Money Supply M0 YoY	Aug	9.40%	9.60%	9.90%
09/11	India	India Central Statistical Organisation	Industrial Production YoY	Jul	-10.40%	-11.80%	-15.80%

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

News

Qatar

- **MERS opens a new branch in Qatar Rail Umm Ghuwailina –** Al Meera Consumer Goods Company (MERS) has opened a new branch in Qatar Rail Umm Ghuwailina Station under the name of Maar Trading & Services Company W.L.L., a wholly-owned subsidiary of the Group. (QSE)
- **Qatar Sets Land crude price at 90 cents discount for October sales –** Qatar Petroleum set the official selling price of Qatar Land crude at 90 cents per barrel discount to Oman-Dubai for October sales, according to traders who received the price sheet. That is $1.40 lower than the price set for September. Qatar Marine crude set at 75 cents per barrel discount to Oman-Dubai for October, compared with a premium of 60 cents for September. (Bloomberg)
- **FocusEconomics: Qatar's international reserves seen at $37bn by year-end –** Qatar's international reserves are expected to total $37bn by the year-end, FocusEconomics has said in a report. The country's international reserves are expected to scale up to $38.2bn next year, the report said. Qatar's merchandise trade balance, which is the difference in value between imported and exported goods, is expected to reach $46.1bn in 2024, latest country forecast by FocusEconomics has shown. This year, the country's merchandise trade balance has been forecast to total $27.4bn, $33bn in 2021, $37.6bn in 2022 and $42bn in 2023. The report said that Qatar's fiscal balance as a percentage of GDP is set to rise to 4.5% in 2024 from an estimated -7.3% this year. According to FocusEconomics, Qatar's public debt (as a percentage of GDP) has been forecast at 67 this year. Qatar's GDP has been estimated to reach $211bn in 2024 from $162bn this year. Next year, it will be $175bn, followed by $187bn (2022) and $199bn in 2023. GDP per capita, FocusEconomics said, has been estimated to reach $75,700 in 2024 from $58,869 this year. GDP per capita next year will be $63,333, followed by $67,458 in 2022 and $71,589 in 2023. Qatar's economic growth in terms of nominal GDP will reach 6% in 2024 from -11.4% by the year-end. Next year, economic growth in terms of nominal GDP will be 7.8%, 6.8% in 2022 and 6.4% in 2023. The current account balance (as a percentage of GDP) will be 2.8 in 2024 compared with -4 in 2020, 0.3 in 2021, 3.8 in 2022 and 3.3 in 2023. The country's inflation, the report noted, will be -1.6% this year, 1.4% in 2021, 1.8% in 2022, 1.8% in 2023 and 1.9% in 2024. Qatar's unemployment rate (as a percentage of active population) will remain a meagre 0.1% in 2024, from 0.4% this year. Next year it will be 0.3%, 0.2% in 2022 and 2023, FocusEconomics said. (Gulf-Times.com)
- **Cargo handling grows at Qatari ports in August –** Qatar's ports have maintained growth momentum in August despite challenges posed by due to COVID-19 pandemic. Hamad Port, Ruwais Port and Doha Port have registered an increase in cargo handling in August. The movement of vehicles witnessed a rise of around 18% last month as 4,091 were handled by the ports in August, compared to 3,469 vehicles in July this year. Container volumes also grew last month. "Container volumes moving through Mwani Qatar increased by approximately 4% in August 2020 compared to the same period of last year," said Mwani Qatar on its official Twitter account. The ports handled 113,795 Twenty-Foot Equivalent Units (TEUs) containers; 51,450 tons of general cargo and 27,883 tons of building material in August. A total of 263 ships docked at the ports last month, according to data shared by Mwani Qatar on its twitter account. The ports have delivered a strong performance so far this year, demonstrating that the ports are playing a vital role in ensuring a smooth supply of goods in these exceptional circumstances. During the first six months of this year, Hamad Port, Ruwais Port and Doha Port have registered a 102% increase in general cargo handling compared to the same period last year. The ports have remained busy in the first half of this year as 1,509 ships docked at Hamad Port, Doha Port and Ruwais Port during the January-June period. The ports handled 727,716 tons of general cargo in the first six months of this year, compared to 360,644 tons in the same period in 2019. The ports handled 32,779 units of vehicles and 305,504 livestock during the January-June period. Hamad Port, Qatar's gateway to world trade, occupied a major share in the total cargo handling. (Peninsula Qatar)
- **ValuStrat: Qatar's residential supply totaled 300,550 units in June –** Qatar's residential supply totaled 300,550 units at the end of the first half in June, a new study has shown. In the first six months of 2020 (1H2020), the country's residential market saw the completion of 2,250 apartments and 700 villas scheduled to be handed over this year, global research and consultancy firm ValuStrat said. An estimated 2,000 units were concentrated in Lusail, The Pearl and West Bay. Approximately, 7,250 units are projected to be added during the remaining quarters of 2020, ValuStrat noted. A "significant" amount of existing supply is being delivered in the form of medium to large size projects targeting upper-middle to high-income families. Demand is being generated by lower-middle income segments. Moreover, as per ValuStrat estimates, the overall growth of demand is not matching the growth of supply. As of 1H2020, ValuStrat estimates an oversupply of approximately 80,000 units. As of 2Q2020, ValuStrat Price Index for residential rental values softened 2.2% compared to 1Q2020, 2.6% compared to 4Q2019 and 5.2% compared to 2Q2019. Over a period of two years, residential rents fell 14%. As of 2Q2020, the median monthly asking rent for apartments was QR6,560, down 2.6% QoQ, 2.8% compared to last six months and 5.4% compared to 2Q2019. (Gulf-Times.com)

International

- **US budget deficit tops $3tn with one month left in fiscal 2020 –** The coronavirus pandemic has pushed the US federal budget deficit above $3tn for the first 11 months of fiscal 2020, more than doubling the previous full-year record, the US Treasury said on Friday. The budget deficit for August was $200bn, matching the deficit in August 2019 but lower than the $245bn forecast by analysts in a Reuters poll. However, $55bn worth of benefit payments were shifted into July because August started on a weekend. The $3.007tn YTD deficit was nearly triple the $1.067tn deficit for the comparable year-ago period, spurred by a massive increase in government spending to battle the economic fallout from the pandemic. The previous 11-month deficit record was $1.37tn, reported by the Treasury in August 2009 during the financial crisis and recession. The full fiscal 2009 deficit totaled $1.4tn. Concerns about ballooning deficits have stoked opposition by some Republicans in Congress to spending trillions of dollars more on a new round of coronavirus aid programs. This has helped to stall negotiations between Democrats and the Trump administration. The non-partisan Congressional Budget Office has projected the full-year 2020 US deficit to reach $3.3tn, or 16% of GDP, the highest share since the end of World War Two. (Reuters)

- **US weekly jobless claims flattening; labor market recovery showing signs of fatigue –** The number of Americans filing new claims for unemployment benefits hovered at high levels last week, suggesting the labor market recovery from the COVID-19 pandemic was stalling. The weekly jobless claims report from the Labor Department on Thursday, the most timely data on the economy's health, followed news last Friday of a further slowdown in employment growth in August and an increase in permanent job losses. The ebb in momentum comes as government financial aid to businesses and the unemployed has virtually dried up, and talks for another package were going nowhere. At least 29.6mn people were on unemployment benefits in August. Initial claims for state unemployment benefits were unchanged at a seasonally adjusted 884,000 for the week ended Sept. 5. Claims dropped from about 1mn the prior week after the government changed the methodology it used to address seasonal fluctuations in the data, which had become less reliable given the economic shock from the coronavirus crisis. Economists polled by Reuters had forecast 846,000 applications in the latest week. With changes to seasonal factors out of the way, economists expect claims, which have declined from a record 6.867mn at the end of March, to drift around current levels for a while as the pandemic lingers. Unadjusted initial claims increased 20,140 to 857,148 last week. A total 838,916 applications were received for the government-funded pandemic unemployment assistance last week. (Reuters)
- **Used cars drive US consumer prices higher; inflation pressures firming –** US consumer prices rose solidly in August, with the cost of used cars and trucks accelerating by the most in more than 51 years likely as Americans shunned public transportation because of fears of contracting COVID-19. The report from the Labor Department on Friday also showed a firming in underlying inflation last month, putting fears of deflation to rest. Deflation, a decline in the general price level, is harmful during a recession as consumers and businesses may delay purchases in anticipation of lower prices. Still, stirring inflation is unlikely to discourage the Federal Reserve from pumping more money into the economy to aid the recovery from the COVID-19 recession amid considerable labor market slack. The US central bank in August rewrote its framework, putting new emphasis on the labor market and less on worries about too-high inflation. The consumer price index increased 0.4% last month, also lifted by gains in the costs of gasoline, recreation and household furnishings and operations. The CPI advanced 0.6% in both June and July after falling in the prior three months as business closures to slow the spread of the coronavirus depressed demand. In the 12 months through August, the CPI increased 1.3% after gaining 1.0% in the 12 months through July. Economists polled by Reuters had forecast the CPI would rise 0.3% in August and climb 1.2% on a YoY basis. (Reuters)
- **UK economy extends recovery from COVID crash, growth seen fading –** Britain's economy recovered half of its COVID-19 crash by the end of July, helped by pubs and restaurants reopening from lockdown, but the bounce-back is expected to slow as job losses mount and Brexit tensions rise. After shrinking by a record 20% in the second quarter, output expanded by 6.6% in July, slower than June's monthly rate, the Office for National Statistics (ONS) said on Friday. Economists polled by Reuters had expected growth of 6.7%. Finance minister Rishi Sunak welcomed the figures but added that people were rightly worried about the coming months. The economy remains 12% smaller than its level in February, before the pandemic hit Britain. Furthermore, unemployment is expected to rise sharply because Sunak has ruled out extending his coronavirus job retention scheme which is due to expire at the end of October. Parliament's Treasury Committee urged Sunak to "carefully consider" a targeted extension of the scheme and other support measures, a call echoed by the head of a major employers group. Carolyn Fairbairn, director general of the Confederation of British Industry said she was in "deep conversation" with the government about a more selective version of the job subsidies scheme to avoid long-term job losses. Complicating the outlook, Brexit risks have resurfaced. The European Union told Britain on Thursday it should scrap a plan to breach their divorce treaty, but Prime Minister Boris Johnson's government refused and pressed ahead with a draft law that could sink four years of talks. (Reuters)
- **EU boosts 'no-deal' planning as UK refuses to give way in Brexit stalemate –** The European Union (EU)stepped up planning for a "no-deal" Brexit on Friday after Prime Minister Boris Johnson's government refused to revoke a plan to break the divorce treaty that Brussels says will sink four years of talks. Britain said explicitly this week that it plans to break international law by breaching parts of the Withdrawal Agreement treaty that it signed in January, when it formally left the bloc. Britain says the move is aimed at clarifying ambiguities, but it caused a new crisis in talks less than four months before a post-Brexit transition period ends in December. European Parliament lawmakers said on Friday they will not approve any new EU-UK trade deal unless Britain fully implements its earlier divorce deal. The chamber must approve any such trade deal for it to be enacted. If the UK authorities breach the divorce deal, or threaten to do so, then "the European Parliament will, under no circumstances, ratify any agreement between the EU and the UK," the parliament's Brexit group and the heads of the parliamentary political groups said in a statement. Investment banks have increased their estimates of the chances of a messy end to Britain's exit from the EU. Sterling dipped to 5-1/2-month lows on Friday. (Reuters)
- **ECB's Lagarde takes a benign view on growth, Euro strength –** European Central Bank (ECB) President Christine Lagarde took a modestly upbeat view on Europe's recovery from a historic recession yesterday and played down concerns about the euro's strength, disappointing hopes she would signal more stimulus. While warning that a second wave of coronavirus infections represented "headwinds", Lagarde announced a slight upgrade in the bank's 2020 growth forecast on the back of a strong rebound in activity and signaled higher underlying inflation. She also a took a benign view on the currency, simply saying

the bank would "monitor carefully" exchange rate movements. This was seen by some analysts as the weakest possible expression of concern after the euro rose 8% against the dollar this year, weakening both growth and inflation. "Clearly to the extent that the appreciation of the Euro exercises negative pressure on prices, we have to monitor carefully such a matter, and this was extensively discussed in the Governing Council," Lagarde told a news conference after the ECB left policy unchanged. Investors had expected tougher language, so the euro actually firmed by half a percent on her comments as the ECB appeared keen to avoid a currency war. Sources on the ECB's rate-setting Governing Council said they chose such a formulation because they judged that the currency was broadly in line with economic fundamentals and they feared any hint of a "currency war" with the US. While the strong Euro is indeed a drag, some argued that the $1.20 level, seen in the past as a key threshold, is now close to the equilibrium exchange rate and should not be seen as trigger level for the ECB, the sources added. The measured view on the exchange rate and the upgrade to growth also tempered hopes about a further expansion of its 1.35tn Euro emergency bond buying scheme, which most economists expect to be extended later this year. (Reuters)

- **Eurozone Ministers pledge lasting fiscal support for economy –** Eurozone Finance Ministers pledged continued fiscal support on Friday to get their economies running again after the COVID-19 crisis, chairman of the Eurogroup Paschal Donohoe said after they met in Berlin. At their first in-person meeting since February, finance ministers from the 19 countries that share the Euro talked informally about the fiscal response to the pandemic that has savaged the European economy since March. "There will be no sudden stop, no policy cliff-edge and overall budgetary policy will continue to support the economy," Donohoe, who is Ireland's Finance Minister, told a news conference after the meeting. While the ministers did not pledge any addition to the vast sums already promised to keep the economy going, they made clear there would not be fiscal tightening any time soon and that they would keep their foot on the accelerator as long as needed. European Union governments have already announced more than 3.7tn Euros in various support measures for their economies since the pandemic started and the bloc has added another 1.3tn Euros that could be tapped over time. The latter includes a recovery package of 750bn Euros in grants and loans that the EU as a whole will borrow on financial markets and spend over the next three years to boost growth. The package is now going through the European Parliament and is expected to be ready by January 1. In total, government support in various forms is almost 36% of EU GDP, on top of unprecedented European Central Bank support measures. This is boosting European public debt levels, but growth is now the ministers' priority. Ministers also expressed support for pushing forward with stalled projects such as the EU's banking union, which still lacks a common deposit guarantee scheme. The European Commission expects the EU economy to shrink by an unprecedented 8.3% in 2020 after 1.5% growth in 2019 because of the economic disruption caused by the pandemic. (Reuters)
- **ECB may let some banks pay dividends after December –** The European Central Bank (ECB) will in December revisit its recommendation for Eurozone banks not to pay dividends and may move to a more flexible, case-by-case approach, ECB board member Yves Mersch said on Friday. The ECB earlier this year told banks to halt share buybacks and dividend payments as a deep, pandemic-induced recession would deplete much of their available capital. Some policymakers also argued that paying shareholders would be inappropriate as banks benefitted from various public subsidies and guarantees so they could continue lending to the real economy. "This recommendation is, and must remain, exceptional and temporary," said the Deputy Head of the ECB's bank supervision arm, Mersch. Banks have by and large followed the recommendation, which is not binding but if not adopted risked drawing closer supervisory scrutiny and more binding requirements from the ECB. (Reuters)
- **Eurozone Ministers open talks on successor to ECB's Mersch –** Eurozone Finance Ministers on Friday began the process of choosing a successor to European Central Bank executive board member Yves Mersch, whose term comes to an end in December. Chairman of Eurozone Finance Ministers Paschal Donohoe invited each of the 19 countries that use the Euro currency to present a candidate, if they wish to, over the next month. "Today, I launched a call for candidates. We will return to this issue in our Eurogroup in October when we will aim to select one candidate," Donohoe told a news conference. Dutch Finance Minister Wopke Hoekstra said the Netherlands would propose Frank Elderson, who has been an Executive Director of Supervision at the Dutch central bank since 2011. "With his excellent reputation and experience, he is a rock-solid candidate," Hoekstra said. Other names informally mentioned by officials include Bostjan Jazbec, a former Slovenian central bank governor and now board member of the Single Resolution Board, and Slovak central bank governor Peter Kazimir. Mersch is also the deputy chair of the ECB's supervision arm and since there is no other banking supervision expert on the ECB board, whoever succeeds him is likely to take on the supervisory role as well. The six-person executive board of the bank manages its day-to-day operations and members are appointed for eight-year terms that cannot be renewed. The selection process is likely to highlight once again the ECB's status as one of Europe's most male-dominated major institutions. (Reuters)
- **Donohoe: UK respect for EU divorce treaty a must for any trade deal –** Britain must respect its commitments in the withdrawal treaty it signed with the European Union if it wants to have an agreement on future trade relations with the bloc, the Chairman of Eurozone Finance Ministers Pascal Donohoe said on Friday. In one of the most extraordinary turns since the 2016 Brexit referendum, Britain explicitly said this week that it plans to break international law by breaching parts of the Withdrawal Agreement treaty it signed in January. This plunged talks on a future trade relationship between the EU and Britain into crisis less than four months before the UK is due to leave the EU's orbit at the end of a transition period. "As the UK looks to what kind of future trade relationship it wants with the European Union, a prerequisite for that is honoring agreements that are already in place," Donohoe told reporters on entering talks of Eurozone Ministers. The European Commission, which conducts talks on the future trade deal with London on behalf of the 27-nation bloc, asked Britain on Thursday to drop by the

end of September the parts of a planned bill that would break the treaty with the EU. (Reuters)

- **ECB policymakers highlight risk from strong Euro, nuancing Lagarde message –** European Central Bank (ECB) policymakers warned on Friday against complacency over low inflation and highlighted risks from a strong Euro, nuancing the bank's benign message from a day earlier, which some argued denied difficult realities. Speaking a day after the ECB took an unexpectedly relaxed stance on growth and inflation at its regular policy meeting, chief economist Philip Lane and French central bank chief Francois Villeroy de Galhau both highlighted risks from a strong currency, noting that it clearly mattered for policy because it curbed price pressures. ECB board member Isabel Schnabel also emphasized the ECB would "be careful to not choke the incipient recovery" by tightening its ultra-easy policy of massive bond purchases and negative rates on bank deposits too early. ECB President Christine Lagarde had on Thursday said the ECB would merely "carefully" monitor the exchange rate, the weakest form of verbal intervention, which actually sent the euro up as investors started to doubt the ECB's resolve to add to stimulus. But Friday's comment, including Lane's emphasis that more data in the coming months would help calibrate policy, is likely to reinforce market expectations that the ECB will eventually expand its 1.35tn Euro ($1.6tn) Pandemic Emergency Purchase Program, possibly as soon as December. (Reuters)
- **Spain industrial output extends rebound in July –** Spain's industrial output rose a robust 9% in July from the previous month, extending a V-shaped recovery observed since May, official figures showed on Friday, though activity remains well below year-ago levels. Calendar-adjusted industrial output dropped 6.4% YoY, the National Statistics Institute (INE) said, improving from a 14.3% decline in June and outstripping a Reuters forecast for a 9.9% fall. INE data showed leather and footwear was the worst-hit sector, down 31.4% YoY. Extractive industries and pharmaceutical production, on the other hand, were up 10.2% and 9% respectively. Spanish industry has recovered much of the ground lost since April, when the government enforced one of Europe's strictest lockdown and shuttered almost all factories, sending output plunging 34.1%. But a PMI survey released last week suggested the recovery was set to stall in August, with factory activity contracting amid a renewed surge in coronavirus infections. (Reuters)
- **China's August new bank loans rise more than expected, broad credit growth quickens –** Chinese banks extended more new loans in August than expected, while broad credit growth quickened, pointing to continued policy support as the economy recovers from a record coronavirus-induced slump. Banks extended 1.28tn Yuan ($187.25bn) in new yuan loans, up 29% from July and slightly exceeding analysts' expectations, according to data released by the People's Bank of China (PBOC) on Friday. Analysts polled by Reuters had predicted new loans would rise to 1.22tn Yuan, up from 992.7bn Yuan in the previous month but largely in line with a year earlier. Household loans, mostly mortgages, rose to 841.5bn Yuan from 757.8bn Yuan in July, while corporate loans jumped to 579.7 bn Yuan from 264.5bn Yuan. The PBOC has rolled out a raft of support measures since early February, including cuts in lending rates and banks' reserve requirements and targeted loan support for virus-hit companies. (Reuters)
- **Commerce ministry: China August FDI up 18.7% YoY in Yuan terms –** Foreign direct investment (FDI) into China jumped 18.7% in August from a year earlier, to 84.13bn Yuan ($12.31bn), the commerce ministry said on Friday. In the January-August period, FDI rose 2.6% from a year earlier, to 619.78bn Yuan. (Reuters)

Regional

- **Saudi Electricity Company gets $1.3bn in country's first green bond sale –** State-controlled Saudi Electricity Company (SEC), the Kingdom's electric transmission monopoly, sold $1.3bn in dual-tranche green Sukuk, or Islamic bonds, the first public green issuance from the region this year. It sold $650mn in a five-year tranche at 140 basis points over midswaps and $650mn in 10-year Islamic bonds at 170 basis points over midswaps, a document from one of the banks arranging the deal and seen by Reuters showed. First Abu Dhabi Bank, HSBC, JPMorgan, MUFG and Standard Chartered arranged the deal, which received over $4.8bn in orders. SEC tightened both tranches by 30 basis points from where it began marketing them earlier on Thursday. (Zawya)
- **Moody's assigns 'A2' rating to SEC's green Sukuk issue; outlook 'Negative' –** Moody's Investors Service (Moody's) has assigned an 'A2' rating to the proposed senior unsecured green Sukuk certificates to be issued by Saudi Electricity Global SUKUK Company 5, a special purpose vehicle (SPV) established in the Cayman Islands by Saudi Electricity Company (SEC). The rating agency assigned a 'Negative' outlook for the said certificates, according to a statement on Thursday. The 'A2' rating and 'Negative' outlook are at the same level as the long-term issuer rating of SEC, Moody's said, noting that any change in SEC's ratings will automatically reflect on the rating of the issuer and of the issued certificates. SEC has begun issuing US dollar-denominated fixed-rate RegS senior unsecured international green Sukuk to finance certain eligible green capital projects. "We view SEC as a government-related issuer (GRI) that benefits from credit linkages with the government of Saudi Arabia. The long-term issuer rating of A2 reflects the creditworthiness of SEC as expressed by a baseline credit assessment (BCA) of baa1, combined with a 'very high' level of dependence and 'high' level of support from the government," Moody's said. It continued, "The 'Negative' outlook is in line with the Government of Saudi Arabia and reflects the significant credit linkages between the company and the sovereign." (Zawya)
- **Vodafone may reconsider price of Egypt sale to Saudi Telecom Company –** Vodafone may reconsider the planned sale price of its Egyptian unit to Saudi Telecom Company (STC) in the light of changing economic realities, according to sources. The move has reportedly come as a result of sustained pressure in the course of this year on the share price of British-owned Vodafone, which has seen its stock lose about a quarter of its value year-to-date. Newspaper Al-Mal quoted sources saying that Vodafone was sticking to the profitable exit from the Egyptian market scenario, especially as it intended to make investments in developing 5G technology for communication. It also reduced the possibility that Telecom Egypt would make a

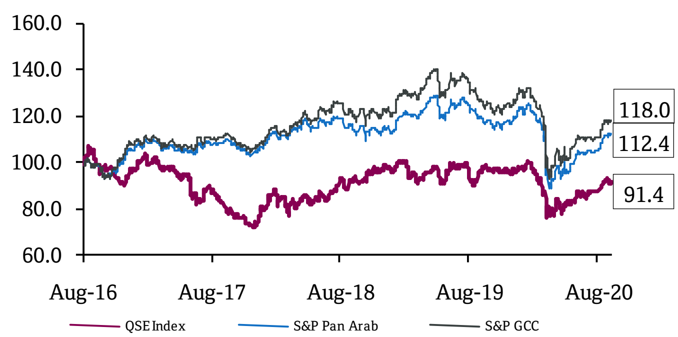
parallel purchase offer to STC according to the right of pre-emption stipulated in the clauses of the shareholders' agreement with Vodafone Global Group, but awaiting the final value to discuss the sale option. Bloomberg earlier reported that STC was negotiating with Vodafone International to reduce the non-binding offer of about $2.4bn to acquire 55% of Vodafone Egypt. (Zawya)

- **Saudi sovereign fund PIF weighs investing in Ant IPO –** Saudi Arabia's sovereign fund PIF is weighing a potential investment in the initial public offering of Chinese financial technology firm Ant Group, which could be the world's biggest IPO, according to sources. Ant, Alibaba's fintech arm and China's dominant mobile payments firm, filed for a dual listing in Hong Kong and on Shanghai's Nasdaq-style STAR Market last month. The offering size could reach as much as $30bn if market conditions allow, Reuters reported citing sources. The Public Investment Fund (PIF) was approached by Ant through its advisors to consider investing in the deal, the sources said. (Reuters)
- **Saudi NWC builds four water tanks in Wadi Al Dawasir for $10.66mn –** National Water Company (NWC) continues to complete and implement some water and environmental projects in Riyadh city as part of its strategic plans to build its infrastructures. The water firm built four water tanks with a total capacity of 14,000 cubic meters at a value surpassing SR40mn ($10.66mn), according to a statement on Thursday. Moreover, the project included the construction of 58-kilometre long water networks and 342 domestic connections, serving more than 4,100 beneficiaries in Wadi Al Dawasir in Riyadh. The company emphasized it continues to implement water service capital projects across the country as scheduled, in tandem with the Kingdom's Vision 2030 and the National Transformation Programme's initiatives, stressing that it considers high-quality standards in its operations. (Zawya)
- **Abo Moati approves SR10mn dividends for FY19-20 –** The ordinary general meeting (OGM) of Abo Moati for Bookstores Company decided to pay cash dividends of SR10mn to shareholders for the fiscal year (FY) ended on March 31, 2020. The approved amount represents SR0.50 per share or 5% of the company's capital, according to a stock exchange filing. Shareholders will be entitled to receive the dividends at the end of the OGM meeting day, as per the registered shareholders in the register of the Securities Depository Center Company (Edaa) at the end of the second trading day following the eligibility date. The distribution date will be announced later on. (Bloomberg)
- **Tabadul to streamline bank guarantee services in Saudi Arabia –** Tabadul is set to further streamline the bank guarantee process in Saudi Arabia through 'Wthaq', the Middle East's first-of-its-kind digital platform launched last May. The new platform, which is in line with the Saudi Vision 2030's digital transformation program, serves all types of bank guarantees, prevents fraud through verification, and improves the efficiency of transactions, according to a press release on Thursday. The first phase of Wthaq was launched by linking with 12 local banks. Work is currently in motion to link with the rest of the banks operating in the Kingdom. Moreover, the second phase of the platform will enable clients to issue, release, modify, and confiscate bank guarantees electronically. "The estimated number of bank guarantees issued annually in the kingdom stands at around 100,000. Wthaq will automate all procedures for issuing and verifying bank guarantees online, along with unifying the standards for issuing the guarantees by banks in the kingdom," remarked CEO of Tabadul, Abdulaziz Al Shamsi. The innovative services provided through Wthaq enable public and private sector beneficiaries to manage bank guarantees issued to their accounts, or those issued electronically. (Bloomberg)
- **Saudi licenses 71 new factories in August –** The Saudi Ministry of Industry and Mineral Resources has issued 71 new licenses in August 2020, down 17.5% on a monthly basis, according to a statement on Thursday. The capital of the newly-licensed factories amounted to SR1.6bn, compared with SR1.15bn a month earlier. The new entities will employ 2,991 employees. According to the ministry's data, the overall number of existing and under construction industrial facilities totaled 9,357 in August, compared to 9,284 in July. The number of licensed food products factories totaled twelve, other nonmetals products plants are eight, and other manufacturing industries factories are nine. Moreover, the number of plants operating in the metal forming industry, excluding machinery and equipment, as well as the rubber and plastic field recorded five and six, respectively. (Bloomberg)
- **BinDawood said to seek as much as $580mn from Saudi IPO –** BinDawood Holding Company (BinDawood), one of Saudi Arabia's largest grocery chains, has set a range of 84 to 96 Riyals per share for its initial public offering this month, according to sources. That would imply a valuation of 9.6bn to 11bn Riyals for the company, which seeks to sell a 20% stake. The price range is expected to be announced Sunday, sources said. BinDawood plans to sell 22.86mn shares through a book-building process. The IPO comes amid a boom in online retail spending and as Saudi Arabia sees more companies listing on the local exchange. BinDawood, which operates the BinDawood and Danube brands, said first-half profit rose 82% from the year-ago period. The company is working with Goldman Sachs Group Inc., JPMorgan Chase & Co., GIB Capital, NCB Capital and Moelis & Co. on the IPO.--With assistance from Vivian Nereim. (Bloomberg)
- **Dubai banks pump AED33.8bn into Emirate's economy in 1H2020 –** Dubai banks have injected AED33.8bn in the Emirate's economy during the first six months of 2020, according to the latest statistics by the Central Bank of the UAE (CBUAE). By the end of June, Dubai banks' lending rose by 3.9% or AED33.8bn to around AED899.7bn, compared to AED865.9bn in December 2019. Dubai banks accounted for 50.2% of the total credit worth AED1.791tn in June. The banks' loans provided to the private sector in Dubai recorded AED527.2bn by the end of June, up 1.8% from AED517.5bn in December 2019. Meanwhile, the personal loans offered by Dubai banks declined to AED135.4bn by the end of June from AED139.3bn in December. It is noteworthy to mention that in June 2020, the loans granted by the UAE banks grew by 6% to AED1.79tn, compared to around AED1.69tn during the same month of 2019. (Zawya)
- **MAG Development to concentrate 95% of investments in Dubai –** MAG Development has decided to focus 95% of its

investments in Dubai, expressing optimism about the future of investments in Dubai's real estate sector. The real estate development arm of MAG Holding Group will benefit from the investment opportunities offered in Dubai to strengthen its position in the market, according to a press release on Thursday. The real estate company has recently launched "MAG City" project in "Al Maidan District 7 " at Muhammad Bin Rashid City in Dubai". Despite the coronavirus (COVID-19) repercussions on the real estate sector, the company's construction works are being implemented as per the schedule despite some interval halts. (Bloomberg)

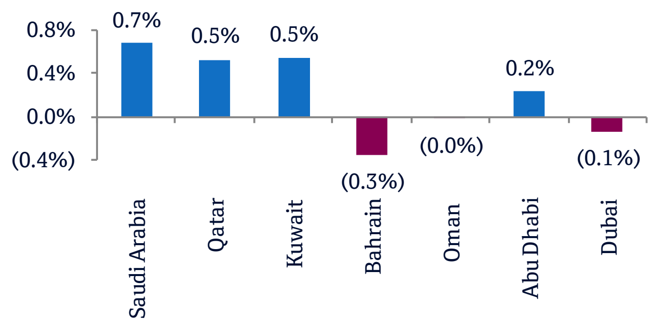
- **UAE's ADIA ranks third among top sovereign wealth funds –** The Abu Dhabi Investment Authority (ADIA) was ranked third among the top 89 sovereign wealth funds in September, with $579.6bn assets, according to a report by the Sovereign Wealth Fund Institute (SWFI). The ADIA was followed by the Kuwait Investment Authority (KIA) with $533.7bn assets. The Norway Government Pension Fund Global has maintained its first position in the list with $1.1tn assets. As for the sovereign funds in the Gulf regions, Saudi Arabia's Public Investment Fund (PIF) was placed in the eighth position with around $390bn, while the Investment Corporation of Dubai (ICD) ranked 10th with $305.2bn. (Bloomberg)
- **Kuwait cuts October crude official selling prices for Asia –** Kuwait has cut the official selling prices (OSPs) for crude grades sold to Asian refiners in October, a pricing document showed on Thursday. The OPEC producer set the October Kuwait Export Crude (KEC) price at 50 cents per barrel below the average of DME Oman and Platts Dubai quotes, down $1.20 from the previous month. It set the October Kuwait Super Light Crude (KSLC) OSP at 70 cents a barrel below Oman/Dubai, down $1.40 cents from the previous month. It set the October OSP for Khafji crude at 30 cents a barrel below Oman/Dubai, down 90 cents from the previous month. (Zawya)
- **CMA delists Ithmaar Holding from Boursa Kuwait –** The Capital Markets Authority (CMA) has decided to delist Ithmaar Holding from Boursa Kuwait, according to the company's disclosure to Boursa Kuwait on Thursday. During a meeting held on Wednesday, 9 September, the CMA has rejected Ithmaar's request to voluntary withdraw from Boursa Kuwait. The authority decided to delist the company from the bourse, as the trading on the stock has been suspended since 14 March for not fulfilling the trading requirements. (Bloomberg)
- **Agility likely to invest KD104mn in Sabah Al Ahmed City –** Agility Public Warehousing (Agility) has expected to invest around KD104mn in its project in Sabah Al Ahmed residential area, according to the company's disclosure to the Dubai Financial Market (DFM) and Boursa Kuwait on Thursday. S2 for Real Estate and Development Company, a wholly-owned subsidiary of Agility, has signed a partnership agreement with Public Authority for Housing Welfare to develop the industrial and storage area in Sabah Al Ahmed City (S2). The development will take a period of 30 years starting from the date of the project's commercial operations. (Bloomberg)
- **Fitch affirms Industrial Bank of Kuwait at 'A+' with Stable outlook –** Fitch Ratings (Fitch) has affirmed Industrial Bank of Kuwait (IBK) Long-Term Issuer Default Rating (IDR) at 'A+' with a 'Stable' Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb+'. IBK's IDRs are driven by support from the Kuwaiti sovereign. Its Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'A+' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. IBK's SRF is in line with Fitch's Domestic-Systemically Important Bank SRF for Kuwait. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the bank's size, franchise, funding structure and the level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need. The 'Stable' outlook on IBK's Long-Term IDR reflects that on the Kuwaiti sovereign rating. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,940.55	(0.3)	0.3	27.9
Silver/Ounce	26.73	(0.5)	(0.7)	49.7
Crude Oil (Brent)/Barrel (FM Future)	39.83	(0.6)	(6.6)	(39.7)
Crude Oil (WTI)/Barrel (FM Future)	37.33	0.1	(6.1)	(38.9)
Natural Gas (Henry Hub)/MMBtu	1.93	(9.4)	7.2	(7.7)
LPG Propane (Arab Gulf)/Ton	47.00	3.3	(2.1)	13.9
LPG Butane (Arab Gulf)/Ton	53.75	5.4	2.9	(17.9)
Euro	1.18	0.3	0.1	5.6
Yen	106.16	0.0	(0.1)	(2.3)
GBP	1.28	(0.1)	(3.6)	(3.5)
CHF	1.10	0.2	0.5	6.5
AUD	0.73	0.4	0.0	3.7
USD Index	93.33	(0.0)	0.7	(3.2)
RUB	75.04	(0.2)	(0.5)	21.1
BRL	0.19	0.0	(0.3)	(24.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,368.14	0.0	(1.3)	0.4
DJ Industrial	27,665.64	0.5	(1.7)	(3.1)
S&P 500	3,340.97	0.1	(2.5)	3.4
NASDAQ 100	10,853.54	(0.6)	(4.1)	21.0
STOXX 600	367.96	(0.0)	1.7	(6.7)
DAX	13,202.84	(0.2)	2.8	5.2
FTSE 100	6,032.09	0.2	0.4	(22.9)
CAC 40	5,034.14	0.0	1.4	(11.2)
Nikkei	23,406.49	0.8	1.0	1.5
MSCI EM	1,091.79	0.6	(0.7)	(2.1)
SHANGHAI SE Composite	3,260.35	0.8	(2.7)	8.9
HANG SENG	24,503.31	0.8	(0.8)	(12.6)
BSE SENSEX	38,854.55	0.2	1.0	(8.7)
Bovespa	98,363.20	(0.2)	(2.9)	(35.5)
RTS	1,223.05	0.5	0.2	(21.0)

Source: Bloomberg (*$ adjusted returns)

Contacts

Saugata Sarkar, CFA, CAIA
Head of Research
Tel: (+974) 4476 6534
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
Tel: (+974) 4476 6509
shahan.keushgerian@qnbfs.com.qa

Zaid al-Nafoosi, CMT, CFTe
Senior Research Analyst
Tel: (+974) 4476 6535
zaid.alnafoosi@qnbfs.com.qa

Mehmet Aksoy, PhD
Senior Research Analyst
Tel: (+974) 4476 6589
mehmet.aksoy@qnbfs.com.qa

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
PO Box 24025
Doha, Qatar