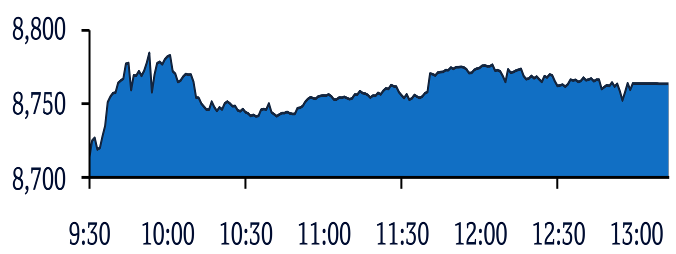
Daily Market Report

Sunday, 03 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.7% to close at 8,764.1. Gains were led by the Real Estate and Industrials indices, gaining 2.7% and 2.2%, respectively. Top gainers were Mannai Corporation and Qatari German Company for Medical Devices, rising 7.6% each. Among the top losers, Al Khalij Commercial Bank fell 2.9%, while Zad Holding Company was down 2.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.8% to close at 7,112.9. Gains were led by the Capital Goods and Media & Entertainment indices, rising 3.2% and 3.1%, respectively. Halwani Bros and Gulf Union Cooperative Ins. were up 10.0% each.

Dubai: The DFM Index gained 1.1% to close at 2,026.6. The Banks index rose 2.7%, while the Transportation index gained 0.8%. Dubai Islamic Insurance and Reinsurance Co. rose 7.9%, while SHUAA Capital was up 5.5%.

Abu Dhabi: The ADX General Index gained 0.2% to close at 4,230.4. The Industrial index rose 3.4%, while the Banks index gained 1.2%. Gulf Pharmaceutical Ind rose 14.2%, while Ras Al Khaimah Cement Co. was up 6.1%.

Kuwait: The Kuwait All Share Index gained 1.8% to close at 4,975.4. The Financial Services index rose 4.0%, while the Industrials index gained 3.4%. Danah Alsafat Foodstuff Co. rose 20.2%, while Taameer Real Estate Invest Co. was up 15.8%.

Oman: The MSM 30 Index gained marginally to close at 3,539.5. The Services index gained marginally, while the other indices ended in red. National Life & General Insurance Co. rose 6.7%, while Al Madina Investment Company was up 4.5%.

Bahrain: The BHB Index gained 0.2% to close at 1,310.7. The Commercial Banks index rose 0.3%, while the Investment index gained 0.1%. Ahli United Bank rose 0.8%, while GFH Financial Group was up 0.6%.

Market Indicators	30 Apr 20	29 Apr 20	%Chg.
Value Traded (QR mn)	484.2	448.8	7.9
Exch. Market Cap. (QR mn)	493,837.1	490,773.4	0.6
Volume (mn)	324.0	421.0	(23.0)
Number of Transactions	13,223	10,760	22.9
Companies Traded	45	47	(4.3)
Market Breadth	30:13	37:9	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	16,848.59	0.7	3.4	(12.2)	13.7
All Share Index	2,720.37	0.6	3.2	(12.2)	14.2
Banks	3,870.37	0.3	2.0	(8.3)	12.6
Industrials	2,277.46	2.2	5.4	(22.3)	18.0
Transportation	2,655.09	(2.0)	7.1	3.9	12.9
Real Estate	1,313.36	2.7	10.2	(16.1)	11.5
Insurance	2,012.89	0.5	0.1	(26.4)	33.7
Telecoms	851.79	0.5	4.8	(4.8)	14.3
Consumer	7,021.98	(0.3)	1.6	(18.8)	17.4
Al Rayan Islamic Index	3,424.90	1.1	4.6	(13.3)	15.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Burgan Bank	Kuwait	0.21	6.7	5,110.1	(31.6)
Agility Public Wareh. Co.	Kuwait	0.64	5.4	4,212.1	(21.4)
Industries Qatar	Qatar	7.05	5.3	3,336.3	(31.4)
Emirates NBD	Dubai	8.60	4.9	2,827.6	(33.8)
National Petrochem. Co.	Saudi Arabia	20.10	4.6	450.8	(15.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli Bank	Oman	0.13	(4.6)	106.0	1.0
National Shipping Co.	Saudi Arabia	36.00	(3.5)	2,682.2	(10.0)
Qatar Gas Transport Co.	Qatar	2.50	(2.2)	4,142.6	4.5
Arabian Centres Co Ltd	Saudi Arabia	24.04	(1.3)	649.6	(17.5)
Qatar Int. Islamic Bank	Qatar	8.02	(1.3)	385.3	(17.1)

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%
Mannai Corporation	3.10	7.6	157.0	0.6
Qatari German Co for Med. Devices	0.92	7.6	26,615.8	58.1
Qatar Oman Investment Company	0.62	7.1	10,042.0	(7.5)
Investment Holding Group	0.48	6.0	12,964.1	(14.9)
Industries Qatar	7.05	5.3	3,336.3	(31.4)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.74	0.4	109,339.5	20.7
Mazaya Qatar Real Estate Dev.	0.66	4.3	30,157.2	(8.2)
Qatari German Co for Med. Devices	0.92	7.6	26,615.8	58.1
Aamal Company	0.60	0.3	26,224.3	(26.2)
Salam International Inv. Ltd.	0.31	0.3	13,471.7	(39.3)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Al Khalij Commercial Bank	1.26	(2.9)	14.4	(3.8)
Zad Holding Company	14.30	(2.7)	38.4	3.5
Qatar Navigation	5.70	(2.6)	1,509.2	(6.6)
Qatar Gas Transport Co. Ltd.	2.50	(2.2)	4,142.6	4.5
Medicare Group	6.37	(2.0)	695.2	(24.7)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	0.74	0.4	82,740.5	20.7
QNB Group	17.23	0.2	79,952.0	(16.3)
Qatar Electricity & Water Co.	15.10	0.0	30,142.1	(6.2)
Qatari German Co for Med. Dev.	0.92	7.6	24,243.4	58.1
Industries Qatar	7.05	5.3	23,292.6	(31.4)

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*	8,764.05	0.7	3.4	6.8	(15.9)	131.95	134,471.8	13.7	0.8	4.6
Dubai	2,026.61	1.1	7.2	14.4	(26.7)	77.68	79,236.7	7.8	0.7	6.1
Abu Dhabi	4,230.37	0.2	4.1	13.3	(16.7)	43.24	127,848.0	12.2	1.2	6.2
Saudi Arabia	7,112.90	1.8	7.7	9.3	(15.2)	1,534.18	2,125,439.5	28.6	1.7	3.6
Kuwait	4,975.39	1.8	6.2	3.2	(20.8)	140.42	91,643.9	14.1	1.1	4.2
Oman	3,539.46	0.0	1.6	2.6	(11.1)	4.15	15,332.8	8.7	0.8	6.9
Bahrain	1,310.73	0.2	0.2	(3.0)	(18.6)	2.93	20,258.8	9.4	0.8	5.4

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 rose 0.7% to close at 8,764.1. The Real Estate and Industrials indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from non-Qatari shareholders.
- Mannai Corporation and Qatari German Company for Medical Devices were the top gainers, rising 7.6% each. Among the top losers, Al Khalij Commercial Bank fell 2.9%, while Zad Holding Company was down 2.7%.
- Volume of shares traded on Thursday fell by 23.0% to 324.0mn from 421.0mn on Wednesday. However, as compared to the 30-day moving average of 156.9mn, volume for the day was 106.5% higher. Ezdan Holding Group and Mazaya Qatar Real Estate Development were the most active stocks, contributing 33.7% and 9.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.96%	41.51%	(12,333,919.85)
Qatari Institutions	14.32%	10.54%	18,297,992.94
Qatari	**53.28%**	**52.05%**	**5,964,073.10**
GCC Individuals	0.93%	0.94%	(65,054.64)
GCC Institutions	3.35%	1.26%	10,113,396.41
GCC	**4.28%**	**2.20%**	**10,048,341.78**
Non-Qatari Individuals	16.79%	15.55%	6,004,809.22
Non-Qatari Institutions	25.65%	30.20%	(22,017,224.09)
Non-Qatari	**42.44%**	**45.75%**	**(16,012,414.87)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
Mobile Telecom. Co. Saudi Arabia	Saudi Arabia	SR	2,039.0	-2.6%	357.0	-6.5%	105.0	-18.6%
Saudi Arabian Mining Co.	Saudi Arabia	SR	4,355.2	2.7%	(119.3)	N/A	(353.3)	N/A
Qassim Cement Co.	Saudi Arabia	SR	261.7	70.6%	129.2	126.2%	111.2	98.5%
Halwani Bros. Co.	Saudi Arabia	SR	285.1	19.6%	41.7	151.4%	30.4	450.1%
Saudi Industrial Investment Group	Saudi Arabia	SR	1,515.0	-25.0%	(73.0)	N/A	(174.0)	N/A
Savola Group	Saudi Arabia	SR	6,119.8	13.6%	408.5	98.4%	172.8	2642.9%
Saudi Steel Pipe Co.	Saudi Arabia	SR	122.3	-37.4%	(18.1)	N/A	(17.8)	N/A
National Petrochemical Co.	Saudi Arabia	SR	1,515.0	-25.0%	125.0	-66.8%	50.0	-73.3%
Oman & Emirates Investment Co.	Abu Dhabi	AED	–	–	–	–	(2,222.0)	N/A
National Aluminium Products Co.	Oman	OMR	9.6	-15.8%	–	–	(0.3)	N/A
Oman Cables Industry	Oman	OMR	51.9	3.4%	–	–	1.5	-9.8%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
04/30	US	Department of Labor	Initial Jobless Claims	43946	3,839k	3,500k	4,442k
04/30	US	Department of Labor	Continuing Claims	43939	17,992k	19,476k	15,818k
05/01	US	Institute for Supply Management	ISM Employment	Apr	27.5	–	43.8
05/01	US	Markit	Markit US Manufacturing PMI	Apr	36.1	36.7	36.9
05/01	US	Institute for Supply Management	ISM Manufacturing	Apr	41.5	36	49.1
05/01	US	Institute for Supply Management	ISM New Orders	Apr	27.1	30	42.2
05/01	UK	Markit	Markit UK PMI Manufacturing SA	Apr	32.6	32.8	32.9
05/01	UK	Bank of England	Net Consumer Credit	Mar	-3.8bn	0.7bn	0.9bn
05/01	UK	Bank of England	Mortgage Approvals	Mar	56.2k	58.0k	73.7k
04/30	EU	Eurostat	GDP SA QoQ	1Q2022	-3.80%	-0.038	0.10%
04/30	EU	Eurostat	GDP SA YoY	1Q2022	-0.033	-0.034	0.01
04/30	Germany	Deutsche Bundesbank	Unemployment Change (000's)	Apr	373.0k	74.5k	1.0k
04/30	Germany	Deutsche Bundesbank	Unemployment Claims Rate SA	Apr	5.80%	5.20%	5.00%
04/30	France	INSEE National Statistics Office	GDP QoQ	1Q 2020	-5.80%	-0.04	-0.10%
04/30	France	INSEE National Statistics Office	GDP YoY	1Q 2020	-5.40%	-3.60%	0.90%
04/30	Japan	Economic and Social Research Ins.	Consumer Confidence Index	Apr	21.6	27.6	30.9
04/30	Japan	Economic and Social Research Ins.	Consumer Confidence Index	Apr	21.6	27.6	30.9
04/30	China	China Federation of Logistics	Manufacturing PMI	Apr	50.8	51.0	52.0
04/30	China	China Federation of Logistics	Non-manufacturing PMI	Apr	53.2	52.5	52.3

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
QFBQ	Qatar First Bank	7-May-20	4	Due

Source: QSE

News

Qatar

- **BRES' net profit declines 57.2% YoY and 74.6% QoQ in 1Q2020 –** Barwa Real Estate Company's (BRES) net profit declined 57.2% YoY (-74.6% QoQ) to QR177.2mn in 1Q2020.The company's 'Net Rental and Finance Lease Income' came in at QR237.5mn in 1Q2020, which represents an increase of 4.1% YoY (+3.2% QoQ). EPS amounted to QR0.05 in 1Q2020 as compared to QR0.11 in 1Q2019. The majority of the decline resulted from a decrease in the profits of some non-recurring items in their nature, such as profits from valuation of real estate investments and other revenues, in addition to a rise in losses of low value. On the other hand, the group has increased its net rental income by 5% and reduced the general and administrative expenses by 5%. The group successfully generated total revenue of QR489mn, including recurring operating income of QR390mn, equivalent to 80% of revenue. Total assets of the group reached QR31.8bn, while total equity attributable to the shareholders of the parent company reached QR20bn. The group maintained a cash balance of QR1bn. Despite the challenges currently facing the real estate market, BRES is working to enhance its operating revenues by continuing to support its operational real estate portfolio with many new projects. Leasing activities already started in a number of BRES' newly developed projects such as Mukaynis Compound, a QR1.6bn development project located on Salwa Road. The project was developed on two plots with a total area of 1,179,114 square kilometers and a total construction area of 732,000 square kilometers. BRES will develop eight public schools in Qatar for the Ministry of Education and Higher Education, with maintenance services for 25 years, in return for rental income. BRES will also continue to study the available land bank to determine its optimal use in order to support the financial position of the group and contribute to the development of sustainable returns for the company. (QSE, Peninsula Qatar)
- **SIIS reports net loss of QR37.5mn in 1Q2020 –** Salam International Investment Limited (SIIS) reported net loss of QR37.5mn in 1Q2020 as compared to net profit of QR5.6mn in 1Q2019 and net loss of QR135.3mn in 4Q2019. The company's Operating Revenue came in at QR377.4mn in 1Q2020, which represents a decrease of 42.7% YoY (-31.3% QoQ). The loss per share amounted to QR0.033 in 1Q2020 as compared to EPS of QR0.005 in 1Q2019. (QSE)
- **QISI's bottom line rises 0.6% YoY and 93.8% QoQ in 1Q2020 –** Qatar Islamic Insurance Group's (QISI) net profit rose 0.6% YoY (+93.8% QoQ) to QR25.0mn in 1Q2020.The company's Total Revenues came in at QR34.5mn in 1Q2020, which represents an increase of 0.7% YoY. However, on QoQ basis Total revenues fell 3.8%. EPS amounted to QR0.17 in 1Q2020 as compared to QR0.16 in 1Q2019. (QSE)
- **QOIS' net profit declines 46.2% YoY and 64.7% QoQ in 1Q2020 –** Qatar Oman Investment Company's (QOIS) net profit declined 46.2% YoY (-64.7% QoQ) to QR1.8mn in 1Q2020.The company's 'Net Investment and Interest Income' came in at QR3.1mn in 1Q2020, which represents a decrease of 35.5% YoY (-56.0% QoQ). EPS amounted to QR0.006 in 1Q2020 as compared to QR0.011 in 1Q2019. (QSE)
- **AKHI's bottom line rises ~13% YoY in 1Q2020 –** Al Khaleej Takaful Insurance Company (AKHI) recorded net profit of ~QR16mn (up ~13% YoY) in 1Q2020 as compared to ~QR14mn in 1Q2019 and QR1mn in 4Q2019. EPS amounted to QR0.063 in 1Q2020 as compared to QR0.056 in 1Q2019. (QSE)
- **QETF discloses its condensed financial statements for the three-month period ended March 31 –** Qatar Exchange Index ETF (QETF) disclosed its condensed financial statement for the three-month period ended March 31, 2020. The statements showed that the net asset value as of March 31, 2020 amounted to QR340,686,270 representing QR8.415 per unit. In addition, Qatar Exchange Traded Fund (QETF) is expected to pay dividends during 2Q2020. (QSE)
- **QFBQ postpones the date of disclosure of its 1Q2020 financial statements to May 7 –** Qatar First Bank (QFBQ) has postponed the disclosure of its financial statements for 1Q2020 to May 7, 2020, instead of April 30, 2020. (QSE)
- **BRES to hold Investors Relation conference call on May 4 –** Barwa Real Estate Company (BRES) will hold the conference call with the Investors to discuss the financial results for 1Q2020 on May 4, 2020 at 12:00 pm Doha time. (QSE)
- **AHCS to hold Investors Relation conference call on May 3 –** Aamal Company (AHCS) will hold the conference call with the Investors to discuss the financial results for 1Q2020 on May 3, 2020 at 12:00 pm. (QSE)
- **IGRD's EGM endorses items on its agenda –** Investment Holding Group (IGRD) announced the results of the Extraordinary General Assembly meeting (EGM) held virtually on April 29, 2020 ratified in its meeting the following: (1) Amended Article no. 6, Article no. 13, Article no. 15, Article no. 20, Article no. 22, Article no 23, Article no 26, Article no 27, Article no 28, Article no 29, Article no 33, Article no 37, Article no 40, Article no 43, Article no 45, Article no 46, Article no 48, Article no 49, Article no 51, Article no 53, Article no 55, Article no 56, Article no 58, Article no 59, Article no 60, Article no 62, Article no 67, Article no 72, Article no 79 and Article no 81 of the Company's Articles of Association. (2) Delegated the Chairman, Ghanim Sultan Al Hodaifi Al Kuwari or whoever he may delegate, to sign singly, on the official necessary procedures to sign, authenticate and register the amendment of the Memorandum of Association of the company. (QSE)

- **QATI issues $300mn Tier 2 capital notes –** Qatar Insurance Company (QATI) has announced the successful issuance of $300mn perpetual non-call 5.5-year subordinated Tier 2 capital notes despite the prevailing financial market turbulence across the globe. The notes were issued through QIC (Cayman) Limited, a special purpose vehicle incorporated in the Cayman Islands, for the purpose of the issuance and guaranteed by QATI. The notes will be rated BBB+ by Standard & Poor's. The notes are perpetual in nature with the first call date on October 30, 2025 and callable on every coupon date thereafter. The initial coupon on the notes has been set at 6.25% per annum, payable semi-annually. It will be fixed until the first call date. If not called, the coupon on the notes will be reset on the first call date and every five years thereafter to the then prevailing yield for US Treasury Securities having maturity of five years plus initial credit spread. The issue will enable the company to further support group's robust capital position. The notes are expected to be treated as Tier 2 capital under Qatar Central Bank regulations for the solvency ratio calculations. Further, the notes have been structured to meet S&P's requirements for intermediate equity content within its total adjusted capital, and equity credit from AM Best, for the QATI Group. (Gulf-Times.com)
- **Cabinet extends COVID-19 precautionary measures –** The Cabinet has decided to extend the suspension of non-emergency medical services at private health facilities in the country. These include dental clinics, dermatology and laser clinics, plastic surgery clinics and surgeries, with the exception of emergency cases, the Qatar News Agency (QNA) reported on Thursday. At the beginning of its regular meeting held on Wednesday night through video conference, the Cabinet heard the explanation given by HE the Minister of Public Health on the latest developments to reduce the spread of COVID-19, and affirmed the continuation of the precautionary measures taken to combat the pandemic. These include the decision issued by the Ministry of Public Health on March 28, requiring all private health facilities in the country to suspend non-emergency services. Accordingly, the Cabinet also decided to extend the suspension of services of diet and nutrition centers, physiotherapy clinics, complementary (alternative) medicine, home healthcare services, except for long-term nursing contracts, and health centers for people with special needs. It also decided that HE the Minister of Public Health may permit any of these private health facilities to provide some of their medical services through modern means of communication, if possible, QNA said. (Gulf-Times.com)
- **Qatar's commercial banks' domestic credit grows more than 14% in March –** The key segments in Doha's private sector, especially trading, services, industrial manufacturing and heavy industry, got strong financial backing, which helped Qatar's commercial banks register more than 14% YoY growth in domestic credit in March 2020. The credit to these sectors grew faster than the total domestic credit expansion, according to the Qatar Central Bank (QCB) data. Total domestic credit stood at QR1.01tn at the end of March 31, 2020. The services sector saw a 43.61% yearly growth in credit to QR311.4bn, which constituted 31% of the total domestic loans this March. The credit to the general services witnessed a 38.95% YoY increase to QR277.68bn, which was almost 90% of the total credit to the services sector. Within the general services, credit to air transport was QR90.58bn, real estate QR74.32bn, hotels QR28.78bn, non-specified QR22bn, engineering QR16.16bn and land transport QR14.69bn at the end of March 2020. In the case of financial services, it registered an impressive 98.35% growth to QR33.72bn at the end of March this year. The banks' credit to the trading sector witnessed a 47.86% YoY surge to QR155.19bn, or 15% of the total domestic loans, in March 2020. Of the QR155.19bn credit to trading, as much as QR133.66bn went to electronics and electrical equipment, QR55.57bn to the commercial agencies, QR38.44bn to non-specified segments, QR9.61bn to automobiles and spare parts, QR7.55bn to food segment, QR6.83bn to chemical and allied products, QR5.86bn to petroleum products, QR4.17bn to building materials and gypsum and QR2.51bn to Petroleum refinery. The consumption credit grew 8.28% YoY to QR136.96bn, which constituted about 14% of the total domestic credit in March 2020. The consumption credit to nationals reported 9.87% yearly increase to QR136.96bn; while those to non-Qataris fell 3.26% to QR14.83bn in the review period. The credit to the industrials sector witnessed a yearly 4.29% YoY growth to QR27.47bn, which was 3% of the total domestic credit in the period in review. Within the sector, credit to the heavy industry stood at QR11.1bn (representing a 28.32% rise), followed by natural gas at QR8.2bn (2.15% fall), industrial manufacturing at QR4.86bn (33.52% surge) and oil at QR3.3bn (65% increase). The contracting sector saw a 2.62% YoY jump in credit to QR37.61bn or about 4% of the total domestic loans in the review period. The credit to non-specified sectors, classified as others, saw 11.1% expansion to QR12.01bn at the end of March 2020. However, the credit offtake in the real estate sector saw a 2.43% YoY contraction to QR196.07bn, which was 19% of the total domestic loans in March 2020. The credit to the government registered a 16.79% annual shrinkage to QR135.52bn, which was 13% of the total domestic credit thus March. (Gulf-Times.com)
- **OBG: Tarsheed saves estimated QR5bn through energy efficiency –** Tarsheed or the National Programme for Conservation and Energy Efficiency is estimated to have produced around QR5bn in savings, in addition to improving Qatar's sustainability credentials and easing pressure on its lucrative natural gas and scarce water resources, a new report has shown. Launched by Kahramaa's Conservation and Energy Efficiency Department, Tarsheed was designed as a "public-facing campaign" to transform Qatar into a regional leader in the reduction of electricity and water consumption by encouraging conservation and reduction practices among citizens and businesses, according to Oxford Business Group (OBG). Acknowledging that (as of 2011) Qatar had one of the world's highest per capita electricity and water consumption rates, Tarsheed stated its bottom-line objectives as bringing down per capita electricity consumption by 20% and per capita water consumption by 35% in its first five years. "While Tarsheed did not quite manage to reach the high targets it set, it did make a considerable impact: by the end of 2017 the program had succeeded in reducing per capita consumption of electricity by 18% and water by 20%, as well as curbing overall carbon emissions by 14m tons and saving some 265bn cu feet of natural gas," OBG said in its 'The Report: Qatar 2020'. "Qatar's high energy consumption is intrinsically linked to its economic and climatic features," OBG noted. (Gulf-Times.com)

International

- **Trump threatens new tariffs on China in retaliation for coronavirus –** US President Donald Trump said on Thursday his hard-fought trade deal with China was now of secondary importance to the coronavirus pandemic and he threatened new tariffs on Beijing, as his administration crafted retaliatory measures over the outbreak. Trump's sharpened rhetoric against China reflected his growing frustration with Beijing over the pandemic, which has cost tens of thousands of lives in the US alone, sparked an economic contraction and threatened his chances of re-election in November. Two US officials, speaking on condition of anonymity, said a range of options against China were under discussion, but cautioned that efforts were in the early stages. Recommendations have not yet reached the level of Trump's top national security team or the president, one official told Reuters. "There is a discussion as to how hard to hit China and how to calibrate it properly," one of the sources said as Washington walks a tightrope in its ties with Beijing while it imports personal protection equipment (PPE) from there and is wary of harming a sensitive trade deal. Trump made clear, however, that his concerns about China's role in the origin and spread of the coronavirus were taking priority for now over his efforts to build on an initial trade agreement with Beijing that long dominated his dealings with the world's second-largest economy. "We signed a trade deal where they're supposed to buy, and they've been buying a lot, actually. But that now becomes secondary to what took place with the virus," Trump told reporters. "The virus situation is just not acceptable." The Washington Post, citing two people with knowledge of internal discussions, reported on Thursday that some officials had discussed the idea of canceling some of the massive US debt held by China as a way to strike at Beijing for perceived shortfalls in its candidness on the COVID-19 pandemic. Trump's top economic adviser denied the report. "The full faith and credit of US debt obligations is sacrosanct. Period. Full stop," White House economic adviser Larry Kudlow told Reuters. Asked whether he would consider having the United States stop payment of its debt obligations as a way to punish Beijing, Trump said: "Well, I can do it differently. I can do the same thing, but even for more money, just by putting on tariffs. So, I don't have to do that." (Reuters)
- **US manufacturing activity plunges to 11-year low as orders sink –** US manufacturing activity plunged to an 11-year low in April as the novel coronavirus wreaked havoc on supply chains, suggesting the economy was sinking deeper into recession. The survey from the Institute for Supply Management (ISM) on Friday added to a raft of grim data this week, including a collapse in consumer spending in March and a surge to 30.3mn in the number of Americans who have filed claims for unemployment benefits in the last six weeks. Strict measures to slow the spread of COVID-19, the respiratory illness caused by the coronavirus, have almost paralyzed the country, leading to the deepest economic contraction since the Great Recession in the first quarter. The ISM said its index of national factory activity dropped to a reading of 41.5 last month, the lowest level since April 2009, from 49.1 in March. The monthly decline in the ISM index was the biggest since October 2008. A reading below 50 indicates contraction in the manufacturing sector, which accounts for 11% of the US economy. Economists polled by Reuters had forecast the index would fall to 36.9 in April. The smaller-than-expected drop in the ISM index was attributable to a surge in the survey's measure of supplier deliveries to a reading of 76.0 last month from 65.0 in March. (Reuters)
- **Half of US states easing coronavirus restrictions as jobless numbers grow –** The White House let its 2-week-old economic reopening guidelines expire on Thursday as half of all US states forged ahead with their own strategies for easing restrictions on restaurants, retail and other businesses shuttered by the coronavirus crisis. The enormous pressure on states to reopen, despite a lack of wide-scale virus testing and other safeguards urged by health experts, was highlighted in new Labor Department data showing some 30mn Americans have sought unemployment benefits since March 21. The jobless toll amounts to more than 18.4% of the US working-age population, a level not seen since the Great Depression of the 1930s. Physical separation of people - by closing schools, businesses and other places of social gatherings - remains the chief weapon against a highly contagious respiratory virus with no vaccine and no cure. However, with economic pain reaching historic proportions, agitation to relax stay-at-home orders and mandatory workplace restrictions has mounted. (Reuters)
- **US construction spending unexpectedly rises in March –** US construction spending unexpectedly rose in March, bucking a raft of data showing the economy deteriorating rapidly as it reels from disruptions caused by the novel coronavirus outbreak. The Commerce Department said on Friday that construction spending increased 0.9%. Data for February was revised down to show construction outlays declining 2.5% instead of falling 1.3% as previously reported. Economists polled by Reuters had forecast construction spending decreasing 3.5% in March. (Reuters)
- **IHS Markit: UK factories suffer worst month in three decades –** British manufacturers suffered the biggest fall in output and orders for at least three decades in April, as measures to slow the spread of the new coronavirus sent the economy into a steep downturn, a survey showed on Friday. April's final IHS Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) confirmed the bleak picture painted in a flash estimate released on April 23. The headline activity index fell to a record-low 32.6 from March's 47.8, broadly in line with forecasts in a Reuters poll and the earlier flash estimate of 32.9. The output component - which IHS Markit says gives a more accurate picture of the scale of the decline - plummeted to an all-time low of 16.3 from 43.9 the month before. Numbers below 50 represent a fall in output at a majority of manufacturers. Earlier on Friday, trade body Make UK said it feared factory output could more than halve during the current quarter, and said more than 80% of its members had suffered a fall in orders. A separate survey from the Confederation of British Industry showed that in the three months to April private-sector activity dropped by the most since July 2009. Britain's economy went into lockdown on March 23. Although people may still travel to work if they cannot work from home, factories have struggled with a general fall in demand. IHS Markit said the fall in factory orders in April was the biggest since its survey began in 1992. Total economic

output could fall by more than a third during the second quarter - a drop with no precedent in modern times - according to a scenario published by the government's budget forecasters last month. Britain's government is due to review the lockdown next week. But so far ministers have said there are no grounds for a relaxation yet, as the official death toll nears 30,000. (Reuters)

- **Make UK: UK factory output at risk of more than halving –** British factory output risks falling by more than half during the current quarter after 80% of manufacturers reported a collapse in orders due to the coronavirus, trade body Make UK said on Friday. Make UK said a survey of 297 members, conducted from April 20-27, showed that more than three quarters had already suffered a drop in sales. Britain's Office for Budget Responsibility said on April 14 that factory output could fall by 55% in the second quarter, as part of a scenario for the broader economy that showed a 35% plunge in total output if lockdown restrictions stay in place. "The extent of the collapse in demand is such it means that the recent OBR forecast could be an underestimate unless there is a quite remarkable turnaround which, to be frank, just isn't going to happen," Make UK Chief Executive Stephen Phipson said. A separate survey from the Confederation of British Industry showed that private-sector activity fell by the most since July 2009 during the three months to April, and that output expectations were the weakest on record. Britain's government ordered non-essential businesses to close to the public on March 23 and urged staff to work from home if possible. It is due to review the measures on May 7 but officials have said it is too soon for a major easing. Some 87% of manufacturers are still carrying out some operations, but more than a third had put staff members on leave under a government wage guarantee scheme which was likely to be needed beyond its planned end-June closing date, Make UK said. One in five manufacturers have seen orders drop by more than half, it added. (Reuters)
- **Nationwide: UK housing market grinding to a halt after coronavirus lockdown –** Britain's housing market is grinding to halt as a result of the government's coronavirus lockdown, mortgage lender Nationwide said, adding its ability to carry on producing the price index depended on there being enough transactions. Nationwide said on Friday its measure of house prices rose by 0.7% in April from March and was 3.7% higher than a year earlier, stronger than forecasts in a Reuters poll of economists in both cases. However, the lender said the impact of the pandemic was not fully captured in April's figures. "This is because our index is constructed using mortgage approval data, and there is a lag between mortgage applications being submitted and approved," it said. (Reuters)
- **OBR: UK coronavirus measures to cost 104bn Pounds in 2020-21 –** British government tax and spending measures to limit the impact of the coronavirus will increase cash borrowing by 103.7bn Pounds this financial year, the country's budget watchdog said on Thursday. The sum - made up of 99.3bn Pounds in extra spending and 4.4bn Pounds of tax cuts - is slightly higher than an estimate of 99.7bn Pounds which the OBR published two weeks ago. "The measures are designed specifically to support the economy through this temporary shock and so they should help prevent greater economic and fiscal damage in the long term," the OBR said. (Reuters)
- **UK households shunned borrowing as COVID-19 hit in March –** British households shunned new borrowing in March and a measure of house purchases plunged as the spread of the coronavirus began to hammer the economy, Bank of England (BoE) data showed on Friday. Households repaid 3.841bn Pounds ($4.82bn) of consumer debt, a lifeblood of the economy, in the largest net repayment since records began, most of it on their credit cards - mirroring a record fall in retail sales in March. The figures also showed a sharp reversal in the housing market which, like much of retail and other sectors of the economy, has been largely shuttered by the government's lockdown order that was announced on March 23. The number of approvals for mortgages plunged to a seven-year low of 56,161 in March, a drop of 24% from February's six-year high. Britain's economy could be heading for its most severe contraction in over 300 years in 2020 as a result of the government's shutdown of much of normal activity, the country's budget forecasters said last month. A survey published on Friday confirmed British manufacturers suffered the biggest fall in output and orders for at least three decades in April. Separate data showed factory output risks falling by more than half during the current quarter after 80% of manufacturers reported a collapse in orders. The BoE cut interest rates twice in March to a new low of 0.1% and ramped up its government bond-buying by a record 200bn Pounds. It is expected to hold off on fresh action on May 7 at the end of a scheduled policy meeting. The BoE data showed growth in consumer credit in the 12 months to March was the slowest in nearly seven years at 3.7%. Credit card spending fell over the 12-month period for the first time on record, down 0.3%. (Reuters)
- **Eurozone economy shrinks at record rate, worse to come –** The Eurozone economy contracted at a record rate in the first three months of the year and inflation slowed sharply as much economic activity in March came to a halt because of the COVID-19 pandemic, data showed on Thursday. Economists expect even worse numbers for the second quarter. According to a preliminary flash estimate from the European Union's statistics office Eurostat, economic output in the 19 countries sharing the Euro currency in January-March was 3.8% smaller than in the previous three months - the sharpest quarterly decline since the time series started in 1995. Economists polled by Reuters had expected a 3.5% contraction after a 0.1% quarterly growth in the last three months of 2019. YoY the GDP contraction was 3.3% in the first quarter. However, coronavirus-related lockdowns were only in place for two to three weeks of the quarter. "This points to a much bigger fall in activity in Q2, when the full lockdowns will be in effect for almost half the time and will then be only partially lifted," said Andrew Kenningham, economist at Capital Economics. Economists noted that in several countries that reported first quarter GDP numbers, the depth of the recession was linked to the severity of national lockdowns. France's GDP fell 5.8%, Spain's by 5.2%, Belgium's by 3.9% and Austria's by 2.5%. "France and Spain have been among the most strict in terms of lockdowns and hence their economies have suffered more. This would suggest that a country like Germany has experienced a smaller-than-average contraction," said Bert Colijn, economist at ING. (Reuters)
- **EU countries push suspension of air travel refund rights –** Twelve European Union governments urged the EU's executive body on Wednesday to suspend rules forcing cash-drained

airlines to offer full refunds for cancelled flights instead of vouchers for future travel because of the COVID-19 pandemic. Airlines across Europe, including Lufthansa and Air France-KLM, have sought state rescues as coronavirus lockdowns have forced them to ground their fleets for more than a month, with no end in sight. Transport ministers of Belgium, Bulgaria, Cyprus, the Czech Republic, France, Greece, Ireland, Latvia, Malta, the Netherlands, Poland and Portugal have asked the European Commission for a temporary amendment to the rules. In a joint statement issued before a meeting of EU transport ministers, they said the bloc's executive body should propose the amendment as a matter of urgency. Consumers should be made to accept vouchers instead of refunds with certain conditions. However, at the meeting, some EU governments opposed changes to the current rules so as not to frustrate the legitimate expectations of passengers. No decision was taken. The EU's transport chief has previously said airlines must provide refunds for cancelled flights and can only offer vouchers if the passengers accept them instead. (Reuters)

- **Lagarde sees ECB in crisis mode until next year –** The European Central Bank (ECB) expects to remain in crisis-fighting mode until into 2021 to combat an "unprecedented decline" in the Eurozone's economy caused by the coronavirus pandemic, its President Christine Lagarde said on Thursday. The slowdown, also marked by rapidly deteriorating labor markets, is likely to steepen before the recovery phase kicks in, she told the bank's post-policy meeting news conference. While the ECB is already considering options for its exit strategy from the emergency monetary measures it has introduced to cushion the impact of the pandemic, this "return to normal" would not happen over the coming months. "We are looking at way down and probably out in 2021 in terms of return to a 'new normal'," she said. ECB forecasts due in June and scenario results to be published on Friday "indicate a recovery and an uptick in the situation in 2021." So the ECB "very much" hopes the crisis will not become a permanent one, she said. ECB staff projections suggest Euro area GDP could fall by between 5% and 12% this year, the bank said earlier. (Reuters)
- **Deflation fears creep back in Japan as pandemic hits prices –** Consumer prices in Japan's capital city fell for the first time in three years in April and national factory activity slumped, data showed on Friday, increasing worries the coronavirus pandemic could tip the country back into deflation. The darkening outlook in the world's third-largest economy is already heightening calls for bigger spending, even after parliament approved an extra budget to fund a $1.1tn stimulus package to cushion the blow from the pandemic. Core consumer prices in Tokyo, a leading indicator of nationwide inflation trends, slipped 0.1% in April from a year earlier, government data showed, dashing expectations for a 0.1% rise and following a 0.4% increase in March. It was the first YoY decline since April 2017. While the drop was largely due to slumping energy costs following the collapse in the crude oil price, it has consolidated expectations that Japan will see consumer prices fall in coming months as the economy feels a sharper hit from the pandemic. A separate business survey on Friday confirmed Japan's factory activity shrank at its fastest pace in more than a decade in April, as the coronavirus hurt output and new orders. (Reuters)
- **Japan's April factory activity shrinks at fastest pace in 11 years –** Japan's factory activity shrank faster than initially estimated in April, a manufacturing survey showed on Friday, as the coronavirus hit to the economy deepened, with declines in product orders and output accelerating. The final au Jibun Bank Japan Manufacturing Purchasing Managers' Index (PMI) fell to a seasonally adjusted 41.9 from a final 44.8 in March, its lowest since April 2009, and showing a steeper contraction than the 43.7 seen in a preliminary reading last week. The decline in activity bodes ill for the world's third-largest economy, which faces a prolonged downturn due to its export dependence and fragile domestic consumption. The survey showed both output and new orders contracted at the fastest pace since early 2009, as the pandemic knocked overseas and domestic demand, setting off orders cancellations and factory closures. Employment conditions at manufacturers worsened for a second month during April, with the rate of decline accelerating to the fastest in more than a decade. They also reported the most negative outlook for output over the next 12 months since IHS Markit started tracking the future outlook in July 2012. Firms said they expect to adjust their production schedules over the coming year in response to falling demand. (Reuters)
- **Japan April auto sales slump to nine-year low as coronavirus saps demand –** Japan's monthly auto sales dropped to a nine-year low in April, industry data showed on Friday, after a state of emergency called by the government to contain the national outbreak of the new coronavirus left showrooms deserted. In the latest indicator of the widening impact of the virus on the world's third-largest economy, vehicles sales fell 29% in April from the same period a year ago to 270,393, according to data from the Japan Automobile Dealers Association and an association for dealers of Japan's "kei" minicars. The last time sales were worse was in April 2011, when Japan was struggling to cope with the impact of a massive earthquake, tsunami and nuclear disaster a month earlier. Most cars sold in Japan are produced domestically. Sales of minicars, which account for roughly four out of every 10 vehicles sold in Japan, tumbled 34% last month, the Japan Minivehicle Association said in a statement. It cited a fall in production of the pint-sized vehicles as the further spread of the virus prompted closures at parts supplier plants overseas, leading to procurement issues. (Reuters)
- **Chinese factories struggle to fire in April as slump in export orders deepens –** China's factories suffered a collapse in export orders in April, twin surveys showed, suggesting a full-blown recovery appeared some way off as the coronavirus health crisis shut down large parts of the world economy. The sobering result comes amid moves by major nations to ease up on lockdowns, underlining the stiff challenges facing businesses as policymakers brace for the worst global slump since the Great Depression. China's official Purchasing Managers' Index (PMI) eased to 50.8 in April from 52 in March, the National Bureau of Statistics said on Thursday, but stayed above the neutral 50-point mark that separates growth from contraction on a monthly basis. Worryingly, a sub-index of export orders for the world's biggest exporter dived to 33.5 in April from 46.4 in March with some factories even having their orders cancelled after reopening, said Zhao Qinghe, senior statistician at the NBS. Export orders in the private Caixin/Markit Manufacturing

Purchasing Managers' Index (PMI) survey, also released on Thursday, contracted at the fastest pace since global financial crisis. The survey, which focuses mostly on small and export-oriented businesses, showed activity for Chinese factories unexpectedly shrank this month. Labor conditions improved for the second straight month, but the pace of slowed to 50.2 from 50.9 in March. (Reuters)

- **India's March infrastructure output contracts as lockdown hits production –** India's infrastructure output contracted in March, for the first time in five months, as the national lockdown imposed late last month to combat the new coronavirus hit steel, cement and fertilizer production. The annual infrastructure output, comprising almost 40% of industrial output, shrank 6.5% in March compared to an upwardly revised 7.1% growth in the previous month, the data released by the Ministry of Commerce and Industry on Thursday showed. Economists expect even worse numbers for April and May as economic activities have all but come to a halt because of the COVID-19 pandemic. To slow the coronavirus outbreak, the government has put the country under a lockdown that has already lasted for more than a month and is expected to be extended until the middle of May. The country has recorded over 33,600 coronavirus cases and 1,075 deaths, while global cases have risen to over 3mn. During the 2019-20 fiscal year ending in March, output rose 0.6% from the same period a year ago, according to the data. Fitch rating agency has cut the country's GDP growth forecast for fiscal year ending March 2021 to 0.8%, sharply down from its previous forecast of 5.6% before the coronavirus outbreak. (Reuters)

Regional

- **OPEC April oil output surges to 13-month high before new cut deal –** OPEC oil output has jumped in April to a 13-month high as Saudi Arabia and its Gulf allies opened the taps following the collapse of an OPEC-led supply pact, offsetting further declines in Libya, Iran and Venezuela. On average, the 13-member OPEC has pumped 30.25mn bpd this month, according to the survey, up 1.61mn bpd from March's revised figure. An OPEC-led supply pact collapsed on March 6, temporarily ending three years of cooperation and starting a battle for market share. This free-for-all lasted until the producers, known as OPEC+, agreed a new cutback from May. 1. The resulting glut compounded the hit to prices that the coronavirus outbreak is having on demand, sending oil to a 21-year low below $16 a barrel this month. Even though prices are now rising, the supply outlook remains ample, analysts say. "Global oil demand is expected to improve as lockdowns are eased," said Tamas Varga of oil broker PVM. "As encouraging as it sounds, it will not lead to supply deficit in coming months." April's output was the highest by OPEC since March 2019, excluding membership changes since then, according to Reuters survey records. Output by the then 14-member group averaged 30.32mn bpd. (Reuters)
- **MENA managers to boost Egypt funds, say Saudi Arabia and UAE most vulnerable –** Middle Eastern fund managers plan to increase investments in Egypt in the current quarter, according to a Reuters poll, and say Saudi Arabia and the UAE are most vulnerable to tumbling oil prices and the coronavirus pandemic. The region, which is mostly under lockdown as it deals with the outbreak, is home to many oil producers, who have seen the price of their main resource tumble as they spend to help support their economies. "Overall we expect the combination of COVID-19 and low oil prices to weigh on regional GDP growth, stress some of the weak corporate balance sheets and filter into earnings downgrades over the next few quarters," Waha Capital's Mohamed Eljamal said. Dubai, whose stock index DFM has fallen 27% this year, has been the worst-hit Gulf market, as a coronavirus-related shutdown choked its tourism and aviation industry. The main index in oil producer ADX is down nearly 17% this year as well. The majority of the managers said that the UAE, and particularly Dubai, would be the market worst hit by the coronavirus crisis. However, the managers point to a rebound in share prices this month as evidence that some stocks are now seen as undervalued, and that investments pulled out of harder-hit sectors are finding new homes. Four of the seven managers polled said they would still increase their allocations in the UAE this quarter. Dubai is up about 14% since March 31, and Abu Dhabi is up 13%. Managers said they had pulled out of stocks in the tourism, trade and service sectors. "We have instead purchased some fundamentally strong names with strong balance sheets across markets which we think were unfairly punished due to a combination of corona and oil slump," Senior Portfolio Manager, Emirates NBD Asset Management, Richard Lee said. Eljamal said: "We have significantly raised cash and (are) currently ready to hunt for bargains over the next few months." Most managers said that Saudi Arabia would be the market most affected by the oil price slump. (Reuters)
- **Russia's oil output rose slightly in April ahead of OPEC+ cuts –** Russia slightly increased its crude oil and condensate production in April ahead of the biggest-ever output cuts under the new OPEC+ deal. The country's producers pumped 46.45 million tons of oil last month, Interfax reported, citing preliminary data for April from the Energy Ministry's CDU-TEK unit. The figure, which may be rounded, equates to about 11.349 million barrels a day on average, based on the standard 7.33 barrels-per-ton conversion ratio. Russia produced 11.298mn bpd in March. That means, that like Saudi Arabia, Russia took the option of pumping more crude last month after the collapse of the previous pact between the OPEC and its allies, but the increase in output was much smaller. Saudi Arabia's move to hike production, to an unprecedented 12mn bpd in early April, coincided with nationwide lockdowns amid the coronavirus outbreak and exacerbated a global oil glut. (Bloomberg)
- **Moody's cuts Saudi Arabia's outlook to Negative from Stable –** Moody's Investors Service cut Saudi Arabia's outlook to Negative from Stable on Friday, citing higher fiscal risks for the Gulf nation due to the crash in oil prices, and uncertainty about the Saudi government's ability to offset the oil revenue losses and stabilize its debt in the medium term. However, the ratings agency affirmed sovereign credit rating at "A1", citing Saudi Arabia government's "still relatively robust, albeit deteriorating" balance sheet, moderate debt level and substantial fiscal and external liquidity buffers. Global fuel demand has tumbled by a third due to coronavirus-related lockdowns and business shutdowns. "The plans to diversify Saudi Arabia's economy away from oil could lift the country's medium- to long-term growth potential," Moody's said. However, "The risks associated with the implementation of the diversification agenda are high and the benefits will likely take many years to materialize," Moody's added. (Reuters)

- **Saudi Finance Minister: Coronavirus economic impact will be felt from second quarter –** The impact of the new coronavirus on Saudi Arabia's state finances will appear from the second quarter of the year, the Finance Minister, Mohammed Al-Jadaan said on Saturday, adding that Saudi finances needed still more discipline to face the challenges. also told Al Arabiya TV that the government is studying making big spending cuts amid other measures needed to face the crisis. (Reuters)
- **Saudi Arabia grants $2.4bn aid to small businesses –** Saudi Arabia's Social Development Bank introduced new initiatives to support small businesses and self-employed entrepreneurs hit by the coronavirus pandemic. The bank allocated $2.4bn, according to Saudi Arabia's state news agency. The funds will be used to help 6,000 businesses with financing and a newly created portfolio will focus on companies in the health-care sector. (Bloomberg)
- **Saudi flow carries OPEC sea exports to 24.3mn bpd –** OPEC exports by sea rose 2.39mn bpd to 24.3mn bpd in April, highest export level in more than a year, with about two-thirds of shipped barrels remaining east of Suez Canal, Kpler said. Saudi Arabia accounted for most of gain as "Kingdom rapidly boosted departures in early April with the intent to reclaim lost market share." Saudi exports rose 2.18mn bpd MoM to 9.61mn bpd. UAE and Kuwait took advantage of initial easing of production cut requirements before the OPEC+ agreement, with combined exports up 291k bpd in the month to 5.51mn bpd. (Bloomberg)
- **Saudi crude buyers cancel at least seven supertankers after freight hike –** US buyers of Saudi Arabian crude oil cancelled at least seven April-loading tankers after a jump in freight costs, industry sources said, likely to result in lower-than-expected shipments from the world's top exporter. The move shows how some buyers are not rushing to take extra oil despite a slide in prices this month to below $16 a barrel, the lowest this century, as demand has collapsed following government measures to contain the spread of the coronavirus. In March, Saudi Arabia had cut its official selling prices for April crude and vowed to boost exports after a supply cut deal by the OPEC and rivals like Russia collapsed. However, tanker rates soared and Saudi Arabia told buyers it would cut compensation payments for freight costs because of extraordinary conditions in the freight market. Freight costs jumped globally because more ships were needed to deliver oil after Saudi Arabia and other Middle East producers ramped up output after the talks to extend the OPEC-led production cut deal broke down at the start of March. (Reuters)
- **Total gross deposits of private sector in UAE banks hit AED1.076tn in March –** The total gross deposits of the private sector in the UAE banks amounted to circa AED1.076tn by the end of March 2020, a 1.7% growth of AED18bn from AED1.058tn in December 2019, figures by the Central Bank of the UAE (CBUAE) have shown. These deposits account for around 58 percent of the total gross deposits held by the UAE banks, which stood at around AED1.852tn by the end of the same month. In the meantime, the domestic credit to private sector amounted to AED1.149tn, a growth of 1.3% from AED1.134.6tn in December 2019. The growth in private sector credit is a significant indicator of its contribution to economic activity and reflects increase in the sector's investment activity. (Zawya)
- **Emirates, Etihad warn air travel recovery could take three years –** Middle East state carriers Emirates and Etihad Airways believe it could take three years for air travel demand to return to levels seen just before the COVID-19 pandemic broke out, according to the US - UAE business council. The business council hosted a video conference with Emirates President, Tim Clark and Etihad Chief Executive, Tony Douglas it said. Clark and Douglas both said during the conference that they believed 85% of the world's airlines are at risk of insolvency, and that without state support could go bankrupt before year-end, according to the business council. The airlines also warned it could take until 2023 for passenger demand to recover to pre-crisis levels. Emirates and Etihad could not be immediately reached for comment on the statements attributed to their executives. The pandemic has brought international air travel to a virtual halt, and many airlines have warned they may not survive the crisis. (Reuters)
- **Moody's cuts DP World rating sees growing link to Dubai's credit quality –** Moody's on Thursday downgraded the credit rating of Dubai port operator DP World by two notches to Baa3, the lowest investment grade because of rising debt. Many investors view the ratings of government-related entities in Dubai, such as DP World, as an indicator of the government's own credit profile. Dubai, in the UAE, is not rated by any of the major agencies. Moody's, which has already cut the rating of state utility Dubai Electricity & Water Authority (DEWA), said there was a growing link between the credit rating of DP World and Dubai. Dubai is borrowing $9bn to take full control of the port operator DP World and to refinance the debt of state investment vehicle Dubai World, which was at the center of the Emirate's 2009 debt crisis. Moody's said the borrowing reflected "negative interference from the Dubai government" which was effectively leveraging DP World's balance sheet to repay debt of Dubai World. The outlook for DP World's rating was Stable. "The two notches downgrade to Baa3 reflects a material increase in net debt of around $8 billion which will lead to a significant deterioration in DP World's credit metrics," the rating agency said. "This creates growing linkages between the credit quality of DP World and that of the Emirate of Dubai." (Reuters)
- **Moody's lowers Dubai's Emaar Properties outlook to Negative –** Moody's on Thursday changed the outlook for Dubai's largest listed developer Emaar Properties and its unit Emaar Malls Group to Negative from Stable, citing the impact of the coronavirus pandemic. It kept their ratings unchanged at Baa3 and Baa2 respectively, however said they could be downgraded in the case of any further deterioration in Dubai's economic environment and debt burden. The Dubai real estate sector has for years struggled with oversupply and sluggish economic growth. Last month, S&P Global Ratings placed Emaar Properties and Emaar Malls on credit watch with negative implications. "Travel restrictions will likely weaken international demand for new residential properties in Dubai," Moody's said. "At the same time, international investors are likely to have suffered losses from a decline in global asset prices and business disruptions which could lead to delays in collecting payments for properties sold." International buyers made up about half of Emaar Properties' investor base at the end of 2019, the ratings agency said. Moody's said the company has a AED45.8bn backlog of sales. Cash collection across its property developments is at 55% on average and around 85% of units have been sold. It concluded

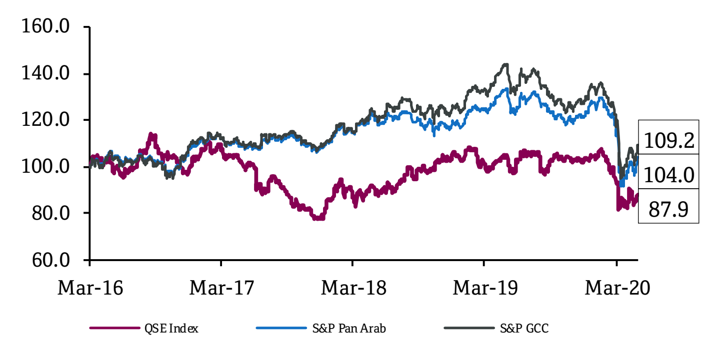
a large part of construction costs would therefore be covered by cash already collected. Lower interest rates would to an extent help demand in the medium term, however, would not be enough to offset weaker consumer sentiment in the near term. Emaar Malls will be hurt by lower tourism and consumer spending, Moody's said, and expected the company would have to provide concessions, including rent reductions to support retailers. (Reuters)

- **DIB's net profit falls 16.8% YoY to AED1,111.6mn in 1Q2020 –** Dubai Islamic Bank (DIB) recorded net profit of AED1,111.6mn in 1Q2020, registering decrease of 16.8% YoY. Net income rose 5.4% YoY to AED2,431.1mn in 1Q2020. Total assets stood at AED276.4bn at the end of March 31, 2020 as compared to AED231.8bn at the end of March 31, 2019. Islamic financing and investing assets (net) stood at AED180.2bn (+19.4% YTD), while customers' deposits stood at AED199.9bn (+21.6% YTD) at the end of March 31, 2020. EPS came in at AED0.13 in 1Q2020 as compared to AED0.17 in 1Q2019. DIB's quarterly impairment losses were up 92% to AED665mn, and it also booked AED818mn in extraordinary charges. "The Covid-19 pandemic is destined to create significant headwinds and force a rethinking and recalibration of our strategies," its CEO, Adnan Chilwan said. He said extraordinary gains and recurring profits allowed provisions to cushion the bank against expected impacts emanating from the outbreak as well as oil price volatility and the low interest rate environment. The results also had consolidated figures from Noor Bank, which DIB bought this year. The gain of AED1bn on the purchase was offset by the impairments, DIB said. (DFM, Zawya)
- **Etisalat Group confirms its DPS of 25 fils pertains to 1Q2020 –** The Emirates Telecommunications Group Company (Etisalat Group) today announced that the dividend per share (DPS) of 25 fils announced by the Group in its disclosure dated April 1 pertains to the first quarter of 2020. "The objective of the interim dividend for the first quarter of 2020 is to boost liquidity of shareholders during these circumstances and to highlight the Company's healthy financial position. Based on the Company's performance in the second quarter, the Board will consider additional interim dividends," the Group said. (Zawya)
- **ADIB pens agreement to market Islamic Leasing and Finance Opportunities Fund II –** Abu Dhabi Islamic Bank (ADIB) has inked an agreement with WCP Investments (WCPI), a joint venture led by NBK Capital (NBKC) and Wafra Capital Partners (WCP). Under the agreement, ADIB will market WCPI's Sharia'ah-compliant Islamic Leasing and Finance Opportunities Fund II (USD) in the UAE, according to a press release. The fund is expected to achieve returns of 6.50% per year by investing in leasing and other asset-based or structured finance transactions across a variety of sectors, credit profiles, and assets. Commenting on the agreement, the head of Wealth Management and Priority Banking at ADIB, Saif Alkeem, said: "We witnessed significant demand for Fund I when we launched it in 2019. This exclusive offer should appeal to Private and Priority banking clients looking to further diversify their portfolios into new asset classes." Meanwhile, the CEO of NBK Capital, Faisal Al-Hamad, remarked: "We believe the Program capitalizes on a unique investment structure and process that focuses on a partnership approach, interest alignment, and risk mitigation." (Zawya)
- **Kuwait asks state oil firm to transfer $22.6bn to treasury –** Kuwait's Ministry of Finance asked state-owned Kuwait Petroleum to transfer approximately $22.6bn of its profit to the government treasury. Money is from Kuwait Petroleum's earnings reserve. (Bloomberg)
- **Kuwait plans 22% cut in crude supply through December –** Kuwait Petroleum tells customers it will cut crude sales by 22% in July-December, according to a fax seen by Bloomberg setting out contract volumes. The move implies a bigger commitment than Kuwait agreed with fellow OPEC+ nations earlier this month. While OPEC+ countries promised to cut their production about 22% in May and June, their deal allows them to taper that reduction to 18% for the rest of the year. (Bloomberg)
- **Kuwait's Jazeera Airways lays off over a third of staff, not seeking state aid –** Kuwait's Jazeera Airways has laid off over a third of its staff and can dip into its cash reserves to get through the coronavirus crisis, its Chairman, Marwan Boodai said. Several governments around the world are supporting airlines hammered by the pandemic that has virtually halted international travel. Kuwait halted all commercial flights on March 13 as the Gulf Arab state rolled out restrictions to control the spread of the virus that has now infected 3,740 people and killed 24 there. Jazeera, one of the region's few listed airlines, has laid off 320 employees, including cabin crew, ground staff and support staff, or 37% of its workforce. "We kept only the sufficient number to run the current situation," he told Reuters by phone. "We hope that there will be an opportunity to re-employ them again in the coming months and we hope they will return." Boodai cautioned the airline could report a loss for this year but said it was able to draw on its $97mn of cash reserves for up to the next 27 months if needed. It has not sought state aid, he said, and executive staff have voluntarily taken a 50% pay cut. The airline has been generating some revenue operating government flights for Kuwaiti citizens returning from abroad. Boodai said he expected regional airports to start reopening from July though did not expect lift to return to normal for six months to a year. (Reuters)
- **S&P downgrades Wethaq Takaful Insurance Co. to 'B-' on weaker capital adequacy; outlook 'Negative' –** S&P Global Ratings (S&P) revised its long-term insurer financial strength and issuer credit ratings on Kuwait-based Wethaq Takaful Insurance Co. (Wethaq) to 'B-' from 'B'. The outlook is 'Negative'. Wethaq's capital adequacy weakened in 2019, largely due to a significant net loss for the year driven by further deterioration in its operating performance. A further drop in the liquidity ratio, which was already unfavourable, has become a major rating constraint after the release of the results. Furthermore, unresolved audit qualifications from 2017 and 2018 indicate financial reporting deficiencies, which negatively affect Wethaq's liquidity, capital adequacy, and governance assessments. S&P stated, "The 'Negative' outlook reflects the possibility of a downgrade over the next 12 months if we do not observe a turnaround in Wethaq's operating performance, leading to positive net income. The absence of a turnaround is likely to put further pressure on capital adequacy and/or liquidity." S&P added, "In our view, the COVID-19 pandemic will

have a limited effect on underwriting performance. Motor insurance contributes about 64% of Wethaq's premium income and with fewer cars on the road due to lockdowns claims are expected to drop. With minimal exposure to medical and business-interruption policies, we believe the COVID-19 pandemic would not have a significant negative effect on Wethaq's operating performance. On the investment side, Wethaq had about 28% of its total investments in equity (including private equity) at year-end 2019. Any material reduction in the value of Wethaq's equity portfolio from current levels could further weigh on its capital adequacy and liquidity." (S&P)

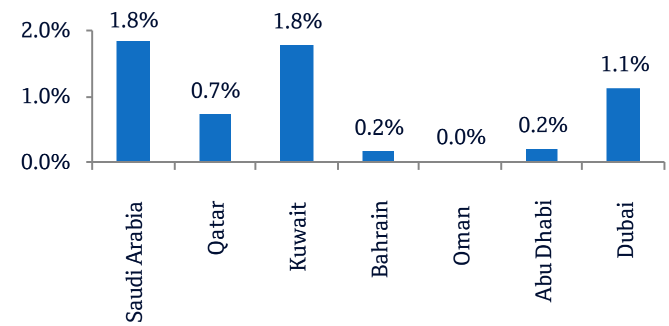
- **Kuwait's United Projects says measures against COVID-19 hit real estate and aviation segments –** United Projects for Aviation Services Co. measures against COVID-19 negatively impacted different segments including real estate and aviation. It has decided to give some rental exemptions to tenants at discovery center. It expects negative impact on revenues from discovery center due to exemption. (Reuters)
- **Oman plans about 30% cut in July crude allocations –** Oman has notified all its crude oil term customers of a cut of about 30% in their allocations for July loading and delivery, Oman's oil and gas ministry said on Thursday. OPEC and its allies led by Russia, a group known as OPEC+, agreed earlier this month to a new supply pact from May 1 to shore up the market, following a slide in demand caused by lockdowns to contain the new coronavirus. Gulf oil producer Oman is a member of the OPEC+ alliance. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,700.42	0.8	(1.7)	12.1
Silver/Ounce	14.98	0.0	(1.8)	(16.1)
Crude Oil (Brent)/Barrel (FM Future)	26.44	4.6	23.3	(59.9)
Crude Oil (WTI)/Barrel (FM Future)	19.78	5.0	16.8	(67.6)
Natural Gas (Henry Hub)/MMBtu	1.69	1.8	(6.6)	(19.1)
LPG Propane (Arab Gulf)/Ton	32.50	(3.7)	(5.5)	(21.2)
LPG Butane (Arab Gulf)/Ton	28.00	(7.4)	(10.8)	(57.8)
Euro	1.10	0.2	1.5	(2.1)
Yen	106.91	(0.3)	(0.6)	(1.6)
GBP	1.25	(0.7)	1.1	(5.7)
CHF	1.04	0.4	1.2	0.7
AUD	0.64	(1.4)	0.7	(8.6)
USD Index	99.08	0.1	(1.3)	2.8
RUB#	74.39	0.0	(0.2)	20.0
BRL	0.18	(0.1)	1.9	(26.8)

Source: Bloomberg (#Market was closed on May 1, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,004.79	(2.3)	0.9	(15.0)
DJ Industrial	23,723.69	(2.6)	(0.2)	(16.9)
S&P 500	2,830.71	(2.8)	(0.2)	(12.4)
NASDAQ 100	8,604.95	(3.2)	(0.3)	(4.1)
STOXX 600	337.39	(0.3)	4.3	(20.6)
DAX#	10,861.64	0.0	6.5	(20.0)
FTSE 100	5,763.06	(2.9)	1.7	(27.9)
CAC 40#	4,572.18	0.0	5.5	(25.5)
Nikkei	19,619.35	(2.7)	2.5	(15.4)
MSCI EM	916.77	(0.9)	4.2	(17.8)
SHANGHAI SE Composite#	2,860.08	0.0	2.1	(7.6)
HANG SENG#	24,643.59	0.0	3.4	(12.1)
BSE SENSEX#	33,717.62	0.0	9.3	(22.6)
Bovespa#	80,505.90	0.0	12.4	(48.7)
RTS#	1,125.03	0.0	4.0	(27.4)

Source: Bloomberg (*$ adjusted returns, #Market was closed on May 1, 2020)

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