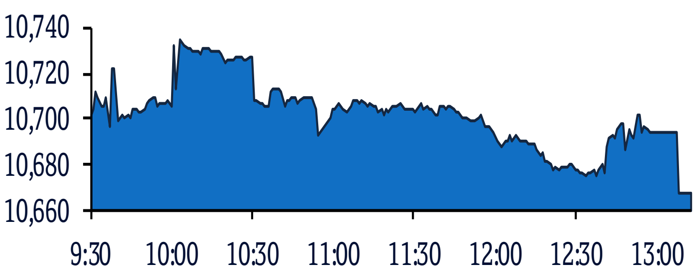
Daily Market Report

Wednesday, 09 June 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 10,666.8. Losses were led by the Insurance and Industrials indices, falling 1.2% and 0.9%, respectively. Top losers were Investment Holding Group and Qatari Investors Group, falling 4.3% and 4.2%, respectively. Among the top gainers, Qatar Cinema & Film Distribution gained 3.0%, while Qatar Navigation was up 0.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.1% to close at 10,735.4. Gains were led by the Food & Beverages and Telecommunication Services indices, rising 2.3% and 1.2%, respectively. Saudi Fisheries rose 9.9%, while Baazeem Trading Co. was up 8.2%.

Dubai: The DFM Index fell 0.1% to close at 2,835.5. The Consumer Staples and Discretionary index declined 1.1%, while the Banks index fell 0.5%. Emirates Refreshments Co. declined 9.9%, while Al Salam Bank -Bahrain was down 2.8%.

Abu Dhabi: The ADX General Index gained 0.4% to close at 6,670.7. The Industrial index rose 2.6%, while the Real Estate index gained 0.9%. Gulf Cement Co. rose 14.9%, while Ras Al Khaimah Poultry & Feeding Co. was up 14.8%.

Kuwait: The Kuwait All Share Index gained 0.3% to close at 6,290.3. The Energy index rose 1.5%, while the Banks index gained 0.6%. Dar Al Thuraya Real Estate Co. rose 10.0%, while Palms Agro Production Co. was up 7.9%.

Oman: The MSM 30 Index gained 0.4% to close at 3,981.0. Gains were led by the Industrial and Financial indices, rising 0.8% and 0.5%, respectively. Global Financial Investments rose 8.3%, while Gulf International Chemicals was up 8.0%.

Bahrain: The BHB Index gained 0.2% to close at 1,540.7. The Commercial Banks index rose 0.4%, while the Industrial index gained 0.3%. Khaleeji Commercial Bank rose 3.7%, while Bahrain Commercial Facilities was up 1.1%.

Market Indicators	08 Jun 21	07 Jun 21	%Chg.
Value Traded (QR mn)	417.8	399.7	4.5
Exch. Market Cap. (QR mn)	619,021.4	622,962.3	(0.6)
Volume (mn)	192.4	167.6	14.8
Number of Transactions	10,238	9,229	10.9
Companies Traded	47	47	0.0
Market Breadth	11:36	15:31	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,115.50	(0.4)	(0.8)	5.2	18.1
All Share Index	3,384.46	(0.6)	(1.0)	5.8	18.8
Banks	4,463.28	(0.4)	(0.9)	5.1	15.6
Industrials	3,508.59	(0.9)	(1.5)	13.3	27.0
Transportation	3,375.66	(0.1)	(0.4)	2.4	22.5
Real Estate	1,871.77	(0.8)	(1.1)	(3.0)	17.7
Insurance	2,610.55	(1.2)	(1.1)	9.0	23.4
Telecoms	1,054.34	(0.8)	(1.8)	4.3	28.0
Consumer	8,159.05	(0.6)	(0.6)	0.2	28.5
Al Rayan Islamic Index	4,575.77	(0.6)	(1.0)	7.2	19.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Almarai Co.	Saudi Arabia	61.10	3.7	4,441.4	11.3
Abu Dhabi Comm. Bank	Abu Dhabi	7.27	3.1	6,480.8	17.3
Boubyan Bank	Kuwait	0.69	2.2	2,513.9	28.1
Abu Dhabi Islamic Bank	Abu Dhabi	5.57	2.2	3,553.0	18.5
Saudi Telecom Co.	Saudi Arabia	134.60	2.0	560.2	28.0

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sahara Int. Petrochemical	Saudi Arabia	28.05	(2.3)	4,567.8	62.0
Kingdom Holding Co.	Saudi Arabia	10.40	(2.3)	2,591.7	30.8
Emaar Economic City	Saudi Arabia	11.74	(2.2)	8,440.1	27.5
National Petrochem. Co.	Saudi Arabia	47.50	(1.3)	438.4	42.9
Saudi Kayan Petrochem.	Saudi Arabia	17.54	(1.2)	7,491.2	22.7

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	4.25	3.0	17.4	6.4
Qatar Navigation	7.36	0.7	1,662.8	3.8
Alijarah Holding	1.26	0.6	8,364.8	1.1
Mannai Corporation	3.60	0.6	112.5	20.0
Qatar First Bank	1.90	0.4	2,661.3	10.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	1.04	(4.3)	30,528.2	74.1
Salam International Inv. Ltd.	1.01	0.2	28,880.0	54.5
Qatar Aluminum Manufacturing	1.54	(2.8)	28,690.9	59.4
Gulf International Services	1.56	(2.5)	10,517.9	(8.8)
Mazaya Qatar Real Estate Dev.	1.14	(0.3)	8,847.8	(9.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	1.04	(4.3)	30,528.2	74.1
Qatari Investors Group	2.51	(4.2)	3,514.1	38.6
Qatar Islamic Insurance Company	7.72	(2.8)	21.6	11.9
Qatar Aluminum Manufacturing	1.54	(2.8)	28,690.9	59.4
Gulf International Services	1.56	(2.5)	10,517.9	(8.8)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.51	(1.1)	45,626.5	(1.8)
Qatar Aluminum Manufacturing	1.54	(2.8)	44,507.1	59.4
Investment Holding Group	1.04	(4.3)	32,001.0	74.1
Salam International Inv. Ltd.	1.01	0.2	29,042.3	54.5
Masraf Al Rayan	4.44	0.3	20,519.3	(2.0)

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*	10,666.76	(0.4)	(0.8)	(0.8)	2.2	113.54	167,507.2	18.1	1.6	2.7
Dubai	2,835.50	(0.1)	0.4	1.4	13.8	55.63	105,989.4	21.3	1.0	2.8
Abu Dhabi	6,670.65	0.4	1.0	1.7	32.2	414.16	255,475.1	22.5	1.9	3.7
Saudi Arabia	10,735.39	0.1	0.3	1.7	23.5	5,193.62	2,595,714.9	35.2	2.4	1.9
Kuwait	6,290.25	0.3	0.5	1.3	13.4	189.05	119,159.6	40.0	1.6	2.0
Oman	3,981.02	0.4	1.2	3.3	8.8	7.38	17,856.4	12.1	0.7	4.5
Bahrain	1,540.72	0.2	0.2	0.9	3.4	1.41	23,643.2	26.5	1.0	2.2

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 0.4% to close at 10,666.8. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from foreign shareholders despite buying support from Qatari, GCC and Arab shareholders.
- Investment Holding Group and Qatari Investors Group were the top losers, falling 4.3% and 4.2%, respectively. Among the top gainers, Qatar Cinema & Film Distribution gained 3.0%, while Qatar Navigation was up 0.7%
- Volume of shares traded on Tuesday rose by 14.8% to 192.4mn from 167.6mn on Monday. However, as compared to the 30-day moving average of 218.3mn, volume for the day was 11.8% lower. Investment Holding Group and Salam International Inv. Ltd. were the most active stocks, contributing 15.9% and 15.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	41.69%	41.33%	1,518,693.3
Qatari Institutions	17.15%	15.25%	7,930,027.2
Qatari	**58.84%**	**56.58%**	**9,448,720.6**
GCC Individuals	0.42%	0.54%	(481,522.4)
GCC Institutions	4.05%	1.83%	9,268,605.4
GCC	**4.47%**	**2.37%**	**8,787,083.0**
Arab Individuals	15.67%	13.51%	9,022,471.0
Arab Institutions	0.00%	0.00%	-
Arab	**15.67%**	**13.51%**	**9,022,471.0**
Foreigners Individuals	3.92%	4.04%	(476,620.7)
Foreigners Institutions	17.10%	23.51%	(26,781,653.8)
Foreigners	**21.02%**	**27.55%**	**(27,258,274.6)**

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

News

Qatar

- **Ooredoo teams up with HTC to expand access to super-fast 5G –** Ooredoo, Qatar's foremost 5G provider and a global leader in 5G development, is collaborating with HTC to co-launch the HTC 5G Hub in the region, it was announced. Designed for ease of use in the home and office alike, this device enables smooth 4K video streaming, low-latency gaming and much faster network access, a statement said. Backed by the stable and reliable Android 9 Pie system, the HTC 5G Hub is designed for on-the-go situations. It harnesses 5G speeds that allow it to easily out-perform 4G LTE networks. With long-lasting power and intuitive controls, the HTC 5G Hub presents a major opportunity to maximize access to the benefits of the high-speed 5G network. (Gulf-Times.com)
- **Ooredoo achieves 5G record for massive MIMO single user downlink data rate, for the ultimate user experience –** Demonstrating its technology leadership, and giving customers an amazing online experience, Ooredoo recently recorded downlink speeds of more than 5 Gbps on a commercial 5G Massive MIMO single sector, and it's one of the first in the region to do so. With drastic improvements in throughput and efficiency, 5G Massive MIMO delivers eight times more capacity for home internet compared to 4G, and 20 times more capacity on mobile. As the latest major milestone in its 5G rollout, the achievement builds on Ooredoo's continual efforts to improve user experience, drive innovation and position Oman as a technologically-advanced society. (Zawya)
- **QSE, Moscow Exchange sign MoU on strengthening partnership, cooperation –** Qatar Stock Exchange (QSE) and Moscow Exchange (MOEX), the largest bourse in Russia, have signed a memorandum of understanding (MoU), aimed at developing cooperation, collaboration, and strengthening the partnership between them. The MoU fosters exchange of information on Russian and Qatari financial markets and products, encourages business relations development between the exchanges and aims to identify new business opportunities to link the financial infrastructures of both the countries, a communique in the Russian exchange said. The Qatar and Russian bourses had entered into a pact during the recently concluded 24th edition of St Petersburg International Economic Forum (SPIEF) 2021. The deal was sealed between QSE Chief Executive Rashid bin Ali Al-Mansoori and MOEX counterpart Yury Denisov in the presence of delegates and dignitaries from both the countries. (Gulf-Times.com)
- **Qatar Airways halts A350 jet deliveries, blames surface faults –** Qatar Airways said it will stop taking delivery of Airbus SEA350 jets after issues under the surface of the paint forced it to ground some aircraft. The paint on some of the twin-aisle planes "has been degrading at an accelerated rate," the Gulf carrier said in a statement. The impacted aircraft will be idled and handovers halted until the "root cause can be understood and corrected." An Airbus spokesman declined to comment on the dispute, saying discussions with customers are confidential. The move marks an escalation of a disagreement first signaled in a Bloomberg TV interview last week, with Qatar Airways Chief Executive Officer Akbar Al Baker threatening to stop taking Airbus deliveries due to an issue he declined to discuss in detail. Doha-based Qatar Airways has received 53 A350 planes out of 76 on order, making it the largest customer of the carbon fiber-skinned jet. Qatar Airways is among Airbus's most important customers, and has used that position to put pressure on the manufacturer, from threatening to cancel or delay deliveries to criticisms over quality. (Bloomberg)
- **IPA Qatar signs 3 MoUs with Russian entities at SPIEF –** The Investment Promotion Agency Qatar (IPA Qatar) has signed three memoranda of understanding (MoUs) with Russian entities, aimed at bolstering the Russian investments across different sectors, including agriculture-technology (agritech), transportation and hospitality, cybersecurity, and IT. The MoUs, which were signed on the sidelines of the 24th edition of the St Petersburg International Economic Forum (SPIEF), come as part of efforts to attract foreign investments into Doha and showcase

Qatar as an "exceptional" investment destination. The new partnerships set forth the framework of co-operation between IPA Qatar and the three Russian partners, including BI.ZONE, one of the most innovative Russian cybersecurity companies; Accord Pitch Doha (APD), a Russian transportation and hospitality service provider; and Wadi Water, an innovative agritech company. The MoUs will further strengthen the diversification of the Qatari-Russian ties and accelerate the growth of Russian investments in the country. (Gulf-Times.com)

- **Qatar increases crude oil prices in July –** Qatar Petroleum increased its official prices in July to $1.15 per barrel above the average of Platts Oman and Dubai quotes for its Marine crude, and to $0.90 per barrel above the Oman/Dubai average for its Land crude, according to a pricing document on its website. June prices were set at $1.00 per barrel above the Oman/Dubai average for the Marine crude and $0.70 per barrel above Oman/Dubai average for Land crude. (Zawya)
- **Over QR2bn of real estate sales registered in May –** The volume of real estate transaction in sales contracts registered with the Real Estate Registration Department at the Ministry of Justice in May reached QR2,685,045,121. The data of the analytical real estate bulletin issued by the Ministry of Justice showed that 321 real estate deals were registered during the same month. The index of the value of the deals rose 34%, while the index for total area traded increased 10%. The municipalities of Doha, Al Rayyan and Al Daayen topped the most active transactions in terms of financial value during the month of May, followed by the municipalities of Umm Salal, Al Wakra, Al Khor-Al Thakhira and Al Shamal. The financial value of Doha Municipality reached QR 1,670,749,364. Al Rayyan meanwhile had a total traded value less than a third of that of Doha at QR521,305,884. Al Daayen for its part traded value worth QR227,994,865 during the month. In terms of the traded areas index, the indicators show that the municipalities of Al Rayyan, Doha and Al Daayen were the most active municipalities for real estate areas traded during the month of May, with 34% for Al Rayyan municipality, followed by Doha municipality by 26%, and Al Daayen with 17%, and Umm Salal municipality registering 8%. Data for trading in the Pearl and Gassar areas showed 24 deals for residential units with a total value of QR48,319,775. (Gulf-Times.com)
- **QBA, UK minister seek to boost trade, investment ties –** The Qatari Businessmen Association (QBA) organized a business meeting with UK Minister for International Trade Ranil Jayawardena and his accompanying delegation in the presence of Trade Commissioner for the Middle East Simon Penny. The meeting was held on the sidelines of the Jayawardena's second visit to Doha to discuss ways to support bilateral trade between the two countries. (Qatar Tribune)

International

- **Biden shifts infrastructure talks to new bipartisan Senate group –** President Joe Biden on Tuesday broke off talks on an infrastructure bill with a key Republican, instead reaching out to a bipartisan group, after one-on-one talks with Senator Shelley Capito were described as hitting a "brick wall." Biden changed course after Capito, the leader of a group of six Senate Republicans handling the negotiations, offered $330bn in new spending on infrastructure, far short of Biden's reduced $1.7tn offer. "He informed Senator Capito today that the latest offer from her group did not, in his view, meet the essential needs of our country," White House press secretary Jen Psaki said in a statement. "He offered his gratitude ... but expressed his disappointment that, while he was willing to reduce his plan by more than $1tn, the Republican group had increased their proposed new investments by only $150bn," Psaki said. Earlier in the day, Senate Majority Leader Chuck Schumer said the talks "seem to be running into a brick wall." Capito had a five-minute call with the Democratic president on Tuesday, a Capito spokesperson said. "After negotiating in good faith and making significant progress to move closer to what the president wanted, I am disappointed by his decision," Capito said in a statement. Schumer, the top Senate Democrat, gave new life to the possibility of some sort of a bipartisan bill being cobbled together that could ultimately be paired with a Democratic-only bill to achieve more of the administration's $2tn investment goals. Republicans have been talking about a far more modest package of less than $1tn, with much of the money coming from initiatives already enacted into law, such as COVID-19 relief. A bipartisan group of senators met on Tuesday to discuss the next steps on infrastructure. Republicans including Bill Cassidy, Mitt Romney and Rob Portman, and Democrats, including key swing votes Kyrsten Sinema and Joe Manchin, were among those in attendance. The senators emerged from the meeting encouraged about the discussions, but offered no concrete time line. Romney said they reached fairly good agreement on specific items but were a "a little less solid" on how to pay for them. He said they could release some details in the coming weeks. (Reuters)
- **US job openings jump to fresh record high in April –** US job openings surged by nearly one million to a new record high in April, while more people voluntarily left their employment, strengthening the view that a recent moderation in job growth was due to supply constraints. Job openings, a measure of labor demand, increased by 998,000 to 9.3mn on the last day of April, the highest level since the series began in December 2000, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report, on Tuesday. Hiring was little changed at 6.1mn in April from 6.0mn in the prior month. The government reported last Friday that job growth picked up in May, with employers raising wages, but the pace of hiring was below economists' expectations for a second straight month. (Reuters)
- **US Republicans vow to oppose Yellen's G7 tax deal, casting doubt on its future –** Several top US Senate Republicans on Monday rejected Treasury Secretary Janet Yellen's G7 deal to impose a global minimum corporate tax and allow more countries to tax big multinational firms, raising questions about the US ability to implement a broader global agreement. The opposition from Republicans may push President Joe Biden to attempt to use budget procedures to pass the initiatives with only Democratic votes. It left lawyers and tax experts in Washington wondering whether it could get done without crafting a new international treaty, which requires approval by a two-thirds majority in the evenly split 100-member Senate. "It's wrong for the US," Republican Senator John Barrasso said of the tax deal struck on Saturday by finance ministers from the G7 wealthy democracies. "I think it's going to be anti-competitive, anti-US, harmful for us as we try to continue to grow the economy and certainly at a time when we're coming out of a pandemic," Barrasso, who chairs the Senate Republican Conference, told reporters at the US Capitol. In the landmark agreement, G7 finance ministers agreed to pursue a global minimum tax rate of at least 15% and to allow market countries to tax up to 20% of the excess profits - above a 10% margin - of around 100 large, high-profit companies. Yellen said the "significant, unprecedented commitment" would end what she called a race to the bottom on global taxation. In exchange, G7 countries agreed to end digital services taxes, but the timing for that is dependent on the new rules being implemented. The deal could pave the way for broader buy-in by G20 countries and some 140 economies participating in international negotiations over how to tax large technology firms such as Alphabet Inc's (GOOGL.O) Google, Facebook Inc , Amazon.com Inc and Apple Inc . All are expected to be included in the new, broader mechanism, which is targeted

for a final international agreement in October. Republican Senator Pat Toomey said the deal would drain tax revenues away from the US Treasury to other countries, adding that he hoped some Democrats would be unwilling "to subject the American economy to this kind of misery." "There will be no Republican support for this, and they'll have to do this on a party-line vote. That needs to fail," Toomey told Fox Business Network. (Reuters)

- **US trade deficit narrows in April –** The US trade deficit retreated from a record high in April amid a decline in imports, but the improvement was likely temporary as domestic demand remains robust. The trade deficit dropped 8.2% to $68.9bn in April, the Commerce Department said on Tuesday. Data for March was revised higher to show the gap widening to an all-time high of $75.0bn instead of $74.4bn as previously reported. (Reuters)
- **US Senate passes sweeping bill to address China tech threat –** The US Senate voted 68-32 on Tuesday to approve a sweeping package of legislation intended to boost the country's ability to compete with Chinese technology. The desire for a hard line in dealings with China is one of the few bipartisan sentiments in the deeply divided US Congress, which is narrowly controlled by President Joe Biden's fellow Democrats. The measure authorizes about $190bn for provisions to strengthen US technology and research - and would separately approve spending $54bn to increase US production and research into semiconductors and telecommunications equipment, including $2bn dedicated to chips used by automakers that have seen massive shortages and made significant production cuts. The bill must pass the House of Representatives to be sent to the White House for Biden to sign into law. It is not clear what legislation in the House will look like or when it might take it up. The bill has a number of other China-related provisions including prohibiting the social media app TikTok from being downloaded on government devices, and would block the purchase of drones manufactured and sold by companies backed by the Chinese government. It would also allow diplomats and Taiwanese military to display their flag and wear their uniforms while in the US on official businesses. It would also create broad new mandatory sanctions on Chinese entities engaged in US cyberattacks or theft of US intellectual property from US firms, and provides for a review of export controls on items that could be used to support human rights abuses. Senate Majority Leader Chuck Schumer, a co-sponsor of the measure, warned of the dire consequences of not funding research to keep up with China. "If we do nothing, our days as the dominant superpower may be ending. We don't mean to let those days end on our watch. We don't mean to see America become a middling nation in this century," Schumer said. Biden praised the bill: "We are in a competition to win the 21st century, and the starting gun has gone off ... We cannot risk falling behind." US Commerce Secretary Gina Raimondo has said the funding could result in seven to 10 new US semiconductor plants. Many US companies praised the bill. General Motors Co (GM.N) said the legislation "represents an important step to address the semiconductor shortage that continues to impact US automotive manufacturing." Some critics have likened the Senate funding effort to China's high-tech industrial development push, dubbed "Made in China 2025," which long irked the US. The bill also seeks to counter Beijing's growing global influence through diplomacy, by working with allies and increasing US involvement in international organizations after Republican former President Donald Trump's "America First" agenda. Senator Maria Cantwell noted the bill would authorize NASA spending and its Artemis mission to the Moon. "As China has made it clear, they're going to Mars, we are going back to the Moon to ready ourselves to go to Mars," Cantwell said. (Reuters)
- **Biden supply chain 'strike force' to target China on trade –** The US will target China with a new "strike force" to combat unfair trade practices, the Biden administration said on Tuesday, as it rolled out findings of a review of access to critical products, from semiconductors to electric-vehicle batteries. The "supply chain trade strike force," led by the US trade representative, is looking for specific violations that contributed to a hollowing out of supply chains that could be addressed with tariffs or other remedies, including toward China, White House senior director for international economics and competitiveness Peter Harrell told reporters. Officials also said the Department of Commerce is considering initiating a Section 232 investigation into the national security impact of neodymium magnet imports used in motors and other industrial applications, which the US largely obtains from China. President Joe Biden ordered the review of critical supply chains in February, requiring executive agencies to report back within 100 days on risks to US access to critical goods like those used in pharmaceuticals as well as rare earth minerals, for which the US is dependent on overseas sources. Though not explicitly directed at China, the review is part of a broader Biden administration strategy to shore up US competitiveness in the face of challenges posed by the world's second-largest economy. "We're trying to understand all of the logistics behind the supply chain" to loosen bottlenecks, Jared Bernstein, an economic adviser to Biden, told Reuters. "One of the best ways to do that is to talk to people in the industry and we're doing a lot of that." The US faced serious challenges in obtaining medical equipment during the COVID-19 epidemic and now faces severe bottlenecks in a number of areas, including computer chips, stalling production of goods, such as cars. While the White House said it is working closely with private industry to find solutions for the shortages, officials also said companies were part of the problem. "Decades of focusing on labor as a cost to be managed and not an asset to be invested in have weakened our domestic supply chains, undermining wages and union density for our workers," and made it harder for companies to find skilled talent, Sameera Fazili, deputy director of the National Economic Council, told reporters. US agencies are required to issue more complete reports a year after Biden's order, identifying gaps in domestic manufacturing capabilities and policies to address them. (Reuters)
- **EIA : US power use to rise in 2021 as governments ease lockdowns –** US power consumption will rise 2.0% this year as state and local governments ease coronavirus lockdowns, the US Energy Information Administration (EIA) said in its Short Term Energy Outlook (STEO) on Tuesday. EIA projected power demand will rise to 3,879bn kilowatt hours (kWh) in 2021 and 3,935bn kWh in 2022 from a coronavirus-depressed 11-year low of 3,802bn kWh in 2020. That compares with an all-time high of 4,003bn kWh in 2018. EIA projected 2021 power sales would rise to 1,503bn kWh for residential consumers, which would be a record as continuing lockdowns cause more people to work from home, 1,294bn kWh for commercial customers and 945bn kWh for industrials. That compares with all-time highs of 1,469bn kWh in 2018 for residential consumers, 1,382bn kWh in 2018 for commercial customers and 1,064bn kWh in 2000 for industrials. The EIA said natural gas' share of power generation will slide from 39% in 2020 to 36% in 2021 and 35% in 2022 as gas prices increase, while coal's share will rise from 20% in 2020 to 23% in 2021, before slipping to 22% in 2022. The percentage of nuclear generation will ease from 21% in 2020 to 20% in 2021 and 19% in 2022, while renewables will rise from 20% in 2020 to 21% in 2021 and 23% in 2022. The EIA projected 2021 natural gas sales would rise to 13.29bn cubic feet per day (bcfd) for residential consumers, 9.25 bcfd for commercial customers and 23.25 bcfd for industrials, but fall to 29.39 bcfd for power generation. That

compares with all-time highs of 14.36 bcfd in 1996 for residential consumers, 9.63 bcfd in 2018 for commercial customers, 23.80 bcfd in 1973 for industrials and 31.74 bcfd in 2020 for power generation. (Reuters)

- **Eurozone economic dip milder than expected in first quarter –** The eurozone economy contracted by much less than expected in the first quarter of the year, revised data from the EU's statistics office showed, with a buildup of inventories and investment offset by reduced consumer spending. Eurostat said gross domestic product in the 19 countries sharing the Euro contracted 0.3% QoQ for a 1.3% YoY decline. These compared with estimates three weeks ago of respectively -0.6% and -1.8%. Italy grew marginally, against a previous estimate of a dip, and France dipped, against an earlier estimate of growth. Germany was very slightly weaker, while a number of smaller countries were more positive. Eurostat said rising inventories added 0.7 percentage points to the overall quarterly figure in the January-March period and investment and trade each added another 0.1 points. Falling household consumption, hit by pandemic lockdowns including of shops across Europe, subtracted 1.2 points and government spending was neutral. The 0.3% GDP contraction comes after a 0.6% GDP quarterly fall in the previous three months, meaning the euro zone economy was in its second technical recession since the start of the COVID-19 pandemic. Eurostat said also employment fell 0.3% quarter-on-quarter in January-March and was down 1.8% year-on-year. (Reuters)
- **Before EU talks, UK urges 'urgent solution' to trade with N.Ireland –** Britain urged the European Union on Tuesday to help find an urgent solution to trade difficulties with Northern Ireland before the end of this month, saying there was no case for the bloc to prevent the sale of chilled meat in the province. Since completing its exit from the EU last year, Britain's relations with the bloc have soured, with both sides accusing the other of acting in bad faith in relation to part of their trade agreement that covers goods movements to Northern Ireland. Under the deal, Britain was expected to introduce checks on some goods moving to Northern Ireland, an EU demand to ensure there was no back door to its single market via the border between the British province and EU member Ireland. But London unilaterally extended a grace period until June 30 for some checks to minimise supply disruption of goods such as chilled meats, a move that deepened mistrust between the two sides which are now at loggerheads over how to resolve the standoff. Earlier, European Commission Vice President Maros Sefcovic warned Britain in an article in the Telegraph newspaper that the EU would "not be shy in reacting swiftly, firmly and resolutely" if it considered Britain was breaching its legal obligations. A spokesman for Prime Minister Boris Johnson called for an urgent solution to the issue, saying if there was none found by June 30, there could be no possibility of Northern Ireland not being sold goods such as chilled meats from Britain. "There's no case whatsoever for preventing chilled meat from being sold in Northern Ireland. We think an urgent solution needs to be found," the spokesman told reporters. "We have not heard any new proposals from the EU. We have sent more than 10 papers to the Commission proposing potential solutions on a wide range of issues and we're yet to receive a single written response." The EU has also criticized Britain for not showing any flexibility in talks which are expected to continue in London on Wednesday.
- **German investor morale falls but strong recovery still expected –** Investor sentiment in Germany fell in June but remained at a high level and expectations for a strong economic recovery for the next six months are intact, a survey showed on Tuesday. The ZEW economic research institute said its survey of investors' economic sentiment fell to 79.8 points from 84.4 in the previous month. A Reuters poll had forecast a rise to 86.0. A separate ZEW gauge of current conditions surged to -9.1 points from -40.1 the previous month. That compared with a consensus forecast for -27.8 points. "The economic recovery is progressing," ZEW President Achim Wambach said in a statement. "The decline in expectations is probably largely due to the considerably better assessment of the economic situation, which is now back at pre-crisis levels." "The financial market experts therefore continue to expect a strong economic recovery for the next six months," Wambach added.
- **Supply bottlenecks throttle German industrial output in April –** A lack of semiconductors, timber and other intermediate goods drove an unexpected fall in German industrial output in April, a further sign that massive supply bottlenecks are hampering the recovery in Europe's largest economy. The Federal Statistics Office said industrial output dropped 1.0% on the month after a downwardly revised increase of 2.2% in March. A Reuters poll had pointed to a 0.5% rise in April. The drop in the headline figure was driven by a decrease in consumer goods production of more than 3% and a plunge in construction activity of more than 4%. The weaker than expected industrial figures suggest that the German economy will have to rely on household spending to support a still-fragile recovery from the coronavirus crisis. "Such a combination is unparalleled: Order books in industry are well filled and production is falling," VP Bank economist Thomas Gitzel said, adding that the supply problems with semiconductors were pushing down output in the car industry. So despite well-filled order books, manufacturing will only make a limited contribution to overall economic growth in the second quarter, Gitzel said. The economy ministry said industrial output was being hampered by supply bottlenecks for intermediate products such as semiconductors and timber. But it added that business sentiment surveys were suggesting an improvement in coming months. Germany's Ifo business sentiment brightened in May to hit a two-year high as COVID-19 curbs were eased and infections fell, suggesting a swift summer recovery after the economy shrank more than expected in the first quarter. Investor sentiment in Germany fell in June but remained at a high level and expectations for a strong economic recovery for the next six months are intact, a survey by the ZEW economic research institute showed on Tuesday. The ZEW's survey of investors' economic sentiment fell to 79.8 points from 84.4 in the previous month. But a separate ZEW gauge of current conditions surged to -9.1 points from -40.1. "The economic recovery is progressing," ZEW President Achim Wambach said in a statement. "The decline in expectations is probably largely due to the considerably better assessment of the economic situation, which is now back at pre-crisis levels." "The financial market experts therefore continue to expect a strong economic recovery for the next six months," he added. Andrew Kenningham of Capital Economics said the chip shortages were likely to continue to constrain the recovery but that it should be a temporary problem. Industrial output should recover somewhat in May and June which should enable overall economic growth of at least 1% in the second quarter, Kenningham added. In the first quarter, German GDP contracted by 1.8% on the quarter and by 3.1% on the year, significantly weaker readings than the euro zone average. On Monday, Chancellor Angela Merkel said at the virtual opening of a Bosch semiconductor plant in Dresden that the chip shortages in manufacturing were complicating Germany's economic recovery from the coronavirus crisis.
- **Report: Hiring barely hit by Spanish minimum-wage hike –** Spain's historic 22% minimum wage hike in 2019 led to a reduction of barely 1% of its employment, far less than some analysts had forecast, a Bank of Spain report published on Tuesday showed. The finding is the latest to add weight to a growing international consensus among economists that

minimum wage policies do not discourage firms from hiring workers, contrary to what was a widely held belief up to the 1990s. The hike approved by Pedro Sanchez’s newly-arrived socialist government two years ago was at the time one of the highest ever recorded in a developed country. With its high unemployment and low-wage labour market, many feared a dramatic impact on hiring. However, the report concluded that the wage rise led only to a reduction of between 0.6-1.1 percentage points in low-wage jobs that year - or roughly 90,000-145,000 positions. It did not say whether those jobs were destroyed outright, allocated elsewhere or simply not created due to the reform. Overall employment grew by 2.3% in Spain in 2019. Jobless comparisons between 2019 and 2020 are less meaningful due to the onset of the coronavirus pandemic, but the headline rate rose slightly from an average 14.1% in 2019 to 16.1% by end-2020. After the first 2019 rise, Sanchez’ government approved another 5.5% increase for 2020, leaving the minimum wage at 1,108 Euros a month ($1,350) with the promise - frozen by the pandemic - to continue raising it in the coming years. “In none of its pages does (the report) talk about job destruction, for the first time we agree,” Labour Minister Yolanda Diaz told a news conference. The authors of the study, which took 18 months to publish after analysingmns of contracts, came up with a formula for use by other policy-makers when making decisions about minimum-wage increases. They found that for every percentage point increase in the minimum wage, there is a reduction in job growth - which can be either job destruction or lack of job creation - of between 0.03 percentage points and 0.05 percentage points. “The decision whether or not to raise the minimum wage cannot be circumscribed to the impact of this instrument on a single factor,” they concluded, urging policy-makers to assess whether positive impacts outweighed any hit to employment. The study called notably for looking at changes in other variables such as consumption, investment and savings. Spanish GDP grew by 2% in 2019 before crashing a record 10.8% in 2020 due to the pandemic. Household spending in 2019 rose by 0.9%. The report split out data on the impact on the hospitality sector, which employed around 1.7mn workers before the pandemic and where the minimum wage is commonly used. It estimated that at least 0.4% or 70,000, of those jobs were destroyed outright after the increase. Spain’s minimum wage is now around the mid-point in the European Union, with Bulgaria lowest on 332 Euros a month and Luxembourg highest on 2,202 Euros, EU data show.

- **China's May factory gate prices rise at fastest pace in over 12 years –** China's factory gate prices rose at their fastest annual pace in over 12 years in May due to surging global commodity prices and a low base of comparison, while consumer prices increased for the third straight month but at a slower-than-expected rate. The producer price index (PPI) increased 9.0% from a year earlier, the National Bureau of Statistics (NBS) said in a statement, driven by significant price increases in crude oil, iron ore and non-ferrous metals. Analysts in a Reuters poll had expected the PPI to rise 8.5% after a 6.8% increase in April. On a monthly basis, the PPI rose 1.6%, up from a 0.9 uptick in April. Higher commodity prices and low bases last year could further drive up China's producer price inflation in the second and third quarter, China's central bank has said. Prices for commodities including coal, steel, iron ore and copper, which affect the PPI, have surged this year, fuelled by post-lockdown recoveries in demand and ample global liquidity. Chinese policymakers have pledged to take measures to cool red hot commodity prices and prevent them being passed on to consumers. Soaring producer prices have yet to feed through to China's consumer inflation, which remains mild and well below the government's official target of about 3%. NBS data also showed China's consumer price index (CPI) rose 1.3% in May in annual terms, the biggest increase in eight months. That was still slower than analysts' forecast for a 1.6% increase, after a 0.9% gain in April. China's economy has seen a strong rebound from a coronavirus-induced slump early last year. China's gross domestic product (GDP) expanded by a record 18.3% in the first quarter and many economists expect growth will exceed 8% this year.
- **Commerce ministry: China cannot be blindly optimistic about foreign trade in 2021 –** The external environment for China’s foreign trade remains complex and the country cannot be blindly optimistic about trade prospects in 2021, the commerce ministry said on Wednesday. China will step up firms’ ability to cope with foreign exchange risk, the ministry also said in a report on its website.
- **China May PPI +9.0% YoY, CPI up 1.3% –** China’s factory gate prices increased at the fastest pace since September 2008, official data showed on Wednesday, while consumer inflation also accelerated but at a slower-than-expected rate. The producer price index (PPI) rose 9.0% from a year earlier in May, according to a statement from the National Bureau of Statistics. Analysts in a Reuters poll had expected the PPI to rise 8.5% after a 6.8% increase in April. The consumer price index (CPI) rose by 1.3% from a year earlier, the statistics bureau said. Analysts in the poll had expected the CPI to rise 1.6% after a 0.9% increase in April.

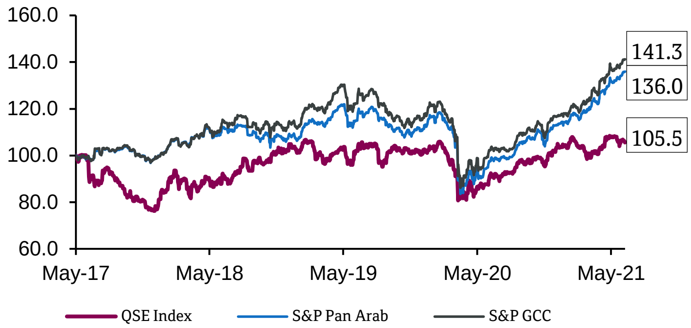
Regional

- **Saudi sovereign fund PIF appoints two to new Deputy Governor roles –** Saudi Arabia’s sovereign wealth fund PIF said on Tuesday it has established two Deputy Governor roles to support the $430bn fund’s continued growth and expansion. Turqi Alnowaiser, who heads PIF’s International Investments division, and Yazeed Alhumied, who leads the fund’s MENA (Middle East and North Africa) Investments Division, formerly the Local Holdings Investments Division, will take on the roles alongside their current responsibilities, it said. The Public Investment Fund (PIF), led by Governor, Yasir al-Rumayyan, is at the center of Saudi Arabia’s plans to transform the economy by creating new sectors and diversifying revenues away from oil. The fund is expected to inject at least $40bn annually into the local economy until 2025 and increase its assets to $1tn by that date. (Reuters)
- **Saudi Aramco kicks off debut sale of Dollar-denominated Islamic bonds –** Saudi Aramco started marketing its first Dollar-denominated Islamic bond sale. The state-controlled company is offering Sukuk due in three, five and 10 years, according to sources. The firm is raising cash to help fund its commitment to pay out $75bn in dividends, a pledge Aramco made to drum up support for its initial public offering. But with the spread of the coronavirus and widespread lockdowns curbing demand for oil last year, the price of Brent crude plunged to just below $16 a barrel at one point in 2020, the lowest since 1999. Aramco hired advisers including Citigroup Inc. and Goldman Sachs Group Inc., a separate person familiar said earlier this week. (Bloomberg)
- **New Regulation to ensure efficient risk management of UAE banks’ outsourcing activities –** The Central Bank of the UAE (CBUAE) has issued a new Outsourcing Regulation and accompanying Standards for banks operating in the UAE, as part of its ongoing efforts to introduce robust regulatory frameworks that properly govern and safeguard the UAE’s banking sector. The Regulation, which comes into effect one month following the date of publication in the Official Gazette, aims to ensure that banks are appropriately managing the risks when outsourcing certain functions. This includes the requirement for mandatory inclusion of board-approved policies and procedures for outsourcing activity in banks’ governance frameworks. CBUAE also seeks through the introduction of this Regulation to ensure that banks' approaches to managing the risks inherent in outsourcing arrangements are in line with leading international

prudent practices to contribute in enhancing financial stability. (Zawya)

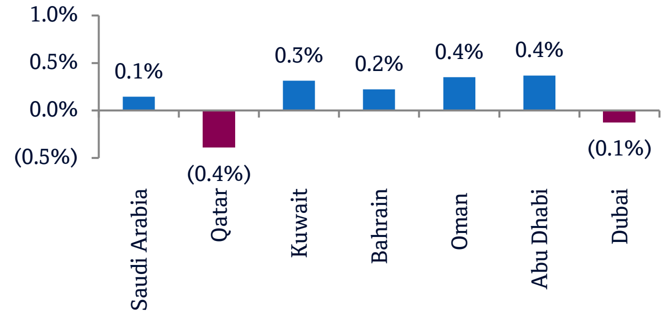
- **Emirates Development Bank sells $750mn in five-year bonds –** Emirates Development Bank, wholly owned by the UAE federal government, sold $750mn in five-year bonds at 80 basis points (bps) over mid-swaps after receiving over $3.2bn in orders for its first international bond sale since 2019, a document showed on Tuesday. The spread was tightened from initial guidance of between 105 and 110 basis points over mid-swaps, the document from one of the banks on the deal showed. Emirates NBD Capital, Standard Chartered, Goldman Sachs International, and Industrial and Commercial Bank of China arranged the deal. (Reuters)
- **Dubai property deals hit four-year high to $3bn in May 2021 –** Property transactions in Dubai jumped to a four-year high in May, indicating that the market has rebounded since the COVID-19 lockdown last year, according to Dubai-based listings portal Property Finder. A total of 4,429 deals worth $3bn were registered during the month, the highest since March 2017. The latest data showed that the total transaction value in Dubai's real estate market has recovered by more than 324% since the COVID-19 lockdown last year. "One indication that Dubai's real estate market has rebounded is that the average transaction value for a single property has increased, 16.77% for villa/townhouses and 17.18% for apartments in one year," Director of research and data at Property Finder, Lynnette Abad Sacchetto said. (Zawya)
- **Abu Dhabi to invest AED22bn in culture, creative industries –** Abu Dhabi plans to invest AED22bn over the next five years in its Culture and Creative Industries (CCI) with a substantial portion to be deployed in the development and support of new museums, including the upcoming Zayed National Museum and Guggenheim Abu Dhabi. The investment strategy is seen as a major driver of economic diversification, which will also result in creating more employment opportunities as well as allowing individuals and businesses to reach new levels of professional and economic success. Over the past five years, AED8.5bn has been committed across the Emirate, including in projects such as Yas Creative Hub – the Emirate's new home for media and gaming - and Saadiyat Cultural District, as well as soft infrastructure initiatives such as the Creative Visa, announced earlier this year. The emirate's performing arts, music, media and gaming sectors will also see further investment in their diverse array of programs and initiatives, the Department of Culture and Tourism – Abu Dhabi (DCT Abu Dhabi), said on Tuesday. (Zawya)
- **Mubadala joins EIG-led consortium buying Aramco pipeline stake –** Abu Dhabi state investor Mubadala said on Tuesday it has joined a consortium led by US-based EIG Global Energy Partners that had agreed to buy a 49% equity stake in Aramco Oil Pipelines Co. Aramco in April agreed to sell a minority stake in its pipelines for $12.4bn to a consortium led by EIG, the company's largest deal since its record $29.4bn initial public offering in late 2019. Aramco will keep 51% of the newly formed Aramco Oil Pipelines Co which has the rights to 25 years of tariff payments for oil carried on Aramco's pipelines. Mubadala in statement to Reuters did not disclose how much it would invest in the deal. Sources had told Reuters earlier that EIG was in talks to sell part of the equity portion to buyers including Mubadala, Chinese investors, pension funds in Saudi Arabia and the UAE, as well as a small piece to US pension funds, the source added. The deal is backed by staple financing of $10.5bn provided by international and regional banks. (Reuters)
- **Oman gets $1.75bn as Sukuk comeback sees huge demand –** Oman sold $1.75bn in nine-year Sukuk, or Islamic bonds, on Tuesday after drawing more than $11.5bn in orders for its second international bond issuance this year, a document showed. It launched the bonds at 4.875%, tightened from initial price guidance of 5.375%-5.5%, according to the document from one of the banks involved in the deal. Oman, a relatively small oil producer, is one of the weakest credits in the hydrocarbon-rich Gulf and more sensitive than its neighbors to oil price swings, meaning it was hit especially hard by 2020's historic price crash and the COVID-19 pandemic. "The pricing is reflective of pent-up demand in the Sukuk space," Head of fixed income asset management at Arqaam Capital, Abdul Kadir Hussain said. The issuance was Oman's first dollar Sukuk sale since 2018. (Reuters)
- **Oman's Asyad to focus on ports, shipping –** Oman's state-owned transport group Asyad plans to restructure its operations in order to focus on logistics, port services, free zones, shipping, drydocks and e-commerce, the state-run Oman News Agency reported on Tuesday, citing a management decision. The transport ministry will take over supervision of the company's land transportation activity, it said. (Reuters)
- **Oman to supply Middle East first carbon-neutral LNG with Shell –** Oman will supply the Middle East's first carbon-neutral LNG cargo together with Shell, according to a statement on Tuesday. Oman LNG says it will use carbon offsets from its export facility at Sur to counter emissions from the cargo, which will be delivered in the Middle East. (Bloomberg)
- **Kuwait sells KD280mn 182-day bills; bid-cover at 9.02x –** Kuwait sold KD280mn of 182 day bills due on December 7. Investors offered to buy 9.02 times the amount of securities sold. The bills have a yield of 1.25% and settled on June 8. (Bloomberg)
- **Ooredoo Kuwait has announced a partnership with local company One Source –** Ooredoo Kuwait has announced a partnership with local company One Source, which specializes in automated systems for remote tracking, monitoring and management of fleets of vehicles, containers and people. The partnership will enable Ooredoo to offer its customers "Fleet Management Solutions" to improve efficiency. It will provide live GPS and vehicle security via an online application. (Bloomberg)
- **GFH proposes to take over Bahrain's Khaleeji Commercial Bank –** Bahrain-based investment bank GFH has proposed a voluntary takeover offer for the issued shares of Khaleeji Commercial Bank. The offer is subject to board, regulatory approvals; didn't disclose financial details. (Bloomberg)
- **Ahli United Bank issues repurchase tender for $200mn Sukuk –** Ahli United Bank (AUB) has issued repurchase tender offer for its $200mn AT1 Sukuk issued on October 25, 2016. The joint dealer managers include Citigroup, HSBC and Standard Chartered Bank. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,892.89	(0.3)	0.1	(0.3)
Silver/Ounce	27.62	(1.0)	(0.6)	4.6
Crude Oil (Brent)/Barrel (FM Future)	72.22	1.0	0.5	39.4
Crude Oil (WTI)/Barrel (FM Future)	70.05	1.2	0.6	44.4
Natural Gas (Henry Hub)/MMBtu	3.11	4.4	4.7	30.1
LPG Propane (Arab Gulf)/Ton	93.75	2.5	2.2	24.6
LPG Butane (Arab Gulf)/Ton	99.75	0.0	0.8	43.5
Euro	1.22	(0.1)	0.0	(0.4)
Yen	109.50	0.2	(0.0)	6.1
GBP	1.42	(0.2)	0.0	3.6
CHF	1.12	0.1	0.3	(1.3)
AUD	0.77	(0.2)	0.0	0.6
USD Index	90.08	0.1	(0.1)	0.2
RUB	72.29	(0.7)	(0.7)	(2.8)
BRL	0.20	0.2	0.3	3.2

Source: Bloomberg (*$ adjusted returns)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	3,001.83	0.0	0.1	11.6
DJ Industrial	34,599.82	(0.1)	(0.5)	13.0
S&P 500	4,227.26	0.0	(0.1)	12.5
NASDAQ 100	13,924.91	0.3	0.8	8.0
STOXX 600	454.01	(0.0)	0.5	13.3
DAX	15,640.60	(0.4)	(0.2)	13.0
FTSE 100	7,095.09	0.0	0.3	13.8
CAC 40	6,551.01	(0.0)	0.7	17.6
Nikkei	28,963.56	(0.4)	0.1	(0.5)
MSCI EM	1,377.43	(0.2)	(0.3)	6.7
SHANGHAI SE Composite	3,580.11	(0.6)	(0.4)	5.1
HANG SENG	28,781.38	(0.0)	(0.5)	5.6
BSE SENSEX	52,275.57	(0.3)	0.2	9.6
Bovespa	129,787.10	(0.6)	0.5	12.1
RTS	1,656.46	0.2	0.6	19.4

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