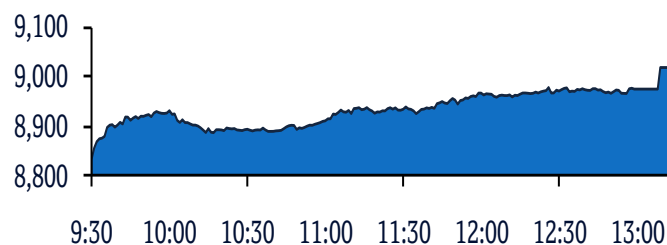


QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 2.0% to close at 9,019.7. Gains were led by the Telecoms and Consumer Goods & Services indices, gaining 8.2% and 2.4%, respectively. Top gainers were Ooredoo and The Commercial Bank, rising 10.0% and 4.6%, respectively. Among the top losers, Djala Brokerage & Investment Holding Company fell 5.1%, while Qatar Insurance Company was down 3.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.1% to close at 7,288.8. Gains were led by the Food & Beverages and Materials indices, rising 4.4% and 2.1%, respectively. Gulf Union Cooperative Insurance rose 9.9%, while Almarai Company was up 7.1%.

Dubai: The DFM Index gained 1.5% to close at 1,973.7. The Consumer Staples and Discretionary index rose 2.9%, while the Transportation index gained 2.0%. SHUAA Capital rose 5.4%, while Al Salam Sudan was up 4.8%.

Abu Dhabi: The ADX General Index gained 0.7% to close at 4,170.7. The Industrial index rose 3.6%, while the Investment & Financial Services index gained 3.5%. Gulf Pharmaceutical Ind. rose 14.6%, while Abu Dhabi Ship Building Co. was up 8.6%.

Kuwait: The Kuwait All Share Index gained 0.2% to close at 5,006.6. The Consumer Services index rose 2.1%, while the Insurance index gained 0.5%. Kuwait Remal Real Estate Company rose 12.6%, while Warba Insurance Company was up 10.0%.

Oman: The MSM 30 Index fell 0.3% to close at 3,534.9. Losses were led by the Industrial and Services indices, falling 0.8% and 0.3%, respectively. Oman Qatar Insurance declined 7.0%, while Oman Chlorine was down 5.7%.

Bahrain: The BHB Index gained marginally to close at 1,269.9. The Commercial Banks index rose 0.2%, while the other indices ended flat or in red. Al Salam Bank - Bahrain rose 3.1%, while National Bank of Bahrain was up 1.0%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Ooredoo	6.89	10.0	1,705.3	(2.7)
The Commercial Bank	3.87	4.6	5,211.7	(17.7)
Ezdan Holding Group	0.81	4.5	31,559.6	31.4
Qatar Fuel Company	16.73	3.8	1,324.0	(26.9)
United Development Company	1.21	3.8	9,046.6	(20.1)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.81	4.5	31,559.6	31.4
Qatar Aluminium Manufacturing	0.70	3.4	21,399.0	(11.0)
Masraf Al Rayan	3.91	0.7	16,885.9	(1.3)
Qatar Insurance Company	2.03	(3.6)	15,543.6	(35.9)
Qatar Gas Transport Company Ltd.	2.36	(1.5)	11,397.7	(1.1)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,019.68	2.0	1.7	2.0	(13.5)	138.70	139,449.3	14.2	1.4	4.4
Dubai	1,973.72	1.5	0.6	1.5	(28.6)	51.58	78,104.7	7.7	0.7	4.9
Abu Dhabi	4,170.71	0.7	1.2	0.7	(17.8)	53.93	126,771.2	12.9	1.2	6.1
Saudi Arabia	7,288.81	1.1	3.4	1.1	(13.1)	1,776.13	2,219,534.6	22.1	1.8	3.4
Kuwait	5,006.57	0.2	(0.2)	0.2	(20.3)	78.63	92,300.0	14.3	1.1	4.2
Oman	3,534.91	(0.3)	0.4	(0.3)	(11.2)	2.31	15,387.8	9.2	0.8	6.8
Bahrain	1,269.86	0.0	(0.5)	0.0	(21.1)	3.73	19,579.8	9.0	0.8	5.5

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

Market Indicators	01 Jun 20	31 May 20	%Chg.
Value Traded (QR mn)	508.0	262.7	93.4
Exch. Market Cap. (QR mn)	511,365.1	500,895.2	2.1
Volume (mn)	193.3	105.2	83.7
Number of Transactions	20,969	9,382	123.5
Companies Traded	43	44	(2.3)
Market Breadth	30:12	27:16	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,340.03	2.0	1.7	(9.6)	14.2
All Share Index	2,796.45	1.8	1.1	(9.8)	14.9
Banks	3,905.68	1.8	0.2	(7.5)	12.8
Industrials	2,501.11	2.1	1.9	(14.7)	19.9
Transportation	2,608.01	0.7	2.0	2.1	12.6
Real Estate	1,388.36	1.4	1.7	(11.3)	13.7
Insurance	2,027.03	(2.5)	0.3	(25.9)	33.7
Telecoms	893.14	8.2	7.8	(0.2)	15.0
Consumer	7,293.40	2.4	3.1	(15.6)	18.6
Al Rayan Islamic Index	3,595.81	1.6	1.8	(9.0)	16.6

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Ooredoo	Qatar	6.89	10.0	1,705.3	(2.7)
Almarai Co.	Saudi Arabia	54.00	7.1	2,615.2	9.1
Dar Al Arkan Real Estate	Saudi Arabia	7.45	6.0	83,727.0	(32.3)
Saudi Arabian Mining Co.	Saudi Arabia	37.65	5.3	1,234.4	(15.2)
The Commercial Bank	Qatar	3.87	4.6	5,211.7	(17.7)

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Qatar Insurance Co.	Qatar	2.03	(3.6)	15,543.6	(35.9)
Sembcorp Salalah Power.	Oman	0.11	(2.8)	477.3	(21.5)
Arabian Centres Co Ltd	Saudi Arabia	21.48	(2.7)	2,492.4	(26.3)
Qatar Gas Transport Co.	Qatar	2.36	(1.5)	11,397.7	(1.1)
Aldar Properties	Abu Dhabi	1.72	(1.1)	15,832.4	(20.4)

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Djala Brokerage & Inv. Holding Co	0.71	(5.1)	1,790.1	16.2
Qatar Insurance Company	2.03	(3.6)	15,543.6	(35.9)
Qatari German Co for Med. Dev.	1.05	(2.6)	3,722.3	80.4
Medicare Group	6.70	(2.1)	443.9	(20.7)
Al Khaleej Takaful Insurance Co.	1.88	(2.1)	1,105.2	(6.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.49	2.0	97,638.8	(15.1)
Masraf Al Rayan	3.91	0.7	66,078.5	(1.3)
Qatar Insurance Company	2.03	(3.6)	31,656.0	(35.9)
Qatar Gas Transport Co. Ltd.	2.36	(1.5)	26,981.6	(1.1)
Ezdan Holding Group	0.81	4.5	25,136.7	31.4

Source: Bloomberg (* in QR)

Qatar Market Commentary

- The QE Index rose 2.0% to close at 9,019.7. The Telecoms and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from GCC and non-Qatari shareholders despite selling pressure from Qatari shareholders.
- Ooredoo and The Commercial Bank were the top gainers, rising 10.0% and 4.6%, respectively. Among the top losers, Dala Brokerage & Investment Holding Company fell 5.1%, while Qatar Insurance Company was down 3.6%.
- Volume of shares traded on Monday rose by 83.7% to 193.3mn from 105.2mn on Sunday. However, as compared to the 30-day moving average of 210.3mn, volume for the day was 8.1% lower. Ezdan Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 16.3% and 11.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	22.13%	32.82%	(54,312,814.73)
Qatari Institutions	16.73%	24.03%	(37,061,436.84)
Qatari	38.86%	56.85%	(91,374,251.57)
GCC Individuals	0.44%	1.16%	(3,658,637.75)
GCC Institutions	1.81%	0.31%	7,603,024.88
GCC	2.25%	1.47%	3,944,387.14
Non-Qatari Individuals	8.38%	8.88%	(2,533,935.70)
Non-Qatari Institutions	50.51%	32.80%	89,963,800.13
Non-Qatari	58.89%	41.68%	87,429,864.43

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/01	US	Markit	Markit US Manufacturing PMI	May	39.8	40.0	39.8
06/01	US	Institute for Supply Management	ISM Manufacturing	May	43.1	43.8	41.5
06/01	UK	Markit	Markit UK PMI Manufacturing SA	May	40.7	40.8	40.6
06/01	EU	Markit	Markit Eurozone Manufacturing PMI	May	39.4	39.5	39.5
06/01	Germany	Markit	Markit/BME Germany Manufacturing PMI	May	36.6	36.8	36.8
06/01	France	Markit	Markit France Manufacturing PMI	May	40.6	40.3	40.3
06/01	Japan	Markit	Jibun Bank Japan PMI Mfg	May	38.4	-	38.4
06/01	China	Markit	Caixin China PMI Mfg	May	50.7	49.6	49.4
06/01	India	Markit	Markit India PMI Mfg	May	30.8	-	27.4

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

News

Qatar

- **Qatar Petroleum signs largest LNG shipbuilding agreements in history** – Qatar Petroleum (QP) signed the largest LNG shipbuilding agreements in history on Monday, aimed at securing more than 100 ships valued in excess of QR70bn to cater to its LNG growth plans. The three agreements reserve LNG ship construction capacity in South Korea to be utilized for QP's future LNG carrier fleet requirements, including those for the ongoing expansion projects in the North Field and in the US. Under the agreements, the 'Big 3' Korean shipyards - Daewoo Shipbuilding & Marine Engineering (DSME), Hyundai Heavy Industries (HHI) and Samsung Heavy Industries (SHI) - will reserve a major portion of their LNG ship construction capacity for QP through the year 2027. HE the Minister of State for Energy Affairs Saad Sherida Al-Kaabi said, "The signing of today's agreements with the three esteemed Korean companies reflects our commitment to the North Field expansion projects, even during these extraordinary times. As I have previously stated, we are moving full steam ahead with the North Field expansion projects to raise Qatar's LNG production capacity from 77mn today to 126mn tons per year by 2027 to ensure the reliable supply of additional clean energy to the world at a time when investments to meet these requirements are most needed. These agreements will ensure our ability to meet our future LNG fleet requirements to support our expanding LNG

production capacity and long-term fleet replacement requirements. With the conclusion of these milestones agreements, we have everything in place to commence the largest LNG shipbuilding program in history. We have secured approximately 60% of the global LNG shipbuilding capacity through 2027 to cater for our LNG carrier fleet requirements in the next seven to eight years, which could reach 100+ new vessels with a program value in excess of QR70bn." (Gulf-Times.com)

- **Two more Qatari LNG tankers due in Britain in addition to four scheduled earlier** – Two more liquefied natural gas (LNG) tankers from Qatar are heading to Britain in addition to four scheduled earlier, port data showed on Monday. The Al Mayeda vessel is expected at the South Hook terminal on June 13. Its capacity is 262,000 cubic meters. The Al Hamla tanker has a capacity of 212,000 cubic meters and is scheduled to arrive to the same port on June 15. One of the four vessels scheduled earlier arrived in Britain on Sunday and is being unloaded, Refintiv shipping data showed. (Zawya)
- **QIHK postpones its AGM to June 2 due to lack of quorum** – Qatar International Islamic Bank (QIHK) has postponed its AGM due to the lack of legal quorum to the second (reserve) meeting, which will be held on June 2, 2020. (QSE)
- **QIGD to pay dividends for the financial year ending December 31** – Qatari Investors Group (QIGD) announced the dividends for

the financial year ending December 31, 2019 will be distributed as per the shareholders list provided by the Qatar Central Securities Depository. The dividend for Government bodies and institutions will be transferred to their respective shareholders account. For the shareholders who own more than 1% of the company's capital, the company will assign a VIP office to distribute the dividends in its head office in Wadi Elsail. The shareholders, who own less than 1% of the company's capital, can collect their dividends from QNB Group branches. (Gulf-Times.com)

- **Qatar's foreign reserves rise MoM to QR202.9bn in April** – According to the Qatar Central bank's data on monetary aggregates for April, Qatar's M1 money supply rose 12% YoY and 6.2% MoM. The M2 money supply rose 4.8% YoY, while it declined 5.3% MoM. Qatar's International reserves and foreign currency liquidity rose to QR202.9bn in April 2020 from QR201.3bn in March 2020. (Bloomberg)
- **Manateq CEO: PPP law will spur growth and drive industrial diversification** – The Amir HH Sheikh Tamim bin Hamad Al Thani's recent ratification of the most awaited Law No. 12 of the year 2020, regulating Public-Private Partnership (PPP) projects, will accelerate Qatar's economic growth and industrial diversification in a big way. It will also ease a lot of burden and free valuable resources on the part of the government which can be optimally utilized for other purposes, according to the CEO of Manateq (Economic Zones Company, Qatar), Fahad Rashid Al Kaabi. Al Kaabi praised and highlighted the benefits of the new law noting that it will have a significant impact on accelerating the initiation and implementation of projects and government will be able to focus on other things such as social development and welfare-related activities. Al Kaabi added, "The new law which His Highness signed will help the private sector businesses and companies in a big way. It will create a lot of new opportunities for the private sector businesses and investor to develop new projects, and the government focusing more on the regulatory aspects of them. This will also reduce a lot of headache and cash flow on the part of the government. The PPP law will also boost the confidence of investors, both local and international, and hopefully in the near future government will not have to develop infrastructure projects like schools, hospitals and others, and reducing the government's overhead." (Peninsula Qatar)

International

- **US manufacturing activity off 11-year low; construction spending falls** – US manufacturing activity eased off an 11-year low in May, the strongest sign yet that the worst of the economic downturn was behind as businesses reopen, though the recovery from the COVID-19 crisis could take years because of high unemployment. The Institute for Supply Management (ISM) said on Monday its index of national factory activity rose to a reading of 43.1 last month from 41.5 in April, which was the lowest level since April 2009. A reading below 50 indicates contraction in manufacturing, which accounts for 11% of the US economy. The first increase in the ISM index since January mirrored improvements in regional manufacturing surveys in May and suggested April was the nadir for economic activity. A survey on Monday from data firm IHS Markit also showed stabilization in manufacturing conditions in May. About

21.4mn jobs were lost in March and April and at least another 8mn are expected to have been shed in May. The economy contracted at a 5% annualized rate in the first quarter, the worst performance since the 2007-09 recession. GDP is expected to decline at a rate as sharp as 40% in the second quarter, which would be the biggest contraction in output since the Great Depression of the 1930s. A separate report from the Commerce Department on Monday showed construction spending dropped 2.9% in April, the largest decrease since October 2018, after being unchanged in March. Economists had forecast construction spending declining 6.5% in April. The construction sector has fared better than other segments of the economy as some of the large projects were likely put in place months before the COVID-19 pandemic. In addition, many states regarded the industry as essential business, when restaurants and other social gathering venues were shuttered in mid-March to slow the spread of COVID-19. The industry is also being supported by near record low interest rates. In April, spending on private sector construction projects dropped 3.0%. Outlays on homebuilding tumbled 4.5%. Spending on non-residential structures, which include manufacturing plant and mining exploration, shafts and wells, decreased 1.3%. Investment in public construction projects fell 2.5% in April. (Reuters)

- **Little respite for UK factories as calls for "radical" action grow** – British manufacturers saw another sharp downturn in May, albeit less severe than in April, a report showed on Monday, as the sector called for "radical" government support to help companies survive the coronavirus crisis. May's final IHS Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) rose to 40.7 from April's record low of 32.6 but remained far below the 50 level that signals growth. "UK manufacturing performance is continuing to delve depths unseen outside of the current pandemic with the rates of contraction in orders, output, and exports last month all among the worst in history," said Seamus Nevin, chief economist with industry group MakeUK. Earlier on Monday, MakeUK called for a "more radical approach" from the government including the possibility of state-owned stakes in companies in aerospace, automotive and steel production. (Reuters)
- **Europe's factories starting to recover, Asia's pain worsens** – European manufacturers may be over the worst of a coronavirus-driven downturn, but Asia's pain deepened in May due to a slump in global trade, with export powerhouses Japan and South Korea seeing the sharpest falls in activity in over a decade, surveys showed. While factory activity still contracted sharply across Europe last month, purchasing managers said April lows had passed as governments on the continent began to ease the tough lockdown measures implemented to contain the spread of the virus. After crashing to its lowest reading in the survey's nearly 22-year history in April, IHS Markit's Manufacturing Purchasing Managers' Index (PMI) for the Eurozone recovered somewhat last month, rising to 39.4 from 33.4. However, that was still a long way from the 50-mark separating growth from contraction, something echoed in surveys from other countries in the region. Britain also saw another sharp downturn and pockets of growth were mostly linked to healthcare and personal protection equipment although some firms reported signs of new inflows of business as clients began to reopen. Other manufacturing surveys

suggested any rebound for Asian businesses might be some time off, even though China's factory activity unexpectedly returned to growth in May. China's Caixin/Markit Manufacturing PMI hit 50.7 last month, marking the highest reading since January as easing of lockdowns allowed companies to get back to work and clear outstanding orders. However, with many of China's trading partners still restricted, its new export orders remained in contraction, the private business survey showed on Monday. China's official PMI survey on Sunday showed the recovery in the world's second-largest economy intact but fragile. Japan's factory activity shrank at the fastest pace since 2009 in May, a separate survey showed, while South Korean manufacturing slumped at the sharpest pace in more than a decade. Official data on Monday showed South Korea extending its exports plunge for a third straight month. India's factory activity contracted sharply in May, extending the major decline seen in April as a government-imposed lockdown hammered demand. (Reuters)

- **Japan's cash balance hits new high as central bank pumps money to combat pandemic** – The balance of money circulating in Japan's economy reached \$5tn in May, hitting a record high for the second straight month, as the central bank pumped more cash to cushion the blow to businesses and consumers from the coronavirus pandemic. Armed with a raft of loan programs aimed at prodding commercial banks to boost lending to cash-strapped firms, the Bank of Japan is expected to keep expanding its balance sheet to ease the fallout from the health crisis, analysts say. "Japan's economy will probably be in crisis-mode at least for the rest of this year. It would be very hard for the BOJ to slow the pace of money printing," said Mari Iwashita, chief market economist at Daiwa Securities. The balance of monetary base, or the amount of cash in circulation and deposits at the BOJ, stood at 543.4tn Yen (\$5tn) at the end of May, up 2.7% from the previous month, central bank data showed on Tuesday. As part of monetary easing steps taken in April, the BOJ expanded a loan scheme created in March and pledged to pay financial institutions a 0.1% interest for borrowing money and lending it out to companies. The move led to a surge in the number of regional banks participating in the program. (Reuters)
- **China buys US soybeans after halt to US purchases ordered** – State-owned Chinese firms bought at least three cargoes of US soybeans on Monday, even as sources in China said the government had told them to halt purchases after Washington said it would eliminate special treatment for Hong Kong to punish Beijing. The purchases, totaling at least 180,000 tons of the oilseed, were for shipment in October or November, the peak US soy export season when American soybeans are usually the cheapest in the world, three US traders with knowledge of the deals said. It was not immediately clear why buying continued after Beijing's message to state-owned firms, but US traders said Chinese importers still have not covered a large share of October and November soybean needs. Earlier, two sources familiar with the matter said China had told state-owned firms to halt large-scale US soybean and pork purchases, and one of the sources said state purchases of US corn and cotton have also been put on hold. The soybean sales on Monday were small compared to recent purchases by state-owned firms totaling 1mn tons or more at a time. China is ready

to suspend imports of more American agriculture products if Washington takes further action on Hong Kong, the sources said. Any sustained halt in buying would further threaten progress toward goals reached under the Phase 1 trade deal signed in January. China pledged to significantly boost purchases of US agricultural products, after slashing imports during the bruising trade war. (Reuters)

- **PMI: India's factory slump deepens in May, headcount slides** – India's factory activity contracted sharply in May following a historic decline in April as a government-imposed lockdown to control the coronavirus hammered demand, a survey showed, leading firms to cut jobs at the fastest pace on record. Asia's third-largest economy will contract this quarter for the first time since the mid-1990s, a May Reuters poll found, having expanded 3.1% last quarter, its weakest annual pace in at least eight years. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, increased to 30.8 last month from April's record low of 27.4, still well below the 50-mark separating growth from contraction. "The latest PMI data suggested that Indian manufacturing output fell further in May," noted Eliot Kerr, economist at IHS Markit. "This result is particularly poignant given the record contraction in April which was driven by widespread business closures." Although slightly improved, sub-indices tracking new orders and output remained firmly in contraction territory, which led factories to reduce headcount at the sharpest rate since the survey began in March 2005. Demand was subdued despite both input and output prices declining for a second straight month, signaling easing in overall inflation, which would give the central bank room to ease policy further. (Reuters)
- **Moody's downgrades India's ratings to Baa3** – Moody's downgraded India's ratings to Baa3 from Baa2 on Monday, saying that the country's policymaking institutions will be challenged to mitigate the risks of a prolonged period of slower growth, rising debt and stress in the financial sector. "Measures to improve India's fiscal strength, which were at the heart of the government's policy framework a few years ago, have underwhelmed," the ratings agency said in a statement. The ratings cut was not driven by the impact of the COVID-19 pandemic but amplifies vulnerabilities in India's credit profile that were present and building prior to the shock, the agency added. Moody's also maintained its outlook on the South Asian country at "negative". (Reuters)
- **Brazil has no plans to change inflation goals** – Brazil's central bank has no plans to change its 2022 inflation goal of 3.5%, bank president Roberto Campos Neto said on Monday, even though inflation is running significantly below target as the economy heads for one of its steepest ever downturns. Speaking in a virtual hearing with lawmakers, Campos Neto also said the economic outlook has deteriorated considerably since the bank's last policy meeting in May and poured cold water on the idea of selling foreign exchange reserves to finance growth-boosting investment. (Reuters)
- **Brazil cannot rely on foreign funding in short term** – Brazil cannot rely on foreign financing in the short term, central bank president Roberto Campos Neto said on Monday, citing the recent record capital outflow as the coronavirus crisis and investor jitters intensified. In testimony to lawmakers, Campos

Neto also said he expects the economic recovery to begin in the third quarter although some parts of the services sector will take longer and warned that emergency government spending must not be allowed to become permanent. (Reuters)X

Regional

- **OPEC, Russia discuss extending oil cuts for 1-2 months** – OPEC and Russia are moving closer to a compromise on extending current oil output cuts and are discussing a proposal to roll over supply curbs for one to two months, OPEC+ sources told Reuters on Monday. OPEC+ decided in April to cut output by a record 9.7mn bpd, or about 10% of global output, to lift prices battered by a demand drop linked to lockdown measures aimed at stopping the spread of the coronavirus. Rather than easing output cuts in July, sources told Reuters last week that de-facto OPEC leader Saudi Arabia was leading discussions on sustaining them until the end of the year. However, it was yet to win support from Russia, which believes curbs could be eased gradually. “It is the proposal now, but it is yet to be finalized,” one OPEC+ source said of the 1-2-month extension. “It’s for a month or two, not for half a year,” one Russian oil source said, on the rollover of the existing cuts. Another OPEC+ source said there was support for Russia’s proposal for an extension of one month, but “we still do not have consensus over it”. (Reuters)
- **S&P: GCC pegged exchange rate regime continue to remain solid** – With sufficient access to foreign currency assets, external financial support and able to meet pressures on their exchange rates, GCC sovereigns’ pegged exchange rates are likely to remain in place, S&P said. The rating agency said it expects that GCC sovereigns would use their liquid external assets to support their economies in times of financial distress, including in defense of their currency pegs, citing a recent example from Qatar. When some Arab countries imposed a blockade on Qatar, outflows of non-resident funding from Qatari banks totaled \$22bn in 2017. However, an injection of \$43bn by the government and its related entities--mostly the Qatar Investment Authority--more than compensated for the outflows, the rating agency said. “We believe that GCC sovereigns can maintain their pegged exchange rates because we view all of them as having sufficient access to foreign currency assets, or external financial support, to meet pressures on their exchange rates,” S&P Credit Analyst, Trevor Cullinan said. “Although we view the GCC pegged exchange rate regimes as supportive of sovereign ratings in the region, there is necessarily a trade-off against the benefits of more flexible arrangements,” Cullinan added. In terms of reserve adequacy, Kuwait shows clear strength in terms of the availability of reserves to cover the monetary base and current account payments over the next four years. Qatar and other two sovereigns also show significant strength. Importantly, in terms of reducing pressures on GCC exchange rate pegs, S&P expects oil prices to recover in 2021, with Brent averaging \$50 during the year, up from \$30 in 2020. This will provide a key support to the economies and foreign reserves positions of GCC central banks. The longer oil prices remain low, the higher the likelihood that pressure would increase on GCC exchange rate pegs. However, for most of the GCC countries, S&P’s oil price assumption for 2021 is below the IMF’s respective fiscal breakeven oil price. This suggests that fiscal pressures will not be completely alleviated in the region, particularly with regard to Bahrain and Oman. Under the same framework, external pressures should be more muted across the GCC, with only Bahrain and Oman’s IMF external breakeven oil price above our assumption of \$50. (Peninsula Qatar)
- **Saudi FX reserves down sharply in April to back wealth fund investments** – Saudi foreign reserves dropped sharply in April for a second consecutive month as the kingdom used tens of billions of dollars to back investments of its sovereign fund abroad while its economy is hit hard by the new coronavirus. Saudi Arabia, the world’s largest oil exporter, is suffering from historic price lows and measures to fight the pandemic which have hurt its non-oil economy. Facing a collapse in oil revenue and a sharp widening of its deficit this year, between March and April it has transferred \$40bn from its foreign reserves to the Public Investment Fund (PIF) to back investments abroad to maximize returns. Net foreign assets of the Saudi Arabian Monetary Authority (SAMA) dropped to \$443.75bn in April from \$464.64bn in March, according to SAMA data published late on Sunday. The government is looking to its largest-ever debt program to keep the depletion of reserves limited to SR120bn, as originally planned in the budget. Saudi Arabia has also turned to austerity measures and tripled the value-added tax in an attempt to cope with the impact of the coronavirus pandemic and the oil-price rout, which has cut deeply into government revenue for the world’s largest oil exporter. (Reuters, Bloomberg)
- **SAMA provides \$13.3bn to support bank liquidity** – Saudi Arabian Monetary Authority (SAMA) said on Monday it provided \$13.3bn to support liquidity in the banking sector, after consumer spending collapsed in April because of the coronavirus pandemic. The stimulus measure was introduced to help banks support and finance the private sector, the said, as the economy suffers from the double blow of low oil prices and virus containment measures. The impact of such measures was visible in SAMA data for April, published late on Sunday. That data showed a sharp drop in consumer spending, with point-of-sale transactions down 33% and cash withdrawals down by 35% from a year ago. “April SAMA data offers the first indication of the magnitude of the curfew with consumer spending tumbling 35% YoY despite 2x surge in food spending on Ramadan season and household stocking,” Arqaam Capital said in a research note. SAMA said on Monday banks were “still registering good performance indicators, enhancing its ability to face challenges and crises.” (Reuters)
- **Saudi Arabia may raise July oil prices to Asia** – Top oil exporter Saudi Arabia is expected to raise its official selling price (OSP) for all grades it sells to Asia in July, to track a jump in Middle East benchmarks although overall weak refining margins could cap price gains, industry sources said. Saudi Arabia is expected to increase the July OSP for Arab Light crude by \$3.80 a barrel on average, a survey of five refinery sources showed. Forecasts ranged from an increase of \$2-\$3 a barrel to as much as \$5 a barrel, as refiners’ margins weakened in May while a stronger DME Oman crude price, one of two underlying benchmarks for Saudi crude in Asia, has increased refiners’ feedstock costs, they said. “Refining margins actually worsened” by close to \$1 a barrel in May, one of the respondents said. The DME Oman

crude price was on average about \$3 a barrel more expensive than cash Dubai and Oman prices set by S&P Global Platts last month, according to Reuters calculations, pushing up costs for Asian buyers of Saudi Arabian and Kuwaiti oil. (Reuters)

- **Bank assets in Abu Dhabi, Dubai hit AED2.897tn in April** – Gross assets of banks operating in Abu Dhabi and Dubai have risen to around AED2.897tn, by the end of April, accounting for 92% of total banking assets in the country, which are estimated at AED3.156tn. Dubai banks' assets amounted to AED1.489.2tn, according to the figures, which were revealed today, while the capital's bank assets reached AED1.407.5tn during the reference period, reported state-run news agency Wam, citing figures release by the Central Bank of the UAE (CBUAE). Up to AED259bn are worth of banking assets in Sharjah, Ras Al Khaimah, Ajman, Fujairah and Umm Al Qaiwain, according to the statistics. The figures highlighted an increase in the cumulative value of deposits in Abu Dhabi from AED808.1bn in March to AED837.5bn in April. In Dubai, it declined to AED869.8bn from AED874.9bn in March. Gross credit figures in Dubai increased to AED885.6bn in April from AED880.5bn in March. In Abu Dhabi, gross credit climbed to AED726.3bn from AED724.3bn in the reference period. Total investments by banks in Dubai reached AED150.4bn in April, compared to AED142.8bn in March. In Abu Dhabi, investments amounted to AED215.4bn from AED208.1bn in the same period. (Zawya)
- **Japan imported 25.182mmbbl of crude from UAE in April** – Japan imported from the UAE 25.182mmbbl of crude in April 2020, data released by the Agency of Energy and Natural Resource in Tokyo showed. This accounts for 30.4% of Japan's total crude imports, the agency that belongs to the Ministry of Economy, Trade and Industry, said, according to a WAM report. Saudi Arabia provided 30.061mn barrels, or 36.3% of the total, while Kuwait provided 9.571mn barrels or 11.6%. Arab oil accounted for 75.030 or 90.6%, of Japan's petroleum needs in April. Japan's total crude oil imports in that month amounted to 82.828mn barrels, the agency said. (Zawya)
- **Emirates could take four years to resume flying to entire network** – Emirates' outgoing President, Tim Clark on Monday said it could take the state carrier up to four years to resume flying to its entire network that has been decimated by the coronavirus pandemic. The Dubai-based airline, which flew to 157 destinations in 83 countries before the pandemic, grounded passenger flights in March and has since operated few, limited services. "I think probably by the year 2022/23, 2023/24 we will see things coming back to some degree of normality and Emirates will be operating its network as it was and hopefully as successfully as it was," Clark said in a webcast interview with aviation consultant John Strickland. Emirates has warned that the current period would be the most difficult in its 35-year history and on Sunday said it had made some staff redundant due to the impact of the pandemic. (Reuters)
- **Abu Dhabi said to near pipeline stake sale to GIP-backed group** – Abu Dhabi's state-owned energy producer is close to selling a multibillion-dollar stake in its natural gas pipelines to an investor group backed by Global Infrastructure Partners (GIP) and Brookfield Asset Management Inc., in what is set to be one of the year's biggest infrastructure deals. The buyers could sign an agreement with Abu Dhabi National Oil Co. for a 49% stake

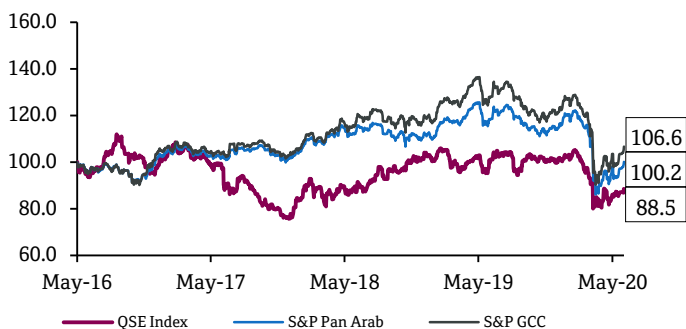
in the pipelines this month, according to sources. A deal could value the pipelines at more than \$15bn, including debt, they said. Equity financing has been arranged and the bidders are negotiating the terms of a debt package with banks, the sources said. While discussions are advanced and ongoing, the timing and valuation could still change, according to sources. The GIP consortium also includes Italian infrastructure operator Snam SpA, Ontario Teachers' Pension Plan, Singapore sovereign fund GIC Pte and South Korea's NH Investment & Securities Co. Infrastructure investors have been defying the deal making downturn brought on by the coronavirus pandemic to deploy capital. The ADNOC deal could surpass KKR & Co.'s agreement in March to buy the waste-management arm of UK utility owner Pennon Group for \$5.2bn. It could also top plans by Portugal's biggest oil company, Galp Energia SGPS, to sell its gas distribution assets for as much as \$1.7bn. Abu Dhabi has been opening up the operations of its state-owned oil producer to foreign partners as part of a push to diversify its economy and generate additional sources of funding. ADNOC has already sold shares in its distribution unit and brought in international investors to its refining and oil field services business. KKR and BlackRock Inc. agreed last year to invest \$4bn in ADNOC's oil pipeline network. GIC bought a stake in the business later. The GIP consortium was seeking an \$8bn loan to help finance the purchase of the stake in the gas pipelines, sources said in April. (Bloomberg)

- **UAE's Julphar launches AED500mn rights issue to drive expansion, cut debt** – UAE's Gulf Pharmaceuticals (Julphar), which had earlier accumulated losses, is looking to raise AED500mn via a rights issue, it said on Monday. The proceeds of the cash call will be used to finance the company's "ambitious turnaround plan" and expand its operations in Saudi Arabia, Iraq and Egypt, among other key markets. One of the biggest drug manufacturers in the Middle East and Africa, Julphar, reported in May that it managed to trim down its losses for the first three months of the year by 30% to AED62.5mn, compared to AED891.1mn a year earlier. In a statement on Tuesday, Julphar said the rights issue is set to improve its capital position and debt profile. The new shares, offered at a nominal value of AED1, are available to existing shareholders, with the subscription period starting on June 20 and closing on July 12, 2020. "The new shares will provide investors with the same rights - including the right to receive all future dividends - as existing shares," Julphar said. According to Chairman of the board at Julphar, Shaikh Saqer Humaid Al Qasimi, the rights issue is a "key component" of the company's transformation plan. "In the past few months, we have accelerated our transformation journey to reclaim Julphar's leadership position in the MENA region. The AED500mn rights issue is central to our turnaround strategy, which capitalists on Julphar's core competencies to strengthen our balance sheet and invest in sustainable growth opportunities," Chief Executive Officer of Julphar, Essam Farouk said. (Zawya)
- **Sharjah raises AED2bn via Sukuk trust certificates** – Sharjah raised AED2bn from one-year Sukuk trust certificates, sole lead manager and arranger Bank of Sharjah stated. The certificates, issued on May 19, pay a profit rate of 1.5%, and mature on May 19, 2021. Proceeds to be used to support the Sharjah economy, corporates, SMEs, individuals and banking sector during the

coronavirus crisis. The securities were issued under the Sharjah Liquidity Support Mechanism, a framework initiated by the government to enhance liquidity for the Sharjah banking system, and in co-operation with the Targeted Economic Support Scheme of the Central Bank of the UAE (CBUAE). (Bloomberg)

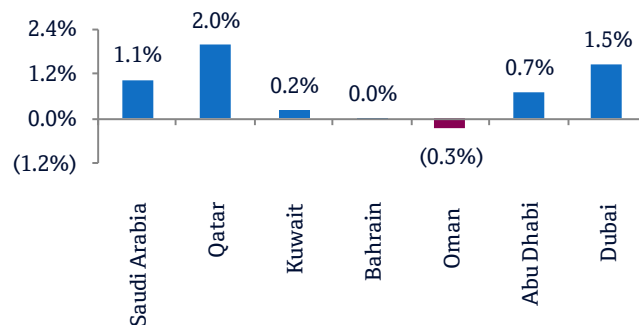
- **Kuwaiti banks to reopen on Tuesday -banking association** – Kuwaiti banks will reopen some branches on Tuesday after the country replaced a 24-hour curfew with a 12-hour one, the Kuwait Banking Association said on Monday. The branches will operate from 0900 to 1300 local time, the association said. (Reuters)
- **Oman sells OMR11mn 28-day bills at yield 0.391%; bid-cover at 3.36x** – Oman sold OMR11mn of 28-day bills due on July 1, 2020. Investors offered to buy 3.36 times the amount of securities sold. The bills were sold at a price of 99.97, having a yield of 0.391% and will settle on June 3, 2020. (Bloomberg)
- **Investcorp closes oversubscribed Mount Row credit fund at €318mn** – Investcorp, a leading global provider and manager of alternative investment products, yesterday announced that its Credit Management business held the final close of the Mount Row (Levered) Credit Fund (Mount Row) with capital commitments of €318mn, exceeding its target of €300mn. Through Mount Row, Investcorp Credit Management will aim to continue executing on its investment strategy to actively manage and construct a diverse portfolio of performing large-cap European secured loans. The Fund focuses on targeting the largest and most liquid European issuers with average EBITDA of more than €200mn per annum. The Fund's current portfolio has been assembled with defensive characteristics and knowledge of COVID-19 and seeks to take advantage of market dislocations to acquire high performing loans at discounted levels. Mount Row, which has already deployed approximately 35% of committed capital, focuses on sectors and businesses that Investcorp believes are less likely to be impacted by COVID-19 with the objective to deliver strong and consistent quarterly distributions. (Peninsula Qatar)
- **Bahrain sells BHD70mn 91-day bills at yield 2.29%** – Bahrain sold BHD70mn of 91-day bills due on September 2, 2020. The bills were sold at a price of 99.425, having a yield of 2.29% and will settle on June 3, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,739.55	0.5	0.5	14.6
Silver/Ounce	18.30	2.4	2.4	2.5
Crude Oil (Brent)/Barrel (FM Future)	38.32	8.5	8.5	(41.9)
Crude Oil (WTI)/Barrel (FM Future)	35.44	(0.1)	(0.1)	(42.0)
Natural Gas (Henry Hub)/MMBtu	1.52	(10.6)	(10.6)	(27.3)
LPG Propane (Arab Gulf)/Ton	48.13	2.9	2.9	16.7
LPG Butane (Arab Gulf)/Ton	49.50	4.8	4.8	(24.4)
Euro	1.11	0.3	0.3	(0.7)
Yen	107.59	(0.2)	(0.2)	(0.9)
GBP	1.25	1.2	1.2	(5.8)
CHF	1.04	0.0	0.0	0.7
AUD	0.68	2.0	2.0	(3.2)
USD Index	97.83	(0.5)	(0.5)	1.5
RUB	69.11	(1.5)	(1.5)	11.5
BRL	0.19	(0.5)	(0.5)	(25.1)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,163.93	0.7	0.7	(8.2)
DJ Industrial	25,475.02	0.4	0.4	(10.7)
S&P 500	3,055.73	0.4	0.4	(5.4)
NASDAQ 100	9,552.05	0.7	0.7	6.5
STOXX 600	354.20	1.4	1.4	(15.6)
DAX	11,586.85	-	-	(13.4)
FTSE 100	6,166.42	2.7	2.7	(23.2)
CAC 40	4,762.78	1.7	1.7	(21.0)
Nikkei	22,062.39	1.1	1.1	(5.6)
MSCI EM	951.48	2.3	2.3	(14.6)
SHANGHAI SE Composite	2,915.43	2.3	2.3	(6.6)
HANG SENG	23,732.52	3.4	3.4	(15.4)
BSE SENSEX	33,303.52	2.7	2.7	(23.9)
Bovespa	88,620.10	1.8	1.8	(43.0)
RTS	1,247.61	2.3	2.3	(19.5)

Source: Bloomberg (*\$ adjusted returns)

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