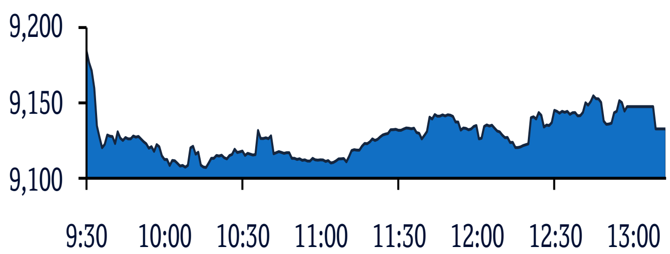
Daily Market Report

Tuesday, 16 June 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.6% to close at 9,134.0. Losses were led by the Real Estate and Transportation indices, falling 1.6% and 1.2%, respectively. Top losers were Ahli Bank and Gulf Warehousing Company, falling 9.9% and 8.8%, respectively. Among the top gainers, Qatar Cinema & Film Distribution Company gained 9.8%, while Qatar Electricity & Water Company was up 2.1%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.4% to close at 7,263.7. Losses were led by the Media & Ent. and Software & Services indices, falling 1.9% and 1.0%, respectively. Filing & Packing Materials declined 4.1%, while Saudi Marketing was down 3.4%.

Dubai: The DFM Index fell 1.9% to close at 2,051.7. The Investment & Financial Services and Consumer Staples and Discretionary indices declined 3.7% each. Union Properties declined 5.0%, while Dubai Investments was down 4.2%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 4,267.8. The Real Estate index declined 2.8%, while the Industrial index fell 2.1%. Gulf Pharmaceutical Industries and Reem Investments were down 5.0% each.

Kuwait: The Kuwait All Share Index gained 0.9% to close at 4,997.5. The Consumer Goods index rose 1.5%, while the Banks index gained 1.2%. Gulf Franchising Holding Co. rose 9.2%, while Kuwait Foundry Co. was up 9.0%.

Oman: The MSM 30 Index gained marginally to close at 3,520.7. The Industrial index gained 0.3%, while the other indices ended in red. United Power Company rose 9.9%, while Al Jazeera Steel Products Co. was up 3.2%.

Bahrain: The BHB Index gained 0.1% to close at 1,275.2. The Services index rose 0.3%, while the Commercial Banks index gained 0.1%. APM Terminals Bahrain rose 3.6%, while Seef Properties was up 1.7%.

Market Indicators	15 Jun 20	14 Jun 20	%Chg.
Value Traded (QR mn)	311.1	247.9	25.5
Exch. Market Cap. (QR mn)	516,815.5	521,148.6	(0.8)
Volume (mn)	181.2	158.4	14.4
Number of Transactions	7,417	5,063	46.5
Companies Traded	45	44	2.3
Market Breadth	17:26	13:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,559.85	(0.6)	(1.1)	(8.5)	14.4
All Share Index	2,827.49	(0.6)	(1.1)	(8.8)	15.1
Banks	3,936.94	(0.6)	(1.1)	(6.7)	12.9
Industrials	2,566.97	(0.6)	(2.0)	(12.5)	20.4
Transportation	2,617.51	(1.2)	(1.2)	2.4	12.7
Real Estate	1,427.23	(1.6)	(0.4)	(8.8)	14.1
Insurance	2,038.48	(0.4)	(0.0)	(25.5)	33.7
Telecoms	866.36	(0.7)	(1.7)	(3.2)	14.6
Consumer	7,408.57	(0.3)	(0.2)	(14.3)	18.9
Al Rayan Islamic Index	3,651.88	(0.8)	(0.8)	(7.6)	16.8

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Electricity & Water	Qatar	16.27	2.1	643.5	1.1
National Bank of Kuwait	Kuwait	0.78	1.8	6,771.3	(23.6)
Kuwait Finance House	Kuwait	0.60	1.7	10,566.1	(18.9)
Emirates Telecom. Group	Abu Dhabi	16.60	1.6	2,669.8	1.5
Gulf Bank	Kuwait	0.21	1.5	10,371.4	(31.0)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Malls	Dubai	1.28	(3.8)	11,711.5	(30.1)
Emaar Properties	Dubai	2.74	(3.5)	11,911.9	(31.8)
Abu Dhabi Comm. Bank	Abu Dhabi	4.95	(3.1)	5,163.9	(37.5)
Aldar Properties	Abu Dhabi	1.66	(2.9)	17,522.8	(23.1)
Sembcorp Salalah Power.	Oman	0.10	(2.8)	10.1	(23.7)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	2.80	9.8	0.1	27.2
Qatar Electricity & Water Co.	16.27	2.1	643.5	1.1
Qatar First Bank	1.01	1.6	7,394.3	23.0
Qatari German Co for Med. Devices	1.20	1.6	12,468.3	106.2
Dlala Brokerage & Inv. Holding Co.	1.01	1.4	2,426.7	66.0

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.91	(0.9)	63,596.2	48.3
Qatar Aluminium Manufacturing	0.72	0.1	16,527.9	(7.7)
Qatari German Co for Med. Devices	1.20	1.6	12,468.3	106.2
Mazaya Qatar Real Estate Dev.	0.76	0.5	8,052.2	5.3
Qatar First Bank	1.01	1.6	7,394.3	23.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	2.88	(9.9)	0.1	(13.5)
Gulf Warehousing Company	4.80	(8.8)	2.5	(12.4)
Qatar Industrial Manufacturing	2.72	(4.5)	388.3	(23.7)
Mannai Corporation	2.91	(4.3)	59.6	(5.5)
Al Meera Consumer Goods Co.	18.41	(3.8)	601.5	20.3

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	0.91	(0.9)	58,925.5	48.3
QNB Group	17.45	(0.9)	39,466.8	(15.3)
Masraf Al Rayan	3.90	1.1	15,333.3	(1.6)
Qatari German Co for Med. Dev.	1.20	1.6	15,080.5	106.2
Qatar Gas Transport Co. Ltd.	2.48	0.2	14,744.1	3.6

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*	9,134.02	(0.6)	(1.1)	3.3	(12.4)	84.88	140,935.6	14.4	1.4	4.4
Dubai	2,051.70	(1.9)	(2.5)	5.5	(25.8)	83.84	79,107.1	6.2	0.7	4.6
Abu Dhabi	4,267.76	(0.2)	(0.6)	3.0	(15.9)	49.19	131,205.8	13.3	1.3	6.0
Saudi Arabia	7,263.65	(0.4)	(0.6)	0.7	(13.4)	1,495.82	2,184,056.5	22.0	1.8	3.6
Kuwait	4,997.49	0.9	(1.8)	0.0	(20.5)	88.43	91,650.6	14.6	1.1	3.9
Oman	3,520.66	0.0	0.2	(0.7)	(11.6)	2.20	15,341.2	9.9	0.8	6.8
Bahrain	1,275.15	0.1	(0.4)	0.4	(20.8)	2.03	19,324.6	9.2	0.8	5.5

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

Qatar Market Commentary

- The QE Index declined 0.6% to close at 9,134.0. The Real Estate and Transportation 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.
- Ahli Bank and Gulf Warehousing Company were the top losers, falling 9.9% and 8.8%, respectively. Among the top gainers, Qatar Cinema & Film Distribution Company gained 9.8%, while Qatar Electricity & Water Company was up 2.1%.
- Volume of shares traded on Monday rose by 14.4% to 181.2mn from 158.4mn on Sunday. However, as compared to the 30-day moving average of 220.7mn, volume for the day was 17.9% lower. Ezdan Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 35.1% and 9.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	40.28%	35.58%	14,633,436.78
Qatari Institutions	21.72%	18.39%	10,350,669.62
Qatari	**62.00%**	**53.97%**	**24,984,106.40**
GCC Individuals	1.14%	1.46%	(1,005,046.13)
GCC Institutions	0.79%	2.43%	(5,100,247.03)
GCC	**1.93%**	**3.89%**	**(6,105,293.15)**
Non-Qatari Individuals	13.50%	13.39%	346,752.79
Non-Qatari Institutions	22.57%	28.75%	(19,225,566.04)
Non-Qatari	**36.07%**	**42.14%**	**(18,878,813.24)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/15	China	National Bureau of Statistics	Industrial Production YoY	May	4.4%	5.0%	3.9%
06/15	China	National Bureau of Statistics	Industrial Production YTD YoY	May	-2.8%	-3.0%	-4.9%
06/15	India	Directorate General of Commercial	Exports YoY	May	-36.5%	–	-60.3%
06/15	India	Directorate General of Commercial	Imports YoY	May	-51.1%	–	-58.7%

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

News

Qatar

- **DBIS' board elects the Chairman and Vice Chairman –** Dlala Brokerage & Investment Holding Company's (DBIS) board of directors has elected Abdullah Jasim Al Darwish as Chairman and Yosef AbdulRahman Al Khuleifi as Vice Chairman. (QSE)
- **Moody's affirms 'A1' ratings of RasGas II-3; outlook 'Stable' –** Moody's Investors Service (Moody's) affirmed the 'A1' guaranteed senior secured debt ratings of Ras Laffan Liquefied Natural Gas Co. Ltd (II) (RasGas II) and Ras Laffan Liquefied Natural Gas Co.Ltd (3) (RasGas 3), together RasGas II-3. The outlook remains 'Stable'. Commenting on the rating action, Moody's Vice President – Senior Credit Officer, Christopher Bredholt said, "Qatar's Ras Laffan II-3 LNG projects have a financial profile and scale which can comfortably accommodate our medium-term expectations of oil in the $45 to $65 per barrel range at the current rating level, and are of critical strategic importance to the state". The rating action reflects RasGas II-3's strong financial position and low-cost production, which Moody's expects can withstand a subdued oil price environment over the medium term, as well as the continued strategic importance of the project to the Government of Qatar ('Aa3 Stable'). RasGas II-3 is exposed to oil price risk because it sells liquefied natural gas (LNG) and by-products under a portfolio of long-term gas sale agreements that are predominantly indexed to a short-run average of the oil price, and also sells in the spot market. Moody's classified RasGas II and RasGas 3 as government related issuers (GRIs). The 'A1' senior secured ratings continue to reflect – (1) the standalone credit quality of RasGas II-3, with Moody's baseline credit assessment (BCA) unchanged in the baa1-baa3 range, and (2) Moody's assumptions of a 'very high' interdependence between the Government of Qatar and RasGas II-3, and 'high' likelihood of support from the Government of Qatar should it become necessary. Moody's noted RasGas II-3's BCA continues to reflect compelling commercial and industrial rationale and strong competitive position that it enjoys as a world class, low-cost producer of LNG and valuable byproducts and very strong forecast financial metrics, even in a low oil price environment. Moody's assumption that there is a high likelihood of support for RasGas II-3 from the Government of Qatar should it become distressed, reflects very strong representations from the government that it views RasGas II-3 as being of critical importance to the State, and of the government's commitment to support these entities in times of distress. Hydrocarbon exports dominate the economy of Qatar, which illustrates the economic importance of RasGas II-3's activities to the State. On the rationale for the 'Stable' outlook, the rating agency noted that the outlook reflects the 'Stable' outlook on Qatar's sovereign rating, and Moody's expectation that RasGas II-3 has a financial and operating profile capable of withstanding a subdued oil price environment. (Peninsula Qatar)

- **APICORP: Qatar will stick to its gas development plans –** Amid a triple whammy facing the world, Qatar will stick to its original gas development plans. Albeit with a delayed final investment decisions (FID) in the energy sector across the region, Qatar will maintain its plan to increase its liquefaction capacity to 126 mtpa (170 bcm/y), up from 77 mtpa (105 bcm/y) today, capitalizing on its low-cost position, Arab Petroleum Investment Corporation (APICORP) noted in its "MENA Energy Investment Outlook 2020-2024" released yesterday. Qatar will want for strategic reasons to gain and preserve market share, particularly in the established Asian market and in new markets. In 2019, Qatar maintained its top exporter status with 173.9 mmtpa, edging Australia, in a global liquefaction capacity market of 427 mmtpa. APICORP, which projected a $173bn net reduction in the investment in energy sector for the next five years compared to its 2019-23 Investment Outlook, noted that the energy sector is currently facing a triple crisis: the COVID-19-related health and economic crisis, the tensions between market forces and management in the oil sector, and a possible looming financial crisis. However, the gas value chain registered the highest increase in planned investments compared to the 2019 outlook at $28bn, or 13% signaling the developing of unconventional gas in the GCC and increasing production capacity in Qatar. The 2020-24 total committed and planned investments in MENA are expected to be in excess of $792bn, down from $965bn in last year's five-year outlook. Planned upstream spending has been cut by 20-30% across the board. (Peninsula Qatar)
- **OBG: Qatar seen turning into a world leader in solar technology –** Qatar may transform itself into a world leader in solar technology with the Al Karshaah solar project and potential PV developments in the country, Oxford Business Group (OBG) has said in a report. In line with Qatar's strategic interest in reducing natural gas consumption, and as a reflection of the decreasing cost of solar technology, the country's first utility-scale solar power project is approaching kick-off, OBG said in its 'The Report: Qatar 2020'. In January, the country had signed an agreement with a consortium consisting of France's Total and Japan's Marubeni. Built on a 10-square kilometers plot in the Al Kharsaah district west of Doha, the 800-MW plant will provide as much as one-10th of Qatar's peak energy demand when fully operational, and is expected to require investment totaling QR1.7bn. Siraj Solar Energy, a joint-venture company established by Qatar Petroleum and Qatar Electricity & Water Company (QEWS), will control 60% of the solar plant. Of the remaining 40% stake, Marubeni will control 51% and Total will take 49%. The project will be developed following a build-own-operate-transfer model, with the plant reverting to Kahramaa after 25 years. The first 350-MW tranche of the project is scheduled to come on-line in the first quarter of 2021, with full commercial operations of the 800-MW plant beginning in time for the 2022 FIFA World Cup. Research and data-gathering on the suitability and performance of solar technology for Qatar's weather conditions are ongoing, with the Qatar Environment and Energy Research Institute (QEERI) reported to have been testing 26 manufacturers' models at a 35,000-square meter site since 2013, OBG noted. (Gulf-Times.com)

International

- **US to allow companies to work with Huawei on 5G standards –** The US will amend its prohibitions on US companies doing business with China's Huawei to allow them to work together in standards setting for next-generation 5G networks, according to people familiar with the matter. The US Commerce Department and other agencies signed off on the rule change, and it is awaiting publication in the Federal Register, the people said. The Commerce Department did not immediately respond to requests for comment. A Huawei spokeswoman, Michelle Zhou, had no immediate comment. The amendment comes a little more than a year after the US placed Huawei on the Commerce Department's so-called "entity list," thereby restricting sales of US goods and technology to the company. The US government cited national security concerns in taking the action. Industry officials say the rule change should not be viewed as a sign of weakening US resolve against Huawei, the world's largest telecommunications equipment maker. They say the Huawei entity listing backfired in standards settings, where companies develop specifications to allow equipment from different companies to function together. With US companies uncertain what technology or information they could share after the listing, engineers from some US technology firms stopped engaging, giving Huawei a stronger voice in some standards bodies. (Reuters)
- **Fed launches long-awaited Main Street lending program –** The Federal Reserve said on Monday it had opened registration for lenders interested in participating in its Main Street Lending Program, launching arguably the most complex program undertaken yet by the US central bank to help keep the backbone of the economy from buckling under the strains of the coronavirus pandemic. The program, targeted at companies that were in good shape before the pandemic but may now need financing to retain workers and fund operations, will offer up to $600bn in loans through participating financial institutions to US businesses with up to 15,000 employees or with revenues up to $5bn. Lenders must register using the lender portal here and are encouraged by the Fed to begin making program loans "immediately." Administered by the Boston Fed, the program aims to offer credit to companies that may be too large to qualify for help from the Paycheck Protection Program, which targets businesses with fewer than 500 employees. Unlike the PPP, which was established by Congress in late March and offers loans that can be converted to grants if businesses meet certain requirements, the loans offered by the Main Street program must be repaid. It has taken nearly three months for the Fed to design, build and launch a program to extend credit to companies in all walks of the economy, a huge departure from its role as a lender to the banking sector. (Reuters)
- **MPs urge Sunak to add one million workers to income schemes –** British Finance Minister Rishi Sunak must extend the government's already huge coronavirus income support measures to include over 1mn more workers who have missed out, lawmakers said on Monday. People who started jobs after a cut-off date in March for the state's wage subsidy scheme or who set up a company in the last year should not be excluded, the lawmakers from parliament's influential Treasury Committee said. Self-employed people who earn more than a threshold set by the government, freelancers in industries such as theatre and

television and directors of companies who pay themselves in dividends should also be covered, they said. Mel Stride, who chairs the committee, said Sunak had acted quickly to slow an expected surge in unemployment as the crisis escalated in March. “If it is to be fair and completely fulfil its promise of doing whatever it takes, the government should urgently enact our recommendations to help those who have fallen through the gaps,” he said. Sunak has recognized that some people are not protected by his support plans but has shown no sign of expanding them again. Nearly 9mn jobs are covered by the Coronavirus Job Retention Scheme, which pays temporarily laid-off workers 80% of their salary, capped at 2,500 Pounds a month. A separate scheme for self-employed people has received 2.6mn claims. Britain’s budget forecasters have estimated that the two programs will cost nearly 70bn Pounds this year, more than the entire government borrowing in the last financial year. (Reuters)

- **Rightmove: English property sales rebound after lockdown ends –** Estate agents in England have seen a rebound in house sales since the government eased coronavirus lockdown restrictions on May 13, property website Rightmove said on Monday. Rightmove said sales during the lockdown fell by 94%. By June 5 sales were just 3% below their level a year earlier, while over the previous three weeks they averaged two thirds of their previous level. “There are signs of high pent-up demand and upwards price pressure, rather than downwards,” Rightmove director Miles Shipside said. Average asking prices for properties on the site were 1.9% higher than before the lockdown. For properties where a sale had been agreed, the accepted price was 98% of the asking price, slightly higher than in February. The figures do not cover Scotland or Wales, where coronavirus restrictions on property sales are tighter. Rightmove’s site is used to market the majority of British residential property. Zoopla, another property website, reported a similar picture last week, though it warned that the surge in demand may not last through 2020, especially if more people lose jobs when temporary government support measures end. Nonetheless, the figures add to signs from other business surveys of a resumption of activity in sectors where lockdown restrictions have been relaxed. A further key test will begin this week, when shops selling non-essential goods reopen to the public. (Reuters)
- **Eurozone trade surplus plunges YoY in April amid lockdowns –** The Eurozone’s trade surplus plunged year-on-year in April as pandemic lockdowns of economies around the world slashed trade volumes, data from the European Union’s statistics office Eurostat showed on Monday. Eurostat said the external trade surplus of the 19 countries sharing the Euro dropped to an unadjusted 2.9bn Euros in April from 15.5bn a year earlier as exports plunged by 29.3% YoY and imports fell 24.8%. Adjusted for seasonal swings, the Eurozone trade surplus was even smaller at 1.2bn, a fraction of the 25.5bn Euros the month before. Exports of Europe’s biggest exporter Germany plunged by almost a quarter MoM and by more than a third France and Italy. (Reuters)
- **Germany set to pay 42% more into EU budget in coming years –** Germany’s contribution to the European Union budget would rise by 42%, or 13bn Euros ($14.63bn) annually in the coming years, based on proposals from Brussels, the newspaper Die Welt said on Monday, citing government calculations. Welt said the latest proposals from Brussels required member states to pay around 1.075% of their gross domestic product into the budget over the next seven years, based on 2018 GDP, meaning a total volume of 1.1tn Euros. EU leaders are due to hold a virtual meeting on Friday to discuss the bloc’s budget for 2021-27, called the Multiannual Financial Framework, as well as the planned coronavirus recovery fund. German government spokesman Steffen Seibert said the 27 EU nations will have a first exchange on Friday. “It’s of course too early to float specific numbers now,” he said at a regular news conference in Berlin. Seibert added it had been clear even before the coronavirus pandemic that German contributions would rise substantially. (Reuters)
- **German new debt to rise to €218bn this year –** Germany’s new borrowing will rise to 218bn Euros this year, Chancellor Angela Merkel’s Chief budget lawmaker told Bild newspaper as Berlin is working on a record stimulus package to counter the impact of the coronavirus pandemic. The comments by Eckhardt Rehberg followed a Reuters report from last Wednesday in which a senior official said that Germany’s overall new borrowing would probably balloon beyond 200bn euros this year. The plan to take on more debt underlines Germany’s massive fiscal shift from Europe’s former austerity champion to one of the biggest spenders in the Eurozone’s efforts to counter the economic impact of the coronavirus pandemic. “With the supplementary budget coming now, there will be around 218bn Euros ($245.23bn) more debt this year, of which we will have to repay 162bn starting from 2023 according to the Constitution,” Rehberg said. The finance ministry is preparing a debt settlement plan for a time period of 20 years, whereby Berlin will have to repay roughly 8bn Euros per year, Rehberg added. Finance Minister Olaf Scholz is on Wednesday expected to present Berlin’s second supplementary budget within three months, adding 62bn Euros of additional debt to the 156bn Euros of new borrowing already agreed in March. Germany is planning to use the debt to finance stimulus measures worth more than 130bn Euros to help its economy and the wider Eurozone to recover more quickly from the coronavirus pandemic. (Reuters)
- **Portugal's PM: EU recovery package 'robust enough' to tackle crisis –** Portugal’s Prime Minister Antonio Costa said on Monday the European Commission’s recovery plan, worth 750bn Euros (£673bn), is robust and balanced enough to tackle the economic impact caused by the coronavirus outbreak. “Our opinion is the Commission’s proposal is timely and smart,” Costa told a news conference with foreign journalists in Lisbon. “It is robust enough to respond to this crisis. It is balanced.” (Reuters)
- **Japan's Abe vows fiscal reform after economy overcomes virus hit –** Japan will resume fiscal reform once the economy overcomes the hit from the coronavirus pandemic, Prime Minister Shinzo Abe said, brushing aside calls by some lawmakers to keep spending permanently with money printed by the central bank. The government has pledged to spend a combined $2.2tn in two stimulus packages to cushion the economic blow from the pandemic, while the central bank has pledged to buy unlimited amounts of bonds to cap borrowing costs at zero. “Japan’s economy is battling a crisis, so the priority now is to use all available means to put it on a recovery path,” Abe told parliament on Monday, when asked how Japan would reconcile the huge spending with the need to fix its tattered

finances. "By achieving economic growth, Japan can restore fiscal health. But that doesn't mean Japan can endlessly increase debt," he said, adding the government will resume efforts to improve the country's fiscal health once the economy stabilizes. Abe's remarks come amid calls from some lawmakers for Japan to prop up the economy via unlimited money-printing to finance government spending - a concept dubbed "Modern Monetary Theory" (MMT) that has been floated by some US academics. Japan's economy slipped into recession and is seen suffering an annualized contraction of over 20% in April-June, as lockdown measures to contain the pandemic hit consumption and businesses. (Reuters)

- **Bank of Japan keeps policy steady, eyes recovery from pandemic –** The Bank of Japan (BoJ) kept monetary settings steady on Tuesday and stuck to its view that the economy will gradually recover from the coronavirus pandemic, signaling that it has taken enough steps to support growth for now. To clarify the scale of its money printing, the central bank said it plans to pump $1tn to cash-strapped firms through a range of crisis-response tools announced so far. While the BoJ remains focused on steps to ease corporate funding strains, Governor Haruhiko Kuroda may offer hints on how it will deal with longer-term issues such as how to fire up growth and inflation when the pandemic begins to subside. "Although economic activity will gradually resume, Japan's economy will remain in a severe state for the time being," the BoJ said in a statement. Once the impact of the pandemic subsides, the economy is likely to improve," thanks to an expected rebound in consumption and output, as well as the boost from government stimulus, it said. In a widely expected move, the BoJ maintained its yield curve control targets at -0.1% for short-term interest rates and 0% for long-term rates. The central bank also made no major changes to its programs to ease corporate funding strains, including a lending facility aimed at channeling funds to firms. Due to the way it is designed, the size of money to be pumped out via the programs will reach 110tn Yen ($1tn) if more loans are taken out via government schemes, the central bank said. (Reuters)
- **Indian exports fall by over 36% in May –** India's merchandise exports shrank by more than a third in May from a year ago, dragged down by a fall in global demand and shipments due to the outbreak of coronavirus, trade ministry data showed on Monday. Merchandise exports were down by 36.47% to $19.05bn in May, while imports were down 51.05% to $22.20bn, the data showed. (Reuters)

Regional

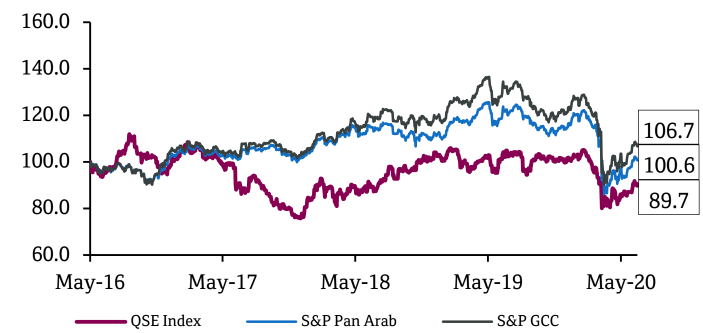
- **S&P: New platform using data technology blockchain may boost GCC Sukuks –** The new platform for Sukuk issuance and management using data technology blockchain could boost GCC issuance volumes over time, S&P said in a report. Launched last year, the platform, if adopted, will significantly simplify the sukuk processes. It relies on a set of standardized legal documentation for Sukuk structure. According to S&P, the issuer can just plug in its underlying assets and start building its investor book with a few clicks. The overall transaction is managed using blockchain, which helps improve transparency and traceability. This platform can also open the market to a new class of issuers that were until now excluded because of costs or complexity. More importantly, this shows that standardization of legal documents and Shari'ah rulings is actually achievable. Additionally, security of transactions and resisting cyberattacks while remaining in compliance with existing regulations has proven to be a prominent source of risk and could be remedied using regulatory technology. "A prerequisite for fintech enriching the Islamic finance industry is the provision of adequate physical infrastructure and implementation of the necessary supervision and regulatory framework. This is why several regulators/authorities in the GCC and elsewhere have launched incubators or specific regulatory sandboxes where fintech companies can test innovations," S&P said. Lockdown measures have demonstrated how the capacity of a company or a bank to shift its business online is critical for its continuity. For Islamic banks and Sukuk, higher digitization and fintech collaboration could help strengthen their resilience in a more volatile environment and open new avenues for growth, it said. S&P believes the global Islamic finance industry will return to slow growth in 2020-2021 after strong performance in 2019 underpinned by a more dynamic sukuk market. (Gulf-Times.com)
- **Forex expert: Weaker dollar will support GCC economic recovery –** A weaker US dollar is needed to support economic recovery across the GCC region, according to a forex expert. Reflationary recovery in global commodity prices will also be supported by a weaker dollar, points out Saxo Bank's head of FX Strategy, John Hardy. Speaking at an online briefing Monday, Hardy said the US Federal Reserve's promise to continue quantitative easing (QE) at the current pace indicates that lower US interest rates may continue in the long term, but warned against market turbulence in the short- to medium-term. "The dollar has weakened sharply on the Fed's vast and rapid response to the Covid-19 crisis and what is now in question is whether the dollar weakness is set to continue and drive a reflationary recovery in global commodity prices or whether the Fed is just risking the creation of new asset bubbles with its policy mix," Hardy said. "The direction of the US dollar is critical for financial markets across the world, but particularly for oil and for GCC countries with the USD at the center of gravity for the region. A weaker US dollar is needed to support the regional recovery, and we believe that eventually it will weaken, however, this could take some time. In the meantime, there could be significant market turbulence until we can firmly state that we are on the other side of the Covid-19 crisis," Hardy said. He noted that GCC economies have been jointly shocked by the economic impacts of Covid-19 and the plunge in oil prices, and the GCC states are facing one of the largest economic challenges in their histories. With the Institute of International Finance (IIF) reporting recently that non-oil GDP is due to contract by 3.8% in 2020 due to the virus-containment measures, the drop in oil prices and lower public spending, a recovery in commodity prices will be a benefit to the region. (Gulf-Times.com)
- **APICORP sees Middle East M&A energy deals spurred by pandemic –** The coronavirus means there will probably be more mergers and acquisitions (M&A) in the Middle East's oil and gas industry, including cross-border deals, multilateral lender APICORP's Chief Economist, Leila Benali said. Covid-19 has taught businesses that they need to diversify and integrate to balance risk. Larger players will emerge as a result. It sees major decrease in private-sector energy investment, both in Middle

East and elsewhere, as energy companies came into 2020 with squeezed profit margins. Oil and gas upstream, and some downstream, businesses are "taking most of the major hits" this year, unlike in previous downturns, which had a greater impact on utilities and renewable. (Bloomberg)

- **Saudi Arabia's wealth fund to buy $1.5bn stake in Jio –** Saudi Arabia's wealth fund Public Investment Fund (PIF) is prepared to buy a $1.5bn stake in Jio, Gulf News reports, citing a source who was part of the deal-making process. PIF will acquire stake of 2.33%. After the deal, Jio Platforms would have diluted 25% of its equity. Sources say that any additional investors would need to be strategic, such as a tech giant, Jio will not sell any additional stakes to financial investors. (Bloomberg)
- **Islamic Development Bank hires banks for dollar Sukuk –** Jeddah-based Islamic Development Bank has hired banks for a potential sale of US dollar-denominated five-year Sukuk, or Islamic bonds, a document showed on Monday. The triple-A rated financial institution has mandated Citi, Credit Agricole, Emirates NBD Capital, Gulf International Bank, HSBC, the Islamic Corporation for the Development of the Private Sector, Natixis, Societe Generale and Standard Chartered to arrange the issuance, subject to market conditions. IsDB will use the money raised to fund sustainable projects, including employment generation and financing small and medium enterprises, as well as to support education programs, according to an investor presentation seen by Reuters. IsDB has already launched a plan for the coronavirus pandemic that includes strengthening healthcare systems, building capacity to produce testing kits and vaccines, ensuring continuity of supplies in the health and food sectors supporting overall economic recovery, the presentation showed. The bank's approved funding for 2020 is $5.5bn, more than half of which has been secured. The bulk of IsDB's issuances have been in Dollars or Euros, which it will continue to tap while rates are attractive. But in future it also aims to issue in other currencies; in February it placed its first Chinese Yuan issuance privately. (Reuters)
- **Saudi Aramco cuts July crude supplies to at least five buyers in Asia –** The world's largest oil exporter Saudi Aramco has reduced the volume of July-loading crude that it will supply to at least five buyers in Asia, seven sources said on Monday. The cuts were mainly for medium and heavy grades and were seen at refineries in countries such as China, the sources said. Four of the refiners saw smaller July cuts than what they had received in June. The move followed a deal struck by the OPEC and its allies including Russia to keep production cuts of 9.7mn bpd, or 10% of pre-coronavirus world demand, until the end of July. Saudi Arabia said it will end its deeper, voluntary cuts amid signs of recovering global demand. Tighter Middle East supplies and improving refinery appetite for crude have prompted Saudi Aramco to hike July official selling prices (OSPs) to Asia more than expected even though refining margins and oil demand have yet to catch up with the rising crude valuation, the sources said. "Increased OSPs have caught us by surprise and these are not attractive to refiners specially in a market where refining margins are weak," said BPCL's Head of refineries R Ramachandran. This has led at least one major Asian buyer to request for almost a third less of its contract volume for July, one of the sources with direct knowledge of the matter said. The volume of contracted oil the seven buyers will receive for July was cut by 10% to 40%, according to refinery officials who asked not to be identified as the information is private. Some South Korean processors were notified of steep curbs to their requested supply after being spared reductions last month, while three refiners in Japan will get their full volumes after their flows were trimmed in June, the officials said, signaling the Kingdom's attempt to balance the cuts. (Reuters, Bloomberg)
- **Invest Bank reports $601.72mn accumulated losses at end-2019 –** Sharjah-based Invest Bank's accumulated losses stood at $601.72mn at the end of 2019, 70% of its capital, the bank said in a bourse filing. In 2018, the government of Sharjah stepped in after the bank was hit by high levels of bad loans, partly due to its exposure to the troubled real estate and construction sectors. Invest Bank said the accumulated losses were a result of "weak governance and credit underwriting and monitoring practices experiences by the bank in the past, compounded by a subdued economic environment that led to a further deterioration of the credit quality of its loan portfolio," which forced the bank to book large provisions. The bank said it would use its special and legal reserves, each about AED450.7mn, to amortize part of the accumulated losses. That would decrease the accumulated losses to 41.3% of its issued capital, it said. The agreement with the government of Sharjah allowed Invest Bank to double its issued share capital to AED3.2bn in 2019 from AED1.6bn the year prior, the bank said. (Reuters)
- **Dubai's inflation rate down 3.49% in May –** Dubai's Consumer Price Index (CPI) declined by 3.49% YoY in May 2020 amid a decrease in the prices of six sections of commodities and services, when compared to 2019. The prices of the housing, water, electricity, gas, and fuel as well as transport groups contracted by 6.26% and 12.40% each. Meanwhile, the recreation and culture, garments and footwear, miscellaneous goods and services, and telecommunication sectors retreated by 13.56%, 6.44%, 0.55%, and 0.19%, respectively. On the other hand, the food and beverage, education, tobacco, as well as restaurants and hotels segments rose by 5.47%, 1.87%, 14.92%, and 0.20%, respectively. (Zawya)
- **First Abu Dhabi Bank sells $197.3mn Chinese yuan in 5-yr Formosa bonds –** First Abu Dhabi Bank sold $197.3mn in five-year Formosa bonds at 3.5%, a document showed on Monday. Credit Agricole, HSBC and Standard Chartered were lead managers on the deal and First Abu Dhabi Bank was structuring agent, the document from one of the banks on the deal showed. The bonds, which have a fixed rate payable annually in arrears, will be used for general corporate purposes, the document said. They will be listed on the London Stock Exchange and Taipei Exchange. (Reuters)
- **Sharjah Islamic Bank hires banks for dollar sukuk, document shows –** Sharjah Islamic Bank has hired a group of banks to arrange a global investor call ahead of a potential issuance of five-year US dollar-denominated Sukuk, or Islamic bonds, a document showed on Monday. The bank hired Standard Chartered, Bank ABC, Citi, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, the Islamic Corporation for the Development of the Private Sector, KFH Capital and Mashreqbank to arrange the call. (Reuters)

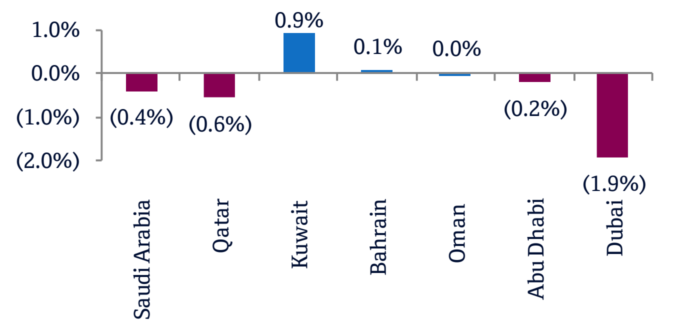
- **Kuwait's April consumer prices rose 1.85% YoY; fall 0.09% MoM –** Central Statistical Bureau in Kuwait City published Kuwait's consumer price indices for April which showed that consumer prices rose 1.85% YoY; however, fell 0.09% MoM. Food and beverages price index rose 1.3% YoY. Transport prices rose 3.55% YoY. Communication prices rose 5.44% YoY. (Bloomberg)
- **Oman sells OMR30mn 28-day bills at yield 0.6%; bid-cover at 1.33x –** Oman sold OMR30mn of 28-day bills due on July 15, 2020. Investors offered to buy 1.33 times the amount of securities sold. The bills were sold at a price of 99.954, having a yield of 0.6% and will settle on June 17, 2020. (Bloomberg)
- **Oman's May consumer prices fall 0.96% YoY; rise 0.18% MoM –** National Centre for Statistics & Information in Muscat published Oman's consumer price indices for May which showed that consumer prices fell 0.96% YoY, however, rose 0.18% MoM. Food and non-alcoholic beverages prices rose 3.33% YoY in May. The transport prices fell 7.95% YoY in May. (Bloomberg)
- **Bahrain plans about $470mn in emergency spending –** Bahrain's cabinet has agreed to draft law to add up to $470mn in emergency spending to 2020 budget, Bahrain News Agency reported. It has allocated to fighting coronavirus-related disruptions. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,725.16	(0.3)	(0.3)	13.7
Silver/Ounce	17.38	(0.6)	(0.6)	(2.6)
Crude Oil (Brent)/Barrel (FM Future)	39.72	2.6	2.6	(39.8)
Crude Oil (WTI)/Barrel (FM Future)	37.12	2.4	2.4	(39.2)
Natural Gas (Henry Hub)/MMBtu	1.62	(2.4)	(2.4)	(22.5)
LPG Propane (Arab Gulf)/Ton	49.38	(0.3)	(0.3)	19.7
LPG Butane (Arab Gulf)/Ton	53.38	0.9	0.9	(18.5)
Euro	1.13	0.6	0.6	1.0
Yen	107.33	(0.0)	(0.0)	(1.2)
GBP	1.26	0.5	0.5	(4.9)
CHF	1.05	0.3	0.3	2.0
AUD	0.69	0.8	0.8	(1.5)
USD Index	96.71	(0.6)	(0.6)	0.3
RUB	69.58	(0.9)	(0.9)	12.2
BRL	0.19	(2.0)	(2.0)	(22.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,171.44	0.3	0.3	(7.9)
DJ Industrial	25,763.16	0.6	0.6	(9.7)
S&P 500	3,066.59	0.8	0.8	(5.1)
NASDAQ 100	9,726.02	1.4	1.4	8.4
STOXX 600	353.09	0.2	0.2	(14.7)
DAX	11,911.35	0.1	0.1	(9.5)
FTSE 100	6,064.70	(0.2)	(0.2)	(23.8)
CAC 40	4,815.72	(0.1)	(0.1)	(19.0)
Nikkei	21,530.95	(3.2)	(3.2)	(7.6)
MSCI EM	966.32	(2.1)	(2.1)	(13.3)
SHANGHAI SE Composite	2,890.03	(1.1)	(1.1)	(6.9)
HANG SENG	23,776.95	(2.2)	(2.2)	(15.2)
BSE SENSEX	33,228.80	(1.6)	(1.6)	(24.5)
Bovespa	92,375.50	(2.9)	(2.9)	(38.0)
RTS	1,221.60	(1.3)	(1.3)	(21.1)

Source: Bloomberg (*$ adjusted returns)

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