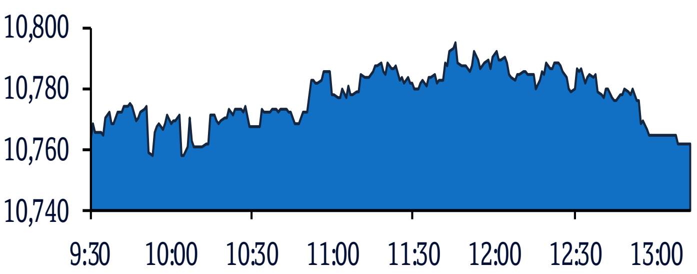
Daily Market Report

Sunday, 27 June 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.1% to close at 10,761.4. Losses were led by the Telecoms and Consumer Goods & Services indices, falling 0.8% and 0.4%, respectively. Top losers were Qatar Cinema & Film Distribution and Qatari German Co. for Med. Devices, falling 3.3% and 2.0%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 1.8%, while Doha Insurance Group was up 1.1%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.2% to close at 10,919.7. Gains were led by the Capital Goods and Materials indices, rising 0.6% each. Al Yamamah Steel Industries Co. rose 8.5%, while Zamil Industrial Investment Co. was up 6.5%.

Dubai: The DFM Index fell 0.4% to close at 2,857.1. The Services index declined 1.4%, while the Consumer Staples and Discretionary index fell 0.9%. Emirates Refreshments Co. declined 9.8%, while Dubai Refreshment Company was down 5.3%.

Abu Dhabi: The ADX General Index fell 1.0% to close at 6,576.0. The Banks index declined 1.9%, while the Service index fell 1.0%. Ras Al Khaimah White Cement & Construction Materials declined 9.7%, while Zee Store was down 5.8%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 6,459.7. The Energy and the Real Estate indices fell 1.0% each. United Projects for Aviation Services Co. declined 4.6%, while Fujairah Cement Industries was down 3.9%.

Oman: The MSM 30 Index fell marginally to close at 4,046.9. However, al the indices ended in the green. Takaful Oman declined 9.1%, while Al Madina Inv. was down 4.0%.

Bahrain: The BHB Index gained marginally to close at 1,579.2. The Industrial index rose 0.8%, while the Investment index gained 0.1%. Seef Properties rose 1.2%, while Aluminum Bahrain was up 0.8%.

Market Indicators	24 Jun 21	23 Jun 21	%Chg.
Value Traded (QR mn)	271.1	340.3	(20.3)
Exch. Market Cap. (QR mn)	624,773.3	625,814.9	(0.2)
Volume (mn)	110.1	116.0	(5.0)
Number of Transactions	8,431	8,596	(1.9)
Companies Traded	47	47	0.0
Market Breadth	17:28	13:33	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,302.74	(0.1)	0.2	6.2	18.2
All Share Index	3,417.56	(0.1)	0.3	6.8	18.9
Banks	4,511.51	(0.2)	0.7	6.2	15.7
Industrials	3,578.95	0.1	(0.8)	15.5	27.6
Transportation	3,361.84	0.3	0.0	2.0	21.6
Real Estate	1,788.35	(0.0)	(2.2)	(7.3)	17.0
Insurance	2,654.26	0.6	0.6	10.8	23.5
Telecoms	1,106.15	(0.8)	7.0	9.4	29.3
Consumer	8,149.02	(0.4)	(1.0)	0.1	27.3
Al Rayan Islamic Index	4,546.94	(0.2)	(0.9)	6.5	19.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sahara Int. Petrochemical	Saudi Arabia	29.25	5.6	9,150.8	68.9
Bank Dhofar	Oman	0.13	2.4	558.0	29.9
Saudi Kayan Petrochem.	Saudi Arabia	17.92	1.9	13,358.4	25.3
National Industrialization	Saudi Arabia	19.46	1.6	6,443.9	42.3
Bank Muscat	Oman	0.42	1.4	1,673.1	17.3

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
HSBC Bank Oman	Oman	0.10	(2.9)	2,194.0	11.0
Abu Dhabi Islamic Bank	Abu Dhabi	5.47	(2.8)	3,458.7	16.4
Jarir Marketing Co.	Saudi Arabia	220.00	(2.2)	131.7	26.9
First Abu Dhabi Bank	Abu Dhabi	16.26	(2.0)	24,024.1	26.0
Sohar International Bank	Oman	0.10	(2.0)	139.5	6.6

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 Islamic Insurance Company	7.84	1.8	52.7	13.6
Doha Insurance Group	2.02	1.1	57.2	45.2
INMA Holding	5.17	0.9	611.6	1.0
Zad Holding Company	15.75	0.8	0.7	16.2
Barwa Real Estate Company	3.10	0.8	3,742.4	(9.0)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	3.78	(3.3)	0.2	(5.3)
Qatari German Co for Med. Dev.	2.48	(2.0)	622.9	10.9
Gulf International Services	1.51	(1.7)	5,917.5	(11.8)
Alijarah Holding	1.19	(1.6)	2,122.5	(4.0)
Dlala Brokerage & Inv. Holding Co	1.62	(1.6)	2,837.0	(10.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.99	(0.7)	16,528.1	52.1
Mazaya Qatar Real Estate Dev.	1.10	0.3	10,232.8	(13.1)
Qatar Aluminum Manufacturing Co	1.52	(0.1)	8,771.5	57.0
Investment Holding Group	1.03	0.0	6,227.4	72.0
Mesaieed Petrochemical Holding	1.90	0.0	6,215.2	(7.1)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ooredoo	7.55	(0.7)	25,415.6	0.3
QNB Group	18.08	(0.1)	20,399.7	1.4
Masraf Al Rayan	4.45	(0.1)	20,034.9	(1.8)
Salam International Inv. Ltd.	0.99	(0.7)	16,398.5	52.1
Qatar Islamic Bank	17.13	0.1	15,218.3	0.1

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*	10,761.35	(0.1)	0.2	0.1	3.1	73.24	168,813.7	18.2	1.6	2.7
Dubai	2,857.07	(0.4)	(0.2)	2.1	14.7	55.41	106,919.1	21.7	1.0	2.8
Abu Dhabi	6,576.05	(1.0)	(1.1)	0.3	30.3	350.06	256,704.3	22.4	1.9	3.7
Saudi Arabia	10,919.68	0.2	0.6	3.5	25.7	3,727.92	2,589,663.7	36.0	2.4	1.8
Kuwait	6,459.66	(0.1)	1.0	4.0	16.5	200.28	122,892.6	41.2	1.7	2.0
Oman	4,046.88	(0.0)	(0.8)	5.0	10.6	9.63	18,335.1	14.2	0.8	3.9
Bahrain	1,579.15	0.0	1.1	3.4	6.0	2.27	24,334.8	27.1	1.1	2.1

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 0.1% to close at 10,761.4. The Telecoms and Consumer Goods & Services indices led the losses. The index fell on the back of selling pressure from Arab and foreign shareholders despite buying support from Qatari and GCC shareholders.
- Qatar Cinema & Film Distribution and Qatari German Co. for Med. Devices were the top losers, falling 3.3% and 2.0%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 1.8%, while Doha Insurance Group was up 1.1%.
- Volume of shares traded on Thursday fell by 5.0% to 110.1mn from 116.0mn on Wednesday. Further, as compared to the 30-day moving average of 177.0mn, volume for the day was 37.8% lower. Salam International Inv. Ltd. and Mazaya Qatar Real Estate Dev. were the most active stocks, contributing 15.0% and 9.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.04%	40.54%	(9,484,615.2)
Qatari Institutions	25.59%	19.82%	15,646,067.4
Qatari	**62.62%**	**60.35%**	**6,161,452.2**
GCC Individuals	0.27%	0.39%	(307,676.8)
GCC Institutions	5.37%	1.51%	10,463,670.1
GCC	**5.64%**	**1.90%**	**10,155,993.3**
Arab Individuals	10.53%	11.43%	(2,458,245.9)
Arab Institutions	0.00%	0.00%	–
Arab	**10.53%**	**11.43%**	**(2,458,245.9)**
Foreigners Individuals	2.95%	3.18%	(634,638.5)
Foreigners Institutions	18.26%	23.14%	(13,224,561.1)
Foreigners	**21.21%**	**26.32%**	**(13,859,199.6)**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/24	US	Department of Labor	Initial Jobless Claims	19-Jun	411k	380k	418k
06/24	US	Department of Labor	Continuing Claims	12-Jun	3,390k	3,460k	3,534k
06/25	EU	European Central Bank	M3 Money Supply YoY	May	8.4%	8.5%	9.2%
06/25	Germany	GfK AG	GfK Consumer Confidence	Jul	-0.3	-4.0	-6.9
06/24	Japan	Bank of Japan	PPI Services YoY	May	1.5%	1.5%	1.1%
06/25	Japan	Statistics Bureau of Japan	Tokyo CPI YoY	Jun	0.0%	-0.3%	-0.4%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 1Q2021 results	No. of days remaining	Status
QFLS	Qatar Fuel Company	11-Jul-21	14	Due
DHBK	Doha Bank	27-Jul-21	30	Due

Source: QSE

News

Qatar

- **MCCS said to mull $2.4bn sale of IT services firm Inetum –** Mannai Corporation (MCCS) is considering a sale of French information technology services provider Inetum SA, which could fetch about 2bn Euros ($2.4bn), people familiar with the matter said. The Qatari trading company is working with advisers to help gauge interest in Inetum, the people said, asking not to be identified discussing confidential information. The company could attract private equity firms as well as other technology companies, the people said. (Bloomberg)
- **QNCD gets QR281.4mn MME contract –** Qatar National Cement Company (QNCD) has bagged a contract worth QR281.4mn from the Ministry of Municipality and Environment (MME) to treat and recycle waste and dispose it in the kilns of Umm Bab cement factories. In a communique to the Qatar Stock Exchange, QNCD said it was notified by the Ministry of Municipality and Environment of awarding the tender. The board of directors' plan for 2021 had mentioned the measures to follow up the implementation of the waste burning project with the Ministry of Municipality and Environment, aiming to start operating the project as soon as possible. (QSE, Gulf-Times.com)
- **CRA committee imposes QR3.5mn sanction on ORDS –** The Financial Sanctions Committee (FSC) at the Communications Regulatory Authority (CRA) has imposed a QR3.5mn financial sanction on Ooredoo Qatar (ORDS) for violating instructions issued by the authority. The CRA informed this through a press statement on Saturday. The authority published on its website on Saturday Decision No 1 of 2021 and Decision No 4 of 2021 of the FSC. Under Decision No 1 of 2021, the FSC imposed on Ooredoo Qatar a "financial sanction for a total amount of QR2mn. The sanction results from Ooredoo's non-compliance with the rules applicable to access and interconnection between licensed service providers, and more specifically to Ooredoo Qatar's refusal to grant access to its international gateway facilities at Al Khessa Cable Landing Station and Ooredoo Data Centre 5". Under Decision No 4 of 2021, the FSC imposed on Ooredoo Qatar a "financial sanction for a total amount of QR1.5mn. The sanction relates to Ooredoo's non-compliance with its obligations to file with CRA and get CRA's prior approval for tariffs for fixed telecom services and, therefore, for violating

CRA's instructions pertaining to customer protection and for violating the instructions pertaining to anti-competitive practices". "Namely, Ooredoo's lack of compliance prevents controlling the legality of Ooredoo's offers on the fixed telecom market and prevents customers to be informed of offers existing in the market. Ultimately, Ooredoo's behavior misleads customers and prevents them from benefiting from the best prices," CRA said in the statement. (Gulf-Times.com)

- **Indosat Ooredoo's launch of 5G services in Indonesia to provide super-fast connectivity –** Ooredoo's Indonesian operating company, PT Indosat has launched its first commercial 5G services in the city of Solo, in Central Java. The new 5G services will provide Indosat Ooredoo's consumer and business customers with access to enhanced mobile broadband Internet, enabling them to unlock new opportunities, and help to meet growing demand in Indonesia for digital content and services over mobile networks. The commercial launch of 5G services was held at an event in Solo attended by leading dignitaries, including Qatar's Ambassador to Indonesia, Fawziya Edrees Salman al-Sulaiti; Indosat Ooredoo's Chief Executive Ahmad Al-Neama; Minister of Communication and Information Technology, Indonesia, Johnny G Plate; and Mayor of Surakarta Municipality, Gibran Rakabuming Raka. Indosat Ooredoo' 5G services will be initially available in Solo, with plans to extend the commercial rollout to other major cities in Indonesia, including Jakarta, Surabaya, and Makassar, where demand for data services is high. The launch of commercial 5G services in Indonesia furthers Ooredoo Group's mission to enrich people's digital lives by providing super-fast connectivity and outstanding digital services. (Gulf-Times.com)
- **Qatar Airways' Doha-Milan service launches new Boeing 787-9 Dreamliner –** Qatar Airways launched its new Boeing 787-9 Dreamliner passenger aircraft, featuring its eagerly awaited new Business Class Suite, on several key routes to Europe and Asia, starting with its Doha to Milan service on June 25, 2021. The ultramodern aircraft is scheduled for services from Doha to Athens, Barcelona, Dammam, Karachi, Kuala Lumpur, Madrid, and Milan and has 311 seats - 30 Business Class Suites and 281 seats in Economy Class. Crafted with the unique Qatar Airways design DNA and appealing to the most discerning of travelers, the new Adient Ascent Business Class Suite embodies a contemporary design that is truly personal, spacious, and functional, allowing you to relax in your private sanctuary. (Peninsula Qatar)
- **TotalEnergies, Qatar Petroleum win 2 blocks in Suriname –** TotalEnergies and its partner Qatar Petroleum have been awarded Block 6 and Block 8 in Suriname. TotalEnergies will operate the blocks, situated in shallow water and adjacent to the company's Block 58, where several discoveries have been made since January 2020, it said in a statement. A 3D seismic acquisition campaign will be carried out on the 2 licenses to confirm their potential. TotalEnergies will hold a 40% working interest in the blocks; Qatar Petroleum will have 20% and state-owned Staatsolie, 40%. (Bloomberg)
- **Qatar tax agency extends deadline to submit 2020 master, local file for entities –** The Qatari Public Revenues and Tax Department June 17 issued Decision No. 8/2021, extending the deadline to Sept. 30 from June 30 for entities to submit their master file and local file to the tax authority for tax year 2020. (Bloomberg)
- **Kahramaa installs fastest electric car charger in Qatar at Katara –** Qatar General Electricity & Water Corporation (Kahramaa), through the National Program for Conservation & Energy Efficiency (Tarsheed) has unveiled the 19th charging station for electric vehicles, located at Katara - the Cultural Village, Qatar News Agency reports. It is also the fastest such charger in Qatar, the corporation said in a press statement on Saturday. "We are glad for this co-operation between Kahramaa and Katara. This is the 19th station we have installed, which is the fastest charger for electric vehicles in the State of Qatar with a capacity of 180KW and with a direct current system that has the ability to fully charge a car in less than 10 minutes," Kahramaa president Essa bin Hilal al-Kuwari said. This station comes within the first phase of completing the electric vehicle charging network infrastructure and joins other stations at several vital locations across Qatar, he noted. (Gulf-Times.com)
- **Over 3mn Covid-19 vaccine doses administered in Qatar –** Qatar's National Covid-19 Vaccination Program reached another milestone on Saturday as the Ministry of Public Health (MoPH) said more than 3mn vaccine doses have been administered so far. A total of 3,008,822 doses have been given in the country until now, with 1,665,031 people receiving at least one dose and 1,343,791 people getting both doses, MoPH statistics showed. (Gulf-Times.com)
- **Qatar participates in GCC Electricity & Water Cooperation Committee meeting –** The State of Qatar participated in the 30th meeting of the GCC Electricity and Water Cooperation Committee yesterday via video conference. Qatar was represented by the President of Qatar General Electricity and Water Corporation (Kahramaa) HE Eng. Essa bin Hilal Al Kuwari in the ministerial meeting, which dealt with the most important axes related to reinforcing cooperation efforts and coordination in the fields of electricity and water. The meeting discussed the latest development related to the follow-up to implementing the unified water strategy in the GCC countries, stressing the necessity of enhancing water security and adopting a unified approach for water. (Peninsula Qatar)

International

- **'We have a deal:' Biden okays $1.2tn infrastructure plan –** US President Joe Biden has embraced a $1.2tn bipartisan Senate deal to renew the nation's roads, bridges and highways and help stimulate the economy – a major breakthrough on one of his key domestic policy goals. "We have a deal," he told reporters, flanked by Democratic and Republican senators who wrote the infrastructure proposal that followed months of White House negotiations with lawmakers. Its $579bn in new spending includes major investments in the nation's power grid, broadband Internet services, and passenger and freight rail. However, it does not contain other key priorities for Biden and progressive Democrats, such as new spending on home healthcare and child care, which Biden pitched as "human infrastructure". The Democrats who control Congress by razor-thin margins aim to cover those areas in another spending package that they want to man oeuvre through the Senate without Republican votes. "This deal means millions of good-paying jobs and fewer burdens felt at the kitchen table ... but it also signals to ourselves, and to the world, that American democracy can deliver, and because of that it represents an important step forward for our country," Biden said later at the White House. (Reuters)
- **US consumer sentiment rises as wealthy households improve outlook –** US consumer sentiment ticked up in June, driven by an improving economic outlook among affluent households, a survey showed. The University of Michigan's Consumer Sentiment Index rose to a final reading of 85.5 from May's final level of 82.9, though it was below June's preliminary reading of 86.4. That was below the median forecast of 86.5 among economists polled by Reuters. The survey's barometer of current economic conditions fell to 88.6 from May's 89.4, and also down from June's preliminary reading of 90.6. The survey's gauge of consumer expectations jumped to 83.5 in June from May's 78.8, but down modestly from the mid-month reading of

83.8. The survey’s one-year inflation expectation fell to 4.2% from May’s final reading of 4.6%, while the survey’s five-year inflation outlook declined to 2.8% from 3%. (Reuters)

- **US labor market healing; businesses boost spending as profits rebound –** Fewer Americans filed new claims for unemployment benefits last week as the labor market steadily recovers from the COVID-19 pandemic amid a reopening economy, but a dearth of willing workers could hinder faster job growth in the near term. The economy appears to be at cruising speed more than half way through the second quarter, with other data on Thursday showing strong growth in business spending on equipment in May. While the goods trade deficit widened, that was because of an increase in imports as businesses desperately try to keep up with robust demand. Retailers' warehouses are almost bare. Initial claims for state unemployment benefits fell 7,000 to a seasonally adjusted 411,000 for the week ended June 19, the Labor Department said. Data for the prior week was revised to show 6,000 more applications received than previously reported. The first increase since late April was blamed by economists on volatility in the aftermath of the May 31 Memorial Day holiday. Economists polled by Reuters had forecast 380,000 applications for the latest week. There was a surge in claims in Pennsylvania last week. The state upgraded its filing system this month and the transition could have caused a backlog. There were sizeable declines in California, Florida and Illinois. Claims have dropped from a record 6.149 million in early April 2020, but are still above the 200,000-250,000 range that is viewed as consistent with a healthy labor market. Despite last week's modest decline, layoffs are trending lower, with companies scrambling to fill a record 9.8mn job openings. (Reuters)
- **BoE sees inflation breaking 3% but keeps the stimulus taps open –** The Bank of England said inflation would surpass 3% as Britain's locked-down economy reopens, but the climb further above its 2% target would only be "temporary" and most policymakers favored keeping stimulus at full throttle. Sterling fell as the BoE's nine monetary policymakers voted 8-1 again to keep their government bond-buying program at 875bn Pounds ($1.22tn). Some investors had bet there would be greater dissent. That would have been a signal that the BoE was speeding up its thinking about unwinding the huge stimulus that has helped steer the world's fifth-biggest economy through the COVID-19 crisis. But even as the BoE raised its short-term growth forecasts, only Chief Economist Andy Haldane, who leaves the BoE this month, voted to scale back the bond-buying plan by 50 billion pounds, his second consecutive vote of dissent. With Britain about to start phasing out its state-funded jobs safety-net, COVID-19 cases on the rise again and Brexit tensions still bubbling with the European Union, the central bank emphasized it saw no need to cut its support now. Most Monetary Policy Committee (MPC) members felt they should "lean strongly against downside risks to the outlook and ensure that the recovery was not undermined by a premature tightening in monetary conditions", the BoE said. (Reuters)
- **BoE's Haldane: UK inflation pressure could keep on building in 2022 –** Bank of England Chief Economist Andy Haldane said the central bank’s new forecast that inflation will breach 3% could prove too low and price pressure could accelerate not only this year but in 2022 as well. Haldane, who cast the lone vote in favor of for scaling back the BoE’s bond-buying program at his last monetary policy meeting this week, told MoneyWeek magazine that he disagreed with his colleagues about when inflation would start to ease. “I am of the view that it could stick around for a bit longer and... therefore we could be in for a breach of our 2% inflation target for a somewhat lengthier period than we are currently factoring in,” he said. Britain’s consumer price inflation hit 2.1% in May, adding to worries about a global pickup in inflation that could force central banks to reverse their emergency coronavirus stimulus programs earlier than previously thought. The BoE said on Thursday that its policymakers now expected British inflation to peak above 3%, up from a previous estimate of 2.5% but most of them thought the acceleration would be temporary and their stimulus remained necessary for now. Haldane, who leaves the BoE later this month, told MoneyWeek in a podcast interview that as well as a wide range of input costs for companies, wages were also rising. “Next year could see price pressures building not abating,” he said. (Reuters)
- **CBI: UK retail sales jump in June, stocks dwindle –** British retailers reported a jump in sales in June as the country's fast vaccination program encouraged shoppers to go out and spend, the Confederation of British Industry said on Friday. The CBI's measure of the volume of sales rose to +25 from May's +18, the highest since August 2018, while sales were reported as above seasonal norms - which excludes the effect of last year's lockdown - were the highest in over four years. "This was the latest sign that the success of the vaccination program is feeding through to stronger consumer confidence," CBI economist Ben Jones said. The CBI survey also showed stock levels in relation to expected sales sank to their lowest since records began in August 1983 and no improvement was expected next month. The Bank of England is keeping a close eye on whether bottlenecks in supply caused by the pandemic lead to longer-term inflation pressures. (Reuters)
- **GfK: German consumer morale rises more than expected heading into July –** German consumer sentiment improved more than expected heading into July as shoppers became more optimistic and willing to buy after Europe's biggest economy lifted lockdown measures as coronavirus cases fell sharply, a survey showed on Friday. The GfK institute said its consumer sentiment index, based on a survey of around 2,000 Germans, rose to -0.3 points, its highest level since August last year and higher than a revised reading of -6.9 points in the previous month. The reading beat a Reuters forecast for a smaller rise to -4.0 points. Consumers were far more optimistic regarding their personal income situation as well as overall economic development. Shoppers' expectations for the economy hit the highest level in ten years, reaching 58.4 points. Germans' propensity to buy, however, rose only moderately. "Despite the opening or withdrawal of restrictions, a number of industries - especially in the services sector - are still severely restricted," GfK consumer expert Rolf Buerkl said in a statement. "This makes a noticeable recovery in private consumption in the second half of 2021 more likely," Buerkl said. (Reuters)
- **Tokyo June core CPI unchanged from previous year –** Core consumer prices in Tokyo were unchanged in June from a year earlier, government data showed on Friday. The core consumer price index for Japan’s capital, which includes oil products but excludes fresh food prices, compared with economists’ median estimate for a 0.1% annual fall. (Reuters)
- **S&P affirms China ratings, says China to maintain robust GDP growth –** S&P Global Ratings said on Friday that it affirmed China’s ratings at A+/A-1 with a stable outlook, saying the country was likely to maintain above-average economic growth relative to other middle-income economies in the next few years. "This is in part due to its effective containment of the COVID-19 pandemic and rapid vaccine rollout," S&P said in a note on Friday. "We expect real GDP growth to come in at 8.3% this year, before moderating to about 5% from 2022-2024," it added bit.ly/3qq7Kx8. (Reuters)

- **Brazil tax reform bill proposes tax cuts for individuals, companies –** Brazil's government on Friday unveiled the second phase of its wider tax reform bill, in which it aims to reduce income tax for up to 30 million workers, cut corporate profit tax, and increase levies on financial market gains and activity. Brazil's tax system is widely seen as one of the most complex in the world, and the government insists that simplifying it and reducing the overall tax burden is crucial to fostering sustainable, long-term investment and economic growth. "Thirty million salaried workers in Brazil will pay less income tax because, for the first time, we are taxing capital gains," Economy Minister Paulo Guedes told reporters after delivering the proposals to the leader of the lower house of Congress, Arthur Lira. "This is only the start. This shows a new direction. If taxes have been rising for the last 40 years, they will start falling now," Guedes said, adding that the number of individuals exempt from paying any income tax will double to 16mn. Lira also stressed that the overall tax burden will not be raised, and said he is confident Congress will approve the tax reform bill this year. Guedes said income tax cuts for individuals will be funded by increases in capital gains taxes. Revenue Service officials said in an online presentation that the income tax changes will be broadly revenue-neutral, with revenue rising by less than 2bn Reais ($405mn) over the next three years. (Reuters)
- **Brazil's current account deficit shrinks to smallest in over 13 years –** Brazil's balance of payments position with the world improved again in May, central bank figures showed on Friday, as the second consecutive monthly current account surplus shrank the rolling 12-month deficit to its smallest in more than 13 years. Latin America's largest economy also attracted a combined $7.2bn of foreign direct investment and portfolio inflows into its domestic stock and bond markets in the month, the figures showed. The narrowing current account deficit and consistent capital inflows recently have helped propel a rapid rise in the exchange rate, with the dollar now trading below 5.00 Reais for the first time in a year. Central bank figures show that Brazil posted a $3.8bn current account surplus in May, slightly less than the $4bn median forecast in a Reuters poll of economists. That was largely thanks to a goods trade surplus of $8.1bn in the month. Exports jumped 54.4% from the same month last year to a record $27.2bn, outstripping a 31.9% increase in imports. In the 12 months to May, the current account deficit totaled $8.4bn, or 0.55% of GDP, which was the smallest since February 2008. The deficit a year earlier stood at almost 4% of GDP. On Thursday, the central bank raised its 2021 current account surplus forecast slightly to $3bn from $2bn. That would be the country's first annual surplus since 2007. (Reuters)
- **Brazil's National Monetary Council sets 2024 inflation target at 3.00% –** Brazil's National Monetary Council (CMN) on Thursday set the central bank's 2024 inflation target at 3.00%, another decline from preceding years' goals, highlighting policymakers' determination to keep inflation under control. The CMN is Brazil's highest economic policy body, comprised of Economy Minister Paulo Guedes, central bank chief Roberto Campos Neto and special secretary to the Economy Ministry Bruno Funchal. The Economy Ministry said the 3.00% target for 2024, with a tolerance margin of 1.5 percentage points on either side, will reduce uncertainty and allow households, companies and the government to plan better for the future. "The 0.25 percentage point reduction from the 2023 target is consistent with the high credibility of monetary policy," the Economy Ministry said in a statement, adding that inflation expectations have fallen "substantially" in line with the annual targets. This year's goal was maintained at 3.75%, next year's at 3.50% and the following years' at 3.25%. The Economy Ministry statement said these goals are credible. Annual inflation in Brazil is running above 8%. The market consensus according to a weekly central bank survey of around 100 economists is that it will end this year at 5.8%, above the upper limit of the central bank's target range. (Reuters)

Regional

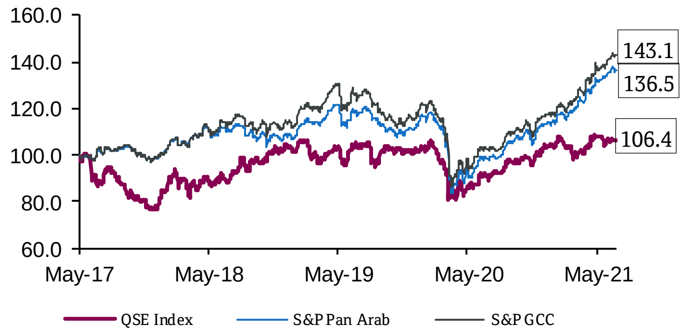
- **India again urges OPEC to phase out oil output cuts –** Indian Oil Minister, Dharmendra Pradhan on Thursday again urged the OPEC to phase out crude output cuts as high prices are stoking inflation. India, the world's third biggest oil importer and consumer, relies on overseas supplies for over 80% of its oil needs. Indian retail fuel prices have jumped to a record high due to higher oil prices and heavy local taxes. After a virtual meeting with OPEC Secretary General, Mohammad Sanusi Barkindo, Pradhan said oil prices should remain within a reasonable band to encourage a consumption-led recovery from the coronavirus pandemic. Earlier this year New Delhi repeatedly blamed oil output cuts by Saudi Arabia and other major producers for driving up crude prices as its economy tries to recover from the pandemic. (Reuters)
- **Fitch affirms Saudi Investment Bank's rating at 'BBB+' –** Fitch Ratings has affirmed the long-term issuer default rating (IDR) of the Saudi Investment Bank (SAIB) at 'BBB+', with a 'Negative' outlook. The rating was backed by potential sovereign support. Fitch also placed a national long-term rating of 'AA-(sau)' to the Saudi financial institution, with a 'Stable' outlook, according to a press release. The viability rating (VR) of the bank reflected "the bank's modest franchise, weaker asset-quality metrics than peers', high asset-and- liability concentrations, and an adequate but less stable funding profile than that of peers," according to the rating agency. SAIB's profitability improved last year, with operating profit-to-risk weighted assets (RWA) at 1.54%, compared to 0.44% in 2019. Net income in 2020 was more in line with the level of other banks in the Kingdom, with return on average equity (ROAE) at 8.1% and return on average assets (ROAA) at 1%. (Zawya)
- **Saudi PIF names ex-Samba CEO Nashar as head of compliance and governance –** The Public Investment Fund (PIF), Saudi Arabia's $430bn sovereign wealth fund, has appointed Rania Nashar, a former Chief Executive of Samba Financial Group, as its head of compliance and governance, the fund said on Thursday. Nashar joined the PIF as a senior advisor to its governor Yasir al-Rumayyan in January this year, drawing on more than two decades of banking industry experience. PIF said this month it had established two Deputy Governor roles to support the fund's continued growth and expansion. (Reuters)
- **Saudi Arabia considers developing industrial zone in Oman –** Saudi Arabia is considering developing an industrial zone in Oman and the two Gulf states have discussed the possibility in investment talks, the Saudi state news agency SPA reported. Saudi and Omani officials met earlier in the month to discuss investment opportunities and discussions this week were around "prospects for cooperation and integration opportunities in the special economic zones in the kingdom and the sultanate," SPA said on Wednesday. Saudi Arabia is in the midst of an ambitious economic development plan - Vision 2030 - to wean the economy off oil, while Oman recently introduced a medium-term plan to rein in its debt that has grown at breakneck pace in recent years. Both are keen to attract foreign investment as part of their reform efforts. "The meeting also discussed studying the possibility of establishing a Saudi industrial zone in Oman, where the Saudi side would develop, operate and manage the zone, and build logistical routes to transport goods between Saudi and Omani special economic zones," SPA said. (Reuters)

- **Saudi's April oil exports more than double YoY to $13.8bn –** The value of Saudi Arabia's oil exports in April climbed 109% to SR51.7bn from a year earlier while non-oil exports rose by 46.3%, official data showed on Thursday. Oil exports made up 72.5% of total exports, up from 64.8% in April 2020 and 70% in March. Non-oil exports rose to SR19.6bn from SR13.4bn but slipped from SR22.5bn in March, the data from the General Authority for Statistics showed. (Reuters)
- **Saudi PIF-owned SRC cuts home mortgage rates by 10bps –** Mortgage refinance company, Saudi Real Estate Refinance Company (SRC) has lowered profit rates for its long-term fixed-rate (LTFR) home financing products by 10 basis points on average across tenor. The company, wholly-owned by the Saudi wealth fund, Public Investment Fund (PIF), buys home financing portfolio from local banks and non-bank lenders, and currently has a portfolio of SR6.5bn as at the end of 2020, up from SR2.2bn in 2019. Earlier this year, SRC issued its largest ever government-backed Sukuk worth SR4bn. It said the rate reduction makes LTFR even more accessible and affordable for Saudi citizens through SRC's partners that include banks and non-bank lenders operating in the Kingdom. (Zawya)
- **India's Mukesh Ambani expects to seal Saudi Aramco deal as Al Rumayyan joins RIL board –** Chairman of Saudi Aramco and Governor of the Kingdom's wealth fund, PIF, Yasir Othmann Al Rumayyan has been inducted into the board of Indian conglomerate Reliance Industries (RIL), triggering hopes that the Aramco-RIL deal could be sealed this year. At the Reliance Annual General Meeting (AGM) on Thursday, Chairman Mukesh Ambani said that Al Rumayyan will join the board of RIL as an Independent Director. RIL's AGM is a keenly watched event by investors considering that the company is one of India's the top three firms by market capitalization. "Delighted To Welcome Saudi Aramco Chairman on Reliance Industries Board," Mukesh Ambani said at the 44th Annual General Meeting of Reliance Industries. During the RIL AGM in 2019, Ambani announced talks for the sale of a 20% stake in the oil-to-chemicals (O2C) business which comprises its twin oil refineries at Jamnagar in Gujarat and petrochemical assets to Aramco. However, the deal did not go through after demand and prices crashed in 2020 due to the pandemic. O2C is a very important business for the Indian conglomerate, and it contributed about 60% of RIL's revenue in the year-ended March. (Zawya)
- **Saudi Arabia's Bank AlJazira to raise $500mn via Islamic bond sale –** Bank AlJazira is expected to raise $500mn on Thursday via an Islamic bond sale, a document showed on Thursday. The bond or Sukuk will price in the range of 3.95% to 4.05%, tighter than initial guidance of between 4.25% and 4.375% after the deal attracted more than $1bn in orders, the document from one of the banks on the deal showed. Alinma Investment Company, Aljazira Capital and JPMorgan are arranging the deal, which is expected to launch later on Thursday, the document, which was reviewed by Reuters, showed. The deal is for Additional Tier 1 bonds, the riskiest debt instruments banks can issue, which are designed to be perpetual in nature but issuers can redeem or "call" them after a specified period. AlJazira's Sukuk will be non-callable for five years. (Reuters)
- **Saudi bourse's 2020 net profit surged ahead of listing –** Saudi Tadawul Group, the owner and operator of the country's stock market, said its net profit rose 227% in 2020 from a year earlier, while revenue more than doubled with a boost from trading commissions. It posted a profit after zakat or Islamic tax of SR500.5mn, it said. Unlisted Tadawul gave a peak of its earnings ahead of a planned initial public offering later this year that will allow it to expand and strengthen its position globally. Saudi Arabia's stock exchange has converted itself into a holding company ahead of the listing. (Reuters)
- **UAE may become first major oil exporter to target net zero by 2050 –** The UAE is considering a 2050 target to align with a global push to keep temperatures from rising more than 1.5 degrees Celsius from pre-industrial levels, Bloomberg reported citing people familiar with the matter. If the discussions succeed, the UAE could become the first among OPEC countries to technically reach net zero while continuing with plans to invest billions in oil extraction. This move would please Western countries pushing for stronger climate commitments but will not require it to sell less oil. The net-zero charge is being led by Sultan Ahmed Al Jaber, the UAE's special envoy for climate change and its minister of industry and advanced technology. We are "certainly working on a whole-of-government approach to see at what point it would be feasible to achieve net zero," Hana AlHashimi, who heads Al Jaber's office, said on a call hosted by the US-UAE Business Council on Wednesday, according to Bloomberg. "I'd encourage you to stay tuned," she said. The country aims to make an announcement before the UN climate summit in Glasgow in November, the sources said. (Zawya)
- **IHC's subsidiary Alpha Dhabi Holding to list on ADX with AED10bn paid-in capital –** International Holding Company (IHC) subsidiary, Alpha Dhabi Holding, one of the fast-growing investments holding companies in the Middle East, announces its intention to proceed with an initial public offering (IPO) and listing of its ordinary shares on the Abu Dhabi Securities Exchange (ADX) on Sunday June 27with AED10bn paid-in capital. The offering is expected to comprise a sale of existing Shares to individuals and other investors in the UAE (as part of the UAE retail offering) and to qualified institutional and other investors (as part of the qualified investor offering). Mohamed Thani Murshed Al Rumaithi, Chairman of Alpha Dhabi Holding, said, "We have made the journey to become a public company in a way that's going have a positive reflection on our growth plan, and as a public company we will have a stronger capital structure to invest in additional verticals, expand commercially and accelerate growth both organically and through acquisitions". (Zawya)
- **Fitch affirms Abu Dhabi's Mamoura at 'AA'; with a Stable outlook –** Fitch Ratings has affirmed Mamoura Diversified Global Holding (MDGH) Long-Term Local and Foreign-Currency Issuer Default Ratings (IDR) at 'AA'. The Outlooks on the Long-Term IDRs are Stable. The ratings on MDGH - GMTN B.V.'s and MDGH GMTN (RSC) LTD's GMTN programs have been affirmed at 'AA'. MDGH - GMTN B.V. and MDGH GMTN (RSC) LTD are wholly owned subsidiaries of MDGH and their obligations are unconditionally and irrevocably guaranteed by the parent. A full list of ratings is provided below. Fitch views MDGH as a government-related entity (GRE) of Abu Dhabi (AA/Stable) and equalises its ratings with those of the sovereign, irrespective of its Standalone Credit Profile (SCP). This reflects a score of 55 points under our GRE Rating Criteria. Under our GRE Criteria, we assess four key rating factors - status, ownership and control, and support track record - which determine the strength of linkage between MDGH and the government of Abu Dhabi. We also assess the incentive to support, which covers the socio-political and financial implications of a GRE's default. Status, Ownership & Control: 'Very Strong' MDGH is part of the Mubadala Investment Company (Mubadala) group, established in 2017. MDGH is ultimately 100%-owned by the Emirate of Abu Dhabi via Mubadala. MDGH has strong linkages to Mubadala. Mubadala has a number of key government officials on its board including the Crown Prince of Abu Dhabi and the Deputy Prime Minister

and Minister of Presidential Affairs of the UAE. All important strategic decisions by Mubadala are taken with the full knowledge and approval of the senior members of the Abu Dhabi government. (Bloomberg)

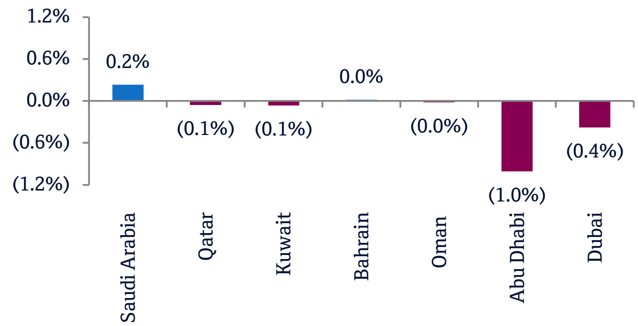
- **Mubadala-backed Catalyst Partners ready to raise more funds, says CEO –** Mubadala-backed fund Abu Dhabi Catalyst Partners is ready to raise more capital after investing close to $1bn over the last 18 months, its Chief Executive said. The fund was set up by Abu Dhabi state fund Mubadala and US alternative asset manager Falcon Edge Capital in 2019 with $1bn in capital. CEO, James Munce told Reuters Catalyst Partners had so far made 21 investments with an average ticket size of $50mn, with some deals investing up to $100mn. "The plan is to go again. I think we have gone faster than expected," Munce said in reference to adding more capital. No decision had been made on when or how much more capital would be committed, he said. "My view on it is this can grow to be another $1bn and we have $2bn deployed over the next 18 months from here. That will be a four year-track record of a $2bn fund and we would start to get some relevance in the region," he said. (Reuters)
- **Abu Dhabi's Mubadala sells 4.5% Oil Search stake for $275mn –** Abu Dhabi state investor Mubadala sold a 4.5% stake in Oil Search Ltd for A$362.8mn, the oil and gas producer said in a filing late on Thursday. Mubadala, an investor since 2008, sold 94mn shares on Tuesday, the filing showed, lowering its stake to 4.94%, below the 5% threshold to be considered a substantial shareholder in Australia. Mubadala, which initially bought a 17.6% stake in 2008, declined to participate in a A$1.16bn capital raise conducted by Oil Search in April 2020. (Reuters)
- **GFH buys Fedex warehousing, logistics facility in US –** GFH Financial Group (GFH) has announced the acquisition of a US-based warehousing and distribution logistics facility situated in Ohio and fully leased to FedEx in a transaction valued at $100mn. This takes the group's total logistics investments in the North America and Europe to over $300mn, said a statement from GFH Group. This is part of GFH’s logistics and industrial sector investment theme, focusing on the acquisition of high-quality logistics assets in key distribution hubs to capitalize on the strong tailwinds from growing e-commerce penetration rates and sales. GFH continues to scale up its global logistics platform with its recent acquisitions of the Amazon Spain Portfolio, the Michelin distribution facility in Chicago and the current FedEx distribution facility transaction. This will gain exposure to well positioned top credit tenants occupying a variety of mission critical facilities in key locations in North America and Europe. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,781.44	0.4	1.0	(6.2)
Silver/Ounce	26.10	0.6	1.2	(1.1)
Crude Oil (Brent)/Barrel (FM Future)	76.18	0.8	3.6	47.1
Crude Oil (WTI)/Barrel (FM Future)	74.05	1.0	3.4	52.6
Natural Gas (Henry Hub)/MMBtu	3.40	3.0	7.6	42.3
LPG Propane (Arab Gulf)/Ton	104.00	1.0	6.4	38.2
LPG Butane (Arab Gulf)/Ton	115.13	1.5	9.1	65.7
Euro	1.19	0.0	0.6	(2.3)
Yen	110.75	(0.1)	0.5	7.3
GBP	1.39	(0.3)	0.5	1.5
CHF	1.09	0.1	0.7	(3.5)
AUD	0.76	0.1	1.5	(1.4)
USD Index	91.85	0.0	(0.4)	2.1
RUB	72.22	(0.1)	(0.8)	(2.9)
BRL	0.20	(0.4)	3.2	5.3

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	3,024.94	0.4	2.4	12.4
DJ Industrial	34,433.84	0.7	3.4	12.5
S&P 500	4,280.70	0.3	2.7	14.0
NASDAQ 100	14,360.39	(0.1)	2.4	11.4
STOXX 600	457.63	0.2	1.8	12.0
DAX	15,607.97	0.2	1.6	10.5
FTSE 100	7,136.07	0.3	2.3	12.5
CAC 40	6,622.87	(0.0)	1.3	16.5
Nikkei	29,066.18	0.7	(0.2)	(1.3)
MSCI EM	1,379.59	0.9	1.3	6.8
SHANGHAI SE Composite	3,607.56	1.4	2.3	5.0
HANG SENG	29,288.22	1.4	1.7	7.4
BSE SENSEX	52,925.04	0.5	1.1	9.2
Bovespa	127,255.60	(2.3)	1.9	11.9
RTS	1,672.08	0.4	1.5	20.5

Source: Bloomberg (*$ adjusted returns)

Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
Doha, Qatar

Saugata Sarkar, CFA, CAIA
Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Mehmet Aksoy, PhD
Senior Research Analyst
mehmet.aksoy@qnbfs.com.qa