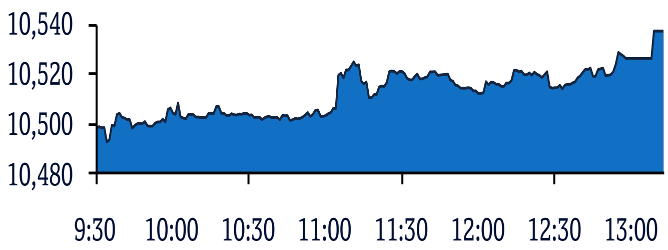
Daily Market Report

Sunday, 27 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.3% to close at 10,538.2. Gains were led by the Telecoms and Consumer Goods & Services indices, gaining 1.4% and 0.5%, respectively. Top gainers were Qatari German Company for Medical Devices and Qatar Oman Investment Company, rising 2.5% and 2.3%, respectively. Among the top losers, Ahli Bank fell 3.0%, while Qatar Islamic Insurance Company was down 2.2%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 8,702.7. Losses were led by the Consumer Durables and Capital Goods indices, falling 3.1% and 1.3%, respectively. Naseej Int. Trading Co. declined 9.9%, while Baazeem Trading Co. was down 7.3%.

Dubai: The DFM Index gained 0.6% to close at 2,527.5. The Transportation index rose 2.2%, while the Real Estate & Construction index gained 1.3%. BH Mubasher Financial Services rose 14.7%, while Ajman Bank was up 4.0%.

Abu Dhabi: The ADX General Index fell 0.3% to close at 5,125.9. The Energy index declined 1.2%, while the Consumer Staples index fell 0.6%. Eshraq Investments declined 2.2%, while ADNOC Distribution was down 2.1%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 5,569.4. The Consumer Goods index declined 0.7%, while the Telecommunications index fell 0.6%. Kuwaiti Syrian Holding Co. declined 11.2%, while Kuwait Foundry Co. was down 5.2%.

Oman: The MSM 30 Index gained marginally to close at 3,599.7. The Industrial index gained 0.4%, while the other indices ended in red. Gulf Investments Services rose 4.9%, while Al Maha Ceramics Company was up 2.9%.

Bahrain: The BHB Index fell 0.2% to close at 1,492.9. The Insurance index declined 0.7%, while the Industrial index fell 0.4%. Inovest Company declined 10.0%, while Khaleeji Commercial Bank was down 5.4%.

Market Indicators	24 Dec 20	23 Dec 20	%Chg.
Value Traded (QR mn)	263.4	370.8	(29.0)
Exch. Market Cap. (QR mn)	608,013.3	606,575.5	0.2
Volume (mn)	115.6	221.8	(47.9)
Number of Transactions	4,680	6,956	(32.7)
Companies Traded	45	44	2.3
Market Breadth	27:14	17:23	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,259.27	0.3	0.6	5.6	17.9
All Share Index	3,227.90	0.3	0.6	4.2	18.6
Banks	4,289.52	0.2	0.7	1.6	15.1
Industrials	3,133.70	0.4	1.2	6.9	28.0
Transportation	3,289.77	(0.3)	(1.2)	28.7	15.0
Real Estate	1,957.71	0.5	0.6	25.1	17.3
Insurance	2,390.26	(0.1)	0.0	(12.6)	N.A.
Telecoms	1,027.87	1.4	4.4	14.8	15.3
Consumer	8,166.37	0.5	(1.0)	(5.6)	29.0
Al Rayan Islamic Index	4,303.73	0.4	0.5	8.9	19.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Kayan Petrochem.	Saudi Arabia	14.46	6.0	42,816.2	30.3
Emaar Properties	Dubai	3.58	2.0	19,659.3	(10.9)
Ooredoo	Qatar	7.67	1.5	755.8	8.3
National Industrialization	Saudi Arabia	13.74	1.5	8,150.9	0.4
Saudi Arabian Mining Co.	Saudi Arabia	41.45	1.5	1,514.2	(6.6)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Petrochemical	Saudi Arabia	34.05	(2.6)	135.7	43.4
Oman Arab Bank	Oman	0.18	(2.2)	53.6	(18.9)
ADNOC Distribution	Abu Dhabi	3.82	(2.1)	12,191.0	29.1
Jabal Omar Dev. Co.	Saudi Arabia	29.85	(2.0)	2,458.9	9.9
Co. for Cooperative Ins.	Saudi Arabia	79.50	(1.7)	124.4	3.7

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%
Qatari German Co for Med. Devices	2.30	2.5	12,294.7	294.7
Qatar Oman Investment Company	0.89	2.3	693.2	33.0
Zad Holding Company	15.20	2.0	8.4	10.0
Mazaya Real Estate Development	1.26	1.8	22,501.2	74.5
Ooredoo	7.67	1.5	755.8	8.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.24	(3.0)	7.5	(2.8)
Qatar Islamic Insurance Company	6.75	(2.2)	56.3	1.0
Medicare Group	8.80	(1.3)	697.8	4.2
Mannai Corporation	2.96	(1.0)	148.4	(3.9)
Baladna	1.79	(0.8)	1,862.9	79.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Real Estate Development	1.26	1.8	22,501.2	74.5
Qatari German Co for Med. Devices	2.30	2.5	12,294.7	294.7
Investment Holding Group	0.60	(0.5)	11,029.6	6.9
Gulf International Services	1.72	0.2	10,673.6	0.0
Salam International Inv. Ltd.	0.64	(0.3)	8,965.4	24.4

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.10	0.2	38,339.2	(12.1)
Masraf Al Rayan	4.52	0.8	31,120.0	14.0
Qatari German Co for Med. Dev.	2.30	2.5	28,166.5	294.7
Mazaya Real Estate Development	1.26	1.8	28,041.2	74.5
Gulf International Services	1.72	0.2	18,428.9	0.0

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,538.16	0.3	0.6	2.7	1.1	71.63	165,014.8	17.9	1.5	3.7
Dubai	2,527.53	0.6	(0.9)	4.5	(8.6)	56.77	93,554.6	12.1	0.9	3.8
Abu Dhabi	5,125.93	(0.3)	(0.2)	3.2	1.0	104.79	200,522.8	21.3	1.4	4.8
Saudi Arabia	8,702.68	(0.2)	(0.1)	(0.5)	3.7	2,607.01	2,425,582.1	34.9	2.1	2.3
Kuwait	5,569.39	(0.1)	(1.3)	2.0	(11.4)	81.35	103,756.1	35.4	1.4	3.5
Oman	3,599.68	0.0	(0.4)	(1.2)	(9.6)	2.55	16,260.5	10.8	0.7	7.0
Bahrain	1,492.91	(0.2)	(0.0)	1.0	(7.3)	2.44	22,841.4	14.5	1.0	4.5

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

Qatar Market Commentary

- The QE Index rose 0.3% to close at 10,538.2. The Telecoms and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from GCC and Foreigners shareholders despite selling pressure from Qatari and Arab shareholders.
- Qatari German Company for Medical Devices and Qatar Oman Investment Company were the top gainers, rising 2.5% and 2.3%, respectively. Among the top losers, Ahli Bank fell 3.0%, while Qatar Islamic Insurance Company was down 2.2%.
- Volume of shares traded on Thursday fell by 47.9% to 115.6mn from 221.8mn on Wednesday. Further, as compared to the 30-day moving average of 224.4mn, volume for the day was 48.5% lower. Mazaya Real Estate Development and Qatari German Company for Medical Devices were the most active stocks, contributing 19.5% and 10.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	49.45%	45.92%	9,276,984.0
Qatari Institutions	14.84%	21.30%	(17,017,913.8)
Qatari	**64.28%**	**67.22%**	**(7,740,929.8)**
GCC Individuals	2.57%	0.70%	4,921,795.2
GCC Institutions	2.50%	2.84%	(911,420.4)
GCC	**5.07%**	**3.55%**	**4,010,374.8**
Arab Individuals	12.27%	13.09%	(2,176,996.8)
Arab Institutions	0.63%	–	1,665,000.0
Arab	**12.90%**	**13.09%**	**(511,996.8)**
Foreigners Individuals	3.98%	4.59%	(1,603,984.2)
Foreigners Institutions	13.77%	11.55%	5,846,536.1
Foreigners	**17.75%**	**16.14%**	**4,242,551.8**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
12/24	US	Bloomberg	Bloomberg Consumer Comfort	20-Dec	47.0	–	48.4
12/24	Japan	Bank of Japan	PPI Services YoY	Nov	-0.60%	-0.60%	-0.50%
12/25	Japan	METI	Retail Sales MoM	Nov	-2.00%	-0.80%	0.40%
12/25	Japan	METI	Retail Sales YoY	Nov	0.70%	1.80%	6.40%
12/25	China	SAFE	BoP Current Account Balance	3Q2020	$92.2bn	–	$94.2bn

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

News

Qatar

- **Fitch affirms QIIK's strong rating at 'A' with a 'Stable' outlook –** Global credit rating agency Fitch has published Qatar International Islamic Bank's (QIIK) full rating report, demonstrating the same the bank's strong rating at 'A' with a 'Stable' outlook. This is based on the bank's financial statements at the end of the third quarter of 2020, which attests to the fact that QIIK has maintained a strong financial position and responded in a suitable manner to the new challenges in line with the high solvency of Qatar's economy across all sectors. In its report, Fitch relied on a number of important factors, among which is the extremely high probability of support from the Qatari authorities in case of need. This reflects the strong ability of Qatar to support its domestic banks combined with QIIK's strong position in the local financial sector and its creditworthiness, which support its rating. Fitch said, "QIIK has high quality assets with a very low ratio of non-performing financing. The bank was able to maintain a solid profitability and its financial position is supported by the bank's established Islamic deposit franchise, which comprises domestic retail deposits, with low reliance on external deposits and funding." Fitch also noted, "QIIK's profitability metrics are strong compared with its peers, given sound cost management with a high-quality investment portfolio and a significant decrease in the bank's risk indicators." (Gulf-Times.com)
- **QLM to hold constitutive general assembly meeting on December 30 –** QLM Life and Medical Insurance Company (QLM) will hold the constitutive general assembly meeting on December 30, 2020 and in the absence of the quorum the second meeting will be held on January 01, 2021. The agenda includes – (1) Hear and approve the Founder's report on the incorporation activities and related costs, (2) Approve the company's Memorandum and Articles of Association, (3) Approve the appointment of the members of the company's first Board of Directors, (4) Approve the appointment of the auditors for the first Financial Year and determine their Fees, and (5) Announcement of the incorporation of the company. (Gulf-Times.com)
- **Qatar outperforms GCC region in projects market –** Qatar outperformed the GCC region in the projects market as Doha saw a 36% YoY growth in projects awarded in third quarter of 2020 against a 67% plunge in the region, according to Kamco Invest. The double-digit expansion in Doha's project awards, amidst the COVID-19 pandemic, indicates the growing potential for the private sector, especially in the construction and transport sectors, which made up 90% of the new contracts awarded during 3Q2020. The sectors are also expected to contribute more to the country's non-hydrocarbon GDP as necessary legislation has been put in place for the public private partnerships (PPP) and considering the new property law,

which is advantageous to both foreign investors and to expatriate residents in Qatar. Total value of new contracts awarded by Qatar shot up 35.6% YoY to $3.4bn during 3Q2020; revalidating Qatar's strong macroeconomic growth potential in 2021 and beyond. The country's projects market constituted about 26% of the total in the Gulf region. Finding that Qatar's construction and transport sectors constituted over 90% of the new projects awarded during 3Q this year, Kamco Invest said some of the new contracts that headlined the jump in new projects during this period Public Works Authority's (Ashghal) awarding of nine new road and infrastructure contracts valued around $981mn to local companies. (Gulf-Times.com)

- **Qatar Airways, China Southern Airlines launch codeshare –** Qatar Airways announced the first stage of codeshare cooperation with China Southern Airlines has begun with the Chinese carrier placing its code on Qatar Airways flights between Guangzhou and Doha. Flights are already available for sale with the first codeshare flights starting from December 27, 2020. This codeshare agreement is the first step in the strengthening of cooperation between both airlines, since Qatar Airways acquired 5% of China Southern Airlines in December 2018. The codeshare flights will enable China Southern Airlines' passengers to book travel on Qatar Airways' flights between Guangzhou and Doha and onwards to more than 60 destinations in Africa, Europe and the Middle East. The next stage of the codeshare agreement will see the Chinese carrier also place its code on Qatar Airways flights between Beijing and Doha, once the current restrictions for flights in and out of China are lifted. (Peninsula Qatar)

International

- **Millions of Americans lose jobless benefits as Trump refuses to sign aid bill –** Millions of Americans saw their jobless benefits expire on Saturday after US President Donald Trump refused to sign into law a $2.3tn pandemic aid and spending package, protesting that it did not do enough to help everyday people. Trump stunned Republicans and Democrats alike when he said this week he was unhappy with the massive bill, which provides $892bn in badly needed coronavirus relief, including extending special unemployment benefits expiring on December 26, and $1.4tn for normal government spending. Without Trump's signature, about 14mn people could lose those extra benefits, according to Labor Department data. A partial government shutdown will begin on Tuesday unless Congress can agree a stop-gap government funding bill before then. After months of wrangling, Republicans and Democrats agreed to the package last weekend, with the support of the White House. Trump, who hands over power to Democratic President-elect Joe Biden on January 20, did not object to terms of the deal before Congress voted it through on Monday night. But since then he has complained that the bill gives too much money to special interests, cultural projects and foreign aid, while its one-time $600 stimulus checks to millions of struggling Americans were too small. He has demanded that be raised to $2,000. (Reuters)
- **Mastercard report: US holiday retail sales rise 3% as online shopping booms –** US retail sales rose 3% during this year's expanded holiday shopping season from October 11 to December 24, a report by Mastercard Inc said on Saturday, powered by a pandemic-driven shift toward online shopping. US ecommerce sales jumped 49% in this year's holiday shopping season, according to Mastercard SpendingPulse report, underscoring the COVID-19 pandemic's role in transforming customers' shopping habits. Holiday e-commerce sales made up 19.7% of total retail sales this year, the data showed, noting that options such as buy online and pick-up-in-store, contactless technologies were key for retailers. The holiday shopping season can account for the majority of certain retailers' annual sales, but the health crisis meant several retailers including Walmart Inc and Target Corp, faced with capacity constraints in certain stores, rolled out their holiday promotions early. E-commerce giant Amazon.com Inc also pushed back its annual summer promotional event to October, marking a longer-than-ever holiday season for retailers who missed out on sales for several weeks during the lockdowns earlier this year. (Reuters)
- **EU trade deal brings little progress for UK's giant financial sector –** The European Union cannot decide yet on granting Britain access to the bloc's financial market, even though London and Brussels have agreed a trade deal, a European Commission official said. While the landmark trade deal agreed on Thursday set rules for industries such as fishing and agriculture, it did not cover Britain's much larger and influential finance sector. There were hopes the trade deal would pave the way for more access to the EU for Britain's finance industry, but the EU indicated it was in no rush to grant it. Brussels has only granted financial market access, known as "equivalence", for two financial activities from January 1, when Britain will have left the EU's single market. The Bank of England has said there could be disruption in markets if no further access is allowed. Just minutes after Britain and the EU hailed their agreement on trade, the bloc's executive said it wanted a "series of further clarifications" on how Britain will diverge from EU rules after December 31. (Reuters)
- **BBC says obtained full copy of post-Brexit trade deal –** The post-Brexit trade deal reached by the UK and the European Union (EU) goes beyond the EU's so-called "Canada-style" trade accord, the BBC said, citing what it said was a full copy of the accord. The 1,246-page document includes about 800 pages of annexes and footnotes, the BBC said bbc.in/3nRtXls, adding that the pages of legal text will determine every aspect of trade between the UK and the EU. British Prime Minister Boris Johnson on Thursday had described the last-minute agreement as a "jumbo" free trade deal along the lines of that between the EU and Canada, and urged Britain to move on from the divisions caused by the 2016 Brexit referendum. The BBC report added that at first look, the full post-Brexit text went beyond a so-called "Canada-style" deal. One annex revealed a late compromise on electric cars, the BBC reported. The EU had sought to offer tariff-free access only to those British cars made mostly with European parts. That will now be phased in over six years, but is less generous than the UK had requested, the BBC said. There is a clear commitment not to lower standards on the environment, workers' rights and climate change from those that currently exist and mechanisms to enforce them, the BBC reported. However, it added that there is also a mutual right to "rebalance" the agreement if there are "significant divergences" in the future capable of "impacting trade".

Similarly, the restrictions compensation for unfair subsidies to companies “do not apply” in situations such as natural disasters, the BBC said. That will exempt the EU’s large current pandemic support package for aviation, aerospace, climate change and electric cars. Britain clinched a narrow Brexit trade deal with the European Union on Thursday, just seven days before it exits one of the world’s biggest trading blocs. (Reuters)

- **EU Parliament says it will decide on Brexit deal in new year –** The European Parliament said it will analyze the post-Brexit trade deal clinched by the EU and Britain in detail before deciding whether to approve the agreement in the new year. The two sides reached the deal just seven days before Britain exits one of the world’s biggest trading blocs in its most significant global shift since the loss of empire. “The European Parliament will now analyze the agreement in detail before deciding whether to give consent in the new year,” European Parliament head David Sassoli said in a statement. Sassoli said parliament had been “clear from the outset on our red lines” and worked closely with EU Brexit negotiator Michel Barnier throughout the talks, but said parliament’s approval was not guaranteed. “If the European Parliament decides to approve the agreement, it will monitor closely how it is implemented,” he said. Leaders of the political groups in parliament will meet on Dec. 28 at 10:00 CET to discuss the outcome of the EU-UK talks, a spokesman said on Twitter. The EU’s chief executive, Ursula von der Leyen, and Barnier were invited to the meeting. “We are about to close the never-ending Brexit saga, but we aren’t there yet. The European Parliament will take its time before finally approving the text,” Manfred Weber, chair of the largest group of lawmakers in parliament, said on Twitter. The legislative assembly will resume meetings in January, in the format of committees and a plenary, before deciding to approve the agreement or not. (Reuters)
- **Tokyo December core consumer prices fall at fastest pace in over 10 years –** Tokyo consumer prices fell the fastest in more than a decade, while Japan’s jobs market and retail sales remained subdued, data showed, raising the risks of a return to deflation as the COVID-19 pandemic hammers demand. The world’s third-biggest economy recovered in the three months to September from its worst postwar contraction, but a third wave of the coronavirus infections threatens the economic revival. The Bank of Japan unveiled a plan last week to examine more effective ways to achieve its elusive 2% inflation target. The core consumer price index (CPI) for Japan’s capital, including oil products but excluding fresh food, fell 0.9% in December from a year earlier, the steepest drop since September 2010. That was deeper than economists’ median estimate for a 0.8% fall and deepened from a 0.7% decline in November. The December drop was the fastest downturn since September 2010, when core consumer prices slumped 1.0%. Nationwide data last week for November also showed the steepest price slump since late 2010. Japan’s seasonally adjusted unemployment rate fell to 2.9%, better the median forecast of 3.1%, government data showed. In October, the jobless rate stood at 3.1%. There were 1.06 jobs per applicant in November, up from the previous month’s 1.04, labor ministry data showed, but still near September’s seven-year low 1.03. The pandemic remained a drag on consumer spending, with a renewed spike in infections raising fresh risks for a weakened economy. Japanese retail sales a moderate 0.7% in November from a year earlier, the second straight gain but slower than October’s 6.4% jump and below the median market forecast for a 1.7% gain. (Reuters)
- **China to leapfrog US as world's biggest economy by 2028 –** China will overtake the US to become the world’s biggest economy in 2028, five years earlier than previously estimated due to the contrasting recoveries of the two countries from the COVID-19 pandemic, a think tank said. The CEBR said China’s “skilful management of the pandemic”, with its strict early lockdown, and hits to long-term growth in the West meant China’s relative economic performance had improved. China looked set for average economic growth of 5.7% a year from 2021-25 before slowing to 4.5% a year from 2026-30. While the US was likely to have a strong post-pandemic rebound in 2021, its growth would slow to 1.9% a year between 2022 and 2024, and then to 1.6% after that. Japan would remain the world’s third-biggest economy, in dollar terms, until the early 2030s when it would be overtaken by India, pushing Germany down from fourth to fifth. The UK, currently the fifth-biggest economy by the CEBR’s measure, would slip to sixth place from 2024. However, despite a hit in 2021 from its exit from the European Union’s single market, British GDP in dollars was forecast to be 23% higher than France’s by 2035, helped by Britain’s lead in the increasingly important digital economy. Europe accounted for 19% of output in the top 10 global economies in 2020 but that will fall to 12% by 2035, or lower if there is an acrimonious split between the EU and Britain, the CEBR said. It also said the pandemic’s impact on the global economy was likely to show up in higher inflation, not slower growth. (Reuters)

Regional

- **Fitch sees sustainable demand for Gulf corporate debt in 2021 –** The refinancing of maturing debt and the current low rate regime prompt the GCC corporate sector, which has Stable outlook, to increasingly tap the debt markets in 2021, according to Fitch, a global credit rating agency. “The refinancing risk of high-investment-grade GCC issuers is mitigated by sustainable demand from regional and global institutional investors,” Fitch said in its report. Finding that corporate capital-market issuances remain geared towards Sukuk, the rating agency said, “We forecast Shari’ah-compliant issuers and investors to support the growth momentum of Sukuk in the GCC in 2021.” Ample market liquidity and low interest rates since late 2018 resulted in increased corporate borrowing, causing funds from operations (FFO) net leverage to jump four-fold compared to 2019 levels. “WE forecast this peak leverage to ease in 2021 after a drawdown on committed lines in various sectors, particularly O&G (oil and gas), real estate and utilities,” it said, viewing liquidity in the O&G and TMT (technology, media and telecom) sectors as adequate, with high levels of unrestricted cash, smooth debt maturity profiles and relatively high headroom of committed undrawn lines. Middle East Sukuk issuances constituted nearly 70% of Fitch-rated Sukuk in the third quarter of 2020. Sovereigns have the greatest share of issuance, followed by corporates and, lastly, financial institutions. Fitch rated $116.2bn of Sukuk globally as of 3Q2020. “In 2021, we expect investors to continue focusing on green and sustainable investment,” it said, adding green Sukuk currently represents 6.2% of Fitch's global Sukuk portfolio. The rating agency's Stable outlook for the GCC corporate sector in 2021 reflects the likely stability of oil prices (a key driver of gross domestic product or GDP) throughout 2021 and improved GDP compared to 2020. In addition, the expected reopening of travel and tourism – sectors that contributed nearly 8%-9% of regional GDP in 2019 – is likely to result in some economic recovery, although short of 2019 levels, it said. "We expect the post-pandemic recovery to be relatively slow among some GCC economies in light of increasing fiscal deficits," it said. Most GCC corporates have reduced their capex budgets for 2020, before a gradual increase in 2021. Dividends, however, will be subject to further reductions as companies increasingly focus on discretionary free cash flow (FCF). "We expect most sectors in the GCC to experience a gradual increase in demand in 2021, partially supported by selective government spending," it said. Finding that rated issuers in the O&G, TMT and utilities sectors have sufficient liquidity buffers and positive FCF generation to navigate slow economic recoveries; it said "we expect regulation to be supportive." (Gulf-Times.com)

- **Fitch: Saudi banks supported by retail mortgages amid pandemic –** Banks operating in Saudi Arabia have been facing a challenging operating environment since the first quarter of 2020, pressured by the coronavirus (COVID-19) pandemic and falling oil prices, Fitch Ratings (Fitch) said in a recent report. This resulted in heightened pressure on the sector's asset quality and profitability, the international credit rating agency pointed out. Nevertheless, the weighted average viability rating (VR) of Saudi banks at 'bbb+' is still the highest in the GCC region. During the first 10 months of the year, loans provided by Saudi banks grew by 12.7% on the back of the sustained momentum in retail mortgages, along with the operating environment showing signs of recovery. The Negative Outlook on Saudi Arabian banks' ratings reflects heightened pressures on the operating environment and the Negative Outlook on the sovereign rating. Asset-quality metrics of the banking sector were stable in the January-September period on the back of government forbearance measures and strong growth, spurred by corporate agreements and retail mortgages before the crisis. This will likely be undermined by higher corporate defaults in a weaker operating environment, but also delayed asset-quality problem recognition from 1Q2021, as government forbearance measures expire. The Saudi banking sector is still well-capitalized, registering an average common equity tier 1 ratio of 17.8% at the end of 3Q2020, one of the highest rates in the world. (Bloomberg)
- **Arab Monetary Fund adds Saudi Riyal as settlement currency in 'Buna' –** The Saudi Central Bank and the Arab Monetary Fund (AMF) announced on Thursday the inclusion of the Saudi Riyal as a settlement currency in Buna, the regional cross-border payment system owned by the AMF. The National Commercial Bank (NCB) has been assigned as a settlement bank for the Saudi currency. NCB has been awarded this role, as by the terms of the agreement signed with Buna and has completed all the required technical tests and integration process to provide transaction services in Saudi Riyal through Buna's platform. The Saudi Riyal is the third Arab settlement currency to join Buna's payment platform, following the inclusion of the UAE Dirham and Egyptian Pound consecutively. This milestone comes in line with Buna's ongoing efforts to build its network of participant banks as well as Arab and International currencies. (Zawya)
- **Saudi Arabia registers SR16.36bn trade surplus in October –** Saudi Arabia has recorded a trade surplus of SR16.36bn in October 2020, down 48.7% from SR31.88bn during the same month of 2019, according to a monthly report issued by Saudi Arabia's General Authority for Statistics (GaStat). In October, the trade surplus was affected by a 15.6% decrease in the volume of trade exchange to SR99.24bn, compared to SR117.54bn in the corresponding period of 2019. Saudi Arabia's merchandise exports shrank by around 24.7% or SR18.96bn to SR57.8bn in October 2020 from SR76.76bn in October 2019. Lower merchandise exports were driven by a 32.7% YoY drop in oil exports and a 0.3% YoY decline in non-oil exports. In October, China topped Saudi Arabia's merchandise trade partners with SR10.5bn exports, followed by India and the UAE with SR5.37bn and SR5.14bn, respectively. Meanwhile, Saudi Arabia's imports reached SR41.44bn in October 2020, down 16.8% from SR49.8bn in the year-ago period. It is noteworthy to mention that in September, Saudi Arabia achieved a trade surplus of SR12.77bn, down by 63.37% or SR22.09bn from SR34.86bn in the year-ago month. (Bloomberg)
- **Investments in non-oil industries in Saudi Arabia jump to $3.1bn in 3Q2020 –** Investments in non-oil industries in Saudi Arabia jumped to $3.1bn (SR11.63bn) in the third quarter of 2020, compared with $624.2mn (SR2.34bn) a quarter earlier, according to a report released by the Ministry of Investment. In September, investments of non-oil factories amounted to $2.32bn (SR8.7bn), the highest value during 3Q2020. Foreign direct investment (FDI) inflows to the Gulf country hit $2.56bn in the first half of the year, with the first quarter accounting for $1.61bn. According to recent data from the Saudi Central Bank (SAMA) and the UNCTAD, FDI rate in the Kingdom rose by 7.9% in 1H2020, whereas shrank by 49% globally. During 3Q2020, the investment ministry issued 306 investment licenses, an annual increase of 21% and a quarterly surge of 96%. (Zawya)
- **Saudi oil exports in October fall by almost a third –** Saudi Arabia's oil exports in October fell by SR18.9bn, down by nearly a third, while non-oil exports fell by 0.3%. Overall exports fell by 24.7% mainly due to the fall in oil shipments, which made up about two-thirds of the total compared to about three quarters in October last year. Oil exports in October fell by 32.7% YoY but were up by 3.7% from September. Total exports were up 8.4%, or SR4.48bn, compared to September. The world's largest oil exporter's economy is forecast to shrink by 5% this year, the International Monetary Fund has said. (Zawya)
- **Saudi Arabia eyes $58.5bn tourism investment by 2023 –** The Saudi tourism ministry is looking to attract new investments worth SR220bn ($58.5bn) by 2023 and more than SR500bn ($133bn) by 2030, said a report. Addressing a session on 'Future sectors' at the Saudi Budget Forum 2021, Saudi Tourism Minister Ahmed Al-Khateeb said that Saudi Arabia had opened its doors to tourists last year as part of its tourism strategy, drawing more than 500,000 visitors from over 25 countries before the outbreak of the coronavirus pandemic, Saudi Gazette

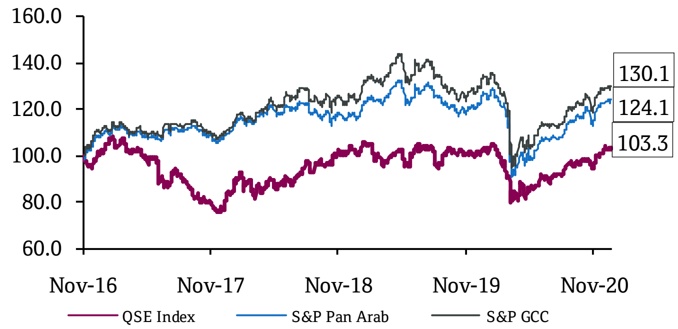
reported. “The tourism sector in the kingdom constitutes 3.5 per cent of the total gross domestic product (GDP), and we aim to raise it to 10%. We have pumped huge investments into giant tourist projects, such as NEOM, Qiddiya, the Red Sea, and Diriyah Gate. We have made coordination with banks and the Tourism Development Fund to finance parts of these projects, in addition to attracting private sector investments,” he said. Al-Khateeb also pointed out that hotel occupancy in the kingdom has increased to more than 80% with the return of the domestic tourism industry to normalcy, the report said. (Zawya)

- **Saudi's CMA approves Aljazira Takaful's capital hike to merge with Solidarity –** The Capital Market Authority (CMA) approved Aljazira Takaful Taawuni Company’s (Aljazira Takaful) request to increase its capital from SR350mn to SR470.6mn by issuing 12.1mn ordinary shares to merge with Solidarity Saudi Takaful Company. The merger will be carried out through a securities exchange offer, the CMA said in a statement on Wednesday. In August 2020, Aljazira Takaful inked a binding merger agreement with Solidarity Saudi Takaful to acquire its entire issued shares. (Zawya)
- **Yansab's board proposes 12.5% dividends for 2H2020 –** The board of Yanbu National Petrochemical Company (Yansab) has recommended paying out cash dividends to shareholders, equivalent to 12.5% of the nominal value, for the 2H2020. The cash dividend distribution settles at SR1.25 per share, aggregating at an amount of SR703.13mn, according to the company's disclosure to the Saudi Stock Exchange (Tadawul) on Thursday. Hence, the cash dividend will be distributed over 562.5mn shares. The cash dividends will be paid out to the shareholders holding the company's shares on the eligibility date and enrolled in the company's register at Securities Depository Center Company (Edaa) by the end of the second trading day following the day of the ordinary general meeting (OGM), which will be announced later. (Bloomberg)
- **JADCO’s board recommends 2.5% dividends for 2H2020 –** AlJouf Agricultural Development Company’s (JADCO) board has recommended paying out cash dividends, equivalent to 2.5% of the nominal value, for the second half of 2020. The cash dividend distribution stands at SR0.25 per share, aggregating at an amount of SR7.5mn, according to the company's disclosure to the Saudi Stock Exchange (Tadawul) on Thursday. The company will announce the distribution date later. (Bloomberg)
- **UAE sees 7.7% lower outward personal remittances in 3Q2020 –** The UAE recorded a 7.7% decline in outward personal remittances to AED40.1bn during the third quarter of 2020, compared to AED43.4bn in the same period of 2019. The outward personal remittances settled through exchange houses accounted for 70% of the total remittances, followed by the UAE banks, according the quarterly economic review of the Central Bank of the UAE (CBUAE). The transfers through exchange houses retreated by AED6.9bn, while outward remittances through banks rose by AED3.6bn. India topped the remittance recipient list for outward personal remittances from the UAE with AED12.4bn, representing 30.8% of the total remittances. It is noteworthy to mention that during the second quarter of 2020, the outward personal remittances from the UAE decreased by 10.3% to AED38.2bn, compared to AED42.6bn in the year-ago period. (Bloomberg)
- **Dubai economy forecast to grow by 4% in 2021 –** Dubai is expected to grow by 4% next year following a quick economic recovery due to effective policy measures introduced by the government to contain the COVID-19 pandemic. Economic growth in Dubai declined by 10.8% during the first half of 2020 and is expected to end the year with a 6.2% contraction due to the government’s swift response to the pandemic and its strong economic fundamentals that have paved the way for rapid recovery, according to a handout issued by Dubai Media Office on Wednesday. During the period between March and October this year, the Government of Dubai launched four stimulus packages worth AED6.8bn to mitigate the impact of confinement measures in the Emirate that ultimately helped offset the shock and repercussions in the form of job losses or disruptions to businesses. (Zawya)
- **CFO: Tabreed's loans amount to AED7bn –** The loan size of National Central Cooling Company (Tabreed) reached around AED7bn, which will be repaid as planned, the Chief Financial Officer (CFO) of Tabreed, Adel Salem Al Wahedi said. Al Wahedi expected the company will witness an increase in its profits in the upcoming year. Tabreed's CFO further remarked that the company is considering expansion opportunities in the UAE, the Gulf region, and other promising markets, as part of its objective to increase its projects. He added that the coronavirus (COVID-19) pandemic has a minor impact on the company. (Bloomberg)
- **Japanese groups win contract to build $1.16bn WTE Dubai plant –** Japanese trading house Itochu and engineering company Hitachi Zosen have won the contract to build and operate one of the world's largest waste-to-energy plants in Dubai, being set up at an investment of $1.16bn, said a report. The 200MW facility will generate electricity by burning trash from households in the UAE city. It will be able to process about 6,000 tons per day, with an annual capacity of 1.9mn tons, equivalent to roughly half the city's waste, reported Nikkei Asia. Once the plant gets completed in 2024, Itochu and HZI will operate it for 35 years. The plant will produce enough power for 140,000 households, with an efficiency of about 30%, among the highest in the world for this type of facility, stated the report. As per the deal, Itochu will own 20%, HZI 10% and state-linked Dubai Holding 31%. The remainder will split among three companies. (Zawya)
- **Abu Dhabi Ports makes strong case for continued FDI –** The world’s most competitive industrial parks are also the most inviting and readily predictable for tenants, according to a whitepaper released by Abu Dhabi Ports, a port operator that owns, manages and operates 11 ports and terminals in the UAE and Guinea. The whitepaper titled ‘Key considerations in industrial park selection – bringing predictability to long-term capital-intensive investment’, addresses key factors for local and global manufacturers preparing to set up in any one of the close to 100 industrial parks active across the Middle East and North Africa (MENA) region, said a press release issued on Thursday by Abu Dhabi Ports that also owns 555 sqkm of industrial and commercial land in the UAE under its Industrial Cities and Free Zone cluster. At present, the Middle East is rich

with industrial parks, but the UAE leads the field with 47 such zones. It is followed by Jordan with 16, Saudi Arabia and Egypt with 10 each, Oman with five, Kuwait with four and Bahrain three, the whitepaper reads. (Zawya)

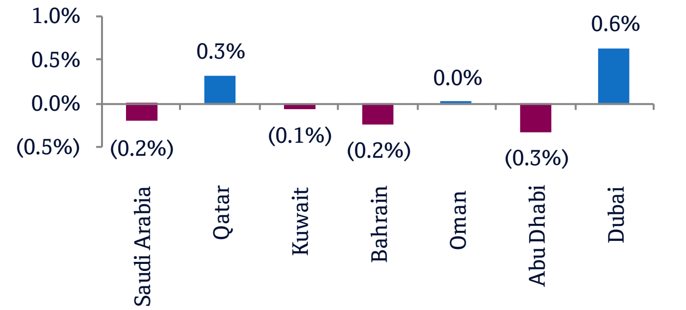
- **CSD registers Easy Lease for listing on ADX –** The Clearing, Settlement, Depository, and Registry Services Department (CSD) has registered the shares of Easy Lease Motor Cycle Rental to prepare for its listing and trading at the Abu Dhabi Securities Exchange (ADX) on December 27, 2020. Brokers and custodians will transfer the company's shares from the shareholders' CSD accounts to the trading accounts starting from today, according to a press release on Thursday. (Bloomberg)
- **ADNOC maintains crude supply cut to Asia in February –** According to sources, Abu Dhabi National Oil Company (ADNOC) has maintained its crude oil supply cut to its term customers in Asia steady in February 2021, compared to January. This decision is in line with OPEC+ agreement to cut crude oil production. ADNOC will decrease its customers' February term supplies for Murban and Das crude by 18% to 20% and for Umm Lulu by 5%. In addition, Upper Zakum crude supplies will decline by 18% in February. For January, ADNOC eased supply cuts, in line with the OPEC+ agreement, to raise production by 500,000 barrels per day. OPEC+ meeting is scheduled to be held on January 4 to study whether or not it will increase February output further. (Bloomberg)
- **ADX announces AED23.6mn deals on Zee Stores' shares –** The Abu Dhabi Securities Exchange (ADX) announced 20 big deals worth AED23.6mn on the shares of Zee Stores, a retail subsidiary of International Holdings Company (IHC). The deals were executed on 7.8mn of Zee Stores' shares, accounting for 7.8% of the company's shares. (Bloomberg)
- **Capital Intelligence affirms National Industries' bond ratings; outlook Negative –** Capital Intelligence Rating has affirmed the ratings of KD25mn senior unsecured bond and KD30mn senior unsecured bond of National Industries Group Holding (National Industries) at 'BBB' and 'BBB-', respectively, with a Negative outlook. The KD25mn unsecured bond will be matured in December 2021, while the KD30mn unsecured bond will be matured in February 2025, according to the company's disclosure to Boursa Kuwait and Dubai Financial Market (DFM) on Thursday. The ratings reflect the company's ability to make both interest payments and principal. The international rating agency has revised its outlook for both ratings from Stable to Negative due to the coronavirus (COVID-19) impact on the company's financial performance and flexibility. The ratings do not have an impact on the company's profits and loss account. (Bloomberg)
- **Bahrain's Tamkeen disburses around $2.2bn for private sector development –** Tamkeen, the labor fund authority, has injected nearly BHD830mn (around $2.2bn) into the development of the private sector since its establishment in 2006. A report by the government agency said it provides support to the private sector through several packages designed to meet the needs of enterprises and individuals, which the business development and the training and wage support programs fall under. The authority's mandate is making the private sector as the main engine of the national economy, while ensuring that Bahraini citizens are the first choice in the labor market. Tamkeen has spent more than BHD193mn to support 13,659+ enterprises through the business development program, which was launched in 2009. The support consisted of financial grants to private sectors enterprises of all sizes to support their operational costs or cover the costs of the materials and machines they need. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce#	1,883.46	0.0	0.1	24.1
Silver/Ounce#	25.83	0.0	0.1	44.7
Crude Oil (Brent)/Barrel (FM Future)#	51.29	0.0	(1.9)	(22.3)
Crude Oil (WTI)/Barrel (FM Future)#	48.23	0.0	(1.8)	(21.0)
Natural Gas (Henry Hub)/MMBtu#	2.65	0.0	(1.9)	26.8
LPG Propane (Arab Gulf)/Ton#	70.25	0.0	(1.7)	70.3
LPG Butane (Arab Gulf)/Ton#	68.25	0.0	3.4	2.8
Euro	1.22	0.0	(0.5)	8.7
Yen	103.43	(0.2)	0.1	(4.8)
GBP	1.36	0.0	0.3	2.3
CHF	1.12	0.1	(0.7)	8.8
AUD	0.76	0.1	(0.2)	8.3
USD Index	90.22	(0.1)	0.2	(6.4)
RUB	74.18	0.4	1.1	19.7
BRL#	0.19	0.0	(2.2)	(23.0)

Source: Bloomberg (#Market was closed on December 25, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,659.27	0.0	(0.3)	12.8
DJ Industrial#	30,199.87	0.0	0.1	5.8
S&P 500#	3,703.06	0.0	(0.2)	14.6
NASDAQ 100#	12,804.73	0.0	0.4	42.7
STOXX 600#	395.98	0.0	(0.4)	3.3
DAX#	13,587.23	0.0	(0.7)	11.5
FTSE 100#	6,502.11	0.0	(0.2)	(12.0)
CAC 40#	5,522.01	0.0	(0.5)	0.2
Nikkei	26,656.61	0.2	(0.5)	18.6
MSCI EM	1,255.20	0.1	(1.0)	12.6
SHANGHAI SE Composite	3,396.56	0.8	0.0	18.5
HANG SENG#	26,386.56	0.0	(0.4)	(6.0)
BSE SENSEX#	46,973.54	0.0	0.1	10.3
Bovespa#	117,806.90	0.0	(2.4)	(21.6)
RTS	1,378.36	0.0	(1.7)	(11.0)

Source: Bloomberg (*$ adjusted returns, #Market was closed on December 25, 2020)

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