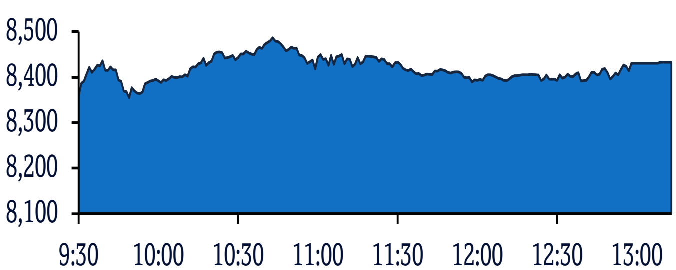
Daily Market Report

Wednesday, 11 March 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 3.3% to close at 8,433.0. Gains were led by the Consumer Goods & Services and Transportation indices, gaining 7.7% and 6.5%, respectively. Top gainers were Qatar Fuel Company and Qatar Electricity & Water Company, rising 10.0% each. Among the top losers, Ahli Bank fell 10.0%, while Doha Insurance Group was down 7.8%.

GCC Commentary

Saudi Arabia: The TASI Index gained 7.1% to close at 6,762.0. Gains were led by the Media and Entertainment and Energy indices, rising 9.9% and 9.7%, respectively. Najran Cement Co. and Electrical Industries Co. were up 10.0% each.

Dubai: The DFM Index gained 7.3% to close at 2,231.1. The Transportation index rose 13.6%, while the Services index gained 8.6%. Almadina for Finance and Investment Company rose 15.0%, while Aramex was up 14.9%.

Abu Dhabi: The ADX General Index gained 5.5% to close at 4,262.6. The Real Estate index rose 13.2%, while the Banks index gained 6.7%. National Bank of Ras Al-Khaimah rose 15.0%, while Aldar Properties was up 14.0%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 4,854.4. The Technology index rose 10.0%, while the Consumer Services index gained 4.4%. Al-Madina for Fin. & Inv. rose 31.6%, while Dar Al Thuraya Real Est. Co. was up 12.6%.

Oman: The MSM 30 Index gained 0.7% to close at 3,797.9. Gains were led by the Services and Industrial indices, rising 1.0% and 0.2%, respectively. Phoenix Power rose 6.0%, while Al Batinah Power was up 5.8%.

Bahrain: The BHB Index gained 1.5% to close at 1,493.3. The Commercial Banks index rose 2.2%, while the Services index gained 2.0%. BBK rose 4.7%, while Bahrain Telecom Co. was up 3.2%.

Market Indicators	10 Mar 20	09 Mar 20	%Chg.
Value Traded (QR mn)	451.9	526.8	(14.2)
Exch. Market Cap. (QR mn)	473,120.1	455,012.5	4.0
Volume (mn)	191.8	206.7	(7.2)
Number of Transactions	12,579	9,505	32.3
Companies Traded	46	46	0.0
Market Breadth	36:10	2:43	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	15,859.11	3.6	(9.2)	(17.3)	12.4
All Share Index	2,589.74	4.1	(8.9)	(16.4)	13.7
Banks	3,761.66	4.2	(9.1)	(10.9)	13.2
Industrials	2,140.84	3.2	(10.0)	(27.0)	15.6
Transportation	2,223.33	6.5	(5.5)	(13.0)	11.6
Real Estate	1,160.44	2.3	(11.9)	(25.9)	8.7
Insurance	2,057.41	(0.8)	(12.5)	(24.8)	36.6
Telecoms	727.00	1.9	(11.8)	(18.8)	12.5
Consumer	6,762.34	7.7	(2.4)	(21.8)	15.8
Al Rayan Islamic Index	3,150.04	4.3	(8.1)	(20.3)	13.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Aldar Properties	Abu Dhabi	1.96	14.0	18,618.4	(9.3)
Dubai Islamic Bank	Dubai	4.90	10.4	15,501.4	(11.1)
Savola Group	Saudi Arabia	32.45	10.0	705.8	(5.5)
Qatar Fuel Company	Qatar	16.83	10.0	1,525.2	(26.5)
Mouwasat Med. Services	Saudi Arabia	89.10	10.0	200.4	1.3

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Burgan Bank	Kuwait	0.20	(7.4)	7,000.1	(34.2)
Qatar Int. Islamic Bank	Qatar	7.60	(6.4)	4,488.9	(21.5)
Gulf Bank	Kuwait	0.20	(5.1)	14,503.9	(33.0)
Mabanee Co.	Kuwait	0.59	(4.7)	3,793.4	(34.5)
Qatar Insurance Co.	Qatar	2.19	(1.8)	2,237.9	(30.7)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Fuel Company	16.83	10.0	1,525.2	(26.5)
Qatar Electricity & Water Co.	14.87	10.0	717.0	(7.6)
Qatar Gas Transport Company Ltd.	2.17	9.9	5,894.3	(9.4)
Ezdan Holding Group	0.51	9.3	19,321.7	(17.9)
Qatar National Cement Company	3.90	8.2	376.1	(31.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Aamal Company	0.67	4.9	26,940.2	(17.6)
Ezdan Holding Group	0.51	9.3	19,321.7	(17.9)
Vodafone Qatar	0.85	2.5	14,243.7	(26.7)
Qatar First Bank	0.80	(3.6)	12,843.9	(2.6)
Mazaya Qatar Real Estate Dev.	0.53	(2.7)	12,761.9	(26.1)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	2.97	(10.0)	95.6	(10.9)
Doha Insurance Group	1.05	(7.8)	444.7	(12.4)
Qatar International Islamic Bank	7.60	(6.4)	4,488.9	(21.5)
Islamic Holding Group	1.30	(4.7)	503.8	(31.8)
Qatar First Bank	0.80	(3.6)	12,843.9	(2.6)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.50	6.3	92,749.9	(15.0)
Qatar Islamic Bank	13.50	0.3	46,186.4	(11.9)
Qatar International Islamic Bank	7.60	(6.4)	33,523.3	(21.5)
Masraf Al Rayan	3.90	7.0	33,140.7	(1.5)
Qatar Fuel Company	16.83	10.0	25,297.8	(26.5)

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*	8,433.03	3.3	(9.4)	(11.1)	(19.1)	123.25	128,877.9	12.4	1.2	4.7
Dubai	2,231.09	7.3	(9.3)	(13.9)	(19.3)	121.86	87,396.7	8.1	0.8	5.2
Abu Dhabi	4,262.64	5.5	(8.2)	(13.0)	(16.0)	70.61	123,359.0	12.6	1.2	5.8
Saudi Arabia	6,762.03	7.1	(9.4)	(11.4)	(19.4)	2,083.92	2,073,221.3	18.8	1.5	3.9
Kuwait	4,854.43	0.1	(16.1)	(20.1)	(22.7)	274.52	90,446.0	12.4	1.1	4.4
Oman	3,797.85	0.7	(7.5)	(8.1)	(4.6)	6.20	16,300.1	7.7	0.7	7.8
Bahrain	1,493.26	1.5	(7.7)	(10.1)	(7.3)	10.87	23,271.3	10.6	0.9	4.8

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 3.3% to close at 8,433.0. The Consumer Goods & Services and Transportation indices led the gains. The index rose on the back of buying support from Qatari shareholders despite selling pressure from GCC and non-Qatari shareholders.
- Qatar Fuel Company and Qatar Electricity & Water Company were the top gainers, rising 10.0% each. Among the top losers, Ahli Bank fell 10.0%, while Doha Insurance Group was down 7.8%.
- Volume of shares traded on Tuesday fell by 7.2% to 191.8mn from 206.7mn on Monday. However, as compared to the 30-day moving average of 89.8mn, volume for the day was 113.6% higher. Aamal Company and Ezdan Holding Group were the most active stocks, contributing 14.0% and 10.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	33.12%	27.76%	24,221,862.16
Qatari Institutions	25.91%	22.15%	16,992,325.96
Qatari	**59.03%**	**49.91%**	**41,214,188.12**
GCC Individuals	0.88%	1.48%	(2,687,309.91)
GCC Institutions	1.24%	5.17%	(17,791,729.45)
GCC	**2.12%**	**6.65%**	**(20,479,039.36)**
Non-Qatari Individuals	13.04%	12.93%	539,890.64
Non-Qatari Institutions	25.81%	30.51%	(21,275,039.40)
Non-Qatari	**38.85%**	**43.44%**	**(20,735,148.76)**

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

Ratings, Global Economic Data and Earnings Calendar

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Dhofar Power Co.	Moody's	Oman	LTR/LT-CFR	–/Ba1	Ba2/Ba2	↓	Stable	–
Oman Telecommunications Co.	Moody's	Oman	LTR/LT-CFR/PD	–/Ba1/Ba1	Ba2/Ba2/Ba2	↓	Stable	–

Source: News reports, Bloomberg (* LTR – Long Term Rating, PD – Probability of Default, CFR-Corp Family Rating)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
03/10	EU	Eurostat	GDP SA QoQ	4Q2019	0.1%	0.1%	0.1%
03/10	EU	Eurostat	GDP SA YoY	4Q2019	1.0%	0.9%	0.9%
03/10	France	INSEE National Statistics Office	Industrial Production MoM	Jan	1.2%	1.8%	-2.5%
03/10	France	INSEE National Statistics Office	Industrial Production YoY	Jan	-2.8%	-1.9%	-3.0%
03/10	France	INSEE National Statistics Office	Manufacturing Production MoM	Jan	1.2%	1.7%	-2.2%
03/10	France	INSEE National Statistics Office	Manufacturing Production YoY	Jan	-2.2%	-1.7%	-3.2%
03/10	Japan	Bank of Japan	Money Stock M2 YoY	Feb	3.0%	2.8%	2.8%
03/10	Japan	Bank of Japan	Money Stock M3 YoY	Feb	2.5%	2.3%	2.3%
03/10	China	National Bureau of Statistics	PPI YoY	Feb	-0.4%	-0.3%	0.1%
03/10	China	National Bureau of Statistics	CPI YoY	Feb	5.2%	5.2%	5.4%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2019 results	No. of days remaining	Status
ZHCD	Zad Holding Company	11-Mar-20	0	Due
BRES	Barwa Real Estate Company	11-Mar-20	0	Due
QGMD	Qatari German Company for Medical Devices	22-Mar-20	11	Due
IGRD	Investment Holding Group	24-Mar-20	13	Due

Source: QSE

News

Qatar

- **QFBQ's bottom line declines 13.4% QoQ to QR1.3mn in 4Q2019 –** Qatar First Bank (QFBQ) reported net profit of QR1.3mn in 4Q2019 as compared to net loss of QR56.4mn in 4Q2018 and net profit of QR1.5mn in 3Q2019 (-13.4% QoQ). Total income decreased 24.7% YoY in 4Q2019 to QR17.8mn. However, on QoQ basis total income gained 9.7%. The bank's total assets stood at QR3,214.1mn at the end of December 31, 2019, down 1.4% YoY. However, on QoQ basis the bank's total assets increased 11.9%. Financing assets were QR976.1mn, registering a fell by 34.0% YoY (-24.0% QoQ) at the end of December 31, 2019. Financing liabilities declined 67.1% YoY and 50.1% QoQ to reach QR135.1mn at the end of December 31, 2019. In FY 2019, QFBQ reported net loss amounting to QR298.5mn compared to net loss of QR481.9mn for the previous financial year. Loss per share amounted to QR0.426 in FY2019 as compared to QR0.688 in FY2018. Board of director suggested not to distribute profit. QFBQ has reported a steady improvement in its performance that helped the bank secure positive retained earnings of QR2.9mn for the year ended December 31, 2019. Other key highlight for the year was that accumulated losses of QR1.3bn were offset against share capital during the year. Additionally, QFBQ reported its second consecutive profitable quarter in 4Q2019 with a net profit of QR1.3mn attributable to equity holders of the bank. QFBQ also recorded a growth momentum related to its income streams where fee income increased by 103% to QR32.3mn compared to QR15.9mn in 2018 largely driven by new structured products introduced during 2019. QFBQ made continuous gain from its cost rationalization plan implemented in 2017 where bank reduced its total expenses by 17.2% compared to 2018. It is noteworthy that QFBQ has made a prodigious curtain raiser for 2019 where shareholders elected a robust well-diversified new board of directors consists of prominent economic and business figures that abetting the current transformational shift of QFBQ. QFBQ also shifted its operating model to a fee income on structured products. As a contingency measure in order to mitigate any future revaluation risks QFBQ is continuing to liquidate its private equity portfolio through many successful exits during 2019. Proceeds from these exits will be reinvested in more secure assets across politically stable investment options. (QSE, QFBQ Press Release, Peninsula Qatar)
- **QCFS' AGM endorses items on its agenda; approves distribution of 10% cash dividend –** Qatar Cinema & Film Distribution Company (QCFS) held its Ordinary General Assembly Meeting (AGM) on March 9, 2020 has approved all agenda items which includes – (1) The AGM approved the management report on the company activities and its financial position for the year ended December 31, 2019 and discussed the company's future business plans, (2) The AGM approved Auditor's Report for the audited financials and final account for the year ended December 31, 2019, (3) The AGM discussed the company balance sheet and profit and loss account of the financial year ended December 31, 2019, the AGM approved the Auditors' Report on the company's financial statements, (4) The AGM approved the board's recommendation for a dividend payment of QR0.10 per share, representing 10% of the nominal share value, (5) The AGM approved Corporate Governance Annual Report for 2019, (6) The AGM absolve the Chairman and members of the board of directors from any liability for the financial year ended December 31, 2019 and to approve their remuneration, (7) The AGM decided to appoint Talal Abu-Ghazaleh & Co. International as External Auditor for the year 2020. The Shareholders can receive their dividend for the Financial Year 2019 from all branches of QNB Group, starting from March 10, 2020. (QSE)
- **IGRD to hold its board meeting on March 24 to discuss the financial statements –** Investment Holding Group's (IGRD) board of directors will hold its meeting March 24, 2020 to discuss and approve the consolidated financial statements for the period ended December 31, 2019 and other items. (QSE)
- **Nakilat to boost ship management, eyes new partnerships in expansion plan –** Qatar Gas Transport Company Limited (Nakilat) is preparing to take on greater ship management responsibilities in the coming year and is also eyeing potential business partnerships and collaborations to strengthen its portfolio and generate positive returns for shareholders. These details were disclosed to shareholders at the annual general assembly, which was presided over by its Chairman HE Mohamed bin Saleh Al-Sada. "Bolstered by more favorable market conditions and implementation of business diversification and resource optimization strategies, we have stayed true to our mission to create value for our shareholders while elevating the business to new heights," Al-Sada said. About its greater ship management role, Nakilat's Chief Executive, Abdullah Al-Sulaiti said this is part of its strategy as it steadily consolidates into a fully-fledged shipping and maritime company. Nakilat, which already has expanded its international presence with a larger fleet, had signed an agreement with Maran Ventures for four new-build liquefied natural gas (LNG) carriers, which will not only enhance the capacity of its fleet but will also strengthen its vessel management and marketing capabilities for the world's largest LNG fleet, he said. "The new vessels will be commercially and technically managed by Nakilat with a delivery time between 2020 and 2021," a company spokesman said. Furthermore, the full ownership acquisition of four Q-Flex LNG carriers that it currently managed would provide greater operational flexibility and optimization of resources, leading to the realization of cost savings with minimal risks and ultimately provide greater value to customers, according to Sulaiti. On its potential business partnerships, he said its local joint ventures continue to add value to maritime operations and contribute towards the establishment of an integrated maritime industry in Qatar. Al Sada said that Nakilat's integrated shipping and maritime operations has contributed towards developing Qatar as a strategic shipping and maritime hub. (Gulf-Times.com, Peninsula Qatar)

- **Sheikh Khalid elected QIIK's Chairman and Managing Director –** Sheikh Khalid bin Thani Abdulla Al Thani has been elected as Qatar International Islamic Bank's (QIIK) Chairman and Managing Director by the bank's directors after a meeting of the board of directors. This follows the bank annual general meeting unanimously agreeing to appoint the new board of directors for a period of three years. (Gulf-Times.com)
- **FocusEconomics: Qatar's public debt may fall to 45.6% of GDP by 2024 –** Qatar's public debt has been forecast to fall to 45.6% of the country's GDP by 2024 from 52.6% this year, FocusEconomics has stated in a report. The country public debt as a percentage of the country's GDP will fall continuously over the next four years, the researcher said. It is projected at 51.7% next year, 49.6% (2022) and 47.6% in 2023. Qatar's GDP has been estimated to reach $236bn by 2024 from $198bn this year, the new report has shown. Next year, it will be $206bn, $215bn (2022) and $225bn in 2023. GDP per capita, FocusEconomics stated, has been estimated to reach $84,600 in 2024 from $71,679 this year. Qatar's economic growth in terms of nominal GDP will reach 4.9% in 2024 from 3.2% by the year-end. The country's fiscal balance as a percentage of GDP is set to rise to 4.8% in 2024 from an estimated 0.8% this year. Qatar's merchandise trade balance will scale up further and exceed $61.3bn in 2024, the report stated. This year, FocusEconomics has projected the merchandise trade balance at nearly $40.4bn. Next year, it will account for $41.6bn, $46.4bn (2022) and $52.8bn in (2023). The current account balance (as a percentage of GDP) will be 4.6% in 2024 compared with 3.9% in 2020, 4.3% (2021 and 2022) and 4.5% in 2023. (Gulf-Times.com)
- **Deposits at banks jump 2.8% in January 2020 –** In January 2020, deposits and credit facilities for commercial banks increased at a monthly rate of 2.8% and 2.1%, respectively. This is an annual increase of 10.5% and 11.7%, respectively, according to the latest monthly data issued by the Planning and Statistics Authority (PSA). Regarding the data of building permits issued, the total number of permits reached 696 in January 2020, recording a monthly increase of 7.1%. As for the banking sector, total Broad Money Supply (M2) reached QR1.8bn in January, an annual increase of 5.2%. On the other hand, cash equivalents including commercial bank deposits, accounted for QR872.9bn. The figure has recorded an annual increase of 10.5% compared to January 2019, when deposits recorded approximately QR789.7bn. (Qatar Tribune)
- **Real estate trading volume rises by 20% to QR1.52bn in February –** The trading volume in Qatar's real estate market increased by 20% to QR1.52bn in February 2020 compared to the previous month, according to data from the Ministry of Justice's real estate registration department. The monthly real estate data analysis showed that 359 real estate transactions were recorded during the month, QNA reported. In terms of value of the transactions, the municipalities of Al Rayyan, Doha and Al Daayen topped the trading, followed by Umm Salal, Al Khor, Al Thakhira, and Al Shamal. The value of transactions in Doha municipality amounted to QR676mn while that of Al Rayyan municipality stood at QR461mn. The value of Al Daayen municipality transactions amounted to QR146mn, followed by real estate transactions in Umm Salal at QR106mn, and Al Wakra municipality at QR64mn. The municipalities of Al Khor and Al Thakhira recorded QR55mn worth of real estate transactions, and followed by Al Shamal municipality at QR10mn. (Peninsula Qatar)
- **PSA report: Demand for residential houses rises by 59% in January –** The demand for residential houses has remained firm in the first month of the year. The volume of deals for residential houses grew by 59% to QR483.5mn in January this year from QR304mn in January last year, according to the Qatar Monthly Statistics bulletin released yesterday. As per the bulletin, released by the Planning and Statistics Authority (PSA), deals valuing QR2.9bn were signed during January this year which is around 89% more than the value of deals in December last year and 30% more than deals signed in January 2019. The demographic statistics revealed that the total population of Qatar increased from 2.766mn during January 2019 to 2.773mn at end of January 2020. According to the report, 277,392 visitors came to Qatar during January 2020. Visitors from European countries emerged as the largest group of people coming to Qatar in the first month of this year. The visitors from Europe occupied 41% share in total tourist arrivals, making them the biggest group of tourists coming to Qatar during the month. (Peninsula Qatar)

International

- **Markit: Global business sentiment subdued as COVID-19 looms over outlook –** Global business sentiment remained subdued in February, overshadowed by the outbreak of the COVID19 virus. The February IHS Markit Global Business Outlook Survey – based on responses from a panel of 12,000 companies and conducted three times per year – showed the net balance of global firms predicting output to rise over the coming year minus those predicting a decline is at +18% in February, up only marginally from the decade low of +14% last October and remaining among the weakest since the global financial crisis. Data for the latest survey were collected between the 12th and 27th of February. The lowest sentiment in terms of business activity in February is recorded in those countries situated in East Asia, from where the virus emanated. The worldwide uncertainty caused by the COVID-19 outbreak is likely to lead to reluctance to expand workforce numbers over the coming year. Confidence around hiring globally is up only slightly from the decade low seen in October (net balance up to +11% from +7%). Investment plans follow a similar pattern, with the respective net balances for both capital expenditure and spending on R&D only fractionally higher than they were towards the end of last year. (Markit)
- **US mortgage credit availability decreased in February –** Mortgage credit availability decreased in February according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from Ellie Mae's AllRegs Market Clarity business information tool. The MCAI fell by 0.3% to 181.3 in February. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI decreased 1.2%, while the Government MCAI increased by 0.7%. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 1.0%, and the Conforming MCAI fell by 1.6%. (MBA)

- **Markit: US business optimism improves to one-year high –** The latest IHS Markit Business Outlook survey signals that US private sector firms are more optimistic regarding the outlook for output over the coming 12 months in February compared to October. The net balance of firms expecting a rise in business activity (+20%, up from +10% in October) is the highest for a year, but well below the series average (+39%). That said optimism is stronger than the global average (+18%) and in line with the developed market trend. Where private sector firms continue to foresee a rise in business activity over the coming year, optimism is linked to greater marketing activity and client requests, alongside new product launches. Manufacturers and service providers alike are more upbeat regarding output expectations for the next year. As has been the case since early-2019, the net balance US business activity expectations of goods producers predicting an increase in output is higher than that seen for service providers. The US private sector firms continue to forecast an increase in payroll numbers over the coming year. The net balance of companies that expect employment to grow (+16%) is the highest since February 2019, but below the series average (+19%). Similarly, private sector companies anticipate a stronger increase capital spending than in October. February's net balance, at +9%, was broadly in line with the global (+10%) and developed market (+9%) averages. Stronger confidence towards investment largely stems from the manufacturing sector, where expectations are the highest since October 2018. (Markit)
- **IoD survey: Coronavirus wipes out British business confidence bounce –** The coronavirus outbreak has reversed a recent upturn in British business leaders' optimism, with confidence now at a six-month low, a survey by the Institute of Directors (IoD) showed. The business outlook turned positive at the end of last year after Prime Minister Boris Johnson's election win in December cleared some short-term uncertainty around Brexit. However the outbreak of the coronavirus meant business leaders' outlook on the economy turned negative in March 2020, with one in five survey respondents saying that the outbreak represents a high or severe threat to their business. The IoD called on the government to help businesses by allowing struggling companies to delay tax payments and by extending a government-guaranteed loan scheme. (Reuters)
- **Markit: UK business expectations improve in February –** February data from the IHS Markit UK Business Outlook survey indicate a rise in business optimism across the UK private sector, driven by a post-election boost to growth expectations and receding political uncertainty. The net balance of UK private sector firms forecasting a rise in business activity during the next 12 months reached +46% in February, but the vast majority of survey responses were collected before the final week of the month. Manufacturing optimism (+54%) was the highest since June 2018, while service sector growth expectations (+45%) reached a three-year peak. (Markit)
- **Eurozone's economy slowed in fourth-quarter, imports jump –** The Eurozone's economy grew at a snail's pace in the fourth quarter, figures on Tuesday confirmed, as investments and consumer and government spending just offset the impact of a sharp rise in imports. EU statistics office Eurostat stated that GDP in the 19 countries sharing the single currency rose by just 0.1% in the October-December period, in line with its flash estimate published last month. Eurostat did though revise its figure for YoY growth to 1.0 from 0.9%. The weak quarterly growth follows a strong 0.5% expansion in the first quarter, expansion of just 0.1% in the second and of 0.3% in the third quarter. France and Italy, the zone's second and third largest economies, as well as Finland and Greece suffered contractions in the fourth quarter. Gross fixed capital formation contributed 0.9 percentage points to GDP and household and government spending each 0.1 points. By contrast, net trade stripped 0.8 percentage points from GDP as imports rose by 1.8% while exports increased by only 0.2%. The change in inventories was a negative factor of 0.1 percentage points. In the same data release, Eurostat stated that employment rose by 0.3% QoQ and by 1.1% YoY. (Reuters)
- **Markit: COVID-19 outbreak threatens to unwind renewed optimism in Germany –** The start of 2020 has seen an improvement in German companies' expectations towards the business outlook, with confidence recovering from a ten-year low at the end of 2019. The Business Outlook report from IHS Markit – which was conducted around the third week in February and therefore before the spread of Coronavirus disease 2019 (COVID-19) across Europe – showed the net balance of firms expecting a rise in business activity increasing sharply from -1% last October to +24%. However, profit forecasts remain in negative territory and the impact of COVID-19 represents a growing threat to the business outlook. Service providers are more upbeat about the outlook for activity than their manufacturing counterparts, as has been the case since mid-2018. German business confidence is broadly in line with Eurozone average (net balance at +25%) and compares favorably with the picture globally (+18%). In a turnaround from October, when the survey pointed to the prospect of job losses across the German private sector, businesses on average are now expecting to raise workforce numbers over the next 12 months. The data show a similar pattern with regards to future capital expenditure, with a prospective rise in spending among the country's service providers set to be partially offset by potential cuts in manufacturing. Though back in positive territory, the overall net balance of firms expecting to increase capex (+5%) remains the second lowest in over five years. (Markit)
- **Markit: Strongest expectations for activity growth in France since June 2018 –** The latest IHS Markit France Business Outlook survey indicates stronger expectations for business activity in February compared to last October. In fact, the degree of positivity towards the business outlook has risen to the highest level since June 2018. Similarly, firms report their strongest profit forecasts for two years. On the other hand, businesses are slightly less confident of increases in both employment and capital spending over the next year. Meanwhile, both staff and non-staff cost inflation are expected to rise at softer rates. At the sector level, both manufacturers and service providers anticipate an increase in business activity over the coming 12 months. Moreover, degrees of optimism are stronger than last October in both cases. Manufacturers are at their most confident for a year, while services firms report their strongest expectations for activity growth since February 2018. Similar to the trend for business activity, private sector firms in France are more optimistic of a rise in profitability over the next year.

February data indicate a further softening in hiring plans across the French private sector. Although firms expect to increase staff numbers over the coming year, the degree of positivity is the weakest since October 2016. (Markit)

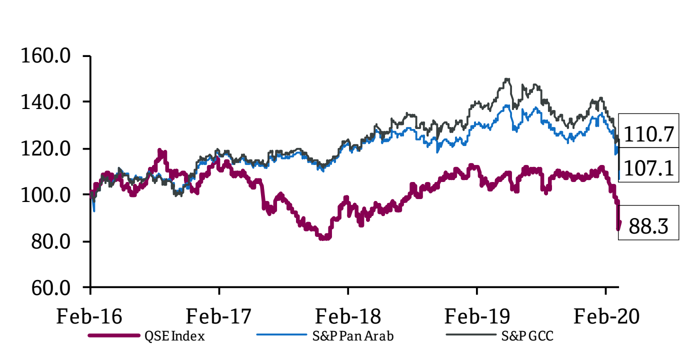
- **Markit: Japanese business sentiment hits survey low in February –** According to the latest IHS Markit Business Outlook survey, Japanese private sector output expectations eroded again in February, with optimism at its weakest since data collection began over ten years ago. Furthermore, the level of positive sentiment is below the global average, with China the only country to record a lower level of confidence by nation. A net balance of +4% of firms forecast greater business activity over the next 12 months. This was a decline from last October (+10%), and the fifth survey period in a row in which confidence has softened. By sector, output expectations were trimmed by both manufacturers and service providers, although the former are the least optimistic of the two. Business sentiment in Japan is markedly lower compared to the global average (+18%), with China (+1%) the only country with weaker growth expectations Hiring intentions remain positive in February, with employment forecast to rise at a similar rate as expected last October. This came despite some firms expecting labor shortages to hinder jobs growth. Capital spending is also projected to rise over the next year, although to a lesser extent than foreseen in October. Overall, investment plans are at their weakest for just over three years as a less upbeat outlook towards capex among manufacturers outweighed a slight pickup in investment plans at service providers. (Markit)
- **Japan unveils $4bn coronavirus package, not yet eyeing extra budget –** Japan unveiled on Tuesday a second package of measures worth about $4bn in spending to cope with the fallout of the coronavirus outbreak, focusing on support to small and mid-sized firms, as concerns mount about risks to the fragile economy. The package, totaling 430.8bn Yen ($4.1bn) in spending, shows how much pressure policymakers are under to bolster fragile growth and stem the risk of corporate bankruptcies, as event cancellations and a slump in tourism threaten to hit the broader economy hard. To help fund the package, the government will tap the rest of this fiscal year's budget reserve of about 270bn Yen, Japanese Prime Minister Shinzo Abe said. (Reuters)
- **Markit: Outlook in China gloomiest on record as COVID-19 virus hits sentiment –** Chinese companies anticipate that business activity will rise only fractionally over the next year, according to the latest IHS Markit Business Outlook survey. The net balance of firms that forecast output to expand over the next 12 months is down notably from +14% last October to just +1% in February, to signal the lowest level of sentiment since the series began in late-2009. The figure is also the weakest recorded of all surveyed countries, and well below the global average (+18%). Manufacturers have revised down their growth forecasts, with the net balance of firms expecting higher output falling from +17% in the previous survey to +9%; the second-lowest figure in 11 years. Service providers meanwhile anticipate a contraction of business activity for the first time in the series history (net balance -6%). Businesses in China expect employment to fall over the next 12 months, which marks the first negative labor market projection since the survey began over a decade ago. Intentions around capital investment over the next year have weakened slightly in February. At +9%, the net balance of firms planning to raise their capex is down from +10% in the previous survey period, but broadly in line with the global average (+10%). (Markit)
- **Markit: Confidence among companies in India rebounds to five-year high in February –** February has seen resurgence in confidence among companies in India, with optimism at a five-year high. The prospect of stronger workloads is set to lead to increases in employment and investment, while forecasts of profits growth have reached the best since late-2016. The business activity net balance is up to +26% in February, much higher than the reading of +14% from last October's decade low and the highest since February 2015. Sentiment in India is well above the average for the emerging markets covered by the survey. Confidence is up across both the manufacturing and service sectors. The IHS Markit India Composite PMI showed output growth accelerating to an eight-year high in February, and anecdotal evidence suggests that the strengthening of demand in the economy witnessed at the start of the year is the principal factor supporting positive expectations. Improved sentiment regarding the outlook for business activity has fed through to greater confidence around hiring and investment plans. The net balance of firms set to raise employment has doubled to +14% in February, with optimism in India above the global average. The revising up of hiring plans was broad-based across the manufacturing and service sectors. Similar trends are evident with regards to investment in both capital and R&D. The capex net balance is the highest since late-2018, driven by improved confidence in the manufacturing sector. (Markit)
- **Reuters poll: India inflation likely fell to a three-month low in February –** India's retail inflation likely cooled from recent highs to a three month low in February, due to moderating food prices, but remained above the Reserve Bank of India's (RBI) target band, a Reuters poll of economists found. Inflation eased to 6.80%, significantly lower than January's 7.59%, according to the March 4-6 poll of more than 40 economists. Forecasts in the poll ranged between 6.10% and 7.65% and 15 contributors expected consumer price inflation over or at 7%, suggesting strong price pressures are lingering. No one expected it to fall to within the RBI's comfort range of 2%-6%. (Reuters)

Regional

- **Fitch: Oil and coronavirus shocks add pressure for MEA –** A sharp drop in oil prices adds to rating pressures for oil-exporting Middle East and Africa (MEA) sovereigns with vulnerable public and external finances, Fitch Ratings (Fitch) stated. A slump in tourism, weakening demand for non-oil exports, and financial volatility associated with the coronavirus epidemic could also pressure rating metrics in the region. Oil prices have slumped as the impact of coronavirus has grown, with the decline accelerating sharply after the collapse of OPEC+ talks on March 6 led to a shift in Saudi Arabia's supply policy. Fiscal deficits will consequently widen in all oil producers. For countries in the GCC, Fitch estimates that a change of $10 in the price per barrel of oil tends to affect government revenues by 2%-4% of GDP. Among large African oil producers, the impact will be 1%-2% of GDP in both Angola ('B-'/'Stable') and Gabon ('B'/'Stable'), and 0.5% in Nigeria ('B+'/'Negative'). This will add to the strain on public finances in some MEA issuers. For higher-rated oil-producing sovereigns in the GCC, such as Abu Dhabi ('AA'/'Stable'), Kuwait ('AA'/'Stable') and Qatar ('AA-'/'Stable'), ample fiscal and external buffers will provide greater headroom to weather the shock. The drop in hydrocarbon prices will benefit oil importers in the MEA region. However, Fitch expects this will be more than offset by other adverse effects linked to the epidemic, such as a drop in external demand and lower remittances, which are sensitive to activity in GCC countries and the Eurozone for most MEA sovereigns. (Bloomberg)

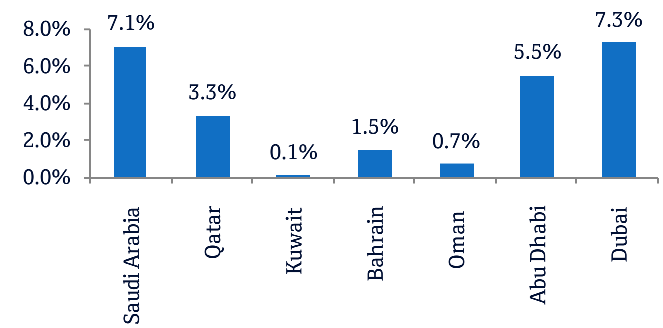
- **Russian ministry, oil firms to meet after OPEC talks collapse –** Russia's Energy Ministry will meet with the country's oil companies to discuss future cooperation with the OPEC, among other issues, according to sources. The meeting was convened following the collapse of talks with OPEC and other oil producers last week which spelled the end of three years of coordinated output cuts aimed at supporting prices and reducing stockpiles. The failure to agree on further action triggered a 25% plunge in oil prices on Monday towards $30 per barrel, a four-year low. Russian Energy Minister, Alexander Novak has said curbs on output should be lifted from April 1 once the current deal between OPEC and other producers - a grouping known as OPEC+ - expires. The meeting may provoke debate about whether to return to cooperation with OPEC. (Reuters)
- **No need for OPEC+ meet if no agreement on handling oil market crisis, says Saudi Arabia's Energy Minister –** Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman said he does not see a need to hold an OPEC+ meeting in May-June if there was no agreement on what measures should be taken to deal with the impact of the coronavirus on oil demand and prices. (Reuters)
- **Saudi Aramco to hike April crude supply to 12.3mn bpd –** Saudi Aramco will raise its crude supply, which includes oil to its customers inside the Kingdom and abroad, to 12.3mn bpd in April, according to Saudi Aramco's CEO, Amin Nasser. April's crude supply will be 300,000 barrels per day over the company's maximum sustained capacity of 12mn bpd, Nasser said. The company has agreed with its customers to provide those volumes starting April 1. Supply to the market from production may differ depending on the movement of barrels in and out of storage. The unprecedented hike in crude supply by Riyadh follows the collapse of talks between OPEC and other producers led by Russia - a grouping known as OPEC+ - which had sought to extend their joint efforts to curb supply beyond the end of March. (Zawya)
- **Saudi Arabia, Russia raise stakes in oil production standoff –** Saudi Arabia stated it would boost its oil supplies to a record high in April, raising the stakes in a standoff with Russia and effectively rebuffing Moscow's suggestion for new talks. The clash of oil titans Saudi Arabia and Russia sparked a 25% slump in crude prices. Oil prices LCOc1 recovered some ground on Tuesday, but were still 40% down on the start of the year. US President, Donald Trump spoke with Saudi Crown Prince Mohammed bin Salman in a call to discuss global energy markets, the White House stated. (Reuters)
- **Oman in talks with banks for around $2bn in loans –** Oman is in talks with banks to raise around $2bn in loans, sources said, as part of plans to manage an estimated $6.5bn fiscal deficit that may widen due to plunging oil prices. Oman has piled up debt in recent years to offset the impact of falling crude revenues. Its debt to GDP rate soared to nearly 60% last year from around 15% in 2015, and according to S&P it could reach 70% by 2022. The rapid pace of debt accumulation has raised concerns over its sustainability in view of the slow pace of fiscal and economic reform. This has triggered downgrades by all major credit agencies, which now rate Oman below investment grade. An Omani official confirmed that the Sultanate was talking with banks but declined to give details, citing confidentiality. The sources said the government was in talks for around $2bn in loans. Source added it issued a request for proposals to banks, which are expected to submit responses by the end of this week. Oman has projected a deficit of $6.49bn, or 8% of GDP, this year and planned to cover some 80% of that amount through foreign and domestic borrowing. Its new ruler Sultan Haitham bin Tariq Al-Said said last month the government would work to reduce public debt and restructure public institutions and companies to bolster the economy. His predecessor, Sultan Qaboos, who ruled for nearly 50 years, held back on austerity measures that could have caused unrest. Raising debt via bank loans rather than public bonds could potentially shield Oman from market volatility which could trigger higher borrowing costs. A plunge in oil prices triggered by a price war between Saudi Arabia and Russia, after they failed to agree on production cuts, is likely to further aggravate the Sultanate's finances. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,649.40	(1.8)	(1.5)	8.7
Silver/Ounce	16.89	(0.7)	(2.6)	(5.4)
Crude Oil (Brent)/Barrel (FM Future)	37.22	8.3	(17.8)	(43.6)
Crude Oil (WTI)/Barrel (FM Future)	34.36	10.4	(16.8)	(43.7)
Natural Gas (Henry Hub)/MMBtu	1.91	9.8	8.5	(8.6)
LPG Propane (Arab Gulf)/Ton	31.75	5.8	(12.1)	(23.0)
LPG Butane (Arab Gulf)/Ton	37.25	0.0	(12.9)	(43.9)
Euro	1.13	(1.5)	(0.0)	0.6
Yen	105.64	3.2	0.2	(2.7)
GBP	1.29	(1.6)	(1.0)	(2.6)
CHF	1.06	(1.6)	(0.2)	3.0
AUD	0.65	(1.2)	(2.0)	(7.3)
USD Index	96.41	1.6	0.5	0.0
RUB	71.37	4.1	4.1	15.1
BRL	0.22	1.8	(0.3)	(13.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,051.96	2.8	(4.5)	(13.0)
DJ Industrial	25,018.16	4.9	(3.3)	(12.3)
S&P 500	2,882.23	4.9	(3.0)	(10.8)
NASDAQ 100	8,344.25	5.0	(2.7)	(7.0)
STOXX 600	335.64	(2.4)	(8.4)	(18.7)
DAX	10,475.49	(2.7)	(9.2)	(20.2)
FTSE 100	5,960.23	(1.6)	(8.3)	(23.0)
CAC 40	4,636.61	(2.8)	(9.7)	(21.8)
Nikkei	19,867.12	(1.3)	(3.3)	(12.4)
MSCI EM	964.55	1.8	(4.7)	(13.5)
SHANGHAI SE Composite	2,996.76	1.7	(1.6)	(1.7)
HANG SENG	25,392.51	1.4	(2.9)	(9.7)
BSE SENSEX#	35,634.95	0.0	(5.6)	(17.4)
Bovespa	92,214.50	9.7	(6.3)	(31.2)
RTS	1,094.18	(13.0)	(13.0)	(29.4)

Source: Bloomberg (*$ adjusted returns, #Market was closed on March 10, 2020)

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