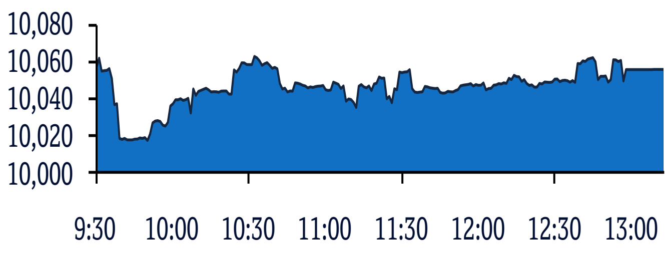
Daily Market Report

Wednesday, 14 October 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined marginally to close at 10,056.9. Losses were led by the Industrials and Consumer Goods & Serv. indices, falling 0.6% and 0.5%, respectively. Top losers were Salam International Investment Ltd and Investment Holding Group, falling 2.9% and 2.4%, respectively. Among the top gainers, Qatar Cinema & Film Distribution gained 9.9%, while Dlala Brokerage & Investment Holding was up 5.3%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.7% to close at 8,601.1. Gains were led by the Consumer Services and Capital Goods indices, rising 2.3% and 2.1%, respectively. Saudi Cable Company rose 10.0%, while Red Sea International Co. was up 7.8%.

Dubai: The DFM Index gained 0.1% to close at 2,237.4. The Services index rose 3.3%, while the Transportation index gained 1.4%. Emirates Refreshments Company rose 14.8%, while Union Properties was up 10.6%.

Abu Dhabi: The ADX General Index gained 0.3% to close at 4,545.2. The Consumer Staples index rose 1.8%, while the Real Estate index was up 1.4%. Arkan Building Materials Company rose 5.0%, while Abu Dhabi Commercial Bank was up 2.3%.

Kuwait: The Kuwait All Share Index fell 0.3% to close at 5,762.0. The Insurance index declined 1.1%, while the Telecom. index fell 0.9%. Dar Al Thuraya Real Estate Company declined 9.6%, while Ream Real Estate Company was down 5.9%.

Oman: The MSM 30 Index gained 0.3% to close at 3,594.7. Gains were led by the Industrial and Financial indices, rising 0.6% and 0.2%, respectively. Al Anwar Ceramic Tiles Co. rose 3.8%, while Sohar International Bank was up 2.2%.

Bahrain: The BHB Index gained 0.3% to close at 1,482.2. The Insurance index rose 2.9%, while the Industrial index gained 0.5%. Arab Insurance Group rose 14.9%, while Trafco Group was up 5.3%.

Market Indicators	13 Oct 20	12 Oct 20	%Chg.
Value Traded (QR mn)	479.0	421.6	13.6
Exch. Market Cap. (QR mn)	599,246.8	597,425.9	0.3
Volume (mn)	252.6	228.8	10.4
Number of Transactions	9,042	8,443	7.1
Companies Traded	47	46	2.2
Market Breadth	22:23	25:20	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,333.99	(0.0)	0.2	0.8	16.4
All Share Index	3,112.92	0.0	0.2	0.4	17.4
Banks	4,160.65	(0.1)	(0.1)	(1.4)	14.3
Industrials	2,966.55	(0.6)	(0.3)	1.2	25.7
Transportation	2,830.18	0.4	(0.1)	10.7	13.4
Real Estate	2,090.01	0.8	1.1	33.5	16.5
Insurance	2,316.44	2.9	6.2	(15.3)	32.9
Telecoms	933.50	0.7	(0.2)	4.3	15.7
Consumer	8,164.52	(0.5)	0.7	(5.6)	24.7
Al Rayan Islamic Index	4,222.91	(0.0)	0.4	6.9	18.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Comm. Bank	Saudi Arabia	41.95	6.9	8,702.0	(14.8)
Samba Financial Group	Saudi Arabia	30.00	6.4	6,504.6	(7.6)
Ezdan Holding Group	Qatar	2.22	3.5	50,723.0	261.0
Abu Dhabi Comm. Bank	Abu Dhabi	5.83	2.3	8,137.3	(26.4)
Sohar International Bank	Oman	0.09	2.2	285.3	(12.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bupa Arabia for Coop. Ins.	Saudi Arabia	127.40	(3.5)	107.7	24.4
Saudi Arabian Mining Co.	Saudi Arabia	41.60	(1.7)	771.0	(6.3)
Saudi Electricity Co.	Saudi Arabia	19.58	(1.5)	2,929.1	(3.2)
Mabanee Co.	Kuwait	0.73	(1.4)	2,027.5	(14.5)
Agility Public Wareh. Co.	Kuwait	0.70	(1.3)	4,988.4	(2.0)

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 Cinema & Film Distribution	4.19	9.9	1.1	90.5
Dlala Brokerage & Inv. Holding Co.	2.23	5.3	7,504.6	265.0
Qatar Insurance Company	2.35	4.2	4,383.4	(25.8)
Ezdan Holding Group	2.22	3.5	50,723.0	261.0
Ahli Bank	3.39	2.7	75.0	1.7

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.69	(2.9)	11,815.4	34.2
Investment Holding Group	0.65	(2.4)	36,649.1	14.7
Doha Insurance Group	1.16	(1.9)	562.3	(3.3)
Qatar First Bank	1.81	(1.9)	2,564.4	121.3
Qatar Oman Investment Co.	0.89	(1.3)	3,860.7	32.6

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	2.22	3.5	50,723.0	261.0
Qatar Aluminium Manufacturing	1.09	1.2	47,282.8	40.1
Investment Holding Group	0.65	(2.4)	36,649.1	14.7
Baladna	2.18	0.1	19,740.7	118.3
Salam International Inv. Ltd.	0.69	(2.9)	11,815.4	34.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	2.22	3.5	111,315.1	261.0
Qatar Aluminium Manufacturing	1.09	1.2	51,871.7	40.1
Baladna	2.18	0.1	43,662.2	118.3
QNB Group	18.10	0.0	41,024.0	(12.1)
Investment Holding Group	0.65	(2.4)	23,809.4	14.7

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,056.86	(0.0)	0.2	0.7	(3.5)	129.81	162,216.1	16.4	1.5	3.9
Dubai	2,237.36	0.1	1.0	(1.6)	(19.1)	76.37	85,380.3	8.1	0.8	4.3
Abu Dhabi	4,545.18	0.3	0.7	0.6	(10.5)	125.19	186,288.1	16.6	1.3	5.4
Saudi Arabia	8,601.07	0.7	2.2	3.6	2.5	3,313.11	2,460,326.0	31.0	2.1	2.3
Kuwait	5,762.04	(0.3)	0.7	5.8	(8.3)	228.93	105,077.6	31.8	1.4	3.4
Oman	3,594.65	0.3	(0.3)	(0.6)	(9.7)	27.42	16,337.6	10.6	0.7	6.9
Bahrain	1,482.24	0.3	1.6	3.3	(7.9)	4.08	22,644.6	13.8	0.9	4.5

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

Qatar Market Commentary

- The QE Index declined marginally to close at 10,056.9. The Industrials and Consumer Goods & Services indices led the losses. The index fell on the back of selling pressure from Qatari shareholders despite buying support from GCC, Arab and Foreign shareholders.
- Salam International Investment Limited and Investment Holding Group were the top losers, falling 2.9% and 2.4%, respectively. Among the top gainers, Qatar Cinema & Film Distribution Company gained 9.9%, while Dlala Brokerage & Investment Holding Company was up 5.3%.
- Volume of shares traded on Tuesday rose by 10.4% to 252.6mn from 228.8mn on Monday. However, as compared to the 30-day moving average of 352.2mn, volume for the day was 28.3% lower. Ezdan Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 20.1% and 18.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	51.45%	55.63%	(20,044,025.0)
Qatari Institutions	20.23%	20.42%	(926,463.7)
Qatari	**71.68%**	**76.05%**	**(20,970,488.6)**
GCC Individuals	1.56%	1.49%	370,884.8
GCC Institutions	0.59%	0.36%	1,116,397.1
GCC	**2.16%**	**1.85%**	**1,487,281.9**
Arab Individuals	13.63%	12.41%	5,855,536.3
Arab	**13.63%**	**12.41%**	**5,855,536.3**
Foreigners Individuals	3.13%	3.42%	(1,353,635.1)
Foreigners Institutions	9.40%	6.28%	14,981,305.5
Foreigners	**12.54%**	**9.69%**	**13,627,670.4**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 3Q2020	% Change YoY	Operating Profit (mn) 3Q2020	% Change YoY	Net Profit (mn) 3Q2020	% Change YoY
United Wire Factories Co.	Saudi Arabia	SR	160.1	-4.9%	21.2	488.9%	17.8	1518.2%
Oman Qatar Insurance*	Oman	OMR	25.2	2.2%	–	–	1.2	-14.1%
Financial Services Co.#*	Oman	OMR	182.2	-26.9%	–	–	(120.2)	N/A
Al Jazeera Services#*	Oman	OMR	5,908.0	7.7%	582.5	-13.2%	1,371.5	10.7%
Al Batinah Power*	Oman	OMR	45.5	2.7%	–	–	12.8	5.0%
Dhofar Poultry Co.	Oman	OMR	6.6	-4.7%	–	–	(0.1)	N/A
Al Suwadi Power*	Oman	OMR	63.4	-1.1%	–	–	13.0	3.2%
Phoenix Power Co.*	Oman	OMR	114.8	4.0%	36.2	0.8%	20.6	5.0%
Al Omaniya Financial Services	Oman	OMR	12.4	-5.1%	–	–	0.8	-73.9%
Oman Cables Industry#*	Oman	OMR	129.9	-16.6%	–	–	2.2	-55.7%
Voltamp Energy	Oman	OMR	26.1	-11.2%	–	–	0.1	-50.8%
Oman United Insurance Co.*	Oman	OMR	24.6	-3.1%	–	–	3.5	109.9%
Al Ahlia Insurance Company*	Oman	OMR	15.2	-18.4%	–	–	3.3	4.2%
Oman Flour Mills Co.*	Oman	OMR	71.1	-0.6%	–	–	8.0	108.6%
Al Jazeera Steel Products Co.*	Oman	OMR	61.1	-21.7%	–	–	0.7	1139.2%
Al Maha Ceramics*	Oman	OMR	6.5	16.9%	–	–	1.0	36.5%
Muscat Insurance Co.#*	Oman	OMR	15,062.0	-3.5%	–	–	11.3	-94.8%
United Finance Co.*	Oman	OMR	5.9	-12.3%	–	–	0.6	100.9%
Sembcorp Salalah Power & Water*	Oman	OMR	54.2	-2.9%	–	–	14.4	24.9%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands, *Financial for FY2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/13	US	Bureau of Labor Statistics	CPI MoM	Sep	0.2%	0.2%	0.4%
10/13	US	Bureau of Labor Statistics	CPI YoY	Sep	1.4%	1.4%	1.3%
10/13	Germany	German Federal Statistical Office	CPI MoM	Sep	-0.2%	-0.2%	-0.2%
10/13	Germany	German Federal Statistical Office	CPI YoY	Sep	-0.2%	-0.2%	-0.2%
10/13	Japan	Bank of Japan	Money Stock M2 YoY	Sep	9.0%	9.0%	8.6%
10/13	Japan	Bank of Japan	Money Stock M3 YoY	Sep	7.4%	7.4%	7.1%

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 3Q2020 results	No. of days remaining	Status
QIBK	Qatar Islamic Bank	14-Oct-20	0	Due
ERES	Ezdan Holding Group	14-Oct-20	0	Due
IHGS	INMA Holding Group	18-Oct-20	4	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	19-Oct-20	5	Due
QEWS	Qatar Electricity & Water Company	19-Oct-20	5	Due
QIGD	Qatari Investors Group	19-Oct-20	5	Due
MCGS	Medicare Group	20-Oct-20	6	Due
WDAM	Widam Food Company	21-Oct-20	7	Due
QNNS	Qatar Navigation (Milaha)	21-Oct-20	7	Due
ABQK	Ahli Bank	21-Oct-20	7	Due
KCBK	Al Khalij Commercial Bank	22-Oct-20	8	Due
QGMD	Qatari German Company for Medical Devices	22-Oct-20	8	Due
CBQK	The Commercial Bank	25-Oct-20	11	Due
QCFS	Qatar Cinema & Film Distribution Company	25-Oct-20	11	Due
VFQS	Vodafone Qatar	26-Oct-20	12	Due
QIIK	Qatar International Islamic Bank	26-Oct-20	12	Due
DBIS	Dlala Brokerage & Investment Holding Company	26-Oct-20	12	Due
BLDN	Baladna	26-Oct-20	12	Due
QGRI	Qatar General Insurance & Reinsurance Company	27-Oct-20	13	Due
IGRD	Investment Holding Group	27-Oct-20	13	Due
QIMD	Qatar Industrial Manufacturing Company	27-Oct-20	13	Due
IQCD	Industries Qatar	27-Oct-20	13	Due
QISI	Qatar Islamic Insurance Group	27-Oct-20	13	Due
DHBK	Doha Bank	27-Oct-20	13	Due
QOIS	Qatar Oman Investment Company	28-Oct-20	14	Due
MPHC	Mesaieed Petrochemical Holding Company	28-Oct-20	14	Due
SIIS	Salam International Investment Limited	28-Oct-20	14	Due
DOHI	Doha Insurance Group	28-Oct-20	14	Due
QFBQ	Qatar First Bank	28-Oct-20	14	Due
MERS	Al Meera Consumer Goods Company	28-Oct-20	14	Due
ORDS	Ooredoo	28-Oct-20	14	Due
UDCD	United Development Company	28-Oct-20	14	Due
AHCS	Aamal Company	28-Oct-20	14	Due
GISS	Gulf International Services	29-Oct-20	15	Due
NLCS	Alijarah Holding	29-Oct-20	15	Due
ZHCD	Zad Holding Company	29-Oct-20	15	Due
AKHI	Al Khaleej Takaful Insurance Company	29-Oct-20	15	Due

Source: QSE

News

Qatar

- **QNBFS will start liquidity provision activity for Qatar National Bank (QNBK) from Thursday, 15 October 2020 –** Qatar Stock Exchange announces that QNB Financial Services (QNBFS) has signed a liquidity provision agreement with Qatar National Bank (QNBK). QNBFS will start liquidity provision activity for Qatar National Bank (QNBK) from Thursday, 15 October 2020. (QNB Group Press Release)
- **AHCS to disclose 3Q2020 financial statements on October 28 –** Aamal Company (AHCS) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 28, 2020. (QSE)
- **IMF: Qatar's real GDP projected to grow at 2.5% in both 2021 and 2022 –** Qatar's real GDP has been projected to rebound and grow at 2.5% in both 2021 and 2022, according to the International Monetary Fund (IMF). In its latest World Economic Outlook, the IMF noted Qatar's real GDP will plunge into negative territory and see a -4.5% change this year. In a July update, the IMF said it expected GCC growth to be negative this year by 7.3%, and it's both in the oil sectors as well as also in the non-oil sector. In terms of impact on budget deficit and external account, those two sectors are the most affected, the Fund said. The IMF said it expects deficits to reach levels of 8% to 10% on average this year. IMF stated, "But the good news is the non-oil fiscal balance is showing more resiliency than the overall balance. Of course, those countries were affected by the return on capital flows that we saw in the beginning of the crisis, but they regained access to international capital markets and they were able to finance at relatively acceptable rates with ample demand their financing need for this year." On GCC economic support measures in view of the COVID-19 pandemic, the IMF noted, "GCC countries have introduced three types of packages, one is a fiscal package to support livelihood of people mostly it was in form of cash transfer, reduction in some bills, defer of tax payments. This was the first element of their response. The second element of their response was to support a certain number of economic sectors by extending liquidity and financing support through central banks." (Gulf-Times.com)
- **Qatar Petroleum books 7.2mn tpy of LNG capacity in UK terminal –** An affiliate of Qatar Petroleum and the UK's National Grid Grain LNG have entered into a long-term agreement for LNG storage and regasification capacity. The 25-year agreement will enable the Qatar Petroleum affiliate to utilize the Isle of Grain LNG receiving terminal in Kent from mid-2025, by subscribing to the equivalent of up to 7.2mn tons per year (tpy) of the terminal's future throughput capacity. The agreement marks the conclusion of Grain LNG's competitive "Open Season" process, which started in November 2019, and is a significant milestone for the future of Europe's largest LNG import terminal. HE the Minister of State for Energy Affairs, Saad Sherida Al-Kaabi, also the President and CEO of Qatar Petroleum said, "By entering into this agreement, we are reaffirming our commitment to the UK's gas market. We believe this agreement will facilitate a greater role for LNG as a reliable, economic, and environmentally friendly source of energy in the UK." Located on the UK's southeast coast in Kent, the Isle of Grain LNG Terminal commenced operations in 2005 and is regulated by the Office of Gas and Electricity Markets (Ofgem). The terminal is currently able to store and deliver enough gas to meet at least 25% of the UK's gas demand. It has 1,000,000 cubic meters of LNG storage capacity spread across eight tanks and an annual throughput capacity of 20bn cubic meters of natural gas. The terminal is operated by National Grid Grain LNG Limited, which has over 30 years of experience in the LNG industry and a best in class safety record. The agreement will allow National Grid to expand its facilities with, amongst others, an additional tank and associated vaporizer capacity, bringing its future annual throughput capacity to 25bn cubic meters of natural gas. (Gulf-Times.com)
- **Decks cleared for the advent of REITs in Qatar's capital market –** Decks have been cleared for the advent of real estate investment trusts (REITs) in Qatar's capital market with the recent cabinet resolution allowing realty investment funds. "The broad contours for the REITs are already there and the new cabinet resolution will help in fine tuning the regulations desired for the investment structure," an analyst with a leading investment house said. As per the global practices, at least 75% of the gross income of the REITs has to be generated from the real estate related sources and are required to distribute at least 90% of their earnings from the realty investments directly to investors. The cabinet resolution No 28 of 2020 allowed real estate investment funds that will specialize in real estate investment in the various regions and this decision will provide an opportunity that was previously unavailable to middle and limited income citizens to invest in the real estate sector. "REITs appear to be a strong contender for the next fund structure to be introduced on the Qatar Stock Exchange, backed by the listing regulations issued in 2015," the Capital Market Report 2020 of Qatar Financial Center (QFC) had said. REITs are basically entities which develop and own 'income generating' real estate properties and generate income in the form of dividends. Their return depends on which type of REITs – whether equity, debt or hybrid. Market experts are of the view that in the medium to long term; there are opportunities for capital growth from high-yield income-producing assets; even as uncertainties exist in the short term. These instruments (REITs) offer investors an affordable and low risk route to invest in a sector that provide long term returns through underlying capital appreciation and dividends, they said. "The review of ownership rules and regulations in the real estate sector to accommodate non-Qatari investors and enhance transparency in the sector is expected to augur well for capital inflows to the sector," a senior official of a leading realty research and valuation company said. The QFC Regulatory Authority had passed amendments to its collective investment schemes to allow retail real estate funds, including REITs. "In Qatar, regulations are in place for offering and listing investment funds and ETFs, so exposure to real assets can be offered to investors seeking diversification of their portfolios and protection against inflation," the report had said. (Gulf-Times.com)
- **Quarantine requirements extended until December 31 –** Quarantine requirements have been extended for all arrivals in Qatar up to December 31, according to information available on the Discover Qatar website. With this, quarantine packages

have also been extended until the end of this year for those who require hotel quarantine. "For all arrivals, including nationals, residents and visa holders, quarantine requirements are now extended up to 31 December 2020," the website says. Quarantine packages were earlier extended until October 31. QID holders need to obtain approval to enter the country by applying for an Exceptional Entry Permit through the Qatar Portal. Once re-entry is approved, the applicant will receive a permit and can then book a self-funded quarantine hotel package, if travelling from a country not on the low-risk list or if the person is not eligible for home quarantine. QID holders returning to Qatar from one of the countries on the low-risk list will be required to self-isolate at home for a period of seven days. (Gulf-Times.com)

International

- **Officials: Global economy's recovery hinges on stimulus, virus battle –** Global finance leaders said the world economy had escaped a coronavirus-triggered collapse so far, but warned that failure to conquer the pandemic, maintain stimulus and tackle mounting debt among poor nations could crush a fragile recovery. At the start of the annual meetings of the International Monetary Fund and World Bank, the IMF issued slightly improved growth forecasts spurred by unexpectedly stronger rebounds from coronavirus lockdowns in the wealthiest countries and China. The IMF said it now expected global GDP to shrink 4.4% in 2020, compared to the 5.2% contraction it predicted in June, when business closures were at their peak. Some $12tn in stimulus supplied largely by advanced economies limited the damage, but poor countries and other emerging market economies faced a worsening picture, the global lender said. “The story is less dire than we thought three months ago, but dire nonetheless,” IMF Managing Director Kristalina Georgieva said during a panel discussion that was held virtually. Georgieva said governments needed to stay focused on their healthcare responses to the coronavirus and must not withdraw stimulus prematurely. “If we cut these lifelines that have been extended to families and businesses before we are out of the health crisis, this could be catastrophic in terms of bankruptcies, unemployment and undoing all that has been done so far,” she added. Underscoring concerns that it could take longer to develop promised treatments for the virus, US drug companies Eli Lilly and Johnson & Johnson said they were pausing clinical trials of an antibody treatment and vaccine, respectively, over safety concerns. (Reuters)
- **G20 to extend debt freeze for poorest nations, still wrangling over next steps –** The G20 group of major economies is poised to extend a multi-billion-dollar debt freeze for the world’s poorest countries to help them weather the coronavirus crisis, and may adopt a common approach to dealing with longer-term debt restructurings. Finance ministers and central bankers from China, the United States and other G20 countries mapped out their plans in a draft communique seen by Reuters on Tuesday, and are due to finalize the wording when they meet online early Wednesday. Preparatory meetings among G20 deputies involved “intense” discussions, according to multiple sources familiar with the talks, noting that China, Turkey and India had balked at language that would lock them into future debt write-offs. Beijing, the largest new creditor for emerging market economies, objected to adoption of a common framework for dealing with debt concerns beyond the G20 debt moratorium, a move backed by the Group of Seven advanced economies, said one of the sources. “The fight is far from over,” the source added. Chinese officials said they could not commit to future debt reductions implied by the common framework, since that would be illegal under Chinese law, the source said. One solution may be to note each country’s need to work through “domestic approval procedures” in a timely manner, a second source said. (Reuters)
- **IMF sees less severe global contraction but trouble in emerging markets –** Forecasts for the global economy are “somewhat less dire” as rich nations and China have rebounded quicker than expected from coronavirus lockdowns, but the outlook for many emerging markets has worsened, the International Monetary Fund (IMF) said. The IMF forecast a 2020 global contraction of 4.4% in its latest World Economic Outlook, an improvement over a 5.2% contraction predicted in June, when pandemic-related business closures reached their peak. The global economy will return to growth of 5.2% in 2021, the IMF said, but the rebound will be slightly weaker than forecast in June, partly due to the extreme difficulties for many emerging markets and a slowdown in the reopening of economies due to the continued spread of the virus. Gita Gopinath, the IMF’s Chief Economist, said some $12tn in fiscal support and unprecedented monetary easing from governments and central banks had helped to limit the damage from the pandemic and support must be maintained. Even then, ending the worst economic crisis since the Great Depression of the 1930s depends on conquering the virus, she said in a news conference. “The virus is resurging with localized lockdowns being reinstituted,” Gopinath said. “Now, if this worsens and prospects for treatments and vaccines deteriorate, the toll on economic activity would be severe and likely amplified by severe financial market turmoil” She warned of a divergent path between wealthier countries and China, which are recovering more quickly, and poorer countries that “are headed towards worse futures than advanced economies.” (Reuters)
- **IMF: Financial system stable 'for now,' but vulnerabilities rising –** Policymakers’ unprecedented response to the global health crisis has contained risks to the financial system, but a prolonged recession or policy missteps could ignite growing vulnerabilities worldwide, the International Monetary Fund (IMF) warned. The world’s largest multilateral lender said that some banking systems could experience capital shortfalls should the economic downturn in those regions continue, and growing debt burdens in both the private and public sectors could pose future challenges to financial markets. Given ongoing uncertainty over how quickly the COVID-19 pandemic can be brought under control, the IMF warned that policymakers need to be prepared to continue to provide broad support, and gradually withdraw it only once the pandemic is fully under control. “As economies reopen, accommodative policies will be essential to ensure that the recovery takes hold and becomes sustainable,” the group wrote in its Global Financial Stability Report ahead of its virtual summit with the World Bank in place of its usual fall in-person gathering. “Many countries have entered the crisis with elevated preexisting

vulnerabilities in some sectors - asset management, nonfinancial firms, and sovereigns - and vulnerabilities are rising," it added. (Reuters)

- **IMF: Health crisis must be ended to halt divergent economic developments –** The International Monetary Fund (IMF) said a resurgence of COVID-19 cases and fresh lockdowns, or deteriorating prospects for a vaccine, would have a severe impact on global economic activity and trigger financial market turmoil. IMF Chief economist Gita Gopinath told reporters that growing restrictions on trade and investment and rising geopolitical uncertainty also posed risks to the IMF's slightly improved economic forecast for 2021. "This pandemic is not over, which means that … there could be even worse outcomes," she said. (Reuters)
- **Used vehicles lift US consumer prices, but inflation slowing –** US consumer prices increased for a fourth straight month in September, with the cost of cars and trucks rising by the most since 1969, but inflation is slowing amid excess capacity in the economy as it gradually recovers from the COVID-19 recession. Though the benign report from the Labor Department on Tuesday will have no direct impact on monetary policy, it should allow the Federal Reserve to keep interest rates near zero for a while and continue with massive cash infusions as it nurses the economy back to health. The US central bank is now more concerned about the labor market and has embraced flexible average inflation targeting, which in theory could see policymakers tolerate price increases above its 2% target for a period of perhaps several years to offset years in which inflation was lodged below its goal. The consumer price index rose 0.2% last month after gaining 0.4% in August. The CPI advanced 0.6% in both June and July after falling in the prior three months as business closures to slow the spread of the coronavirus weighed on demand. A 6.7% jump in the prices of used cars and trucks again accounted for most of the increase in the CPI last month. That was the biggest gain since February 1969 and followed a 5.4% advance in August. The strong increases likely reflect a shortage of used motor vehicles amid an aversion to public transportation because of fears of contracting COVID-19. New motor vehicle prices rose 0.3%. There were also increases in the costs of recreation. But prices for motor vehicle insurance, airline fares and apparel fell. In the 12 months through September, the CPI increased 1.4% after rising 1.3% in August. Last month's inflation readings were in line with economists' expectations. Excluding the volatile food and energy components, the CPI climbed 0.2% after rising 0.4% in August. The so-called core CPI gained 1.7% YoY, matching August's increase. (Reuters)
- **UK's Sunak: there will be opportunities for those who lose jobs –** British Finance Minister Rishi Sunak said there would be new opportunities for people who lose their jobs after data showed a sharp fall in employment and a record rise in redundancies in August. "I've been honest with people from the start that we would unfortunately not be able to save every job. But these aren't just statistics, they are people's lives," Sunak said in a statement. "For those who do lose their job, there will be new opportunities through apprenticeships, traineeships and our 2bn pound Kickstart scheme, and extra work search support which will help to ensure nobody is left without hope." (Reuters)
- **UK jobless rate hits 4.5% as work-protection plan nears end –** Britain's unemployment rate rose by more than expected in the three months to August, before the end of the government's broad coronavirus job-protection plan and the imposition of new restrictions to slow the pandemic. The jobless rate hit 4.5%, its highest in more than three years and above the forecast of 4.3% in a Reuters poll of economists. The number of people counted as unemployed rose by the most since 2009, during the global financial crisis, and the Office for National Statistics revised up its estimate of job losses earlier this year, raising its estimate of unemployment in the three months to July to 4.3%. "Since the start of the pandemic there has been a sharp increase in those out of work and job hunting but more people telling us they are not actively looking for work," Jonathan Athow, the ONS's deputy national statistician, said. "There has also been a stark rise in the number of people who have recently been made redundant." The ONS data showed redundancies jumped by a record 114,000 on the quarter to 227,000, their highest level since 2009. (Reuters)
- **Nikkei: Japan's Suga to order new economic stimulus as early as November –** Japanese Prime Minister Yoshihide Suga will order his government to compile extra economic stimulus measures as early as November, the Nikkei newspaper reported. The move would signal the government's readiness to deploy more support to cushion Japan's economy from the significant disruption to consumers and businesses by the COVID-19 pandemic. The measures could focus on supporting tourism and the restaurant industry from declining consumption, the Nikkei said. There was no change to the government's willingness to roll out economic measures if conditions required it, the top government spokesman said when asked about potential stimulus. "As for financial matters, there is 7.8tn Yen in coronavirus reserve funds remaining. We'll utilize that balance first," Chief Cabinet Secretary Katsunobu Kato told reporters at a news conference. The government may also consider extending a "Go To Travel" initiative to subsidize domestic tourism as part of the stimulus, the Nikkei reported, without saying how it got the information. Japan has already rolled out $2.2tn in fiscal stimulus in response to the health crisis, including cash payouts to households and small business loans that were partly funded via two supplementary budgets. (Reuters)
- **China's imports, exports surge as global economy reopens –** China's imports grew at their fastest pace this year in September, while exports extended strong gains as more trading partners lifted coronavirus restrictions in a further boost to the world's second-biggest economy. Exports in September rose 9.9% from a year earlier, customs data showed on Tuesday, broadly in line with analysts' expectations and up from a solid 9.5% increase in August. The strong trade performance suggests Chinese exporters are making a brisk recovery from the pandemic's hit to overseas orders. As the global economy restarts, Chinese firms are rushing to grab market share as their rivals grapple with reduced manufacturing capacity. China's factory activity has also picked up as international trading gradually resumes. But some

analysts warn exports could peak soon as the demand for Chinese-made protective gear recedes and the base effect of this year's massive declines wears off. Imports surged 13.2% in September, returning to growth from a fall of 2.1% in August and much stronger than expectations for a 0.3% increase. The import strength was broad based for almost all of China's main trading partners. Imports from Taiwan surged 35.8% in September from a year ago, while purchases from the US rose 24.7% on-year. Imports from Australia, however, fell 9.5%. (Reuters)

- **Indian Government allows 20 states to raise $9.4bn in loans to meet revenue shortfall –** India's federal government allowed 20 states to raise market loans amounting 688.25bn Rupees ($9.39bn)to meet revenue shortfall in the current financial year ending in March 2021, a government statement said. On Monday, a meeting between the federal finance minister and state finance ministers had ended without an agreement over who should borrow to cover revenue shortfalls in states. While about 20 states, mainly ruled by Prime Minister Narendra Modi's party and its allies agreed to borrow from the market, around 10 which are run by opposition parties insist that the federal government should borrow and compensate them. (Reuters)

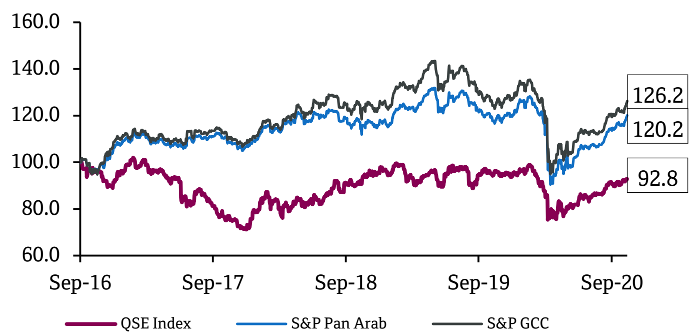
Regional

- **IMF revises down economic forecasts for most Gulf countries –** The International Monetary Fund (IMF) revised down on Tuesday its 2020 real GDP projections for most Gulf countries, as it warned the economic outlook was worsening for many emerging markets amid the coronavirus crisis. The IMF forecast a 2020 global contraction of 4.4% in its latest World Economic Outlook, an improvement over a 5.2% contraction predicted in June, but said it was still the worst economic crisis since the 1930s Great Depression. Countries in the oil-rich Gulf are suffering the double shock of the coronavirus crisis, which is dampening demand in the non-oil economy, and low oil prices, which have been hurting revenue this year. The IMF revised down its previous forecasts for all Gulf countries except Saudi Arabia, which is now expected to contract 5.4% this year, against a previous 6.8% contraction estimate. The UAE - the Gulf's second largest economy - could shrink by 6.6% this year, the IMF said, against a previous forecast of a 3.5% contraction. The biggest revisions were for Oman and Kuwait, which are expected to shrink by 10% and 8.1%, respectively. In April, the IMF had predicted a contraction of 2.8% in Oman and 1.1% in Kuwait. Qatar and Bahrain are expected to see their economies shrink by 4.5% and 4.9%, respectively, the IMF said, against April contraction forecasts of 4.3% and 3.6%. All the Gulf economies, except Oman, are expected to swing back to growth next year, with Saudi Arabia leading the six-nation group, jumping back to 3.1% GDP growth in 2021, the IMF estimated. Economic recovery in the UAE is projected to be slower, with 1.3% growth next year, while Oman is forecast to remain in negative territory, with a 0.5% contraction. (Reuters)
- **OPEC sees market for its crude shrink again as rivals recover –** OPEC trimmed estimates for the amount of crude it will need to pump in the coming year, days before ministers are due to assess the impact of supply curbs on world markets. The OPEC downgraded supply forecasts as its rival producers in the US weather the impact of low prices, and as the resurgent pandemic continues to weigh on global demand. The crude-producer group and its allies are due to hold a monitoring meeting on Monday to consider whether unprecedented output cuts they have made this year are managing to keep the global market in balance. The coalition, led by Saudi Arabia and Russia, is set to relax the curbs at the start of next year and restore some more supplies, but delegates are growing increasingly concerned about whether markets can absorb additional barrels. Compared with last month's report, the organization trimmed estimates for the supply it will need to provide this quarter by 900,000 bpd, to 27.46mn a day. An even bigger reduction was made in September. OPEC is pumping far below this level in order to implement the supply pact. World oil demand will rebound more slowly in 2021 than previously thought as coronavirus cases rise, OPEC said on October 13, adding to headwinds faced by the group and its allies in balancing the market. Demand will rise by 6.54mn bpd next year to 96.84mn bpd, the OPEC said in a monthly report. The growth forecast is 80,000 bpd less than expected a month ago. A further weakening of demand could threaten plans by OPEC and allies to taper in 2021 the record oil output cuts they made this year. OPEC is keeping an eye on the situation but currently has no plan to cancel the supply boost. (Gulf-Times.com, Bloomberg)
- **S&P says GCC banks' lower profitability is here to stay –** Rated banks in the GCC face an uphill struggle in the next 18 months due to the protracted nature of the economic recovery and the gradual withdrawal of regulatory forbearance measures, according to a report published today by S&P Global Ratings titled "GCC Banks: Lower Profitability Is Here To Stay". "Our base case is that a COVID-19 vaccine will be widely available by about mid-2021 and that the oil price will stabilize at an average of $50 per barrel," S&P Credit Analyst, Mohamed Damak said. "We also foresee that the GCC economies will expand by an average of 2.4% in 2021, compared with a contraction of 5.6% in 2020. Without these glimmers of light, things could be even worse for GCC banks." We expect that lending growth will remain muted, with the exception of Saudi Arabia, where mortgages have been expanding rapidly on the back of a government initiative to increase home ownership in the country. The cost of risk will continue increasing as problematic asset recognition accelerates in the absence of additional support measures. Interest revenues will remain below their historical levels due to the US Federal Reserve's policy of lower-for-longer interest rates. Therefore, GCC banks' profitability will continue declining, with a few reporting losses because of their exposure to high-risk asset classes--such as small-to-midsize enterprises and credit cards--or in few instances, because of under-provisioning. This will push banks' management teams to look more carefully at costs and try to leverage opportunities related to fintech and reduce the number of physical branches. In this challenging environment, GCC banks' funding profiles and capitalization provide some support for their creditworthiness. Funding remains dominated by core and stable deposits, with a limited contribution from external funding. Qatar is the exception to this, but the Qatari government's strong willingness and capacity to inject foreign-currency liquidity when necessary mitigate the risks to a large

extent. Capital is strong, both quantitatively and qualitatively, and protects the banks from stronger-than-expected shocks. As of today, 65% of S&P's outlooks on GCC bank ratings are stable and 30% are negative. Only one rated GCC bank has a positive outlook because of an upcoming merger. Downside risks include a lower oil price than S&P expects, an escalation of geopolitical risks, and lack of control over the pandemic by the middle of next year. If such risks materialize, the impact on GCC banks could be much greater than S&P currently forecasts. (Bloomberg)

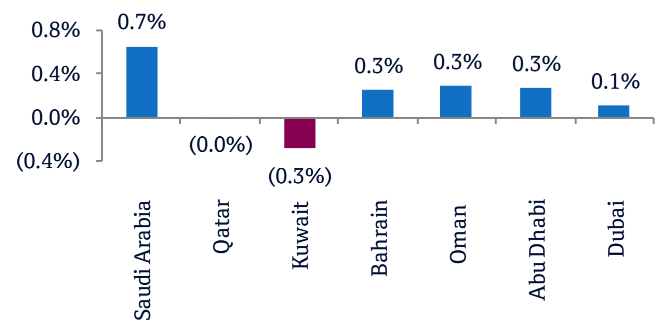
- **Saudi Aramco CEO says 'the worst is behind us' for oil –** Saudi Aramco Chief Executive, Amin Nasser said on Tuesday that "the worst is definitely behind us" for the oil market, as global oil demand is recovering and is currently at 90mn bpd. Nasser said oil demand in China is almost back to its pre COVID-19 levels. (Reuters)
- **Saudi Aramco and BlackRock, others, discussing deal worth over $10bn –** Saudi Aramco is in talks with BlackRock and other investors on a planned deal worth over $10bn to sell a stake in its pipeline business, sources said. The deal, internally dubbed "Project Seek", is still in its initial phase and there is no formal decision on the investors yet, one of the two sources familiar with the matter said. The transaction would be similar to infrastructure deals signed this and last year by Abu Dhabi's national oil company ADNOC. Those raised billions of dollars by leasing its oil and gas pipelines assets to investor partners. The deal would provide Aramco with cash at a time of low oil prices caused by the coronavirus crisis. (Reuters)
- **Saudi Telecom and Rakuten Mobile to Explore Collaboration –** Saudi Telecom and Rakuten Mobile sign a memorandum of understanding (MoU) to explore collaboration opportunities in domains including digital platforms serving telecommunication cloud networks. Aim to accelerate mobile network services with open technology for wireless infrastructure. (Bloomberg)
- **UAE says OPEC+ plans to ease oil cuts from January as agreed –** The Energy Minister from the UAE, Suhail al-Mazrouei said on Tuesday that OPEC+ oil producers will stick to their plans to taper oil production cuts from January. OPEC+ - producers from the OPEC and others including Russia - have been reducing output since January 2017 in a bid to balance the market, support prices and reduce inventories. They are currently curbing production by 7.7mn bpd, down from 9.7mn bpd. "It will be reduced again at the end of this year as we walk to 2021," he told the Energy Intelligence Forum. "We believe that this is the calculated volume to cater for the demand coming back." OPEC+ is due to taper their production cuts by 2mn bpd in January. (Reuters)
- **Dubai's Majid Al Futtaim hires HSBC for sale of district cooling unit –** Dubai's Majid Al Futtaim (MAF), which develops shopping malls across the Middle East, is putting its district cooling unit up for sale, sources told Reuters. District cooling firms deliver chilled water via insulated pipes to cool offices, industrial and residential buildings. MAF has hired HSBC to tender the deal, said the sources, declining to be named as the matter is not public. MAF, which also operates the Middle East franchise of French retailer Carrefour, in a statement on Tuesday said it continually assesses its business portfolio to ensure it remains "fit for purpose and positioned for long term sustainable growth.' "Accordingly, we explore new opportunities on a regular basis, carrying out thorough assessments before committing to any course of action." One of the sources said MAF could seek around AED500mn for the unit, which comprises chillers connected to its hotels and shopping malls. A second source said that MAF had sounded out potential investors over the summer, adding that the company had yet to finalize exactly which assets would be included in the deal, which the source said could be worth around AED1bn. (Reuters)
- **Commercial Bank of Dubai hires banks for perpetual bonds –** Commercial Bank of Dubai has hired a group of banks to arrange a global investor call ahead of a potential issuance of US dollar-denominated perpetual bonds, a document showed. The additional Tier 1 benchmark bonds would be non-callable for six years, according to the document issued by one of the banks leading the deal and seen by Reuters. Perpetual bonds are similar to an equity instrument, which don't have any maturity date. The group of banks includes Citi, Standard Chartered, Barclays, Emirates NBD, First Abu Dhabi Bank, and Nomura, the document showed. Benchmark bonds are generally meant to be at least $500mn in size. (Zawya)
- **Abu Dhabi Exchange launches covered short-selling –** Abu Dhabi Exchange launches covered short-selling. Covered short-selling would allow investors to sell shares in a company they do not own at the time, but which they believe to be over-valued, which creates an obligation to buy them in the future, Abu Dhabi Securities Exchange stated. It said the move is to enhance the presence of long-term investment and limit speculation. It has also amended securities lending and borrowing guidelines, whereby the ownership of shares can be transferred from one party to another on a temporary basis; guidelines place a commitment on borrower to return shares at request of lender at any time, unless otherwise agreed. (Bloomberg)
- **Kuwait shares to get boost from EM event but frustrate later –** Kuwait's stock market could see some outperformance versus emerging markets for now with foreign inflows peaking in February, Morgan Stanley said in a note also highlighting typical sell-off patterns that follow the inclusion of countries in MSCI's emerging markets benchmark. Cumulative foreign inflows to Kuwait since June 2019 remain less than half of total inflows expected from passive funds, Analysts Regiane Yamanari, Marina Zavolock and Matthew Nguyen wrote. Broker estimates $2bn in net inflows from EM passive funds following the upgrade from frontier to EM next month. From a stock perspective, National Bank of Kuwait is the largest name, with highest days to cover from passive inflows, Beyond the inclusion catalyst, factors including expensive valuations, limited upside to oil prices and poor earnings outlook prevent broker from being constructive in the medium term. (Bloomberg)
- **Kuwait sells KD240mn 91-day bills; bid-cover at 11.28x –** Kuwait sold KD240mn of 91-day bills due on January 12, 2021. Investors offered to buy 11.28 times the amount of securities sold. The bills have a yield of 1.25% and settled on October 13, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,891.36	(1.6)	(2.0)	24.7
Silver/Ounce	24.14	(3.8)	(4.0)	35.2
Crude Oil (Brent)/Barrel (FM Future)	42.45	1.7	(0.9)	(35.7)
Crude Oil (WTI)/Barrel (FM Future)	40.20	2.0	(1.0)	(34.2)
Natural Gas (Henry Hub)/MMBtu	2.12	(9.4)	42.3	1.4
LPG Propane (Arab Gulf)/Ton	52.50	1.0	0.2	27.3
LPG Butane (Arab Gulf)/Ton	62.00	2.1	1.6	(5.3)
Euro	1.17	(0.6)	(0.7)	4.8
Yen	105.48	0.1	(0.1)	(2.9)
GBP	1.29	(1.0)	(0.8)	(2.4)
CHF	1.09	(0.6)	(0.5)	5.8
AUD	0.72	(0.7)	(1.1)	2.0
USD Index	93.53	0.5	0.5	(3.0)
RUB	77.04	(0.1)	0.3	24.3
BRL	0.18	(0.7)	(0.7)	(27.9)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,464.18	(0.6)	0.7	4.5
DJ Industrial	28,679.81	(0.5)	0.3	0.5
S&P 500	3,511.93	(0.6)	1.0	8.7
NASDAQ 100	11,863.90	(0.1)	2.5	32.2
STOXX 600	370.96	(1.2)	(0.6)	(6.8)
DAX	13,018.99	(1.5)	(1.0)	2.9
FTSE 100	5,969.71	(1.3)	(1.3)	(22.7)
CAC 40	4,947.61	(1.3)	(0.7)	(13.5)
Nikkei	23,601.78	(0.0)	0.1	2.9
MSCI EM	1,136.42	(0.1)	1.2	2.0
SHANGHAI SE Composite	3,359.75	0.0	1.9	13.7
HANG SENG#	24,649.68	0.0	2.2	(12.1)
BSE SENSEX	40,625.51	0.0	(0.3)	(4.5)
Bovespa	98,502.80	0.4	0.4	(38.6)
RTS	1,156.11	(0.6)	(0.7)	(25.4)

Source: Bloomberg (*$ adjusted returns; #Market was closed on October 13, 2020)

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