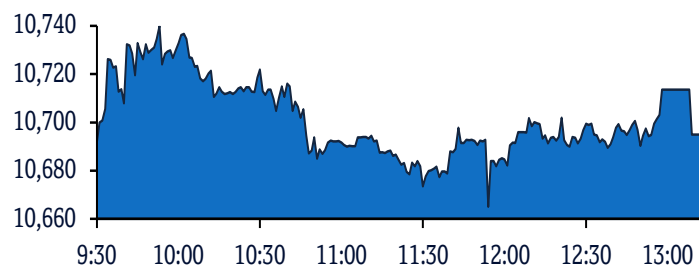


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index declined 0.4% to close at 10,695.1. Losses were led by the Real Estate and Industrials indices, falling 0.9% and 0.8%, respectively. Top losers were Widam Food Company and Qatar Islamic Insurance Company, falling 3.7% each. Among the top gainers, Qatar Oman Investment Company gained 2.5%, while Medicare Group was up 2.0%.

## GCC Commentary

**Saudi Arabia:** The TASI Index fell 0.3% to close at 10,339.9. Losses were led by the Utilities and Materials indices, falling 1.6% and 1.0%, respectively. Middle East Healthcare Co. declined 3.4%, while Sahara International Petro. was down 3.0%.

**Dubai:** The DFM Index gained 1.5% to close at 2,751.0. The Investment & Financial Services index rose 4.1%, while the Real Estate & Construction index gained 2.0%. DAMAC Properties Dubai Co rose 6.3%, while Dubai Financial Market was up 5.6%.

**Abu Dhabi:** The ADX General Index fell marginally to close at 6,517.9. The Banks index declined 0.4%, while the Insurance index fell 0.3%. Al Khaleej Investment declined 8.3%, while Sharjah Group was down 5.9%.

**Kuwait:** The Kuwait All Share Index fell 0.1% to close at 6,290.3. The Insurance index declined 2.6%, while the Consumer Discretionary index fell 1.0%. Future Kid Entertainment and Real Estate Co. declined 15.3%, while Munshaat Real Estate Project Co. was down 8.6%.

**Oman:** The MSM 30 Index gained 0.5% to close at 3,868.1. Gains were led by the Financial and Services indices, rising 0.6% and 0.2%, respectively. Al Ahlia Insurance Company rose 9.7%, while Sohar Power Company was up 6.7%.

**Bahrain:** The BHB Index gained 0.4% to close at 1,536.8. The Industrial index rose 0.8%, while the Commercial Banks index gained 0.6%. Ithmaar Holding rose 9.7%, while Khaleeji Commercial Bank was up 7.8%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Oman Investment Company	1.07	2.5	20,094.7	20.7
Medicare Group	9.18	2.0	213.2	3.9
Mannai Corporation	3.87	1.2	35.6	29.0
Dlala Brokerage & Inv. Holding Co.	1.69	1.1	2,868.7	(6.0)
Qatar International Islamic Bank	9.49	1.1	1,386.2	4.8

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.94	(0.6)	44,121.5	45.0
Qatar Oman Investment Company	1.07	2.5	20,094.7	20.7
Mazaya Qatar Real Estate Dev.	1.17	(1.7)	13,763.8	(7.4)
Investment Holding Group	1.07	(1.7)	12,917.6	78.0
Ezdan Holding Group	1.78	(0.1)	12,653.4	0.0

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,695.05	(0.4)	(2.1)	(2.0)	2.5	134.95	167,912.1	18.1	1.6	2.7
Dubai	2,750.96	1.5	2.0	5.6	10.4	133.29	103,370.7	20.6	1.0	2.9
Abu Dhabi	6,517.85	(0.0)	5.0	7.8	29.2	511.39	253,939.3	22.1	1.8	4.0
Saudi Arabia	10,339.85	(0.3)	0.2	(0.8)	19.0	2,262.10	2,567,836.4	31.0	2.3	2.0
Kuwait	6,290.33	(0.1)	0.2	2.9	13.4	207.71	119,626.2	39.1	1.6	2.2
Oman	3,868.09	0.5	0.9	2.8	5.7	6.55	17,401.0	11.6	0.7	4.6
Bahrain	1,536.75	0.4	0.5	3.5	3.2	3.46	23,549.2	26.8	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)

Market Indicators	20 May 21	19 May 21	%Chg.
Value Traded (QR mn)	499.9	447.0	11.8
Exch. Market Cap. (QR mn)	622,127.1	623,952.4	(0.3)
Volume (mn)	189.5	213.8	(11.3)
Number of Transactions	11,597	10,641	9.0
Companies Traded	46	47	(2.1)
Market Breadth	15:27	12:34	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,171.49	(0.4)	(2.1)	5.5	18.1
All Share Index	3,400.82	(0.3)	(1.7)	6.3	18.9
Banks	4,492.02	(0.2)	(0.7)	5.7	15.7
Industrials	3,490.77	(0.8)	(4.5)	12.7	26.8
Transportation	3,397.89	(0.3)	(2.2)	3.1	22.7
Real Estate	1,881.61	(0.9)	(1.5)	(2.4)	17.8
Insurance	2,669.71	(0.7)	(1.2)	11.4	23.9
Telecoms	1,079.50	0.8	(0.7)	6.8	28.6
Consumer	8,170.49	0.2	(1.7)	0.4	28.6
Al Rayan Islamic Index	4,605.72	(0.3)	(1.3)	7.9	19.8

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bank Dhofar	Oman	0.12	3.5	200.0	22.7
Jabal Omar Dev. Co.	Saudi Arabia	32.20	3.0	4,504.4	10.7
Abu Dhabi Comm. Bank	Abu Dhabi	6.55	2.8	12,030.0	5.6
Emaar Malls	Dubai	2.00	2.0	16,279.0	9.3
Dubai Islamic Bank	Dubai	4.67	1.7	16,180.4	1.3

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sahara Int. Petrochemical	Saudi Arabia	27.30	(3.0)	3,639.9	57.6
National Petrochemical	Saudi Arabia	50.60	(2.5)	285.1	52.2
Bank Al-Jazira	Saudi Arabia	18.48	(2.1)	3,434.6	35.3
National Industrialization	Saudi Arabia	18.36	(1.8)	3,381.5	34.2
Saudi Basic Ind. Corp.	Saudi Arabia	121.00	(1.8)	1,546.5	19.3

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Widam Food Company	4.64	(3.7)	958.8	(26.6)
Qatar Islamic Insurance Company	7.70	(3.7)	149.3	11.6
Qatar General Ins. & Reins. Co.	2.41	(3.5)	165.3	(9.4)
Alijarah Holding	1.21	(1.9)	4,731.4	(3.1)
Barwa Real Estate Company	3.14	(1.7)	2,136.6	(7.6)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.73	0.1	66,230.7	(0.6)
Salam International Inv. Ltd.	0.94	(0.6)	41,394.5	45.0
Industries Qatar	12.45	(1.3)	39,914.1	14.5
Qatar Electricity & Water Co.	16.46	(0.2)	33,391.6	(7.8)
Qatar Islamic Bank	17.29	0.0	31,897.5	1.1

Source: Bloomberg (\* in QR)

## Qatar Market Commentary

- The QE Index declined 0.4% to close at 10,695.1. The Real Estate and Industrials indices led the losses. The index fell on the back of selling pressure from GCC and Foreign shareholders despite buying support from Qatari and Arab shareholders.
- Widam Food Company and Qatar Islamic Insurance Company were the top losers, falling 3.7% each. Among the top gainers, Qatar Oman Investment Company gained 2.5%, while Medicare Group was up 2.0%.
- Volume of shares traded on Thursday fell by 11.3% to 189.5mn from 213.8mn on Wednesday. Further, as compared to the 30-day moving average of 291.4mn, volume for the day was 34.9% lower. Salam International Inv. Ltd. and Qatar Oman Investment Company were the most active stocks, contributing 23.3% and 10.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	39.76%	34.77%	24,919,789.8
Qatari Institutions	17.12%	17.17%	(232,730.3)
<b>Qatari</b>	<b>56.88%</b>	<b>51.94%</b>	<b>24,687,059.5</b>
GCC Individuals	0.54%	1.82%	(6,412,806.9)
GCC Institutions	2.36%	1.25%	5,539,606.4
<b>GCC</b>	<b>2.90%</b>	<b>3.07%</b>	<b>(873,200.5)</b>
Arab Individuals	10.95%	10.46%	2,417,235.4
Arab Institutions	0.00%	0.00%	–
<b>Arab</b>	<b>10.95%</b>	<b>10.46%</b>	<b>2,417,235.4</b>
Foreigners Individuals	2.69%	2.58%	530,052.1
Foreigners Institutions	26.59%	31.94%	(26,761,146.5)
<b>Foreigners</b>	<b>29.27%</b>	<b>34.52%</b>	<b>(26,231,094.4)</b>

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

## Ratings, Earnings Releases and Global Economic Data

### Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Commercial Bank International	Fitch	Abu Dhabi	VR	b+	b	↓	–	–

Source: News reports, Bloomberg (\* VR – Viability Rating)

### Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2021	% Change YoY	Operating Profit (mn) 1Q2021	% Change YoY	Net Profit (mn) 1Q2021	% Change YoY
Tourism Enterprise Co.	Saudi Arabia	SR	3.2	85.0%	(0.8)	N/A	(0.9)	N/A
Alkhorayef Water and Power Technologies Co.	Saudi Arabia	SR	133.0	0.2%	29.7	-8.0%	26.9	-14.5%
Basic Chemical Industries Co.	Saudi Arabia	SR	126.1	-10.5%	17.6	12.9%	14.4	-4.4%
AYYAN Investment Co.	Saudi Arabia	SR	72.5	14.5%	1.9	1045.4%	8.5	-48.5%
Middle East Healthcare Co.	Saudi Arabia	SR	418.4	-4.1%	17.5	-28.2%	12.1	-42.9%
Jazan Energy and Development Co.	Saudi Arabia	SR	23.2	2.6%	1.8	32.5%	2.1	299.0%

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

## Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/20	US	Department of Labor	Initial Jobless Claims	15-May	444k	450k	478k
05/20	US	Department of Labor	Continuing Claims	08-May	3,751k	3,620k	3,640k
05/21	US	Markit	Markit US Manufacturing PMI	May	61.5	60.2	60.5
05/21	US	Markit	Markit US Services PMI	May	70.1	64.3	64.7
05/21	US	Markit	Markit US Composite PMI	May	68.1	–	63.5
05/21	UK	GfK NOP (UK)	GfK Consumer Confidence	May	-9	-12	-15
05/21	UK	Markit	Markit UK PMI Manufacturing	May	66.1	60.8	60.9
05/21	UK	Markit	Markit/CIPS UK Services PMI	May	61.8	62.2	61.0
05/21	UK	Markit	Markit/CIPS UK Composite PMI	May	62.0	61.9	60.7
05/21	EU	Markit	Markit Eurozone Manufacturing PMI	May	62.8	62.5	62.9
05/21	EU	Markit	Markit Eurozone Services PMI	May	55.1	52.5	50.5
05/21	EU	Markit	Markit Eurozone Composite PMI	May	56.9	55.1	53.8
05/21	EU	European Commission	Consumer Confidence	May	-5.1	-6.5	-8.1
05/20	Germany	German Federal Statistical Office	PPI MoM	Apr	0.8%	0.8%	0.9%
05/20	Germany	German Federal Statistical Office	PPI YoY	Apr	5.2%	5.1%	3.7%
05/21	Germany	Markit	Markit/BME Germany Manufacturing PMI	May	64.0	65.9	66.2
05/21	Germany	Markit	Markit Germany Services PMI	May	52.8	52.0	49.9
05/21	Germany	Markit	Markit/BME Germany Composite PMI	May	56.2	57.1	55.8
05/21	France	Markit	Markit France Manufacturing PMI	May	59.2	58.5	58.9
05/21	France	Markit	Markit France Services PMI	May	56.6	53.0	50.3
05/21	France	Markit	Markit France Composite PMI	May	57.0	53.7	51.6
05/21	Japan	Ministry of Internal Affairs and Communications	Natl CPI YoY	Apr	-0.4%	-0.5%	-0.2%
05/21	Japan	Markit	Jibun Bank Japan PMI Mfg	May	52.5	–	53.6
05/21	Japan	Markit	Jibun Bank Japan PMI Services	May	45.7	–	49.5
05/21	Japan	Markit	Jibun Bank Japan PMI Composite	May	48.1	–	51.0

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

## News

### Qatar

- Announcement of the date of suspension for Gulf Investments Group (under closure)** – The Gulf Investments Group (under closure), which is a broker for Qatar Stock Exchange (QSE) announced that it will end all trading voluntarily and all trading will stop via the company from Monday, June 7, 2021. The last day for acceptance of purchase order will be on Monday, May 31, 2021. (QSE)
- Global Finance Magazine declares Qatar richest country in the region** – The Global Finance Magazine has declared Qatar first richest country in the region and fourth in the world with a per capita share of \$93,508 followed by the UAE, which ranked 11th globally with a share of \$58,753. (Bloomberg)
- Qatar-UK trade up, reaches £7bn in 2020, says envoy** – Total trade between Qatar and the UK rose to reach £7bn in 2020 despite restrictions and various challenges related to the Covid-19 pandemic, according to British Ambassador Jonathan Wilks. “This increase in trade volume between both countries is in varying sectors, such as agricultural produce and food products. This is a sign of the amount of interest and activity that the UK and Qatar have in developing trade, business, and investment relationships,” the Ambassador told at a recent launch event. Citing the recently launched ‘British Food Festival’, which will run until May 25 at all LuLu stores across the country, Wilks said aside from celebrating the export of British food products to Qatar, the festival is also a chance for the UK to share some of its technology and partnerships to enable Qatar to build its food security. (Gulf-Times.com)
- Qatar Airways Group chief executive appointed Chairman of oneworld’s Governing Board** – The Governing Board of the oneworld global airline alliance has appointed Qatar Airways

Group Chief Executive HE Akbar al-Baker to serve as its Chairman. Al-Baker will succeed current oneworld Governing Board Chairman, Alan Joyce, Group CEO of Qantas Group. (Gulf-Times.com)

- QDB accelerator Qatar SportsTech hosts two-day 'Angel Investor Bootcamp' from May 24** – Qatar SportsTech (QST), a leading startup accelerator founded by Qatar Development Bank (QDB), has announced the opening of applications for an 'Angel Investor Bootcamp' to be held virtually on May 24 and May 25. In line with QDB's mission to develop, grow and diversify Qatar's private sector, QST initiated this bootcamp to further enhance SportsTech startups in the country by empowering investors and driving interest towards the rapidly growing industry. QDB said it is committed to strengthening the economy of innovation, rewarding its talents, and multiplying the number of stakeholders to foster innovation, and help the most promising startups reach their potential, achieving the goals of Qatar National Vision 2030. QST is powered by Startupbootcamp and supported by the Supreme Committee for Delivery and Legacy, Qatar Stars League, beIN Media Group, MBK Holding, Aspire Zone Foundation, Qatar Financial Centre, and the Ministry of Commerce and Industry. (Gulf-Times.com)
- First ever Ooredoo female CEO to lead Ooredoo Oman** – Ooredoo has announced the appointment of Noor Al-Sulaiti as CEO of Ooredoo Oman, the first female CEO in one of Ooredoo Group's key markets - and Bassam Yousef al-Ibrahim as CEO of Ooredoo Algeria. (Gulf-Times.com)
- QNB Group: Effective vaccination campaigns enable gradual reopening of economies** – The global economy suffered in 2020 due to the outbreak of the global COVID-19 pandemic. In response, countries across the world implemented a range of restrictive policies, including stay-at-home orders;

reduced capacities in schools, workplaces and public transport; and cancellation of events and public gatherings. Fortunately, rapid progress in developing and testing a number of effective vaccines offers hope for a gradual easing of restrictions during 2021. However, the effectiveness of the policy response and pace of vaccine distribution varies considerably across countries and regions, especially between the European Union (EU) and the US. (Peninsula Qatar)

- **Shura Council takes part in meeting on economic recovery** – The Shura Council participated in a parliamentary meeting on economic recovery in the Middle East and North Africa (MENA) by designing comprehensive, sustainable, and adaptable policies. The meeting was organized by The Parliamentary Network on the World Bank and International Monetary Fund via video conference. Talks focused on a number of subjects related to the recovery. They included vaccines, governance, reforms, debt, climate change, and the role parliamentarians play in ensuring transparency and the availability of aid to face the crisis and build a more sustainable economic recovery. (Peninsula Qatar)
- **Shura draft law will guarantee integrity of election process** – The regulations in the upcoming Shura Council draft law are set to guarantee a fair and equal opportunity election among the nominees, a number of Qatari experts in the field and lawyers have pointed out. They told local Arabic daily 'Arrayah' that the conditions for the candidates promoting themselves during the election campaign include limiting the spending of any candidate to QR2mn, subject to the control of the entities concerned. This would eventually spare the voters from any bias caused by overspending. Other related terms include the criminalization of any foreign financing for the candidates and any possible acts of buying votes. (Gulf-Times.com)
- **QLife Pharma first company to obtain Qatari tracking number** – QLife Pharma obtained the first Qatari tracking number, starting with 630, and became the first company in Qatar to obtain the national tracking code. It will be followed by many national companies in the coming period. (Peninsula Qatar)
- **Qatar's Ambassador chairs International St. Petersburg Economic Forum meeting** – Ambassador of the State of Qatar to the Russian Federation, H E Sheikh Ahmed bin Nasser Al Thani, chaired the final meeting of the executive committee of participating parties in the International St. Petersburg Economic Forum. The meeting reviewed the scope of enhancing investment partnerships, cooperation in the commercial field, and discussed the final preparation for Qatar's participation in the St. Petersburg International Economic Forum next June. (Peninsula Qatar)
- **Education and science: new avenues for Qatari-Russian co-operation** – The St Petersburg International Economic Forum (SPIEF-2021) will feature an exchange of experience on educational and scientific tracks in Doha Hall, areas specifically set aside for the Qatari delegation at the forum venue, as a separate line of cross-cultural interaction between Qatari delegates and Russian representatives. "2021 has been declared the Year of Science and Technology in Russia. It is fundamentally important to create a stable space for co-operation and solidarity. That's why Russian state policy aims as one of its priorities to improve the quality of education and promote science," the Qatari-Russian Centre for Co-operation has said in a press statement, noting that education is one of the central pillars of Qatar's National Vision 2030, which envisages a modern, world-class educational system. (Gulf-Times.com)

- **Maritime Transport Affairs records 3,537 transactions in first quarter** – The Maritime Transport Affairs recorded a total of 3,537 transactions during the first quarter of 2021 while extending various services, the Ministry of Transport and Communications (MoTC) has said. In a recent tweet, the MoTC said the transactions covered main services for maritime vessels, maritime licenses services, sailor affairs main services and maritime systems services. (Gulf-Times.com)

- **AMNM announces partnership agreement with GlobeMed Qatar** – Alfardan Medical with Northwestern Medicine (AMNM), Qatar's state-of-the-art medical and day surgery centre, has signed a memorandum of understanding (MoU) with GlobeMed Qatar, a leading healthcare benefits management company in Qatar. As a Third-Party Administrator (TPA), GlobeMed Qatar serves the portfolios of over eight insurance companies in Qatar, offering their members access to a wide network of healthcare providers. (Gulf-Times.com)

#### **International**

- **IMF backs \$50bn plan to help world escape COVID-19 crisis** – The International Monetary Fund (IMF) called for a \$50bn spending plan to protect vast swaths of the world against COVID-19 and narrow a gap in access to life-saving vaccines that's threatening the global economic recovery from the pandemic. That investment would fund an ambitious effort to immunize at least 40% of the global population by the end of this year and 60% or more by the first half of 2022, the IMF stated. While saving lives, a faster rebound would also deliver a potential \$9tn economic boost by 2025, the fund estimates. "Economic recoveries are diverging dangerously," IMF Managing Director, Kristalina Georgieva wrote in a letter with colleagues outlining the proposal. "The disparities will widen further between wealthy countries that have widespread access to vaccines, diagnostics, and therapeutics, and poorer countries still struggling to inoculate front-line health-care workers." The call adds to pressure on rich countries to step up funding and share doses to battle a virus that is still raging globally even as vaccine rollouts help get the crisis under control at home. Almost half of the US population and 55 percent of the UK's have received at least one dose, according to Bloomberg's tracker. Less than 2% of Africa's population had been vaccinated by the end of April. How much wealthy governments will increase their support in the coming days and weeks remains unclear. Some countries have obtained far more vaccine than they need, and health advocates say more should be shared with the rest of the world. Covax, the global vaccine initiative, has managed to ship only 68mn of the 2bn doses it hopes to send out by the end of the year. (Bloomberg)
- **Fed officials, new data, start lowering expectations for US jobs in May** – Federal Reserve officials and new Dallas Fed data have begun lowering expectations for May jobs growth in the US as business hiring plans continue to outrun the supply of people able or willing to work. Dallas Federal Reserve president Robert Kaplan said Friday that hiring difficulties have continued through May and will likely lead to another weak jobs report following the lower-than-expected 266,000 positions added in April. A survey published by the Dallas Fed earlier in the day, meant to provide a mid-month check on national employment trends, pointed to weakening job growth as well. That has been attributed to a number of factors including ongoing unemployment benefit payments and a lack of child-care and "these structural issues, which we saw in the report for April...all those tensions are not going to go away" immediately, Kaplan said at a Dallas Fed conference on technology. "We think you are going to see another odd or unusual report. Businesses are telling us they got plenty of demand but they cannot find workers either skilled or unskilled." Fed officials had hoped to see a



"string" of months in which a million or more new jobs were added to US payrolls, helping the country quickly claw back the 8.2mn positions still missing from before the pandemic. (Reuters)

- **Fed survey: US banks ready to start limiting balance sheet growth** – About two-thirds of US banks are either already taking measures to limit the growth in their balance sheets or would take steps to cap them if they continue growing, a Federal Reserve survey of bank finance officers showed on Thursday. The concerns about the size of their balance sheets reflected in the Senior Financial Officer, Survey came as 40% of respondent banks reported faster-than-expected growth in end-of-day reserve balances. The largest factor driving that growth was deposits, which broadly are growing faster than bank officials had estimated. Should banks broadly begin limiting their balance sheets, it could have implications for the availability of bank credit as the US economy pulls out of the recession triggered by the COVID-19 pandemic. "Among the two-thirds of respondents who reported their bank is limiting, or would limit under certain growth assumptions, the size of its balance sheet, almost half rated net interest margin pressure and return on assets as important or very important factors in that decision," the survey said. Likely measures they may take include allowing outstanding wholesale funding liabilities to mature without replacement and reducing deposit rates on non-operational deposits, according to the survey, which included banks that account for roughly 75% of the reserves in the US banking system. (Reuters)
- **US weekly jobless claims decline further; mid-Atlantic factory activity cools** – The number of Americans filing new claims for unemployment benefits dropped further below 500,000 last week, but jobless rolls swelled in early May, which could temper expectations for an acceleration in employment growth this month. Indeed, other data on Thursday showed a measure of factory employment in the mid-Atlantic region fell in May. But businesses in the region that covers eastern Pennsylvania, southern New Jersey and Delaware increased employees' work hours, suggesting problems finding workers. Labor and raw material shortages were likely behind the significant slowdown in the pace of growth in output at the region's factories this month. The supply constraints follow pent-up demand unleashed by the economy's reopening after being severely disrupted by the COVID-19 pandemic for more than a year. "If the data are taken at face value, it would suggest both a reduction in layoffs and a slowing in hiring, which given the rising level of labor demand could only be explained by a reduction in labor supply," Senior Economic Advisor a Brean Capital in New York, Conrad DeQuadros said. (Reuters)
- **White House pares infrastructure proposal to \$1.7tn** – The White House said on Friday it had pared down its infrastructure bill to \$1.7tn from \$2.25tn, with cuts to investments in broadband and roads and bridges, but Republicans dismissed the changes as insufficient for a deal. The White House effort represented a desire by President, Joe Biden to engage with the opposition party on an issue that the Democratic president has made a priority in his early days in office. But the two sides remain far apart on everything from the size of the package to how to pay for it. White House officials held a call with a group of Republican senators on Friday to hash out some of their differences and present the new draft. "This proposal exhibits a willingness to come down in size, giving on some areas that are important to the President while also staying firm in areas that are most vital to rebuilding our infrastructure and industries of the future," White House Spokeswoman, Jen Psaki told reporters. (Reuters)
- **US manufacturing accelerates; tight supply pushes home sales to 10-month low** – US factory activity gathered speed in early May amid strong domestic demand, but backlogs of uncompleted work are piling up as manufacturers struggle to find raw materials and labor, boosting costs for both businesses and consumers. Though other data on Friday showed sales of previously owned homes dropping to a 10-month low in April as an acute shortage of houses drove prices to a record high, they remained well above their pre-pandemic level. The housing market and manufacturing have led the economy's recovery from the COVID-19 recession, which started in February 2020. "The economic recovery continues," an economist at JPMorgan in New York, Daniel Silver said. Data firm IHS Markit said its flash US manufacturing PMI increased to 61.5 in the first half of this month. That was the highest reading since October 2009 and followed a final reading of 60.5 in April. Economists polled by Reuters had forecast the index dipping to 60.2 in early May. Demand shifted to goods from services as the pandemic kept Americans at home, causing supply constraints. The virus also disrupted labor at manufacturers and their suppliers, leading to raw material shortages across industries. (Reuters)
- **Big European states warm to US proposal for minimum corporate tax rate of at least 15%** – France, Germany and Italy said on Friday that a new US proposal for global minimum corporate tax rate of at least 15% was a good basis for sealing an international deal by July. The US Treasury Department offered on Thursday to accept a minimum rate of at least 15%, significantly below its proposed 21% minimum for US multinational firms. It made the proposal at the Paris-based Organization for Economic Cooperation and Development (OECD) where nearly 140 countries aim to reach broad agreement this summer to rework rules for taxing multinational groups and big technology companies, such as Alphabet Inc and Facebook Inc. "Treasury proposed to the steering group that the global minimum tax rate should be at least 15%," the department said. "Treasury underscored that 15% is a floor and that discussions should continue to be ambitious and push that rate higher." US Treasury Secretary, Janet Yellen first proposed a 21% US corporate minimum tax in April as part of President, Joe Biden's \$2.2tn infrastructure spending proposal, which would be financed largely by increasing the US corporate tax rate to 28%. The Trump administration and congressional Republicans in 2017 cut the corporate tax rate to 21% from 35%. At the same time, the Treasury launched a US minimum tax, of 10.5%, known as the Global Intangible Low-Taxed Income tax (GILTI) to capture revenue shifted by companies to tax-haven countries. The Biden administration's proposed 21% GILTI rate was widely viewed as a starting point for renewed OECD talks on a global minimum tax. (Reuters)
- **Euro zone business growth hits three-year high but ECB cautious** – Euro zone business growth accelerated at its fastest pace in over three years in May, a survey showed on Friday, but European Central Bank President, Christine Lagarde said an uncertain recovery still needed emergency support from the ECB. After a slow start to vaccinations the pace is picking up, allowing some restrictions imposed to quell the spread of the coronavirus to be lifted, and a strong resurgence in the bloc's now-reopening service industry added to the impetus from a booming manufacturing sector. As the economy rebounds and confidence improves, some policymakers are making the case for the ECB to start giving up its emergency measures and revert to more traditional forms of stimulus. But others are more cautious, warning the fledgling recovery is predicated on copious ECB support and that a recent rise in borrowing costs to two-year highs is already a major drag. "We are committed to preserving favorable financing conditions. It's far too early and

it's actually unnecessary to debate longer-term issues," Lagarde said on Friday. "I have repeatedly said that policymakers needed to provide the right bridge across the pandemic, well into the recovery, so we can actually deliver on our mandate." Alongside that, euro zone finance ministers will continue to support their economies but were upbeat on Friday about prospects for the post-pandemic recovery. With more businesses reopening - or at least adapting to lockdowns - IHS Markit's flash Composite Purchasing Managers' Index, seen as a good guide to economic health, climbed to 56.9 in May from April's final reading of 53.8. That was its highest level since February 2018 and comfortably above the 50-mark separating growth from contraction, as well as the more modest increase to 55.1 predicted in a Reuters poll. (Reuters)

- **ECB's Lagarde says too early to discuss life after emergency support** – It is still too early for the European Central Bank to discuss winding down its EUR1.85tn emergency bond purchase scheme, ECB President, Christine Lagarde said on Friday, less than two weeks ahead of a crucial policy meeting. Lagarde's comments are likely to be aimed at fighting market speculation that ECB policymakers will decide to, or at least discuss, slowing the pace of the ECB's Pandemic Emergency Purchase Programme (PEPP) when they meet on June 10. "We are committed to preserving favorable financing conditions using the PEPP envelope, and to do so until at least March 2022," Lagarde told a news conference after a Eurogroup meeting in Lisbon. "It's far too early and it's actually unnecessary to debate longer-term issues. Our focus in June is going to be on favorable financing conditions for the economy at large and to all sectors," she added. (Reuters)
- **Euro zone current account surplus narrows in March** – The Euro Zone's current account surplus narrowed in March on a drop in the surplus from the trade of goods and services, European Central Bank data showed on Thursday. The bloc of 19 countries sharing the euro recorded an adjusted current account surplus of EUR17.8bn in March, down from EUR25.9bn in February but up from the EUR10.4bn registered a year earlier, according to adjusted figures. Based on unadjusted data, the surplus widened to 31.0 billion euros from EUR13.2bn. In the 12 months to March, the current account surplus was 2.4% of the bloc's GDP, up from 2.1% in the preceding 12-month period. (Reuters)
- **Bank of England aims for greener corporate bond portfolio** – The Bank of England set out plans on Friday to use its \$28.4bn of corporate bond holdings to nudge companies to cut greenhouse gas emissions faster, part of a wider government strategy to achieve net-zero emissions. The BoE said it was the first central bank in the world to take steps that could ultimately see the most polluting companies banned from its bond portfolio. It will give firms time to reduce carbon emissions rather than immediately selling off its holdings in energy companies, power utilities and miners. "Divestment is a powerful tool and should remain squarely in the toolkit. But it should be used as a credible threat to reinforce incentives, not an indiscriminate 'quick fix'," BoE Executive Director for markets, Andrew Hauser said. The BoE owns about 6.5% of the sterling corporate bond market, after doubling its holdings last year as it restarted asset purchases to support Britain's economy through the coronavirus pandemic. Although this is a relatively small share, the BoE hopes its actions will serve as a benchmark for other investors. The central bank will launch its first 'stress test' of British banks' and insurers' exposure to climate change next month. Climate change has become a greater focus for Britain's government this year as it prepares to host the UN COP26 climate summit in Glasgow in November. (Reuters)

- **UK consumers regain pre-COVID confidence level** – British consumers are their most upbeat since the start of the coronavirus pandemic, buoyed by growing optimism about the economy as lockdown restrictions are lifted, a survey showed on Friday. The GfK Consumer Confidence Index improved to -9 in May from -15 in April, matching its level in March 2020 before the full force of the coronavirus pandemic hit the country. The index has been rising since January as Britain rolled out Europe's fastest COVID vaccines program. "The financial mood of the nation has bounced back to its pre-lockdown figure of minus 9 this month, meaning confidence has made up all the ground lost to COVID-19," Client Strategy Director at GfK, Joe Staton said. A measure of optimism about the outlook for the economy over the next 12 months jumped by 15 percentage points and there was a five-point improvement in a gauge of how willing consumers are to make a major purchase. The Bank of England is watching closely for how much is spent from savings that many richer households built up over three lockdowns in the past year, as it assesses the need for keeping its huge economic stimulus program in place. GfK conducted its survey of 2,000 people between May 4 and May 13. Prime Minister, Boris Johnson has relaxed restrictions on retail and hospitality and is hoping to lift the last constraints on the economy by late June. (Reuters)
- **UK retail spending soars as economy reopens** – British shoppers splashed out on new clothes in April after shops reopened following months of lockdown closures, adding to signs of a robust economic recovery, official data showed on Friday. Sales volumes in April jumped 9.2% MoM- twice the average forecast in a Reuters poll of economists and the biggest rise since June - after rising 5.1% in March. Clothing sales soared by almost 70%. "Fashion retailers (were) the ultimate beneficiaries of beer gardens reopening and the 'rule of six' night out returning," Head of retail at Lloyds Bank, Aled Jones said. Bank of England policymakers are keeping a close watch on retail sales, expecting a surge in spending as wealthier households spend savings built up during lockdowns. (Reuters)
- **Japan's consumer prices extend falls as cellphone fee cuts offset input costs** – Japan's core consumer prices fell for the ninth straight month in April as a record slump in cellphone fees offset rising energy prices, suggesting that weak demand and higher costs will weigh on a fragile economic recovery. Separate data showed firms facing rising input costs and a slower expansion in factory activity in May, highlighting risks to an economy heavily reliant on the manufacturing sector. The data underscores the challenge policymakers face in combating a resurgence in COVID-19 infections without hobbling an economy already lagging other major trading partners emerging from the pandemic-induced slump. "Inflation fell in April but that was almost entirely due to a plunge in mobile phone tariffs," said Tom Learmouth, Japan economist at Capital Economics. "Looking past temporary distortions, we think underlying inflation will continue to rise a bit further, though unlike in some other advanced economies." The core consumer price index (CPI), which excludes the effect of volatile fresh food costs, fell 0.1% in April from a year earlier, smaller than a median market forecast for a 0.2% drop, government data showed on Friday and in line with March's decline. A record 26.5% in cellphone charges knocked 0.5% off core CPI, the data showed, as carriers heeded Prime Minister, Yoshihide Suga's calls to ease the burden on households. By contrast, energy prices rose 0.7% in April, marking the first gain since January 2020 due to recent rises in crude oil costs and the base effect of last year's slump. (Reuters)
- **China should let yuan rise to offset imported price rises, Central Bank official says** – China should let its yuan currency

strengthen to help offset the impact of rising import prices, a central bank official said in remarks published on Friday. Chinese policymakers have pledged to take measures to cool red hot commodity prices and prevent them being passed on to consumers, after producer price inflation accelerated to the fastest pace in three and a half years in April. "As an important commodity consumer in the world, the imported impact from international prices is inevitable," Head of research at the Shanghai branch of the People's Bank of China, Lu Jinzhong wrote in China Finance, a magazine run by the PBOC. China should "enhance the flexibility of the exchange rate and let the renminbi (yuan) appreciate appropriately to offset the imported effect", Lu said. (Reuters)

## Regional

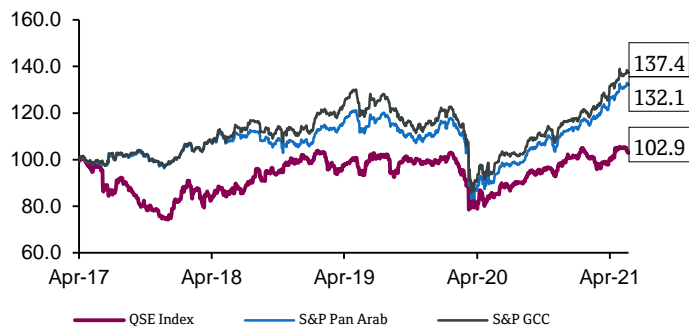
- **COVID-19 a catalyst for development of Islamic finance markets** – The COVID-19 pandemic should be a catalyst for much needed progress in the development of Islamic financial markets globally. At the peak of the pandemic, the International Islamic Liquidity Management Corporation (IILM) increased its sukuk program size to \$4bn and raised the total volume of its monthly issuances. It also adjusted some tenors to fit the investors' needs for liquid instruments, said an expert. HBKU recently organized a webinar on 'The COVID-19 Pandemic and Cross-border Islamic Liquidity Management'. The experts discussed the immediate intervention of regulatory and supervisory authorities to mitigate the liquidity stress faced by the banks. Chief Executive Officer, IILM, Umar A Oseni said, "The IILM position in the market has grown as it is among the top ten Sukuk issuers by amount issued in 2020. The total Sukuk issuance for the first quarter 2021 was \$6bn. The IILM Sukuk addresses the demand from Islamic banks and are mainly purchased by Islamic investors and according to IILM data, banks constituent of 79.2% of the investors, including 73% Islamic banks. (Peninsula Business)
- **Saudi Arabia inflation rate up in April** – Saudi Arabia's inflation rate quickened to 5.3% in April from 4.9% the previous month, still reflecting an increase in value-added tax last year, official data showed. The 5.3% annual increase was mainly due to higher food and transport prices, the General Authority for Statistics said. "Prices of food and beverages recorded the highest annual increase of 8.4%, mainly due to the increase in food prices," it said. On a MoM basis, consumer prices increased 0.2%. Annual inflation was 3.4% in 2020, picking up in the second half of the year after authorities tripled a value-added tax to 15% to bolster coffers hurt by the coronavirus crisis and lower oil prices. Saudi Arabia's economy shrank 3.3% in the first quarter this year from a year earlier, hit by oil output cuts, but the non-oil economy expanded 3.3%, recovering from the pandemic, according to flash government estimates this month. The Kingdom's economy, the largest in the Arab world, is expected to grow 2.1% in 2021 after shrinking 4.1% last year, the International Monetary Fund said this month. (Reuters)
- **Saudi CMA rejects Jazan's request for cap increase to buy Jazel** – Saudi Arabia's Capital Market Authority (CMA) has rejected Jazan Energy's request to raise capital to buy Jazel Investments. Jazan Energy had requested CMA approval to issue 32.8mn shares to acquire Jazel. (Bloomberg)
- **Allowing 100% foreign ownership in UAE firms will boost property market** – Allowing foreigners to fully own a business in the UAE will give a fillip to the local property market, particularly the office sector, which is still reeling from low demand due to the coronavirus pandemic, experts said on Thursday. The UAE announced on Wednesday that, effective June 1 this year, foreigners who intend to start a business in the country will no longer be required to seek a local sponsor or shareholder. The move, which aims to attract more foreign investments and strengthen the UAE's position as a business hub, complements other key initiatives announced recently, including the UAE citizenship and long-term residency visa schemes. "Confirmation of the 100 percent company foreign ownership law that comes into effect on June 1 will undoubtedly have a significant impact in the medium to long term for demand for office space in key markets such as Dubai and Abu Dhabi [which] are still experiencing quieter conditions in the aftermath of the global pandemic," Head of Middle East research at Knight Frank, Faisal Durrani said. Demand for office space has been subdued since the pandemic began last year, especially after millions of workers worldwide cocooned in their homes to avoid contracting COVID-19. (Zawya)
- **Reuters poll: Dubai house prices to rise for first time in six years in 2021** – Dubai house prices will rise for the first time in six years this year, supported by a swift vaccine rollout that has lifted hopes for an overall economic recovery, according to a Reuters poll of property analysts. The city state's real estate sector has been weak for years due to chronic oversupply coupled with low economic growth, a problem exacerbated by the coronavirus crisis. But on Monday the second-wealthiest Emirate in the UAE eased COVID-19 restrictions and allowed hotels in the hub to operate at full capacity, raising hopes for a region heavily dependent on tourism. Seven of 10 real estate analysts who responded to an additional question said an acceleration in Dubai housing market activity this year was more likely. The remaining three forecast a slowdown. "We can already see improved investor confidence and a boost in demand as prices have been on the lower side for the last few years and supply has been significantly curtailed," Anuj Puri of ANAROCK Property Consultants said. "The vaccination drive here also has been going well, and the economy has been gradually recovering amid government measures to spur growth." (Reuters)
- **Emirates NBD sells \$750mn in AT1 bonds at 4.25%** – Emirates NBD, Dubai's largest lender, sold \$750mn in Additional Tier 1 bonds on Thursday after receiving more than \$1.75bn in orders for them, a document showed. It launched the bonds at a yield of 4.25% after giving initial price guidance of around 4.5%, the document from one of the banks on the deal showed. Emirates NBD Capital, First Abu Dhabi Bank, JPMorgan, HSBC, NCB Capital and Standard Chartered arranged the deal. AT1 bonds, the riskiest debt instruments banks can issue, are designed to be perpetual in nature but issuers can call them in after a specified period. ENBD's issuance will be non-callable for six years. The deal follows several other AT1 deals from the region this year, including Dubai Islamic Bank's \$500mn Sukuk issue last month, which set a record low rate for the perpetual debt instrument out of the Gulf, at 3.375%. ENBD sold \$750mn in five-year bonds in January. It last sold AT1 bonds last summer, raising \$750mn at 6.125% - the same rate of its prior AT1 bonds issued in March 2019. (Zawya)
- **Abu Dhabi Ship Building discloses contract** – Abu Dhabi Ship Building (ADSB) signs a contract to build four offshore patrol vessels for the UAE defense ministry and navy. Dual currency contract is the largest received by the company. It may sign a further contract under the program for integrated logistics support and spare parts supply. It could take the total program value to about AED3.5bn. (Bloomberg)
- **Kuwait's committee warns of serious imbalances in public finance** – The Economic Affairs Committee in the Council of Ministers warned about serious structural imbalances in public finance and exacerbation of the liquidity crisis with the depletion of the General Reserve Fund, reports Al-Rai daily quoting sources. Sources said the committee estimated the budget deficit in the next five years to range between KD45bn to

KD55bn. Sources disclosed the concerned team is finalizing the national program for economic and financial sustainability, in cooperation with the Ministry of Finance, for submission to the committee. This economic program extends for four years — from 2021 to 2025. It redefines the government's role in the economy and presents solutions to the deficit. The employment policy in the public sector is not sustainable and that there are significant imbalances in the labor market, considering more than four out of five Kuwaitis working in government offices. (Zawya)

- **CBK reports net income of KD40,000 compared to KD0.85mn YoY** – Commercial Bank of Kuwait (CBK) reported net income of KD40,000 in 1Q2021 compared to KD0.85mn in 1Q2020. Operating income came in at KD31.1mn, a decrease of 6.5% YoY. While operating profit came in at KD21.7mn, a decrease of 0.8% YoY. The bank cites rise in impairments and other provisions, decrease in interest income; partially offset by lower Opex. (Bloomberg)

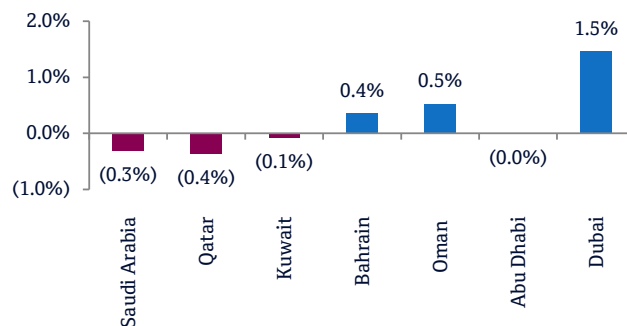


## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,881.25	0.2	2.1	(0.9)
Silver/Ounce	27.56	(0.7)	0.5	4.4
Crude Oil (Brent)/Barrel (FM Future)	66.44	2.0	(3.3)	28.3
Crude Oil (WTI)/Barrel (FM Future)	63.58	2.5	(2.7)	31.0
Natural Gas (Henry Hub)/MMBtu	2.80	(2.1)	(2.4)	17.2
LPG Propane (Arab Gulf)/Ton	82.25	(0.3)	0.8	9.3
LPG Butane (Arab Gulf)/Ton	86.25	0.1	0.3	24.1
Euro	1.22	(0.4)	0.3	(0.3)
Yen	108.96	0.2	(0.4)	5.5
GBP	1.42	(0.3)	0.4	3.5
CHF	1.11	(0.0)	0.4	(1.4)
AUD	0.77	(0.6)	(0.5)	0.5
USD Index	90.02	0.2	(0.3)	0.1
RUB	73.63	0.2	(0.5)	(1.1)
BRL	0.19	(1.5)	(1.7)	(3.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,943.13	0.0	0.2	9.4
DJ Industrial	34,207.84	0.4	(0.5)	11.8
S&P 500	4,155.86	(0.1)	(0.4)	10.6
NASDAQ 100	13,470.99	(0.5)	0.3	4.5
STOXX 600	444.44	0.1	0.7	10.8
DAX	15,437.51	(0.0)	0.4	11.4
FTSE 100	7,018.05	(0.3)	(0.0)	12.6
CAC 40	6,386.41	0.2	0.2	14.5
Nikkei	28,317.83	0.6	1.2	(2.3)
MSCI EM	1,330.04	0.1	1.7	3.0
SHANGHAI SE Composite	3,486.56	(0.6)	(0.1)	1.8
HANG SENG	28,458.44	0.0	1.6	4.4
BSE SENSEX	50,540.48	2.2	4.3	6.1
Bovespa	122,592.50	(1.2)	(1.0)	(0.4)
RTS	1,569.55	0.7	1.3	13.1

Source: Bloomberg (\*\$ adjusted returns)

## Contacts

### QNB Financial Services Co. W.L.L.

Contact Center: (+974) 4476 6666

[info@qnbfs.com.qa](mailto:info@qnbfs.com.qa)

Doha, Qatar

### Saugata Sarkar, CFA, CAIA

Head of Research

[saugata.sarkar@qnbfs.com.qa](mailto:saugata.sarkar@qnbfs.com.qa)

### Shahan Keushgerian

Senior Research Analyst

[shahan.keushgerian@qnbfs.com.qa](mailto:shahan.keushgerian@qnbfs.com.qa)

### Mehmet Aksoy, PhD

Senior Research Analyst

[mehmet.aksoy@qnbfs.com.qa](mailto:mehmet.aksoy@qnbfs.com.qa)

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