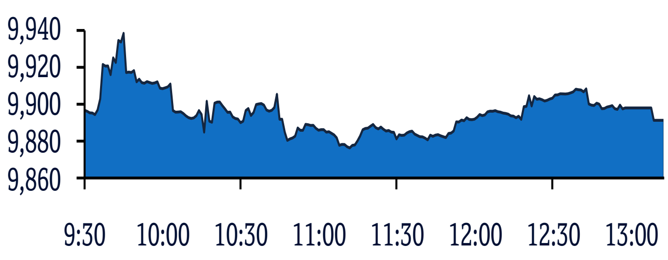
Daily Market Report

Wednesday, 16 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 9,892.5. Gains were led by the Industrials and Consumer Goods & Services indices, gaining 1.0% and 0.7%, respectively. Top gainers were Zad Holding Company and Qatar Oman Investment Company, rising 6.0% and 5.0%, respectively. Among the top losers, United Development Company fell 4.1%, while Qatar Cinema & Film Distribution Company was down 3.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.8% to close at 8,321.7. Gains were led by the Pharma, Biotech & Life and Telecom. Services indices, rising 10.0% and 2.6%, respectively. Saudi Chemical Co. and Wataniya Insurance were up 10.0% each.

Dubai: The DFM Index gained 0.5% to close at 2,293.1. The Telecommunication index rose 1.7%, while the Consumer Staples and Discretionary index gained 1.4%. Ithmaar Holding rose 14.6%, while Aan Digital Services Holding Co. was up 6.6%.

Abu Dhabi: The ADX General Index fell 0.1% to close at 4,509.0. The Energy index declined 1.2%, while the Industrial index fell 0.9%. Methaq Takaful Insurance declined 4.0%, while Abu Dhabi National Energy Company was down 3.6%.

Kuwait: The Kuwait All Share Index fell marginally to close at 5,361.1. The Technology index declined 1.4%, while the Telecom. index fell 0.8%. Investors Holding Group declined 31.6%, while Dar Al Thraya Real Estate was down 8.8%.

Oman: The MSM 30 Index fell 0.2% to close at 3,677.8. Losses were led by the Financial and Industrial indices, falling 0.3% and 0.1%, respectively. Al Omaniya Financial Services declined 3.8%, while Muscat Finance was down 2.0%.

Bahrain: The BHB Index fell marginally to close at 1,401.1. The Commercial Banks index declined 0.1%, while the Investment index fell marginally. BMMI declined 1.3%, while Bahrain Commercial Facilities was down 1.0%.

Market Indicators	15 Sep 20	14 Sep 20	%Chg.
Value Traded (QR mn)	685.2	739.0	(7.3)
Exch. Market Cap. (QR mn)	585,241.8	583,310.7	0.3
Volume (mn)	391.6	433.6	(9.7)
Number of Transactions	12,866	11,403	12.8
Companies Traded	46	47	(2.1)
Market Breadth	20:25	25:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,018.09	0.2	1.3	(0.9)	16.1
All Share Index	3,060.58	0.4	1.4	(1.2)	16.9
Banks	4,058.51	0.4	0.2	(3.8)	13.6
Industrials	3,051.52	1.0	3.0	4.1	26.5
Transportation	2,836.04	(0.0)	0.7	11.0	13.4
Real Estate	1,963.17	(1.6)	8.9	25.4	16.1
Insurance	2,105.52	(0.7)	0.5	(23.0)	32.9
Telecoms	895.06	0.5	(0.2)	0.0	15.1
Consumer	8,104.67	0.7	1.8	(6.3)	25.4
Al Rayan Islamic Index	4,152.37	0.0	2.4	5.1	19.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Kingdom Holding Co.	Saudi Arabia	8.75	8.3	5,640.4	15.9
Emaar Malls	Dubai	1.48	3.5	24,693.6	(19.1)
Saudi British Bank	Saudi Arabia	26.90	3.1	2,867.0	(22.5)
Riyad Bank	Saudi Arabia	19.70	2.9	3,325.2	(17.9)
Saudi Telecom Co.	Saudi Arabia	102.00	2.8	3,081.2	0.2

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Savola Group	Saudi Arabia	49.80	(2.4)	462.2	45.0
Bupa Arabia for Coop. Ins.	Saudi Arabia	122.40	(1.9)	129.9	19.5
Bank Muscat	Oman	0.38	(1.6)	204.9	(9.0)
Almarai Co.	Saudi Arabia	54.60	(1.4)	527.9	10.3
Bank Nizwa	Oman	0.10	(1.0)	12.5	5.3

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%
Zad Holding Company	16.16	6.0	104.2	16.9
Qatar Oman Investment Company	0.95	5.0	24,519.9	42.3
Mannai Corporation	3.13	4.5	863.0	1.8
Qatari German Co for Med. Devices	2.69	4.5	16,688.5	361.3
Mazaya Qatar Real Estate Dev.	1.27	3.9	49,438.5	75.9

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.56	(4.1)	100,563.1	2.6
Mazaya Qatar Real Estate Dev.	1.27	3.9	49,438.5	75.9
Investment Holding Group	0.67	(2.2)	35,915.6	18.6
Alijarah Holding	1.12	2.8	29,928.5	58.2
Qatar Oman Investment Company	0.95	5.0	24,519.9	42.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
United Development Company	1.56	(4.1)	100,563.1	2.6
Qatar Cinema & Film Distribution	3.71	(3.6)	19.9	68.6
Investment Holding Group	0.67	(2.2)	35,915.6	18.6
Qatar General Ins. & Reins. Co.	2.25	(2.2)	17.0	(8.5)
Ezdan Holding Group	1.93	(1.4)	19,161.2	213.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.56	(4.1)	162,414.4	2.6
Mazaya Qatar Real Estate Dev.	1.27	3.9	62,378.2	75.9
Qatari German Co for Med. Dev.	2.69	4.5	44,343.0	361.3
Barwa Real Estate Company	3.59	(0.3)	38,461.0	1.4
Ezdan Holding Group	1.93	(1.4)	36,807.7	213.8

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*	9,892.54	0.2	1.3	0.5	(5.1)	186.33	159,010.2	16.1	1.5	4.0
Dubai	2,293.10	0.5	1.0	2.1	(17.1)	81.60	86,819.6	8.7	0.8	4.2
Abu Dhabi	4,509.00	(0.1)	(0.2)	(0.2)	(11.2)	91.85	182,558.6	16.5	1.3	5.4
Saudi Arabia	8,321.74	0.8	2.3	4.8	(0.8)	3,924.47	2,449,601.7	30.3	2.0	2.5
Kuwait	5,361.14	(0.0)	0.7	1.3	(14.7)	190.91	101,150.3	29.0	1.3	3.7
Oman	3,677.77	(0.2)	(0.2)	(2.5)	(7.6)	1.04	16,550.6	10.9	0.7	6.7
Bahrain	1,401.14	(0.0)	0.8	1.5	(13.0)	4.09	21,331.8	13.0	0.9	5.0

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 0.2% to close at 9,892.5. The Industrials and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from Qatari shareholders despite selling pressure from GCC, Arab and Foreign shareholders.
- Zad Holding Company and Qatar Oman Investment Company were the top gainers, rising 6.0% and 5.0%, respectively. Among the top losers, United Development Company fell 4.1%, while Qatar Cinema & Film Distribution Company was down 3.6%.
- Volume of shares traded on Tuesday fell by 9.7% to 391.6mn from 433.6mn on Monday. However, as compared to the 30-day moving average of 321.3mn, volume for the day was 21.9% higher. United Development Company and Mazaya Real Estate Development Company were the most active stocks, contributing 25.7% and 12.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	56.97%	49.40%	51,868,403.7
Qatari Institutions	16.43%	19.74%	(22,683,303.6)
Qatari	**73.40%**	**69.14%**	**29,185,100.1**
GCC Individuals	1.19%	1.45%	(1,782,637.8)
GCC Institutions	1.49%	2.11%	(4,284,127.0)
GCC	**2.68%**	**3.57%**	**(6,066,764.8)**
Arab Individuals	13.61%	14.07%	(3,191,017.4)
Arab	**13.61%**	**14.07%**	**(3,191,017.4)**
Foreigners Individuals	3.12%	3.34%	(1,498,791.8)
Foreigners Institutions	7.20%	9.89%	(18,428,526.1)
Foreigners	**10.32%**	**13.22%**	**(19,927,317.9)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/15	US	Federal Reserve	Industrial Production MoM	Aug	0.4%	1.0%	3.5%
09/15	US	Federal Reserve	Capacity Utilization	Aug	71.4%	71.4%	71.1%
09/15	US	Federal Reserve	Manufacturing (SIC) Production	Aug	1.0%	1.3%	3.9%
09/15	France	INSEE National Statistics Office	CPI MoM	Aug	-0.1%	-0.1%	-0.1%
09/15	France	INSEE National Statistics Office	CPI YoY	Aug	0.2%	0.2%	0.2%
09/15	China	National Bureau of Statistics	Industrial Production YoY	Aug	5.6%	5.1%	4.8%
09/15	China	National Bureau of Statistics	Industrial Production YTD YoY	Aug	0.4%	0.2%	-0.4%

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

News

Qatar

- **Changes in constituents of QE Index, QE Al Rayan Islamic Index and QE All Share effective from October 1 –** Baladna Company (BLDN) and Aamal Holding (AHCS) will replace Al Meera Consumer Goods Company (MERS) and Vodafone Qatar (VFQS) in the QE Index. Baladna Company and Mazaya Real Estate Development (MRDS) will join the QE Al Rayan Islamic Index, while Zad Holding Company (ZHCD) will be removed from the Index. Baladna Company will join QE All Share Index and QE Consumer Goods and Services Sector Index. These changes will be effective from October 1, 2020. (QSE)
- **UDCD to purchase shares of National Central Cooling Company and Tabreed Energy Investment Company –** United Development Company (UDCD) intends to purchase the shares of National Central Cooling Company and Tabreed Energy Investment Company in Qatar District Cooling Company (Qatar Cool). (QSE)
- **QNB Group becomes the first in Qatar to debut Green Bond offering under its Medium Term Note (MTN) Programme –** QNB Group, the largest financial institution in the Middle East and Africa, announced today the successful completion of QNB Group's first green benchmark bond issuance and first ever green bond issued by a Qatari bank. Under the MTN Programme, USD600 million tranche in the form of Senior Unsecured Notes was issued with a maturity of 5 years and listed on the London Stock Exchange under Sustainable Bond Market segment. The proceeds from this green bond issuance will be used to finance and/or refinance assets in verified Eligible Green Projects. QNB Group received subscriptions in excess of USD1.8 billion demonstrating the global investor's confidence in QNB Group's solid financial fundamentals and strong financial performance. The issuance was part of QNB Group's ongoing strategy to ensure diversification of funding in terms of type, tenor and geography as an example of commitment to ESG principles. (Press Release)
- **Moody's: Qatari banks' first-half profit strong despite higher provisioning –** Qatari banks continue to have strong income-generating capability with their first half profit remaining strong despite higher provisioning costs related to the coronavirus outbreak, Moody's Investor Service (Moody's) has said in a report. The eight rated Qatari banks' combined 1H2020 results continued to be strong, although deteriorating slightly with an aggregate return on assets (ROA) of 1.3% in the first half of the year from 1.4% in 2019. The combined net profit for these banks declined by 9% to QR10.5bn compared to the same period last year. Four of the eight banks reported lower net profits, Moody's noted. The decline in bottom line profitability was mainly driven by higher coronavirus-related provisioning, partially offset by cost savings. "We expect that bottom line profitability will deteriorate slightly further in 2020 to a ROA of 1.2% in the context of slow economic activity; however, at these levels it will remain relatively strong. We project real GDP to contract by 4.1% in 2020, impacted by the coronavirus outbreak in conjunction with lower oil prices. However, we expect some merger activity in the current environment, as banks will seek opportunities to boost their profitability," Moody's noted. Despite higher provisioning costs related to the coronavirus outbreak, the Qatari banks continue to have strong income generating capability. The downside is also limited as the domestic government's footprint in the banks is significant as an owner, depositor and customer, insulating the banking sector to some extent to exogenous events. Additionally, the stimulus and support package of QR75bn, equivalent to around 13% of nominal GDP, announced on March 15 is likely to limit the damage to some extent. (Gulf-Time.com)
- **Moody's: Manageable increase in Qatari banks' provisioning expected in 2020 –** Moody's Investor Service (Moody's) expects only a limited further deterioration in asset quality of the Qatari banks in the second half of the year and a manageable increase in provisioning expected for 2020. According to Moody's, Qatari banks' lending books are heavily skewed toward government or related entities, accounting for 29% of total loans as of June 2020, and these loans will be more resilient. "Retail exposure is mainly to Qatari nationals where job losses have been negligible, and the real estate market is in a cooling-off period for the past few years and new lending to the sector has therefore been relatively limited. Together these factors will limit the increase in provisioning costs, supporting Qatari banks' profitability," Moody's said. Driven by the coronavirus outbreak, loan-loss provisioning costs increased in 1H2020, consuming 26% of pre-provision income, up from 17% in 1H2019. Moody's expects provisions to rise further, reflecting problem loan formation as weaker economic activity makes it harder for borrowers to meet their repayments, particularly in the real estate, construction and contracting sectors. However, the banks' large exposure to the strongly rated Qatar (Aa3 stable) sovereign will shield overall loan performance to a large extent, Moody's noted. The banks preserved their capital buffers in 1H2020, supported by lower dividend payout ratios and strong earnings. The banks' aggregate tangible common equity to risk-weighted assets (TCE ratio) stood at 14.7% as of June 2020 compared with 14.6% as of June 2019. (Gulf-Times.com)
- **Al-Kuwari holds meetings on sidelines of third Qatar-US Strategic Dialogue –** HE the Minister of Commerce and Industry Ali bin Ahmed Al-Kuwari held separate meetings with Wilbur Ross, US Secretary of Commerce; Tom Donohue, CEO, US Chamber of Commerce, and Khush Choksy, senior Vice President (Middle East and Turkey Affairs) at the US Chamber of Commerce. The meetings were held on the sidelines of the third Qatar-US Strategic Dialogue, which took place in Washington on September 14-15. Al-Kuwari also met with President of the US-Qatar Business Council, Anne Patterson and the council's Executive Director, Mohamed Barakat. Discussions centered around efforts to bolster the contribution of the council to the advancement of shared interests and mechanisms for the development of communication channels between Qatari and American companies, and business events in both countries. Discussions touched on the promotion of bilateral relations and the development of joint co-operation, particularly in the fields of trade, investment and industry. Other subjects on the agenda included the development of bilateral trade policies, the implications of the COVID-19 virus pandemic on economic and trade dynamics in both countries,

and the efforts undertaken by both sides to confront the economic repercussions of the crisis. (Gulf-Times.com)

- **Qatar seeks investment opportunities with US –** Qatar is seeking to explore new investment opportunities with the US, including in US infrastructure projects, a senior official told a virtual session on commercial cooperation, organized on Tuesday within the framework of the third Qatar-US Strategic Dialogue. Qatar is keen to strengthen cooperation with the US to pursue the development of an ecosystem that reflects positively on both countries, including the necessary frameworks to protect intellectual property and provide guarantees for investors, stated Ministry of Commerce and Industry (MoCI) undersecretary Sultan bin Rashid Al-Khater. "The third Qatar-US Strategic Dialogue was being held at a time of considerable global economic uncertainty and challenging trade dynamics," Al-Khater said while recalling that the events of recent months following the outbreak of the COVID-19 pandemic have been unprecedented, and serve to remind all parties of the importance of global commercial relationships and supply chains. "Qatar's commercial relationship with the US serves as a strong foundation for bilateral ties, and by all measures is vital and getting stronger. I look forward to organizing in the US the second round of the Economic Roadshow, which was postponed due to the COVID-19 outbreak," the official said. The Qatari-US trade relations have gained considerable momentum since the signing of the Trade and Investment Framework Agreement (TIFA) in 2004, with total trade now eight times more than it was 16 years ago, and twice the value of 2017, he observed. (Gulf-Times.com)
- **Qatar-US 2021 Year of Culture to foster mutual understanding –** The Qatar-US 2021 Year of Culture is intended to enhance cultural and artistic exchange and exemplifies the renewed commitment of the two nations to foster mutual understanding and promote intercultural dialogue. Qatar Museums (QM), under the leadership of its chairperson HE Sheikha Al Mayassa bint Hamad bin Khalifa al-Thani, had announced on Monday that the US will be the official partner nation for the 2021 Year of Culture. A co-operative agreement was signed in this regard between Qatar and the US during the third 2020 Qatar-US Strategic Dialogue in Washington, DC. (Gulf-Times.com)
- **US Chamber of Commerce to play key role in next US-Qatar high-level meetings –** The US Chamber of Commerce would be playing a key role in the staging of high-level events between the US and Qatar slated to be held in America post COVID-19, a top chamber said on Tuesday. US Chamber of Commerce senior vice president for Middle East and Turkey Affairs Khush Choksy made the statement in the wake of the third US-Qatar Strategic Dialogue held Monday in Washington, DC. During the strategic dialogue, HE the Minister of Finance Ali Shareef Al-Emadi announced the hosting of an investment forum as part of initiatives to strengthen investment ties between the US and Qatar. (Gulf-Times.com)
- **Number of operating factories in Qatar's industrial sector rises to 915 –** Qatar's industrial sector has witnessed an increase in the number of operating factories to 915 as of September. Foreign investors may tap into the country's infrastructure projects related to the FIFA World Cup 2022 and as well as opportunities in a thriving industrial sector, Undersecretary of the Ministry of Commerce and Industry, Sultan bin Rashid Al Khater, said yesterday. He was chairing the digital session on commercial cooperation which was held within the framework of the third Qatar-US strategic dialogue. During the event, Al Khater called for further bilateral cooperation to address the current economic challenges, and said he looked forward to organizing the second Economic Roadshow in the US. He added that Qatari, US trade relations have gained considerable momentum since the signing of the Trade and Investment Framework Agreement (TIFA) in 2004, with total trade now eight times more than it was 16 years ago and twice the value of 2017. (Peninsula Qatar)
- **Ashghal starts infrastructure project in Al Wajba East –** Public Works Authority (Ashghal) has announced the commencement of the QR263mn Roads and Infrastructure Project in Al Wajba East-Package 1, as part of the plan to provide an integrated infrastructure and an advanced road network throughout the country. The project, located in the East Al Wajba area, west of Umm Al Dome Street and north of Rawdat Al Naser Street, is aimed at providing a network of internal streets in the area and raising the level of safety. These are in addition to creating an integrated infrastructure to respond to the requirements of the population and urban growth in the future. Divided into three geographical areas, the project will be implemented in succession. Each phase will take one year for completion. The entire project is scheduled to be completed in the second quarter of 2023. The project is being implemented by Galfar Al Misnad Engineering and Contracting Company. (Gulf-Times.com)
- **Qatar 2022 stadiums hosting matches –** Three FIFA World Cup Qatar 2022 stadiums are hosting the AFC Champions League (West) matches from the group stage to the semi-finals, which are taking place from September 14 to October 3, 2020. Along with Jassim bin Hamad Stadium, which is home of former AFC Champions League winners Al Sadd SC, Khalifa International Stadium, Education City Stadium and Al Janoub Stadium will host matches during the tournament. The tournament will be played over a total of 39 matches with 32 in the group stage, four round of 16 matches, two quarter-finals and one semi-final. (Qatar Tribune)

International

- **WTO finds Washington broke trade rules by putting tariffs on China; ruling angers US –** The World Trade Organization (WTO) found on Tuesday that the United States breached global trading rules by imposing multibillion-dollar tariffs in President Donald Trump's trade war with China, a ruling that drew anger from Washington. The Trump administration says its tariffs imposed two years ago on more than $200bn in Chinese goods were justified because China was stealing intellectual property and forcing US companies to transfer technology for access to China's markets. But the WTO's three-member panel said the US duties broke trading rules because they applied only to China and were above maximum rates agreed to by the US. Washington had not then adequately explained why its measures were a justified exception, the panel concluded. China's Commerce Ministry said Beijing supported the multilateral trading system and respected WTO rules and rulings and hoped Washington would do the same. The decision will have little immediate effect on the US tariffs and is just the start of a legal process that could take years to play out, ultimately leading to the WTO approving retaliatory measures if it is upheld - moves that China has already taken on its own. The US is likely to appeal Tuesday's ruling. That would put the case into a legal void, however, because Washington has already blocked the appointment of judges to the WTO's appellate body, preventing it from convening the minimum number required to hear cases. (Reuters)

- **Trump says 'will have to do something' about WTO after China ruling –** US President Donald Trump said on Tuesday he was not aware of the World Trade Organization (WTO) ruling on a trade dispute with China but said he would take a look at it. Trump reiterated that he was not a fan of the WTO, which said on Tuesday that the US had breached global trading rules by imposing multi-billion dollar tariffs in Trump's trade war with China. Asked about the decision as he left the White House, Trump said he had not seen it. "Then we'll have to do something about the WTO because they've let China get away with murder," he said. "We'll take a look at that. But I'm not a big fan of the WTO - that I can tell you right now. Maybe they did us a big favor." (Reuters)
- **US manufacturing output rises, but momentum slackening as COVID-19 lingers –** US factory production increased for a fourth straight month in August, but the recovery is showing signs of strain, suggesting business investment in equipment could remain depressed through the end of the year as the COVID-19 pandemic drags on. The report from the Federal Reserve on Tuesday added to data on the labor market that has indicated a stall in overall economic activity because of the coronavirus' persistence and fading fiscal stimulus. The ebbing economic recovery, accompanied by warming inflation, is likely to dominate the US central bank's two-day policy meeting, which started on Tuesday. Manufacturing production rose 1.0% last month after advancing 3.9% in July. The Fed noted that "the gains for most manufacturing industries have gradually slowed since June." Factory output remains 6.7% below its February level. Economists polled by Reuters had forecast manufacturing output would rise 1.2% in August. Government financial aid to businesses and the unemployed has virtually dried up, and talks on another package are at an impasse. At least 29.6 million people were on unemployment benefits in August. Government money was credited for the sharp rebound in economic activity. Cheaper crude oil because of the pandemic is also hurting oilfield services and equipment firms. (Reuters)
- **US import prices increase more than expected in August –** US import prices increased more than expected in August and gains in the prior month were revised sharply higher, supporting views that inflation pressures were building up. The Labor Department said on Tuesday import prices rose 0.9% last month. Data for July was revised higher to show import prices accelerating 1.2% instead of 0.7% as previously reported. Economists polled by Reuters had forecast import prices, which exclude tariffs, increasing 0.5% in August. In the 12 months through August, import prices fell 1.4% after declining 2.8% in July. (Reuters)
- **US median income hit record in 2019, Census data shows –** US median household income hit a record high in 2019 and the poverty rate fell, according to a government survey released on Tuesday that offered a snapshot of the economy before millions of American jobs were destroyed by the coronavirus pandemic. Census officials cautioned, however, that the COVID-19 outbreak impacted their data collection, which was conducted after lockdowns this year, and may have skewed the results. The US Census Bureau said real median household income jumped 6.8% from $64,324 in 2018 to $68,703 last year - the highest since the agency began tracking the data in 1967. It also said the nation's poverty rate fell last year to 10.5%, a 1.3-percentage-point drop. Another measure of poverty that adjusts for government aid programs for low-income Americans showed a drop to 11.7% last year from 12.8% in 2018. At the same time, however, the number of people without health insurance for at least part of the year hit 29.6mn, up 1mn from the year before. The number of uninsured children also grew. (Reuters)
- **Rising UK unemployment pressures Sunak to renew job support –** Britain's unemployment rate rose for the first time since the coronavirus lockdown began in March, prompting fresh calls for finance minister Rishi Sunak to extend a job subsidy program which is due to expire next month. The unemployment rate increased to 4.1% in the three months to July from the 3.9% level it had clung to since early 2020, in line with the average forecast in a Reuters poll of economists. Sunak's coronavirus job subsidy scheme has shielded millions of workers, and the number of people in employment fell less than feared in the figures published on Tuesday. Although redundancies rose by 48,000 to 156,000, the biggest increase in over 10 years, so far they are well below their peak during the 2008 financial crisis. Job losses are likely to accelerate in September and October when employers, many of whom are already worried about the prospect of a Brexit trade shock in the coming months, will have to pay more towards the cost of the furlough scheme. Sunak - who has said he cannot keep extending the job protection scheme, which is estimated to cost 54bn Pounds ($70bn) over its March-October duration - faced calls from lawmakers in his own Conservative Party to give targeted help to workers in sectors hardest hit by the pandemic. (Reuters)
- **UK jobless rate rises for first time since COVID-19 lockdown –** Britain's unemployment rate rose for the first time since the coronavirus lockdown began in March, official data showed on Tuesday. The unemployment rate increased to 4.1% in the three months to July from 3.9% in the April-June period, the Office for National Statistics said. Economists polled by Reuters had expected the unemployment rate to rise to 4.1%. However, a fall in the number of people in employment was less severe than expected at 12,000, compared with a median forecast for a fall of 125,000 in the Reuters poll. (Reuters)
- **UK firms hail victory in battle over COVID-19 insurance claims –** London judges have ruled that some of the world's biggest insurers were wrong to reject tens of thousands of claims from small firms battered by the COVID-19 pandemic, Britain's Financial Conduct Authority (FCA) said on Tuesday. The FCA, which brought the test case against eight insurers, said the court had found in favor of policyholders' arguments on the majority of key issues in a complex, 162-page judgment. However, some of the insurers said the ruling meant they wouldn't have to pay out, or would have to pay out much less

than modelled in a worse-case scenario, and Britain's Federation of Small Businesses called the judgment a "partial" victory. The lawsuit has been closely watched because it is estimated to affect 370,000 businesses and billions in insurance claims. The regulator has estimated the case could affect more than 60 insurers and 700 different types of policies because many insurance policies have similar wording. It is also being watched overseas, the LIIBA insurance brokers' trade body said. Small businesses - from cafes, wedding planners and beauty parlours to events businesses - have said they faced ruin after attempts to claim compensation for business losses during the pandemic, which has prompted the most stringent government restrictions in peacetime history, were rejected by insurers. (Reuters)

- **Nielsen: British home working drives 5.3% August grocery sales growth –** British grocery sales rose by 5.3% YoY in the four weeks to Sept. 5, boosted by households working from home during the coronavirus pandemic, industry data on Tuesday showed. Market researcher Nielsen said, however, that the growth was down from 7% in last month's report, adding that supermarkets in Britain had continuing strong online sales over the period, up 102%, while sales at stores fell by 1.6%. "Food retail sales are still being boosted by households working from home, and such disruptions are expected to continue for the foreseeable future," Nielsen's UK Head of retailer and business insight, Mike Watkins said in a statement. The supermarket industry was expected to remain more resilient than other types of consumer spending, Watkins said, forecasting sales growth of more than 6% for groceries in the last few months of the year, compared to flat growth seen at the end of 2019. Morrisons, Britain's fourth largest supermarket group, was the best performer among the big four grocers, with sales up by 10.4% over the 12 weeks to September 5. (Reuters)
- **German hospitality industry still far below pre-crisis revenues –** The German hotel and restaurant industry in July further recovered from its slump caused by the coronavirus pandemic, but sales were still down more than a quarter when compared to pre-crisis levels, the statistics office said on Tuesday. Revenues were up 21.9% MoM in real terms when adjusted for seasonal effects and declined by 26.8% versus July 2019, the office said in a statement. Catering companies were hardest hit with a decline of 41.9% on the year. The sector was essentially shut down in March as Germany's 16 states introduced wide-ranging distancing measures to slow the spread of the pandemic. Some restaurants temporarily closed while others switched to take-away services to stay afloat. Hotels were hit by a slump in leisure travel and cancelled trade fairs and congresses. (Reuters)
- **France agrees 30mn Euros of aid for ferry companies –** The French government will reimburse 30mn Euros (£27mn) in payroll costs to French ferry companies hit by the coronavirus crisis and Brexit, Prime Minister Jean Castex told parliament. Shipping firms have suffered from lower traffic to and from Britain due to quarantine measures and uncertainty around Britain's exit from the European Union. "We have decided to reimburse all of Brittany Ferries' payroll costs for the 2021 financial year. This represents a commitment of around 15mn Euros," Castex said, adding that an equivalent amount would be offered to other ferry companies. (Reuters)
- **Japan's exports extend double-digit declines as pandemic hits demand –** Japan's exports posted a double-digit slump for a sixth straight month in August as US-bound shipments shrank due to a global demand slowdown from the coronavirus pandemic, casting a shadow over a trade-led recovery from the deep recession. The export decline highlights the immense task Yoshihide Suga, who is assured to be elected prime minister later on Wednesday, faces in driving an economic recovery. Total exports fell 14.8% year-on-year in August, a smaller decline than the 16.1% expected by economists in a Reuters poll, official data showed on Wednesday. That meant exports fell for their 21st straight month, marking the longest run of declines since a 23-month run through July 1987. That followed a 19.2% drop in the previous month. The decline in August was driven by fewer shipments of cars and mineral fuels, though the pace of contraction eased somewhat from July as economic activity showed signs of picking up. (Reuters)
- **MOF: Japan August exports fall 14.8% YoY –** Japan's exports slumped 14.8% in August from a year earlier, down for the 21st straight month, Ministry of Finance data showed on Wednesday, underlining the coronavirus pandemic's heavy hit to global demand. That compared with a 16.1% decline expected by economists in a Reuters poll and followed a 19.2% fall in July. Imports dropped 20.8% in the year to August, compared with the median estimate of an 18.0% decline. The trade balance came to a surplus of 248.3bn Yen ($2.36bn), against the median estimate of a 37.5bn Yen deficit. (Reuters)
- **China hopes US will respect WTO ruling, uphold multilateral trading system –** China said it hoped the United States would respect the rulings of the World Trade Organization (WTO) and take practical actions to maintain the multilateral trading system, the country's commerce ministry said on Tuesday. WTO ruled that additional tariffs imposed by the United States against China in 2018 were inconsistent with global trading rules. (Reuters)
- **China says US bans on Xinjiang imports sabotage global supply chains –** China's foreign ministry said on Tuesday that US import bans on some products from China's Xinjiang region were sabotaging global supply chains. The Trump administration moved on Monday to block US imports of cotton, apparel and other products from five entities in western China's Xinjiang region. (Reuters)
- **China's industrial output accelerates more than expected in August, retail sales turn up –** China's industrial output rose 5.6% in August from a year ago, data showed on Tuesday, expanding for the fifth straight month in a boost to an economy trying to regain its footing from the shock of the coronavirus outbreak earlier in the year. Analysts polled by Reuters had expected annual industrial output growth to have quickened to 5.1% in August from 4.8% gain in July, as more businesses resumed production after Beijing managed to largely contain the epidemic and remove most of the nationwide virus curbs. China's retail sales rose 0.5% last month from a year earlier, expanding for the first time this year, beating analysts' forecast for zero growth and compared with a 1.1% drop in July. Consumption has been slowly picking up following the

relaxation of nationwide containment measures. Fixed asset investment fell 0.3% in the first eight months of the year from the same period in 2019, compared with a forecast 0.4% fall and a 1.6% decline in the first seven months of the year. The world's second-biggest economy has largely managed to bounce back from the health crisis, though intensifying Sino-US tensions over a range of issues and the global demand outlook remain risk factors. (Reuters)

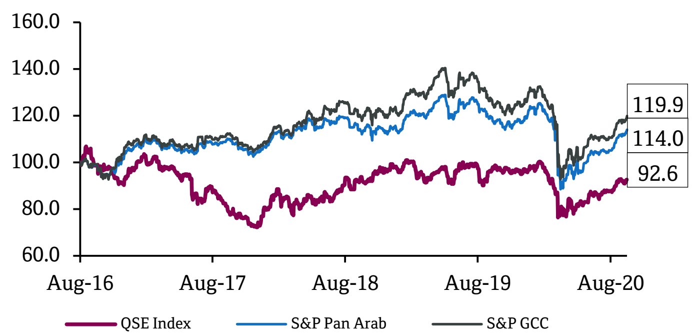
- **China's August property investment growth hits 16-month high –** China's real estate investment rose at the fastest pace in 16 months in August, supported by robust sales, as the property market helped underpin the post-COVID economic recovery. Real estate investment in August rose 11.8% from a year earlier, quickening slightly from 11.7% seen in July, according to Reuters calculations based on data from the National Bureau of Statistics on Tuesday. For January-August period, property investment grew 4.6% on an annual basis, faster than a 3.4% uptick in January-July. China's property market was among the first to recover after the economy reopened this year, thanks to cheaper credit and a relaxation of urban residential curbs, with some analysts warning of a potential bubble in a handful of big cities. But top government officials are keen to keep property prices in check, reiterating its overarching policy of "houses are for living, not speculating" and keeping most of its real estate curbs in cities across China in place. (Reuters)

Regional

- **Saudi August inflation jumps to 6.2% on VAT increase –** Saudi Arabia's consumer price index jumped 6.2% in August compared with the same month last year, the second consecutive rise after a tripling of value-added tax (VAT), official data showed on Tuesday. The annual inflation rate in July reached 6.1%, jumping from only 0.5% in June -- before the VAT increase to 15% from 5% came into effect on July 1. Saudi Arabia, the world's biggest oil exporter, said in May it would triple VAT as it sought to shore up finances hit by the twin shock of low oil prices and the coronavirus pandemic. Food and transport were major contributors to the increase, rising by 13.5% and 8.2% respectively. Tobacco prices jumped 13% while prices at restaurants and hotels rose 7.7% from their level a year ago, the General Authority for Statistics said. "Inflation has clearly been distorted by the tripling of VAT. This is still working its way through the economy, and although month-on-month inflation was quite subdued in August (0.2%), we may see further month-on-month gains in September and October," Group Chief Economist at Samba Financial Group, James Reeve said. While average inflation is set to come in somewhere between 3% and 4% this year, this mainly reflects the weak, non-VAT-affected 2019 base, he said. "The VAT issue will still be a factor in 1H2021, but by the second half of next year I would expect YoY inflation to be back around 0.2%," he added. (Reuters)
- **Saudi Arabia's STC asks banks to pitch for subsidiary IPO –** Saudi Telecom Co (STC) has asked banks to pitch for roles in a potential public offering of its products and services development arm, sources told Reuters. STC, Saudi Arabia's largest telecoms operator, sent a request for proposals to international and local banks last week for Solutions by STC, the sources said. The company did not communicate with banks its planned deal size, they said. STCS last year had over SR5bn of revenues and profit in the range of SR500mn, which would be a sizable offering, they said. The company's valuation could be around SR9bn, if it garners 18-20 times its earnings multiples, sources said. Saudi Telecom is considering selling as much as 30% of the unit, Solutions by STC, although no final decisions have been made and the company may still decide against selling shares, sources said. The final valuation could be higher depending on how much profit it makes over the rest of this year and investor demand for the shares. While Saudi Telecom doesn't break out the financial performance of its subsidiaries, the Riyadh-based company did say that Solutions by STC was one of the two key drivers for a 10% increase in revenue for the second quarter, along with its sales and distribution arm, STC Channels. (Reuters, Bloomberg)
- **EFG Hermes: Saudi Arabia's Mouwasat closer to MSCI upgrade –** Saudi Arabia's Mouwasat Medical Services now has a greater chance of being upgraded from the small cap to standard group by index compiler MSCI in a November review, EFG Hermes says in a note. Mouwasat currently meets all required criteria from liquidity testing to the final free float market cap for standard inclusion, Head of data and index research, Ahmed El Difrawy said. If MSCI upgrades the stock, it could trigger net inflows of $109mn. Mouwasat's upgrade could risk a downgrade to small cap group for Saudi Airlines Catering, with possible outflows of $58mn. (Bloomberg)
- **Saudi Chemical to cooperate with Russian Fund on Covid vaccine –** Saudi Chemical has signed a non-binding one-year MoU with Russian Direct Investment Fund to cooperate on a coronavirus vaccine, it said. The first phase will be to make vaccine available in Saudi Arabia. The second phase will be to focus on transfer of technology to develop vaccine in the country. The MoU is subject to Saudi regulator's approval. It was signed through Saudi Chemical units AJA Pharma and Sitco Pharma. (Bloomberg)
- **IEA: UAE disregards OPEC+ output target with further boost –** The UAE almost entirely disregarded its commitment to OPEC+ production quotas last month, when it opened the taps even further, according to the International Energy Agency (IEA). It is a growing source of friction within the OPEC+ alliance, which has been constraining supply to prop up the market during the coronavirus crisis, and will meet on Thursday to assess its efforts. The UAE implemented just 10% of its agreed cutbacks in August, boosting output by 240,000 barrels a day to 3.11mn a day, according to the IEA's monthly Oil Market Report published Tuesday. That is 520,000 barrels a day above its compliance target. The increase was partially driven by higher production of associated natural gas as the sheikhdom satisfied a summer surge in power generation. The country exported 2.7mn bpd and accumulated crude stockpiles by 115,000 a day, according to the agency, which uses tanker-tracking data from companies such as Kpler Ltd. and Vortexa. In addition, it processed 370,000 bpd at local refineries, and 100,000 bpd of condensate, a type of light oil was "spiked" into crude oil streams, the agency said. The agency revised down its July estimate to 2.87mn bpd from last month's report, when it had assessed UAE output at 3mn bpd. (Bloomberg)

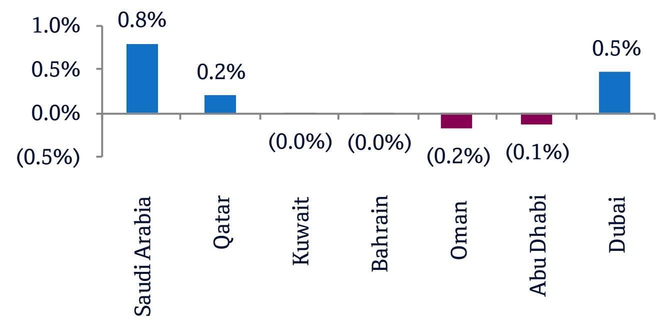
- **Israel's Bank Leumi signs deals with First Abu Dhabi Bank, Emirates NBD –** Bank Leumi said on Tuesday it had signed memorandums of understanding (MoU) with First Abu Dhabi Bank and Emirates NBD, hours before Israel and the UAE are due to sign agreements toward normalizing relations. On Monday, Hapoalim, Israel's biggest bank, said it had signed a memorandum of understanding with Emirates NDB, Dubai's largest bank. Leumi said its agreements with the UAE banks would help enable the countries to implement economic relations. In a symbolic act, it said it had transferred $180 to each bank. Leumi, Israel's second-biggest bank, said it had been approached in recent weeks by dozens of clients seeking to transfer funds to and from the UAE. Until now, they had to do this through European banks, Leumi said. According to the MoUs, the banks agreed to advance ties with financial institutions in both countries, providing services such as clearance, credit lines, and foreign currency trade. Leumi said its subsidiaries Leumi Partners and Leumi Tech would help forge ties between Israeli companies and UAE investors and wealth funds. (Reuters)
- **Dubai's August consumer prices fall 3.69%% YoY and 0.32% MoM –** Dubai Statistics Center has published Emirate of Dubai's consumer price indices for August which showed that consumer prices fell 3.69% YoY and 0.32% MoM. (Bloomberg)
- **Emirates Islamic Bank hires banks for five-year dollar Sukuk –** Emirates Islamic Bank has hired banks to arrange the issuance of US dollar-denominated five-year Sukuk, or Islamic bonds, a document showed on Tuesday. It hired Emirates NBD Capital, HSBC, The Islamic Corporation for the Development of the Private Sector, and Standard Chartered to arrange investor calls that started on Monday ahead of a benchmark issuance, subject to market conditions, according to the document from one of the banks arranging the deal. (Zawya)
- **du to get Dhs800 million from Khazna Data Centre sale –** Telecom operator Emirates Integrated Telecommunications Company (du) will get AED800mn from selling its 26% stake in Khazna Data Centre to Abu Dhabi's Technology Holding Company. Net revenue from the deal could be about AED521mn. It was last week that the du management confirmed there were moves to divest its Khazna stake. Once the transaction is complete, Technology Holding will own 100% in Khazna. These are to be reflected in the telecom operator's third-quarter financials, provided the deal goes through before September 30. The board of directors of du, have agreed to sell 26% indirect stake in Khazna Data centre to the Technology Holding, the company said to Dubai Financial Market's website on September 8. "The company's board has further approved the delegation to the management to conclude the transaction," du added in the statement. The approval was made during the board's meeting on Tuesday. (DFM)
- **Kuwait aims to finish Middle East's biggest LNG terminal by March –** Kuwait aims to open what will be the Middle East's largest import terminal for liquefied natural gas in March, according to sources. The Al-Zour plant will allow Kuwait to receive 22mn tons of LNG (about 31bn cubic meters) a year, almost doubling the region's capacity. The LNG market is expected to grow quickly in the next few decades as countries shift from oil and coal to cleaner energy. The global trade in LNG will probably increase to more than 1,000 bcm annually by 2035 from roughly 425 bcm today, according to BP Plc. Kuwait is one of the world's biggest oil exporters, shipping almost 2 million barrels a day, but pumps relatively little gas. The OPEC member produced 18.4 bcm of gas in 2019 and consumed 23.5 bcm, BP said in a report. It was the Middle East's biggest importer last year and the 14th globally, according to data compiled by Bloomberg. The Arab nation will use less than one-third of Al-Zour's capacity until at least 2030, Bloomberg NEF calculates. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,954.15	(0.1)	0.7	28.8
Silver/Ounce	27.14	0.1	1.5	52.0
Crude Oil (Brent)/Barrel (FM Future)	40.53	2.3	1.8	(38.6)
Crude Oil (WTI)/Barrel (FM Future)	38.28	2.7	2.5	(37.3)
Natural Gas (Henry Hub)/MMBtu	2.19	0.5	13.5	4.8
LPG Propane (Arab Gulf)/Ton	49.75	2.6	5.9	20.6
LPG Butane (Arab Gulf)/Ton	57.50	2.7	7.0	(12.2)
Euro	1.18	(0.2)	0.0	5.7
Yen	105.44	(0.3)	(0.7)	(2.9)
GBP	1.29	0.3	0.7	(2.8)
CHF	1.10	0.0	0.1	6.6
AUD	0.73	0.2	0.2	4.0
USD Index	93.05	(0.0)	(0.3)	(3.5)
RUB	75.01	(0.3)	(0.0)	21.0
BRL	0.19	(0.1)	0.8	(23.8)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,407.98	0.5	1.7	2.1
DJ Industrial	27,995.60	0.0	1.2	(1.9)
S&P 500	3,401.20	0.5	1.8	5.3
NASDAQ 100	11,190.32	1.2	3.1	24.7
STOXX 600	370.96	0.5	1.0	(5.8)
DAX	13,217.67	0.1	0.2	5.5
FTSE 100	6,105.54	1.5	2.0	(21.3)
CAC 40	5,067.93	0.2	0.8	(10.5)
Nikkei	23,454.89	(0.3)	0.9	2.4
MSCI EM	1,112.62	0.8	1.9	(0.2)
SHANGHAI SE Composite	3,295.68	0.9	1.9	10.9
HANG SENG	24,732.76	0.4	0.9	(11.8)
BSE SENSEX	39,044.35	0.5	0.3	(8.4)
Bovespa	100,297.90	0.2	2.4	(34.0)
RTS	1,253.68	2.1	2.5	(19.1)

Source: Bloomberg (*$ adjusted returns)

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