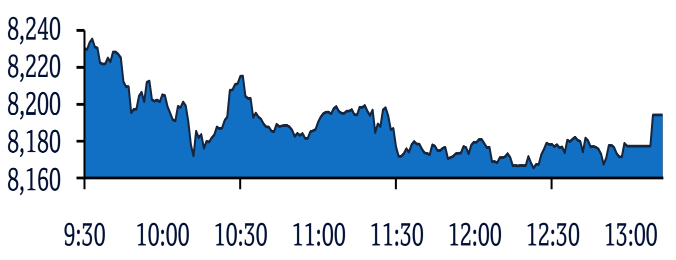
QNB FINANCIAL SERVICES

Daily Market Report

Thursday, 02 April 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.1% to close at 8,195.0. Losses were led by the Real Estate and Transportation indices, falling 0.5% and 0.2%, respectively. Top losers were Ahli Bank and Qatar Aluminium Manufacturing Company, falling 6.7% and 2.3%, respectively. Among the top gainers, Salam International Investment Limited gained 6.2%, while Doha Bank was up 3.9%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.0% to close at 6,569.4. Gains were led by the Utilities and Software & Services indices, rising 5.9% and 5.7%, respectively. Saudi Cable Company rose 10.0%, while Zahrat Al Waha for Trading Co. was up 8.3%.

Dubai: The DFM Index fell 2.9% to close at 1,720.8. The Banks and Real Estate & Construction indices declined 4.1% each. Dubai Islamic Bank and Ithmaar Holding were down 5.0% each.

Abu Dhabi: The ADX General Index gained 0.3% to close at 3,745.1. The Consumer Staples index rose 4.5%, while Telecommunication index rose 1.9%. Al Qudra Holding rose 14.1%, while Arkan Building Materials Company was up 7.8%.

Kuwait: The Kuwait All Share Index fell 1.5% to close at 4,748.0. The Telecom. index declined 6.4%, while the Financial Serv. index fell 1.8%. Kuwait and Middle East Financial Inv. declined 14.2%, while National International was down 9.6%.

Oman: The MSM 30 Index fell 0.7% to close at 3,425.0. Losses were led by the Industrial and Financial indices, falling 0.8% and 0.5%, respectively. Oman Refreshment declined 9.1%, while Takaful Oman Insurance was down 4.0%.

Bahrain: The BHB Index fell 0.7% to close at 1,341.3. The Investment index declined 1.4%, while the Commercial Banks index fell 0.5%. Arab Banking Corporation declined 5.8%, while APM Terminals Bahrain was down 4.4%.

Market Indicators	01 Apr 20	31 Mar 20	%Chg.
Value Traded (QR mn)	172.3	443.5	(61.2)
Exch. Market Cap. (QR mn)	461,423.6	460,540.8	0.2
Volume (mn)	82.8	149.8	(44.7)
Number of Transactions	4,841	11,842	(59.1)
Companies Traded	45	46	(2.2)
Market Breadth	21:21	14:30	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	15,671.80	(0.1)	(3.4)	(18.3)	11.8
All Share Index	2,550.17	0.2	(3.3)	(17.7)	13.2
Banks	3,702.92	0.1	(3.6)	(12.3)	12.5
Industrials	2,053.13	0.5	(3.6)	(30.0)	14.9
Transportation	2,233.16	(0.2)	(0.0)	(12.6)	11.6
Real Estate	1,214.93	(0.5)	(2.1)	(22.4)	10.8
Insurance	2,009.32	0.3	(1.2)	(26.5)	35.0
Telecoms	761.48	0.8	(4.4)	(14.9)	13.1
Consumer	6,589.16	0.1	(3.5)	(23.8)	14.9
Al Rayan Islamic Index	3,109.66	(0.2)	(2.7)	(21.3)	13.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Electricity Co.	Saudi Arabia	17.00	6.8	2,173.0	(15.9)
Etihad Etisalat Co.	Saudi Arabia	23.10	6.6	2,784.6	(7.6)
Saudi Industrial Inv.	Saudi Arabia	16.52	4.7	719.9	(31.2)
Riyad Bank	Saudi Arabia	15.66	4.7	2,898.8	(34.8)
Jarir Marketing Co.	Saudi Arabia	132.60	3.8	205.1	(19.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mobile Telecom. Co.	Kuwait	0.48	(8.0)	5,810.7	(20.8)
Dubai Islamic Bank	Dubai	3.42	(5.0)	11,272.2	(37.9)
Abu Dhabi Comm. Bank	Abu Dhabi	4.40	(5.0)	4,454.0	(44.4)
Emaar Properties	Dubai	2.11	(5.0)	22,685.4	(47.5)
Emirates NBD	Dubai	6.90	(4.6)	4,030.3	(46.9)

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%
Salam International Inv. Ltd.	0.22	6.2	23,287.4	(56.9)
Doha Bank	1.87	3.9	1,577.4	(26.1)
Zad Holding Company	14.19	3.6	36.5	2.7
Qatari Investors Group	1.18	3.1	327.6	(33.9)
Gulf Warehousing Company	4.33	2.9	298.2	(21.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.22	6.2	23,287.4	(56.9)
Ezdan Holding Group	0.52	(2.1)	12,065.0	(16.3)
United Development Company	0.99	(0.4)	7,026.6	(35.1)
Mesaieed Petrochemical Holding	1.50	2.8	3,893.6	(40.2)
Aamal Company	0.60	0.0	3,727.5	(26.2)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.13	(6.7)	298.4	(6.2)
Qatar Aluminium Manufacturing	0.51	(2.3)	2,747.0	(34.3)
Ezdan Holding Group	0.52	(2.1)	12,065.0	(16.3)
Qatar Islamic Bank	14.10	(1.8)	1,337.2	(8.0)
Widam Food Company	5.08	(1.6)	105.8	(24.8)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.01	1.3	44,975.2	(17.4)
Qatar Islamic Bank	14.10	(1.8)	18,841.6	(8.0)
Masraf Al Rayan	3.61	(1.4)	11,964.4	(8.8)
Ooredoo	5.94	1.2	8,138.6	(16.1)
The Commercial Bank	3.85	(1.2)	7,749.8	(18.1)

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*	8,195.02	(0.1)	(3.4)	(0.1)	(21.4)	46.57	124,953.5	11.8	1.1	5.1
Dubai	1,720.75	(2.9)	(4.9)	(2.9)	(37.8)	43.47	72,230.6	6.3	0.6	7.2
Abu Dhabi	3,745.11	0.3	(0.7)	0.3	(26.2)	41.56	111,750.6	10.9	1.0	6.6
Saudi Arabia	6,569.39	1.0	3.8	1.0	(21.7)	910.16	2,037,093.2	18.2	1.5	4.1
Kuwait	4,748.02	(1.5)	(3.1)	(1.5)	(24.4)	65.32	87,632.6	11.8	1.1	4.6
Oman	3,424.99	(0.7)	(3.2)	(0.7)	(14.0)	1.59	14,954.2	6.9	0.6	8.1
Bahrain	1,341.25	(0.7)	(3.4)	(0.7)	(16.7)	2.09	20,855.5	9.6	0.8	5.9

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 8,195.0. The Real Estate and Transportation indices led the losses. The index fell on the back of selling pressure from Qatari and GCC shareholders despite buying support from non-Qatari shareholders.
- Ahli Bank and Qatar Aluminium Manufacturing Company were the top losers, falling 6.7% and 2.3%, respectively. Among the top gainers, Salam International Investment Limited gained 6.2%, while Doha Bank was up 3.9%.
- Volume of shares traded on Tuesday fell by 44.7% to 82.8mn from 149.8mn on Monday. Further, as compared to the 30-day moving average of 126.2mn, volume for the day was 34.4% lower. Salam International Investment Limited and Ezdan Holding Group were the most active stocks, contributing 28.1% and 14.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	22.00%	29.72%	(13,303,023.44)
Qatari Institutions	16.25%	15.32%	1,615,734.62
Qatari	**38.25%**	**45.04%**	**(11,687,288.82)**
GCC Individuals	1.05%	1.59%	(938,357.68)
GCC Institutions	1.21%	1.31%	(171,111.80)
GCC	**2.26%**	**2.90%**	**(1,109,469.48)**
Non-Qatari Individuals	10.95%	9.38%	2,700,805.01
Non-Qatari Institutions	48.53%	42.67%	10,095,953.29
Non-Qatari	**59.48%**	**52.05%**	**12,796,758.30**

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
04/01	US	Mortgage Bankers Association	MBA Mortgage Applications	27-Mar	15.3%	–	-29.4%
04/01	US	Automatic Data Processing, Inc	ADP Employment Change	Mar	-27k	-150k	179k
04/01	US	Markit	Markit US Manufacturing PMI	Mar	48.5	48.0	49.2
04/01	US	US Census Bureau	Construction Spending MoM	Feb	-1.3%	0.6%	2.8%
04/01	US	Institute for Supply Management	ISM Manufacturing	Mar	49.1	44.5	50.1
04/01	US	Institute for Supply Management	ISM New Orders	Mar	42.2	–	49.8
04/01	US	Institute for Supply Management	ISM Prices Paid	Mar	37.4	41.8	45.9
04/01	US	Institute for Supply Management	ISM Employment	Mar	43.8	–	46.9
04/01	UK	Markit	Markit UK PMI Manufacturing SA	Mar	47.8	47.0	48.0
04/01	EU	Markit	Markit Eurozone Manufacturing PMI	Mar	44.5	44.6	44.8
04/01	EU	Eurostat	Unemployment Rate	Feb	7.3%	7.4%	7.4%
04/01	Germany	Markit	Markit/BME Germany Manufacturing PMI	Mar	45.4	45.5	45.7
04/01	France	Markit	Markit France Manufacturing PMI	Mar	43.2	42.9	42.9
04/01	Japan	Markit	Jibun Bank Japan PMI Mfg	Mar	44.8	–	44.8
04/01	China	Markit	Caixin China PMI Mfg	Mar	50.1	45.0	40.3

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 1Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Apr-20	10	Due
QIBK	Qatar Islamic Bank	15-Apr-20	13	Due
KCBK	Al Khalij Commercial Bank	15-Apr-20	13	Due
QFLS	Qatar Fuel Company	15-Apr-20	13	Due
QIGD	Qatari Investors Group	19-Apr-20	17	Due
ABQK	Ahli Bank	20-Apr-20	18	Due
MCGS	Medicare Group	22-Apr-20	20	Due
UDCD	United Development Company	22-Apr-20	20	Due
DHBK	Doha Bank	22-Apr-20	20	Due
MARK	Masraf Al Rayan	23-Apr-20	21	Due

Source: QSE

News

Qatar

- **IGRD to holds its AGM and EGM on April 27 –** Investment Holding Group (IGRD) announced that its Ordinary & Extraordinary General Assembly Meeting (AGM and EGM) will be held on April 27, 2020. In the event a quorum is not met, a second meeting will be held on April 29, 2020. (QSE)
- **MCGS to disclose its 1Q2020 financial statements on April 22 –** Medicare Group announced its intent to disclose its 1Q2020 financial statements results on April 22, 2020. (QSE)
- **QIBK to disclose its 1Q2020 financial statements on April 15 –** Qatar Islamic Bank (QIBK) announced its intent to disclose its 1Q2020 financial statements results on April 15, 2020. (QSE)
- **QCB issues treasury bills for April worth QR600mn –** Qatar Central Bank (QCB) has issued treasury bills worth QR600mn for three, six and nine months. (i) QCB sold QR100mn of bills due January 5, 2021. The bills have a yield of 0.66% and settled April 1. (ii) QCB sold QR200mn of bills due October 5. The bills have a yield of 0.82% and settled April 1. (iii) QCB sold QR300mn of bills due July 1. Investors offered to buy zero percent of securities that the government sold. The bills were sold at a price of 1, have a yield of 0.81% and settled April 1. (Bloomberg)
- **Aamal's business model provided great resilience in 2019 –** The diversity of Aamal Company's (Aamal) business model undoubtedly provided great resilience in 2019, said CEO and Managing Director Sheikh Mohamed bin Faisal Al Thani while delivering Chairman's report at the company's annual general meeting (AGM) yesterday. "It is this diverse business platform that enables the company to play an important part in Qatar's growing private sector and contribute to the growth of the country's economy," Sheikh Mohamed said. Although 2019 saw significant market headwinds in the construction industry, Aamal responded positively in this very challenging environment, growing revenue and delivering a net profit to Aamal's equity holders of QR322mn, he said, and noted "It is against this backdrop that the Board of Directors recommends a cash dividend of QR0.04 a share, subject to approval at the Annual General Assembly Meeting." Sheikh Mohamed said, "2019 marked a year of significant development in terms of how we embed environmental, social and governance considerations in the way we do business to achieve sustainable growth. Most notably from a governance perspective, we developed a governance code to ensure Aamal is aligned with the highest levels of corporate standards and policies, implemented a code of conduct policy and a whistle blowing mechanism for all employees, ensuring they are able to act if they encounter any potential breaches of our standards. Furthermore, in 2019 we successfully completed the design and testing of an Internal Control Over Financial Reporting (ICOFR) framework and received a clean audit opinion from our auditors, PwC." The Board was delighted to welcome Sheikh Faisal bin Fahed Al Thani as an independent Director who brings more than 30 years' experience from working in several international companies in the oil and gas industry as well as experience as a main board director of a number of significant Qatari listed companies. (Gulf-Times.com)
- **Qatargas delivers first Q-Flex LNG cargo to China's Zhoushan terminal –** Qatargas Operating Company Limited (Qatargas) announced Wednesday the delivery of the first cargo of liquefied natural gas (LNG) on a Q-Flex vessel to the ENN Zhoushan LNG receiving terminal in China. The cargo aboard the Qatargas-chartered LNG vessel, 'Al Gharrafa,' was loaded at Ras Laffan on 16 March and delivered to the terminal located in the New Port Industrial Park of Zhoushan Economic Development Zoneon Wednesday. This is the first cargo discharge operation by Qatargas to Zhoushan LNG terminal involving a Q-Flex LNG carrier. The terminal consists of two shore tanks, each having a capacity of 160,000 cubic meters. The terminal also has a dedicated LNG berth with a capacity of 3mn tons per year in its first phase. (Gulf-Times.com)
- **Vodafone Qatar, Talabat tie up for home delivery of products –** Vodafone Qatar has partnered with Talabat to create an online shop for its services and products on Talabat's App as part of its efforts to encourage people to stay in their homes and practice social distancing during the COVID-19 pandemic. Vodafone Qatar's customers can now easily and securely purchase recharge cards and pay their bills through the Talabat App using their credit cards or pay in cash upon home service delivery, according to a statement. Customers can also make use of the online shop to request Vodafone Qatar's home Internet product - GigaHome. Ideal for meeting the needs of families spending more time in the home, and for remote working and learning, Vodafone GigaHome covers homes of every size with high-speed Wi-Fi in every room using a state-of-the-art Giga Wi-Fi Hub powered by Vodafone Qatar's GigaNet network. GigaHome-Fibre customers can also enjoy GigaTV, Vodafone's home entertainment service. (Gulf-Times.com)
- **Eighty percent of private sector staff to work from home from Thursday –** Eighty percent of the employees in the private sector will have to work from home starting Thursday as part of the government's efforts to curb the spread of the coronavirus disease (COVID-19), the Cabinet has decided. Also, workplace timings in both the government and private sectors will be six hours-from 7am to 1pm, from Thursday. These were among other measures decided upon at the Cabinet meeting chaired by HE the Prime Minister and Minister of Interior Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani on Wednesday through video-conference, the official Qatar News Agency (QNA) reported. (Gulf-Times.com)
- **Closure of part of Industrial Area, suspension of flights to continue –** The Supreme Committee for Crisis Management has decided to extend the closure of a portion of the Industrial Area and suspension of inbound flights to Doha, except for cargo and transit, as part of the precautionary measures to control the novel coronavirus (COVID-19) outbreak in Qatar. This was announced on Wednesday by HE the official Spokesperson for the Supreme Committee for Crisis Management Lolwah bint Rashid bin Mohamed Al-Khater at a press conference wherein she also reviewed the decisions issued by the Cabinet in this direction. Qatari citizens living abroad, in addition to Qatari children, Qatari spouses, Qatari women and those with permanent residence permits can return to Qatar at any time,

subject to a 14-day quarantine upon arrival. They need to notify the embassies of Qatar in the respective countries at least 72 hours before travel in order to make the necessary arrangements regarding airport and quarantine procedures. HE Al-Khater also announced that, in order to preserve the security and safety of the residents of the closed portion of the Industrial Area and the security and safety of the society, it was decided to extend the closure, while ensuring the continued flow of food and medical supplies along with continued medical examinations and the provision of free medical services to all who are diagnosed and found infected and referring them to health facilities. (Gulf-Times.com)

- **Qatar ports post robust expansion in cargo, container volumes in March –** Qatar's three ports – Hamad, Doha and Al Ruwais – witnessed robust expansion in cargo and container handling volumes in March this year despite the challenges on account of the pandemic COVID-19. The general cargo handling registered a 34.57% increase YoY to 131,472 tons in March 2020. It saw a stupendous 53.02% surge MoM, according to the statistics released in Mwani Qatar's tweet. The general cargo movement has consistently increased from 57,016 tons in January and 85,916 tons in March this year. The ports handled a total of 6,088 vehicles (RORO), which witnessed 2.34% and 5.88% growth on yearly and monthly basis respectively in the review period. It was 8,638 and 5,750 units in January and February this year. The container handling through the three ports stood at 112,730 TEUs (twenty-foot equivalent units), which increased 1.4% and 5.05% YoY and MoM respectively in March 2020. The container movement rather had a checkered path with it reporting 115,837 TEUs in January and 107,311 TEUs in the subsequent month of 2020. However, during the period in review, the number of ships calling on these ports was 225, representing 22.95% and 21.33% shrinkage on yearly and monthly basis respectively. As many as 290 ships were docked in January and 286 in February this year. (Gulf-Times.com)
- **Four month rent exemption granted to shops in traditional markets –** The Private Engineering Office announced on Wednesday that all shops in its traditional markets will be exempted from rents for a period of four months starting from April 1, 2020. The old markets include Souq Waqif, Al Wakrah Souq, Old Al Khor Souq and Najada Souq as well as the shops around Souq Waqif such as Faleh Souq, Asiri Souq, Al Deera Souq, City Centre Souq, Nasser bin Saif Souq, in addition to other souqs under the supervision of the Private Engineering Office. Mohammed Al-Salem, Director of Souq Waqif and Head of the Old Markets Section at the Private Engineering Office, told Qatar News Agency (QNA) that the rent exemptions in these markets come in line with the directives of the wise leadership in the country, and an encouragement to the Qatari investors who showed a great understanding of the current situation related to tightening of preventive procedures against the novel coronavirus (COVID-19). (Gulf-Times.com)
- **Qatar to introduce rapid test for COVID-19 soon –** Stepping up its fight and surveillance against the novel coronavirus (COVID-19) and expanding the scope of early detection of infected cases, Qatar will soon introduce the rapid testing procedure to test a large number of people in less time, a senior official of the Ministry of Public Health (MoPH) said on Wednesday. "At present, we are doing PCR (Polymerase Chain Reaction) test which has 99 to 100% accuracy. Rapid test procedure is also being recommended to test more number of people. We are making arrangements to get the best available rapid test kits, mostly from South Korea," said Sheikh Dr Mohamed bin Hamad Al-Thani, director of Public Health, MoPH. "With rapid test facility, we can have more tests but the accuracy of the tests is lower compared to PCR and in some cases it is very low. However, we will soon introduce the most reliable rapid test approved by the (US) Food and Drug Administration," explained Sheikh Mohamed. (Gulf-Times.com)
- **Ezdan: Robust performance for Real Estate Price Index amid wryly market –** Real estate price index during the past week performed robustly despite the challenges facing the market, thanks to the substantial support provided by the state to all sectors to maintain growth rates at recovered levels and flourish the market boom. With regard to the real estate activity and the volume of sales that were registered during the period from March 22-26, 2020, the Real Estate Registration Department, at the Qatar's Ministry of Justice has registered 49 property sales deals worth more than QR251.7mn, and the sale operations were distributed over 6 municipalities: Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Daayen and Al Wakrah, which included vacant lands, housing, multiuse buildings, multi-use space, and residential buildings. Doha ranked first in by the sale of a 1,462 -square meter vacant land lot in Old Airport area at QR2,500 square foot, totaling QR39.3mn. Also, the Doha Municipality acquired the second highest real estate deal by selling a house in the Pearl area spanning over 1,628 square meters at a price per square foot of QR1,785, with a total value of QR31.3mn. This week has not witnessed any exceptional real estate sales exceeding fifty million riyals that may contribute to raising the total value of sales. Al Khor and Al Thakhira have seen the lowest property sale deal value throughout the week, for a piece of vacant land lot in Al Khor area spanning over 398 square meters, with an average price per square foot that did not exceed QR220, totaling approximately QR942,000 (Peninsula Qatar)
- **QBA mulls 'business fund' to support private sector –** The crisis committee of the Qatari Businessmen Association (QBA) on Wednesday proposed the establishment of a 'business fund' to support the private sector in facing potential economic consequences of the coronavirus pandemic (COVID-19) in the country. The crisis committee, which was established during a virtual meeting of QBA members on Wednesday, is aimed at creating direct communication between QBA and the government to follow up and coordinate with the various ministries on mechanisms for the allocation of government incentives to support the private sector and compensate the affected parties. The committee, led by QBA's Chairman, Sheikh Faisal bin Qassim Al Thani, also proposed to reduce the economic impact on the business environment in line with government directives provided that its tasks are limited to providing technical and financial support for troubled companies from the private sector, within the regulatory, legal and supervisory framework in place by the relevant authorities in the state. The virtual meeting, headed by Sheikh Faisal, discussed the repercussions of COVID-19 on the business sector in particular and the Qatari economy in general and discussed

effective ways to overcome it. The meeting covered a number of ideas and proposals to reduce the economic impact of the virus on the business sector in the country. They stressed the importance of continuing cooperation between the public and private sectors in light of the exceptional circumstances the country is going through and pledging to put all capabilities of all Qatari businessmen in the service to the government. The QBA members discussed and praised the directives of the Amir HH Sheikh Tamim bin Hamad Al Thani to avoid and contain the human and economic effects of coronavirus on public life and to continue to achieve economic and social stability in the country. During the meeting, the members praised the various measures taken by the government to support the private sector. (Qatar Tribune)

International

- **Factory activity plunges as coronavirus shock deepens –** Factories fell quiet across much of the world in March as the coronavirus pandemic paralyzed economic activity, with evidence mounting that the world is sliding into deep recession. Manufacturing activity has tumbled, purchasing managers' index (PMI) surveys showed on Wednesday, with sharp slowdowns in export powerhouses like Germany and Japan overshadowing a modest improvement in China. In the United States, one widely followed survey showed the contraction in output was not as dramatic as feared, but new orders slumped to an 11-year low, signaling the worst is still to come. The virus pandemic has infected more than 850,000 people around the globe and forced factories, shops and schools to close amid government-imposed lockdowns. This has upended supply chains and crushed demand for goods as consumers worried about job prospects rein in their spending and stay indoors. In the Eurozone, IHS Markit's final March manufacturing PMI sank to its lowest since mid-2012, when the currency union's debt crisis was raging, and was well below the mark separating growth from contraction. Markit's final reading of US activity in March showed output at its slowest since 2009, with coronavirus-related supply shortages a key factor in the decline. In a competing survey from the Institute for Supply Management, the forward-looking new orders sub-index dropped to the lowest since March 2009. Meanwhile, private-sector US employers cut the most jobs in two-and-a-half years in March, according to the ADP National Employment Report, which probably underestimates the scope of job losses because the survey period ended before the most sweeping social-distancing efforts took effect. In one week in mid-March alone, a record 3.3mn Americans sought unemployment benefits for the first time, and another 3.5mn or more are expected to have sought assistance last week. (Reuters)
- **Oil majors slash 2020 spending by 20% after prices slump –** The world's biggest oil and gas companies are cutting spending this year following a collapse in oil prices driven by a slump in demand because of the coronavirus crisis and a price war between top exporters Saudi Arabia and Russia. Cuts already announced by eight major oil companies, including Saudi Aramco and Royal Dutch Shell, come to a combined $28bn, or a drop of 20% from their initial spending plans of $142bn. BP cut its 2020 spending plan by 25% and will reduce output from its US shale oil and gas business, it said on Wednesday. Exxon Mobil Corp said it would cut capital expenditure but has not given specific figures as yet. Brazilian oil company Petrobras said it was dialing back short-term production, delaying a dividend payment and trimming its 2020 investment plan, among other measures aimed at reducing costs in the face of the coronavirus pandemic. Oil prices have slumped 65% since January to around $25 a barrel. Investors say if the current crisis is prolonged, the spending cuts announced by major oil companies may not be enough to let them maintain dividends without adding to their already elevated levels of debt. The combined debt of Chevron, Total, BP, Exxon Mobil and Royal Dutch Shell stood at $231bn at the end of in 2019, just shy of the $235bn hit in 2016 when oil prices also tumbled below $30 a barrel. (Reuters)
- **US, Russia agree to oil market talks as Trump calls price war 'crazy' –** The US President Donald Trump and Russian President Vladimir Putin agreed during a phone call on Monday to have their top energy officials discuss slumping global oil markets, the Kremlin said, as Trump called Russia's price war with Saudi Arabia "crazy." The agreement marks a new twist in global oil diplomacy since a failed deal earlier this month between the Organization of the Petroleum Exporting Countries (OPEC) and Russia to cut production ignited the price war between Russia and OPEC's de facto leader Saudi Arabia. The fallout from the coronavirus pandemic also helped to send oil prices into a historic tailspin, threatening higher-cost drillers in the United States and around the globe with bankruptcy. White House spokesman Judd Deere said the two leaders had agreed on the importance of stability in global energy markets. US Energy Secretary Dan Brouillette will talk with Russian Energy Minister Alexander Novak about "ways the world's largest producers can address volatility in the global oil markets," Energy Department spokeswoman Shaylyn Hynes said. The Kremlin did not say what exactly the ministers would discuss, but Moscow has previously signaled it would like to see more countries joining efforts to balance global oil markets. Shortly before Monday's phone call, Trump said Saudi Arabia and Russia "both went crazy" in their oil-price war and that "I never thought I'd be saying that maybe we have to have an oil (price) increase, because we do." "The price is so low now they're fighting like crazy over, over distribution and over how many barrels to let go," Trump said in an interview on Fox News. The US has grown in recent years into the world's largest oil and gas producer, thanks to a technology-driven shale drilling boom. But the current price of oil is below the production cost of many American drillers. That has threatened the highly leveraged US shale industry. (Reuters)
- **Trump signs off on deferring tariffs for most-favored nations for three months –** The US President Donald Trump has signed off on a plan to defer US tariffs on goods from countries with most-favored nation status for three months, to help ease the economic fallout of the coronavirus, a source familiar with the decision said Tuesday. The plan would not apply to tariffs on Chinese and European goods subject to Section 301 tariffs or to steel and aluminum subject to Section 232 tariffs. The source said it remained unclear when Trump would sign an executive order deferring the levies. Once signed, it would give the US Treasury Department the authority to direct Customs and Border Protection to delay collecting tariffs on those imports for

90 days. Some 400 Chief Executives of small, medium, and large companies from across the country urged Trump in a letter on Tuesday to delay the collection of duties for a period of 90 to 180 days to give companies access to cash that would normally be paid to the US government, given virus-related shutdowns. Trade ministers from the US and other Group of 20 (G20) major economies agreed on Monday to keep their markets open and ensure the continued flow of vital medical supplies, equipment and other essential goods as the world battles the pandemic. (Reuters)

- **IHS Markit: US factory activity in March was weakest since 2009 –** The US manufacturing sector contracted in March, with activity hitting its lowest level since 2009, as the coronavirus pandemic caused widespread shortages, a survey confirmed on Wednesday. Data firm IHS Markit said its final US manufacturing Purchasing Managers' Index fell to a reading of 48.5 this month, the lowest reading since August 2009. That was a downward revision from the 'flash' figure of 49.2 reported last week and lower than 50.7 reported in February. It blamed the drop on "widespread supply shortages linked to the COVID-19 pandemic." COVID-19 is the respiratory illness caused by the coronavirus. The United States has the highest number of confirmed COVID-19 cases, with more than 163,000 people infected. At least 3,017 people in the US have died from the illness, according to a Reuters tally. A PMI reading below 50 indicates contraction in the manufacturing sector, which accounts for 11% of economic activity. A measure of new orders received by factories tumbled in March to the lowest level since August 2009. Manufacturers also cut their workforce numbers at the sharpest rate since October 2009 and reported the need for lower operating capacity. That was mirrored in a strong fall in backlogs of work, the survey showed. IHS Markit said weak demand resulted in firms processing work-in-hand at the fastest pace since 2009. It said worries about the length of business shutdowns and the slow recovery thereafter led to the lowest degree of confidence since data collection for the series began in July 2012. (Reuters)
- **US construction spending unexpectedly falls in February –** US construction spending unexpectedly fell in February and could decline further as the coronavirus pandemic wreaks havoc on the economy. The Commerce Department said on Wednesday that construction spending decreased 1.3%. Data for January was revised higher to show construction outlays surging 2.8% instead of jumping 1.8% as previously reported. Economists polled by Reuters had forecast construction spending rising 0.5% in February. (Reuters)
- **PMI: Eurozone factory activity crashed in March as coronavirus spread –** Eurozone manufacturing activity collapsed last month as breaks in global supply chains caused by measures to curb the coronavirus pandemic crushed output, and the nosedive could worsen in coming months, a survey showed on Wednesday. Factories, shops and schools have closed across the region amid government-imposed lockdowns, whacking demand for goods as consumers worried about job prospects rein in their spending and stay indoors. IHS Markit's final March manufacturing Purchasing Managers' Index (PMI) sank to 44.5, below a flash reading of 44.8 and February's 49.2. The reading was the lowest since mid-2012, when the Eurozone debt crisis was raging, and well below the 50 mark separating growth from contraction. An index measuring output which feeds into a composite PMI due on Friday plummeted to 38.5 from 48.7, below its flash reading of 39.5 and the lowest since April 2009, in the midst of the Great Recession that followed the global financial crisis. (Reuters)
- **Eurozone jobless rate hits 12-year low on eve of virus measures –** Unemployment in the Eurozone fell to a 12-year low in February, the month before coronavirus containment measures began to be introduced widely across Europe. The jobless rate was 7.3% in the 19 countries sharing the Eurozone, the lowest level since March 2008, EU statistics office Eurostat said on Wednesday. Economists polled by Reuters had expected the rate to be unchanged from the 7.4% of January. In the 27-member European Union (EU) unemployment was 6.5% of the workforce, unchanged from January and so holding at the lowest rate recorded since the start of monthly data in February 2000. Eurostat estimated that 12.047mn people in the Euro area and 13.984mn people in the wider EU were unemployed in February, declines of respectively 88,000 and 62,000 respectively. Unemployment ranged from 2.0% in the Czech Republic and 2.9% in the Netherlands and Poland to 13.6% in Spain and 16.3% in Greece. (Reuters)
- **PMI: UK factories suffer biggest hit since 2012 at onset of coronavirus crisis –** Output from Britain's manufacturing sector shrank at the fastest pace since the euro zone debt crisis in March as the spread of coronavirus led to a spiraling of delays and hammered business confidence, a survey showed on Wednesday. The final version of the IHS Markit/CIPS Purchasing Managers' Index (PMI) slumped to 47.8 — its lowest since July 2012 — from 51.7 in February, slightly weaker than a preliminary "flash" reading of 48.0 recorded earlier in March. Transport delays and raw materials shortages led to the steepest increase in vendor lead times in the PMI's 28-year history and business optimism slumped to the lowest level on record. Job losses were the most severe since July 2009. "The effects were felt across most of manufacturing, with output falling sharply in all major sectors except food production and pharmaceuticals," Rob Dobson, a director at IHS Markit, said. "The transport sector, which includes already-beleaguered car-makers, suffered the steepest downturn." The survey was conducted March 12-26, including the days immediately after Prime Minister Boris Johnson ordered a shutdown of much of the country's economy on March 23. A final version of IHS Markit's survey for Britain's dominant services sector, which has been hardest hit by the closure of bars, restaurants, gyms and other businesses, is due to be published on Friday. (Reuters)
- **Japan's business mood hits 7-year low as virus revives deflation spectre –** Japan's business confidence soured to levels not seen since 2013, a closely watched survey showed, as the coronavirus pandemic hit sectors from hotels to carmakers and pushed the economy closer to recession. The worsening corporate morale underscores the challenge Prime Minister Shinzo Abe faces in ensuring the pandemic does not erase the benefits of his "Abenomics" fiscal and monetary stimulus, deployed seven years ago to revive a stagnant economy. The Bank of Japan's quarterly "tankan" survey on Wednesday showed big manufacturers' sentiment turned pessimistic for

the first time in seven years as supply chain disruptions caused by the outbreak hit sectors across the board. Service-sector sentiment also hit a seven-year low as travel bans and social distancing policies hurt consumption, clouding an already dark outlook. Analysts warn firms are yet to fully factor in the coming business hit from the pandemic and will likely slash spending plans in months ahead. The headline index measuring big manufacturers' sentiment worsened to minus 8 in March from zero in December, the tankan showed, compared with a median market forecast of minus 10. It was the first time in seven years the big manufacturers' index turned negative, with slumping global demand pushing sentiment among big carmakers to the lowest level since 2011. Big non-manufacturers' sentiment index worsened to plus 8 from plus 20 in December, the survey showed. Morale among big hotels fell to a 16-year low as the pandemic led to a plunge in overseas and domestic tourism. Both manufacturers and non-manufacturers expect business conditions to worsen further three months ahead, the survey showed. For now, big firms expect to increase capital expenditure by 1.8% in the fiscal year that began April, compared with a median estimate of a 1.1% decrease. However, companies may revise down their spending plans in the next tankan survey in June depending on the extent of economic damage caused by the pandemic, a BOJ official told a briefing. (Reuters)

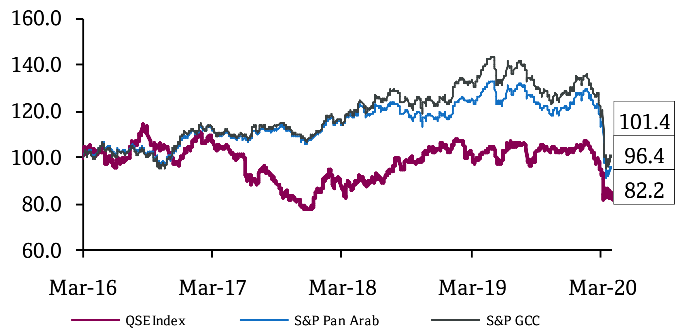
Regional

- **Gulf banks put brakes on lending as dollar liquidity crunch looms –** Gulf banks are limiting their lending to minimize potential losses from the coronavirus crisis and an expected squeeze in Dollar liquidity in the oil reliant region, some bankers say. Like banks around the world, Gulf lenders face an expected drop in loan growth in crisis-affected industries such as retail, tourism and transport, however, they must also navigate the impact of plunging crude prices on the region. Restricting lending is expected to hit small businesses most vulnerable to lower demand and supply chain disruptions hardest. "Right now what's happening is that banks are afraid to give loans to SMEs (small and medium sized enterprises), so I don't know how SMEs will recover from this because they won't have financial backup," a banker from the UAE said. Falcon Group, which helps firms monetize their inventories, has seen a surge in demand, its Chairman and Founder, Kamel Alzarka told Reuters. Alzarka said sectors such as automotive, aviation, retail and manufacturing are all looking for liquidity, often after having drawn down revolving credit facilities with banks. "Banks are not suicidal, so unless there is government intervention to backstop some of the losses, banks are going to sit on the side and watch who's going to make it and who is not," Alzarka added. Gulf central banks have introduced stimulus measures worth tens of billions of dollars including loan repayment holidays to distressed businesses and individuals and fee waivers. However, Gulf oil producers, facing the prospect of a sharp rise in fiscal deficits, have also started to scale back state projects, which may blunt the impact of stimulus measures. (Reuters)
- **Weaker Gulf corporate bonds may attract yield-chasing investors –** After a sell-off sparked by lower oil prices, bonds of Gulf companies are now offering yields comparable to junk-rated debt in other regions, potentially attracting yield-chasing investors who usually avoid the area. Corporate issuers in the Gulf are set to face higher borrowing costs - some estimate 200 to 300 basis points higher or more - when they return to the market, after the collapse of an OPEC output agreement in March caused bond prices to tumble. That could weigh on the balance sheets of some over-leveraged companies, however, it may draw risk-on investors who chase higher returns. They have stayed away from Gulf debt because of the oil wealth of its underlying economies, which translated into lower returns. However, the potential shift in the investor base is also likely to bring into sharper focus longstanding concerns about disclosure in the region. High-yield investors normally require more transparency from companies to buy their debt. Head of fixed income asset management at Arqaam Capital, Abdul Kadir Hussain said some corporations will offer higher yields until there is some confidence on the economic recovery. Those could include real estate companies like DAMAC and Emaar and Emaar Malls in the UAE, or Dar Al Arkan in Saudi Arabia, he said. Higher yields may bring in "more of a fundamental corporate investor" to the region, Hussain said. (Reuters)
- **S&P: Coronavirus threatens Gulf insurers' earnings –** The volatility in capital markets resulting from the COVID-19 pandemic and oil price shock could weaken the credit quality of some insurers in the GCC, S&P stated. The fallout from the coronavirus pandemic and tumbling oil prices threaten the earnings of insurers in the Gulf, S&P stated, possibly leading to negative rating actions. "Most insurers we rate in the GCC region benefit from robust capital buffers and should be able to absorb COVID-19-related claims and capital market volatility," S&P stated in a report. "However, the significant fall in equity markets, widening bond spreads, and ongoing decline in real estate prices will damage earnings and capital buffers of insurers with material exposure to these asset classes," the ratings agency stated. The expected slowdown in premium collections, as many businesses try to delay their premium payments in an attempt to survive, could put further stress on liquidity, asset quality, and consequently on credit conditions for insurers over the coming months. "This could lead to some negative rating actions in 2020, particularly on insurers that have thin capital buffers," S&P Credit Analyst, Emir Mujkic said. (Reuters, Peninsula Qatar)
- **OPEC's supply rose in March as Saudi Arabia geared up for price war –** OPEC's crude production rose last month, when the cartel's pact to manage global markets broken down and group leader Saudi Arabia geared up for an all-out price war. Oil prices have plunged by more than 50% since nations from the OPEC met in early March, as lockdowns around the world to combat the deadly coronavirus have brought transport and economic activity to a halt. The Kingdom boosted production by 290,000 bpd to a one-year high of about 10mn a day, according to the survey. It's based on information from officials, ship-tracking data and estimates from consultants including Rystad Energy AS and JBC Energy GmbH. OPEC's overall output rose by 150,000 barrels a day to just over 28mn a day. Yet the surge seen in March is only a glimpse of what's to come. State-run Saudi Aramco is now supplying record volumes of more than 12mn bpd, while other Gulf producers, such as the UAE and Iraq, have also pledged to ramp up to unprecedented levels. The

ensuing glut of crude, coming as demand plunges more than 20%, because of lockdowns aimed at curbing the spread of coronavirus, threatens to exhaust the world's storage capacity in a matter of months. (Bloomberg)

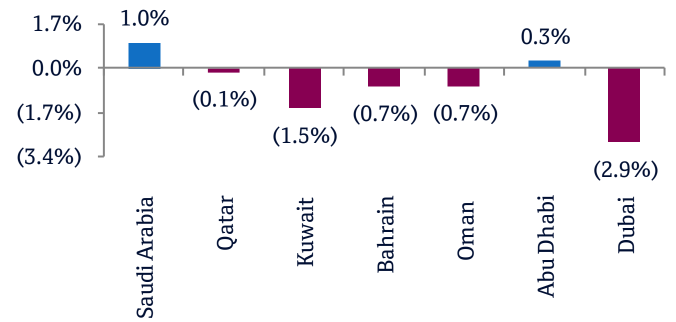
- **Saudi Arabia's oil supply hits record high despite US pressure –** Saudi Arabia's crude supply rose on Wednesday to a record of more than 12mn bpd, industry sources said, despite a plunge in demand triggered by the coronavirus outbreak and US pressure on the Kingdom to stop flooding the market. A producer pact to rein in oil production expired on Tuesday, removing restrictions on output by members of the OPEC, as well as Russia and other producing nations. Saudi Arabia had stated that its oil exports would be about 10mn bpd, however, it gave no indication of how much crude would go into storage. One of the sources, speaking on condition of anonymity, said Saudi Aramco has increased its production to its maximum capacity of 12mn bpd. Supply to the market, both domestically and for export, may differ from production depending on the volumes taken out of storage. Saudi Arabia has hundreds of millions of barrels of crude in storage inside the kingdom and abroad. Riyadh's plan to boost its production and supply to the market defies increasing pressure from Washington to end a battle with Russia for market share. (Reuters)
- **Russia and Saudi not holding oil talks at the moment –** Russia and Saudi Arabia are not holding talks regarding the oil market at the moment and Russian President, Vladimir Putin has no immediate plans to have a phone call with Saudi leadership, Kremlin spokesman, Dmitry Peskov said. Such talks could be set up quickly if necessary, Peskov added. (Reuters)
- **Saudi's Ministry of Finance signs MoU with Bpifrance assurance export –** Ministry of Finance has signed remotely a memorandum of understanding (MoU) with Bpifrance assurance export. The two parties expressed their satisfaction with the new agreement and its role in strengthening bilateral economic relations between France and the Kingdom. Signing of the MoU is part of a plan to strengthen bilateral cooperation and partnership and discuss potential trade opportunities that will benefit both countries. The MoU includes a number of cooperative activities, including providing cover either through export credit insurance schemes or through the strategic projects guarantee product for a number of government projects in the Kingdom. (Reuters)
- **Emirates to temporarily shift all cargo operations to Dubai airport –** Emirates will operate all cargo services from Dubai International Airport, temporarily suspending operations at Dubai's Al Maktoum airport, the airline stated. Freighter aircraft typically operate at Al Maktoum, a smaller airport in Dubai's south. Emirates stated it was consolidating cargo flights to a single airport to streamline operations between freighters and passenger aircraft now used for cargo-only services. The airline has suspended all passenger flights due to the coronavirus pandemic. Emirates would operate cargo-only flights using Boeing 777 passenger aircraft to over 30 destinations across the Middle East, Africa, Asia, Europe and Australia, it stated. "We have been able to establish a new network and schedule for our cargo operations within a very short period of time, utilizing lower deck capacity on our widebody Boeing 777 passenger aircraft," Emirates Divisional Senior Vice President, Cargo, Nabil Sultan said. (Reuters)
- **ADX requires companies to disclose their quarterly financial data on time –** Abu Dhabi Securities Exchange (ADX), issued a circular on Wednesday requesting listed companies to submit a reviewed quarterly financial report within 45 days from the end of any quarter along with Board of Directors' report or a management discussion and analysis. ADX circular highlights the importance of disclosure, transparency of financial information, and financial statements of listed companies for the benefit of all investors and securities dealers. According to the circular, the listed company should provide its financial reports approved from its executive management and prepared on the basis of International Financial Reporting Standards, IFRS. The listed company should disclose its financial statements either before or after the trading session, ADX stated, adding that all companies must follow the guidelines when preparing a board report or management report. (Zawya)
- **Moody's places two Kuwaiti banks' rating on review for downgrade –** Moody's Investors Service, (Moody's) has today placed on review for downgrade the 'Aa3' and 'A1' long term deposit ratings of National Bank of Kuwait (NBK) and Kuwait Finance House (KFH) respectively. The primary driver of today's rating action is the potential weakening of the Kuwaiti government's capacity to provide support in case of need, as indicated by the review for downgrade on the government's 'Aa2' issuer ratings. The banks' NBK and KFH - long term ratings and assessments are the closest to Kuwaiti government's current ratings amongst the Kuwaiti banks and are particularly sensitive to a scenario of more than one notch downgrade of the Kuwaiti government's rating. The 'Aa3' long-term deposit ratings of NBK are based on the bank's standalone Baseline Credit Assessment (BCA) of 'a3' and Moody's expectation of a very high likelihood of support from the government of Kuwait , if needed, which currently translates into three notches of uplift from the bank's BCA. The 'A1' long-term deposit ratings of KFH are based on the bank's BCA of 'baa3' and our expectation of a very high likelihood of support from the government of Kuwait, if needed, which currently translates into five notches of uplift from the bank's BCA. (Bloomberg)
- **Bahrain pays back $1.25bn in bonds –** Bahrain has paid back $1.25bn in bonds that matured on March 31, the Ministry of Finance and National Economy stated. Bahrain was bailed out with a $10bn financial aid package by some of its wealthier regional allies in 2018 as the small Gulf state was headed towards a credit crunch. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,591.51	0.9	(2.3)	4.9
Silver/Ounce	13.96	(0.1)	(3.5)	(21.8)
Crude Oil (Brent)/Barrel (FM Future)	24.74	8.8	(0.8)	(62.5)
Crude Oil (WTI)/Barrel (FM Future)	20.31	(0.8)	(5.6)	(66.7)
Natural Gas (Henry Hub)/MMBtu	1.69	(1.2)	(0.6)	(19.1)
LPG Propane (Arab Gulf)/Ton	25.25	(12.9)	2.0	(38.8)
LPG Butane (Arab Gulf)/Ton	24.25	(18.5)	(7.6)	(63.0)
Euro	1.10	(0.6)	(1.6)	(2.2)
Yen	107.17	(0.3)	(0.7)	(1.3)
GBP	1.24	(0.4)	(0.7)	(6.7)
CHF	1.04	(0.5)	(1.4)	0.2
AUD	0.61	(1.0)	(1.6)	(13.5)
USD Index	99.67	0.6	1.3	3.4
RUB	78.74	0.4	(0.1)	27.0
BRL	0.19	(0.9)	(3.0)	(23.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	1,781.27	(3.9)	(2.5)	(24.5)
DJ Industrial	20,943.51	(4.4)	(3.2)	(26.6)
S&P 500	2,470.50	(4.4)	(2.8)	(23.5)
NASDAQ 100	7,360.58	(4.4)	(1.9)	(18.0)
STOXX 600	310.77	(3.3)	(1.6)	(27.3)
DAX	9,544.75	(4.3)	(2.5)	(29.8)
FTSE 100	5,454.57	(3.9)	(1.2)	(32.4)
CAC 40	4,207.24	(4.7)	(4.8)	(31.5)
Nikkei	18,065.41	(3.9)	(6.0)	(22.3)
MSCI EM	827.26	(2.5)	(1.8)	(25.8)
SHANGHAI SE Composite	2,734.52	(0.8)	(1.4)	(12.1)
HANG SENG	23,085.79	(2.2)	(1.7)	(17.7)
BSE SENSEX	28,265.31	(5.6)	(6.9)	(36.3)
Bovespa	70,966.70	(4.1)	(6.7)	(53.2)
RTS	987.75	(2.6)	3.4	(36.2)

Source: Bloomberg(*$ adjusted returns)

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