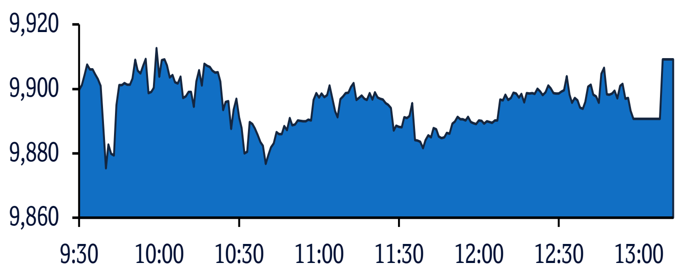
Daily Market Report

Wednesday, 26 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 9,909.1. Gains were led by the Consumer Goods & Services and Real Estate indices, gaining 1.0% and 0.3%, respectively. Top gainers were Medicare Group and Al Khaleej Takaful Insurance Company, rising 4.6% and 3.4%, respectively. Among the top losers, Qatar Industrial Manufacturing Company fell 2.4%, while Mazaya Qatar Real Estate Development was down 2.0%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 7,938.4. Losses were led by the Real Estate and Software & Serv. indices, falling 2.3% and 1.1%, respectively. Jabal Omar Dev. declined 4.3%, while Saudi Re for Coop. Reins was down 3.9%.

Dubai: The DFM Index gained 1.0% to close at 2,304.5. The Telecommunication index rose 3.9%, while the Inv. & Financial Services index gained 2.0%. Ekttitab Holding Company rose 11.5%, while Al Salam Group Holding was up 4.7%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 4,558.7. The Energy index declined 1.6%, while the Insurance index fell 1.2%. Eshraq Investments and Gulf Medical Projects Company were down 4.9% each.

Kuwait: The Kuwait All Share Index gained 0.9% to close at 5,248.5. The Technology index rose 6.6%, while the Consumer Goods index gained 1.7%. Hayat Communications Co. rose 76.7%, while Kuwait National Cinema Co. was up 12.3%.

Oman: The MSM 30 Index gained 1.1% to close at 3,730.1. Gains were led by the Financial and Services indices, rising 1.5% and 0.1%, respectively. Bank Dhofar rose 4.8%, while HSBC Bank Oman was up 3.2%.

Bahrain: The BHB Index gained 0.6% to close at 1,373.8. The Industrial index rose 2.6%, while the Commercial Banks index gained 1.0%. Aluminium Bahrain rose 2.7%, while Ahli United Bank was up 2.0%.

Market Indicators	25 Aug 20	24 Aug 20	%Chg.
Value Traded (QR mn)	547.9	586.0	(6.5)
Exch. Market Cap. (QR mn)	575,295.5	574,726.2	0.1
Volume (mn)	341.9	357.9	(4.5)
Number of Transactions	13,131	12,689	3.5
Companies Traded	44	45	(2.2)
Market Breadth	21:18	28:13	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,049.95	0.2	1.5	(0.7)	16.1
All Share Index	3,069.00	0.2	1.0	(1.0)	16.9
Banks	4,150.13	0.2	(0.5)	(1.7)	13.9
Industrials	2,994.56	(0.1)	6.1	2.1	26.0
Transportation	2,869.89	0.0	(1.0)	12.3	13.6
Real Estate	1,660.84	0.3	2.1	6.1	13.6
Insurance	2,122.78	(0.2)	0.4	(22.4)	32.8
Telecoms	922.48	0.1	0.4	3.1	15.5
Consumer	8,179.22	1.0	1.5	(5.4)	25.7
Al Rayan Islamic Index	4,068.29	0.2	2.2	3.0	19.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bank Dhofar	Oman	0.11	4.8	67,189.0	(10.6)
Aldar Properties	Abu Dhabi	2.15	3.4	41,909.6	(0.5)
HSBC Bank Oman	Oman	0.10	3.2	832.7	(19.8)
Sohar International Bank	Oman	0.10	3.1	1,760.0	(7.3)
Aluminium Bahrain	Bahrain	0.38	2.7	285.0	(9.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Jabal Omar Dev. Co.	Saudi Arabia	26.70	(4.3)	4,449.5	(1.7)
Saudi Arabian Mining Co	Saudi Arabia	40.20	(2.7)	709.2	(9.5)
Abu Dhabi Comm. Bank	Abu Dhabi	5.75	(2.0)	6,884.2	(27.4)
Dar Al Arkan Real Estate	Saudi Arabia	7.95	(1.7)	43,779.0	(27.7)
National Comm. Bank	Saudi Arabia	38.10	(1.7)	2,285.9	(22.6)

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%
Medicare Group	7.65	4.6	3,725.8	(9.5)
Al Khaleej Takaful Insurance Co.	1.91	3.4	9,445.5	(4.5)
Investment Holding Group	0.54	2.7	65,692.5	(4.8)
Qatari Investors Group	2.17	2.2	1,177.4	21.1
Dlala Brokerage & Inv. Holding Co.	1.98	1.9	9,800.2	224.7

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Ind. Manufacturing Co.	3.02	(2.4)	155.7	(15.5)
Mazaya Qatar Real Estate Dev.	1.05	(2.0)	14,884.1	46.2
Qatar Islamic Insurance Company	6.30	(1.6)	191.6	(5.7)
Mannai Corporation	3.00	(1.4)	205.3	(2.6)
Qatar National Cement Company	4.01	(1.4)	276.7	(29.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.54	2.7	65,692.5	(4.8)
Qatar Aluminium Manufacturing	0.96	0.0	43,308.6	22.8
Alijarah Holding	1.01	(0.4)	32,367.2	43.1
Ezdan Holding Group	1.45	0.0	31,507.9	135.0
Salam International Inv. Ltd.	0.53	1.1	22,850.3	2.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	1.45	0.0	45,107.9	135.0
Qatar Aluminium Manufacturing	0.96	0.0	42,122.8	22.8
Barwa Real Estate Company	3.37	1.2	40,188.7	(4.8)
Investment Holding Group	0.54	2.7	35,167.6	(4.8)
Alijarah Holding	1.01	(0.4)	33,048.7	43.1

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*	9,909.12	0.2	1.5	5.8	(5.0)	149.38	156,710.5	16.1	1.5	4.0
Dubai	2,304.50	1.0	3.1	12.4	(16.7)	111.76	87,002.6	8.7	0.8	4.2
Abu Dhabi	4,558.69	(0.2)	0.3	5.9	(10.2)	114.32	187,653.6	16.6	1.3	5.3
Saudi Arabia	7,938.36	(0.2)	1.2	6.4	(5.4)	2,397.21	2,362,432.1	25.6	1.9	3.3
Kuwait	5,248.53	0.9	0.7	5.6	(16.5)	192.65	98,264.8	27.5	1.3	3.8
Oman	3,730.10	1.1	2.8	4.5	(6.3)	4.74	16,815.3	11.1	0.8	6.6
Bahrain	1,373.84	0.6	1.4	6.5	(14.7)	4.81	20,764.7	12.8	0.9	5.2

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 9,909.1. The Consumer Goods & Services and Real Estate indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Medicare Group and Al Khaleej Takaful Insurance Company were the top gainers, rising 4.6% and 3.4%, respectively. Among the top losers, Qatar Industrial Manufacturing Company fell 2.4%, while Mazaya Qatar Real Estate Development was down 2.0%.
- Volume of shares traded on Tuesday fell by 4.5% to 341.9mn from 357.9mn on Monday. However, as compared to the 30-day moving average of 294.4mn, volume for the day was 16.1% higher. Investment Holding Group and Qatar Aluminium Manufacturing were the most active stocks, contributing 19.2% and 12.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	51.56%	56.46%	(26,864,714.3)
Qatari Institutions	21.75%	15.02%	36,899,692.3
Qatari	**73.31%**	**71.48%**	**10,034,978.0**
GCC Individuals	0.79%	1.22%	(2,363,528.8)
GCC Institutions	0.77%	0.04%	3,976,393.6
GCC	**1.56%**	**1.27%**	**1,612,864.9**
Arab Individuals	10.63%	12.74%	(11,571,445.5)
Arab Institutions	–	–	–
Arab	**10.63%**	**12.74%**	**(11,571,445.5)**
Foreigners Individuals	2.56%	2.50%	349,585.8
Foreigners Institutions	11.94%	12.02%	(425,983.2)
Foreigners	**14.50%**	**14.52%**	**(76,397.4)**

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

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
National Gas & Industrialization Co.	Saudi Arabia	SR	479.9	3.6%	1.2	-91.1%	13.3	62.9%
Fawaz Abdulaziz Alhokair Co.	Saudi Arabia	SR	564.9	-67.4%	(412.1)	N/A	(535.6)	N/A
Al-Baha Investment and Dev. Co.	Saudi Arabia	SR	2.9	18.0%	0.7	316.9%	0.4	150.1%
Al Gassim Investment Holding Co.	Saudi Arabia	SR	2.9	-1.8%	1.4	-11.8%	1.0	-32.0%
Kingdom Holding Co.	Saudi Arabia	SR	214.5	-53.7%	(1,004.4)	N/A	(1,126.8)	N/A
Methanol Chemicals Co.	Saudi Arabia	SR	98.5	-34.7%	(21.3)	N/A	(31.3)	N/A
Saudi Industrial Export Co.	Saudi Arabia	SR	12.4	108.6%	(11.3)	N/A	(11.5)	N/A
Saudi Cable Co.	Saudi Arabia	SR	145.2	60.3%	(25.1)	N/A	(16.6)	N/A
National Agricultural Dev. Co.	Saudi Arabia	SR	608.1	0.6%	144.7	177.1%	131.6	1761.8%
Dar Alarkan Real Estate Dev. Co.	Saudi Arabia	SR	464.3	-50.0%	120.6	-23.5%	10.4	-86.2%
Fitaihi Holding Group	Saudi Arabia	SR	5.6	-80.3%	(9.5)	N/A	(16.9)	N/A
Arab Sea Information System Co.	Saudi Arabia	SR	5.3	-38.6%	(1.8)	N/A	(1.9)	N/A

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

News

Qatar

- **ERES appoints the Group Deputy CEO –** The Board of Directors of Ezdan Holding Group (ERES) have appointed Mr. Hani Mohamed E. Dabash - as Group Deputy CEO of Ezdan Holding Group from August 25, 2020. (QSE)
- **IQCD to hold EGM on September 13 –** Industries Qatar (IQCD), one of the region's industrial giants with holdings in petrochemicals, fertilizers and steel producers, will hold an Extra Ordinary General Assembly (EGM) meeting electronically, using Zoom application platform, on Sunday, September 13, 2020 at 4:30 pm Doha Time. The agenda of the Extra Ordinary General Assembly meeting include seeking approval for the purchase of the 25% stake in Qatar Fertiliser Company (QAFCO) from Qatar Petroleum for a purchase consideration of $1bn and the proposed amendments to the Company's Articles of Association concerning the constitution of the Company's Board of Directors. The new composition of the Board of Directors shall come into effect from the upcoming term of the Board that will start from the date of holding the General Assembly meeting to approve the financial statements of the financial year ending 31 December 2020, among others. (QSE, Gulf-Times.com, Peninsula Qatar)
- **KPMG Qatar: 50% of QSE-listed firms show resilience to COVID-19 in 1H2020 –** Almost 50% of listed companies in Qatar showed resilience to COVID-19 economic pressure as per reported earnings during the first half of 2020, KPMG Qatar has said in a report on listed companies' earnings during the 1H2020. While 11 listed companies reported growth in earnings, 13 listed companies reported largely consistent earnings and 25 listed companies reported decline in earnings during the first half of the year, KPMG Qatar said in the report. "A combined total profit reported by 49 listed companies during the half-year ended June

2020 stood at QR15.8bn compared to QR19.9bn during the half-year ended June 2019, a decline of 21%," the report said. "Listed companies operating in consumer, transport and logistics, utility, telecommunication and healthcare sectors showed resilience, whereas listed companies operating in banking and financial services, industrial and manufacturing, diversified businesses predominantly trading, retail and related services, insurance, energy and natural resources (ENR) and real estate sectors were challenged by COVID-19 economic pressure," the report said. (Qatar Tribune)

- **Qatar Free Zones welcomes new 'economy businesses' to set up very fast, enjoy new infrastructure –** Qatar Free Zones welcomes new "economy businesses" to set up very fast and enjoy brand new infrastructure, tailor-made solutions, and the opportunity to partner with top Qatari companies such as Qatar Airways and Qatar Petroleum and support 2022 legacy projects, says its chairman HE Ahmad Al-Sayed. "We have a tried-and-tested a system that has proven its worth during the pandemic. However, there is still much more to be done by all of us," al-Sayed, also Minister of State, said while opening an earlier 'Digital Roundtable' organized by The Business Year and co-hosted by Qatar Free Zones Authority (QFZA). He said the panel of experts has been convened because the pandemic has exposed fundamental weaknesses in the world's global supply chains. He said the logistics industry, in particular, has suffered extensively due to disruptions in the global supply chains, which were evident in the operations of factories and suppliers across the world. Furthermore, the effects of the pandemic have added new stresses to a supply chain system suffering under the rising tide of economic nationalism and protectionism as noted by our colleagues from UNCTAD in their recent FDI report. Add to this, the disruptive technologies of the 'New Industrial Revolution' like automated distribution and manufacturing hubs, or the digitalization of supply chains. (Gulf-Times.com)
- **Qatar banks' assets expand in double digit in July on robust credit offtake –** The private and public sectors witnessed robust credit offtake, leading to Doha's commercial banks' assets expand in double digit YoY in July 2020 amidst Covid-19 challenges, according to the Qatar Central Bank (QCB) data. Total assets of commercial banks stood at QR1.6tn with domestic assets constituting QR1.39tn, or 87%, of the total, and overseas assets at QR0.22bn, or 13% of the total. The domestic assets of the commercial lenders witnessed more than 12% YoY expansion at the end of July 31, 2020 on a robust growth trajectory especially in the case of credit, securities portfolio, investments in associates and subsidiaries and other non-specified assets. In the case of overseas assets, the commercial banks witnessed a marginal 0.23% growth. Total credit of the commercial banks grew about 11% YoY to QR1.09tn at the end of review period. They constituted about 68% of the total assets of the banks. The commercial banks' domestic credit expanded more than 12% YoY to QR1.01trn; whereas overseas credit fell about 7% to QR72.74bn in the review period. Total private sector credit registered about 11% YoY expansion to QR729.69bn, or 67%, of the total credit this July, and public sector credit by about 11% to QR341.9bn, while non-banking finance credit declined about 4% to QR13.98bn in the review period. The commercial banks' total securities portfolio amounted to QR195.51bn, which saw about 7% year increase in July this year. Domestic portfolio was seen growing at 8% to QR177.29bn and overseas portfolio by a marginal 0.22% to QR18.22bn. Of the total QR195.51bn total securities portfolio; debt (conventional) was to the extent of QR115.86bn, which rose about 8% YoY; and Sukuk (Islamic) QR75.39bn (6%). The domestic debt grew more than 9% on a yearly basis to QR103.32bn or 89% of the total debt in July 2020, while the overseas debt fell 2% to QR12.64bn. The government debt grew about 14% YoY to QR96.68bn; whereas that of the banks declined 4% to QR5.49bn at the end of July 2020. Of the QR75.39bn domestic Sukuk, the government's issuance amounted to QR68.22bn (up more than 4%) and those from the banks stood at QR3.39bn (46%) during the review period. The commercial banks' claim on the central bank increased about 32% year-on-year to QR82.96bn at the end of July 31, 2020, of which required reserve amounted to QR39.46bn that expanded 7% on a yearly basis. (Gulf-Times.com)
- **Retail rebound expected thanks to Qatar's solid finances –** Qatar's retail industry will witness a strong recovery from the effects of the novel coronavirus (COVID-19) pandemic due to the country's solid financial base, Doha Festival City general manager Robert Hall has said. "We are very fortunate in Qatar to have not only a very solid financial base of the country, but also a great vision set by His Highness the Amir with his plans for the 2030 National Vision," he told reporters at a virtual press briefing. According to Hall, the Qatar government laid out "a very clear package of financial support" to the private sector, particularly for Qatari based businesses, during the onset of the outbreak, which substantially helped cushion the economy from the pandemic's impact. Hall noted that construction growth for hosting one of the most anticipated sporting events in the world – the FIFA World Cup 2022 – also continued. "It is a very well-considered plan for the country and we are all very fortunate to have that in place and so we are very confident about rebound, we are very confident about returning to business," he said. Hall highlighted the efforts of the Qatar government to enable malls and other shopping centers in the country to reopen and introduce standards that would ensure the safety of shoppers and mall-goers. At DHFC, more than QR1mn a month is spent on cleaning standards and various operation, among others, making it a beautiful and safe space for visitors and employees, he noted. (Gulf-Times.com)
- **Yara completes $1bn Qatar sale, starts share buyback –** Yara, one of the world's largest fertilizer makers, has completed a long-awaited sale of its stake in Qatar Fertiliser Company, paving the way for a significant share buyback program, the Norwegian company said on Tuesday. Yara in March agreed to sell its 25% holding in QAFCO to Qatar Petroleum for $1bn, exiting a partnership that began more than 50 years ago, but the deal was conditional on regulatory approvals that have now been granted. Oslo-based Yara will now initiate a buyback of up to 5% of its own shares, it said in a statement. The company will buy up to 8.55mn shares on the open market and aims to purchase a further 4.85mn shares from the holdings of the Norwegian government - thus keeping the state's stake in Yara unchanged at 36.2%. (Reuters)
- **QFZA CEO: 'Extremely welcoming' regulatory environment for foreign companies in Qatar's free zones –** Qatar has created an "extremely welcoming" regulatory environment for foreign

companies in its free zones, points out Lim Meng Hui, CEO, Qatar Free Zones Authority (QFZA). "A major concern for companies setting up overseas, particularly tech companies, is the protection of their intellectual property and customer data. The legal frameworks put in place by Qatar have proven robust enough for Google and Microsoft, both companies with a strong reputation for guarding their intellectual property, to set up operations in the free zones," Hui said at a 'Digital Roundtable' organized by The Business Year and co-hosted by Qatar Free Zones Authority (QFZA). Qatar's free zones, he said, have been built to the highest standards. "We are committed to ensuring that our tenants, both current and future, have access to the latest digital, physical, and legal infrastructure to optimize their operations. The government of Qatar has created an extremely welcoming regulatory environment for foreign companies in the free zones." He said the arrival of companies leading the fourth industrial revolution has paved the way for a whole new set of companies to enter into the free zones and value chains from a whole range of industries. (Gulf-Times.com)

- **Ezdan Hotels receive 'Qatar Clean Compliant' certifications –** Ezdan Holding Group-owned chain of hotels, namely Ezdan Hotel West Bay Towers and the five-star Ezdan Palace Hotel, have succeeded in obtaining "Qatar Clean" program accreditation; a multi-phased program developed as a collaborative effort by the National Tourism Council, Ministry of Public Health, and both hospitality and tourism sectors. It aims at maintaining the safety of hotel guests and workers. The program sets benchmarked and mandatory standards for sterilization and disinfection for all hotel properties. Ezdan Hotels Management has observed all the guidelines mandated by the program, which included performing staff drilling and training workers to conduct sterilization operations for facilities daily. They were also trained to perform sanitization for air-conditioning systems, equipment, closets, and toilets, in addition to ensuring intensive sterilization of areas where the staff becomes in contact with guests, especially reception points & helpdesks, and other common areas. (Peninsula Qatar)
- **Ashghal to construct 2,650 kilometers of cycling, pedestrian paths by 2022 –** THE Public Works Authority (Ashghal) is all set to provide a network of cycling and pedestrian paths of about 2,650 kilometers by the year 2022, Director of Projects Affairs at Ashghal Eng Yousef Al Emadi has said. Emadi added that Ashghal seeks to create an infrastructure in Qatar that contributes to enhancing sport culture in society. He was speaking at the signing ceremony of a memorandum of understanding (MoU) between Ashghal's Supervisory Committee of Beautification of Roads and Public Places in Qatar and Qatar Cyclists Center of the Ministry of Culture and Sports regarding fast cycling track on Tuesday. (Qatar Tribune)

International

- **US, China reaffirm commitment to Phase 1 trade deal in phone call –** Top US and Chinese trade officials reaffirmed their commitment to a Phase 1 trade deal, which has seen China lagging on its obligations to buy American goods, giving a boost to financial markets on Tuesday. The pledge was made in a telephone call between US Trade Representative Robert Lighthizer, US Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He - their first formal dialogue since early May - amid concern the deal could be on shaky ground as US-China ties weaken. "Both sides see progress and are committed to taking the steps necessary to ensure the success of the agreement," the US Trade Representative's office (USTR) said in a statement after what it described as a regularly scheduled call. The call was originally expected on August 15, six months after the trade deal was launched. But President Donald Trump, who has expressed anger at China over the novel coronavirus pandemic, said last week he had postponed talks with China because "I don't want to deal with them now." Washington and Beijing have traded sanctions and barbs over a growing list of issues including a new national security law imposed on Hong Kong, China's disputed territorial claims in the South China Sea, the coronavirus and US accusations of national security threats posed by Chinese tech firms. China's Commerce Ministry confirmed that the two sides had a "constructive dialogue" and agreed to continue pushing forward the Phase 1 trade deal's implementation. The USTR said they "addressed steps that China has taken to effectuate structural changes" on issues including protecting intellectual property rights, removing impediments for US firms in the financial services and agriculture sectors and eliminate forced technology transfers." The parties also discussed the significant increases in purchases of US products by China as well as future actions needed to implement the agreement," it said. (Reuters)
- **US consumer confidence at six-year low; underscores concerns about economic recovery –** US consumer confidence dropped to a more than six-year low in August as households worried about the labor market and incomes, casting doubts on the sustainability of the economy's recovery from the COVID-19 recession. The second straight monthly decrease in consumer confidence reported by the Conference Board on Tuesday overshadowed an acceleration in new single-family home sales to a more than 13-1/2-year high in July. The housing market continues to show strong immunity to the coronavirus crisis. The ebb in confidence followed the expiration of a $600 weekly unemployment benefit supplement on July 31 and a flare-up in new coronavirus infections across the country, which forced some jurisdictions to shut down businesses again or pause reopenings. Though new cases have subsided, hot spots remain. The Conference Board said its consumer confidence index dropped to a reading of 84.8 this month, the lowest since May 2014, from 91.7 in July. Economists polled by Reuters had forecast the index edging up to a reading of 93 in August. The survey's present situation measure, based on consumers' assessment of current business and labor market conditions, tumbled to a reading of 84.2 this month from 95.9 in July. The expectations index based on consumers' short-term outlook for income, business and labor market conditions dropped to 85.2 from a reading of 88.9 in July. (Reuters)
- **Germany on 'road to recovery' as business morale brightens further –** German business morale improved more than expected in August as both manufacturing and services picked up steam, a survey showed on Tuesday, boosting hopes that Europe's largest economy is set for a strong recovery following the massive coronavirus shock. The Ifo institute said its business climate index rose to 92.6 from a downwardly revised 90.4 in July. This was the fourth monthly increase in a row and came in better than economists' expectations for 92.2. Ifo economist

Klaus Wohlrabe said he expected the economy to grow by almost 7% on the quarter in the July-September period after it posted a record plunge of 9.7% in the previous three months at the height of the pandemic. "The German economy is on the road to recovery," Ifo President Clemens Fuest said in a statement, adding that firms assessed their current business situation much more optimistically than in the previous month. The Ifo survey recorded the strongest gains in business morale among manufacturers and service providers while sentiment among construction firms was also improving. However, Wohlrabe added a note of caution. "The upswing is still fragile. We have not yet reached the pre-crisis level," he told Reuters, saying the latest spike in new infections underlined the risk of a second wave which could derail the recovery again. Wohlrabe also pointed out that export expectations had fallen again slightly, in a sign that doing business abroad remained difficult for many German companies. (Reuters)

- **German unions demand 4.8% wage hike for public sector workers –** Germany's Verdi and dbb labour unions demanded on Tuesday a 4.8% wage increase for more than 2.3mn public sector workers in federal government and municipalities. "The coronavirus pandemic has shown that the public sector and its employees are holding the country together. This must also be reflected in the result of the upcoming wage negotiations," Verdi head Frank Werneke said. Werneke added that the proposed wage freeze by employers was "absolutely unacceptable" as the public sector would play a decisive role this year in stabilizing economic developments. "This can only be achieved if domestic demand is permanently stimulated. We must seize this opportunity," Werneke said. Ulrich Silberbach, head of the dbb union, said he expected unusually difficult negotiations this time. But he also stressed that public sector workers especially in health care had proven to be crucial to get relatively smoothly through the pandemic. "The public service is system-relevant and its employees deserve more than just warm words or a round of applause," Silberbach said. Unions and employers will kick off negotiations on Sept. 1 in Potsdam near Berlin. They have already agreed to have two further rounds of wage talks on Sept. 19-20 and October 22-23. The 4.8% pay hike demand applies to a period of 12 months. (Reuters)
- **China agrees with US to push forward implementation of Phase 1 trade deal –** China said on Tuesday it agreed with the US to continue pushing forward the implementation of the bilateral Phase 1 trade deal reached earlier this year during a call between the two countries' top trade negotiators. Vice Premier Liu He spoke with US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin, China's commerce ministry said in a statement. The two sides had constructive talks on the trade deal and strengthening macroeconomic policy coordination, the ministry said. (Reuters)
- **China's Xi warns 'period of turbulent change' as external risks rise –** Chinese President Xi Jinping warned that the world's second-biggest economy is facing a period of 'turbulent change' and that rising external markets risk required policymakers to increasingly rely on domestic demand to spur growth. Xi, chairing a seminar on Monday with a group of policy advisors and state economists, discussed the country's mid- to long-term economic trends in preparation for the drafting of the 14th Five-year plan. The five-yearly economic blueprint is expected to be unveiled in the annual parliament meeting next year, and Xi said China must be prepared for "a period of turbulent change" as the coronavirus pandemic has accelerated protectionism, hammered the world economy and disrupted supply chains. "In the coming period, we will face more and more headwinds in the external environment, and we must be prepared to deal with a series of new risks and challenges," he said, according to comments released by state news agency Xinhua late Monday night. Xi said the domestic market will "dominate the national economic cycle" in the future, but vowed to further open up China's economy. While Xi didn't make direct references to intensifying US-China tensions, he signaled China's willingness to work on issues with the US. "We must actively cooperate with all countries, regions and enterprises who are willing to cooperate with us, including states, localities and enterprises in the US," he said. The US and China have been engaged in nearly two years of tit-for-tat tariffs and angry rhetoric, with tensions between the two economic superpowers spilling into other areas. (Reuters)
- **Indian refiners' July throughput recovery slows from June –** Indian refiners processed 2.5% less oil in July compared to June, the first monthly fall since April, as renewed restrictions due to rising coronavirus cases stalled a recovery in fuel sales in the world's third largest domestic market. India refiners's crude processing plunged by a record 28.8% in April, when the country was under complete lockdown, and has been recovering since as its normally traffic-clogged cities eased restrictions, putting drivers back on the road. Processing by Indian refiners in July by comparison was down 18.8% from a year earlier to 4.18mn barrels per day (bpd) or 17.68mn tons, the government data released on Tuesday showed. At the heart of the fall is a slide in fuel consumption, with data last week showing an 11% fall in actual oil sales. Weak refining margins have also encouraged refiners to rein in output and capacity use is set to decline further in August due to shutdowns at Reliance Industries Ltd's Jamnagar plant and the complete closure of IOC'S 300,000 bpd Paradip for most of the month. Indian refiners operated at about 83.3% of their overall capacity in July compared to 85.4% in June, the data showed. (Reuters)
- **Brazil reports 4th straight monthly current account surplus, but portfolio outflows return –** Brazil's balance of payments position with the rest of the world strengthened in July as it posted a current account surplus for a fourth month in a row, figures showed on Tuesday, although investors pulled funds out of Brazilian financial assets. The $1.6bn current account surplus in July was more than double the $737mn forecast in a Reuters poll of economists and the fourth month in a row of surplus, something not seen since 2006. That helped narrow the overall deficit over the preceding 12 months to 2.00% of gross domestic product, the narrowest gap since November 2018. Goods exports fell 2.6% from a year earlier to $19.7 billion, while goods imports slumped 33.7% to $12.3bn, the central bank said. The services deficit narrowed 47% to $1.8bn, and the primary income deficit halved to $4.1bn, it added. The central bank revised the current account deficit in the first half of the year to $13.4bn from $9.7bn, mainly due to the revision of a $1.1bn surplus on primary income to a $3.4bn deficit. Foreign direct investment in July totaled $2.7bn, the central bank said, which was slightly more

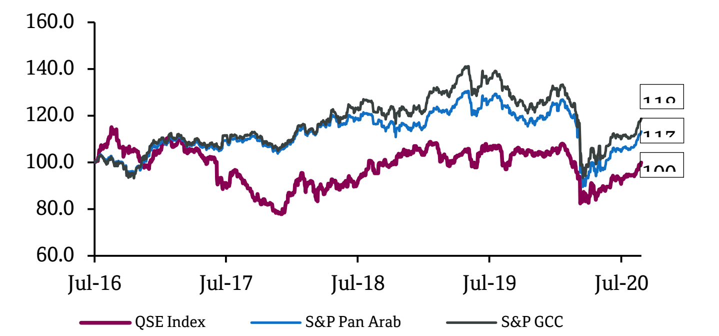
than the $2.5bn economists had expected. The central bank said it forecasts net FDI of $1bn in August, and a current account surplus of $2.2bn. (Reuters)

- **Central Bank: Brazil 12-month current account gap narrows to 2% of GDP in July –** Brazil posted a current account surplus of $1.6bn in July, the central bank said on Tuesday, more than double the $737mn forecast in a Reuters poll of economists and the fourth month in a row of surplus, something not seen since 2006. That helped narrow the overall deficit over the preceding 12 months to 2.00% of gross domestic product, while foreign direct investment in July totaled $2.7bn, the central bank said. Economists had forecast FDI of $2.5bn. (Reuters)

Regional

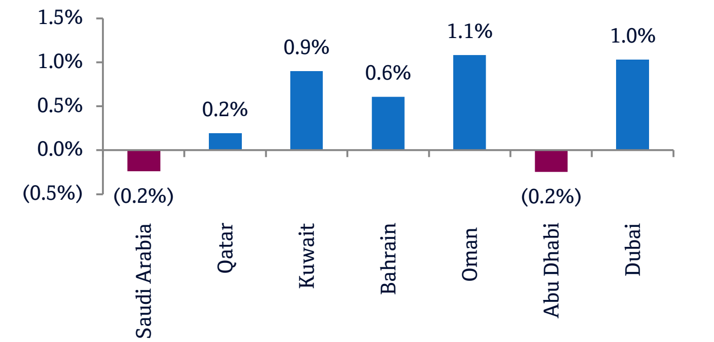
- **PwC: Over 90% of Middle East businesses feel Transfer Pricing is very important –** The Transfer Pricing (TP) landscape has changed and evolved significantly in the last 12 months. The combination of extensive new compliance requirements, a refresh of business models (also pushed by COVID-19) and TP controversies mean that today TP in the Middle East is no longer a tax related afterthought, but instead, has become a fundamental pillar of tax and business strategy for most groups. Last year, the region has seen key developments in this field around the GCC, including in Qatar, Jordan, and Oman among others. To assess these changes and their impact on businesses, PwC conducted a survey of over 120 finance and tax professionals globally who deal with a taxable presence for their businesses in the Middle East in positions ranging from tax managers to C-suite executives in various industries. In the survey, 53% of respondents work in organizations headquartered in the Middle East, 20% in Europe and 17% in North America. The survey took place between February and June 2020 taking into account views on COVID-19's impact on TP. The results reflect the fact that 93% of businesses feel that TP as a concept is either important or very important to their group; and although, 81% of respondents prepare TP documentation, the approach used varies significantly. Additionally, 53% of respondents expect there to be some changes to their TP policies or the introduction of new transactions due to COVID-19. Taking a closer look at the responses from Qatar, overall, 58% of groups in the country were aware of the new rules in the country, with 31% having already assessed the impact on their business. However, 42%, a significant portion, were unsure of the rules. (Qatar Tribune)
- **SABB posts net loss of SR6,867mn in 2Q2020 –** The Saudi British Bank (SABB) recorded net loss of SR6,867mn in 2Q2020. Total operating profit rose 15.3% YoY to SR2,318mn in 2Q2020. Total revenue for special commissions/investments rose 3.0% YoY to SR2,037mn in 2Q2020. Total assets stood at SR267.0bn at the end of 1H2020 as compared to SR270.8bn at the end of 1H2019. Loans and advances stood at SR153.0bn (-1.3% YoY), while customer deposits stood at SR188.4bn (-4.0% YoY) at the end of 1H2020. Loss per share came in at SR2.86 in 1H2020 as compared to EPS per share of SR0.59 in 1H2019. (Tadawul)
- **Unipec buys October Upper Zakum crude at -75 cents per bbl to Dubai on Platts –** Unipec bought 500k bbl of Abu Dhabi's Upper Zakum crude for October 1-25 loading at 75 cents per bbl discount to Dubai price, according to a trader monitoring Platts window. (Bloomberg)
- **Abu Dhabi returns to debt market with longest Gulf bond ever –** Abu Dhabi is back in the dollar debt market, marketing the longest bond ever offered by Gulf Arab governments as countries in the region raise cash buffers to weather the pandemic and low oil prices. The capital of the UAE plans a three-part offering, according to sources. Each tranche is of benchmark size, which typically means at least $500mn, and the sale includes a 50-year bond. The country set price guidance of about 70 to 75 basis points over US Treasuries for a three-year offering, 110 to 115 basis points for a 10-year security and 2.75% to 2.80% for a 50-year bond, which will be Abu Dhabi's longest yet. The government is taking advantage of low borrowing costs and investor demand for higher returns as it seeks to bolster its finances, with oil prices below what it needs to balance its budget. The wealthiest of the seven Emirates that make up the UAE, its debt is rated AA by S&P. "Abu Dhabi is well-placed to deal with the impact of oil prices over the medium term with a formidable net asset position providing substantial fiscal and extended buffers," Singapore-based Head of fixed-income research at Bank of Singapore Ltd, Todd Schubert said. "In a world thirsty for yield, this AA credit should be an attractive cash alternative." Abu Dhabi raised $7bn in April also through a three-tranche bond offering and added another $3bn to it a month later. The Emirate's debt has increased to $39.2bn as of end-June, from $29.4bn last year, according to its prospectus. Citigroup Inc., Deutsche Bank, First Abu Dhabi Bank, Morgan Stanley and Standard Chartered are the joint lead managers for the sale. (Bloomberg)
- **Fitch downgrades Oman's OETC, Mazoon and Omantel to 'BB-' –** Fitch has downgraded Oman Electricity Transmission Company (OETC), Mazoon and Omantel's long-term foreign currency issuer default ratings, as well as the long-term local currency issuer default ratings of OETC and Mazoon, from BB to BB- and keeping their outlook negative. Last week, Fitch downgraded Oman's credit rating for the second time this year, bringing it down a notch to 'BB-' from 'BB' and keeping its outlook negative, citing the continuing erosion of its fiscal and external balance sheets. "OETC's, Mazoon's and Omantel's ratings are assessed using Fitch's Government Related Entities (GRE) Rating Criteria. Their Standalone Credit Profiles (SCP) is higher than the Oman sovereign rating of 'BB-'," Fitch said. "We do not envisage them to be rated higher than the sovereign's, given the moderate-to-strong legal and operational linkages between the government and each of these companies. Changes to the sovereign rating would therefore likely be reflected in the ratings of OETC, Mazoon and Omantel." (Zawya)
- **Bahrain sells BHD100mn 364-day bills at yield of 2.81% –** Bahrain sold BHD100mn of 364-day bills due on August 26, 2021. The bills were sold at a price of 97.236, having a yield of 2.81% and will settle on August 27, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,928.18	(0.0)	(0.6)	27.1
Silver/Ounce	26.53	(0.3)	(1.0)	48.6
Crude Oil (Brent)/Barrel (FM Future)	45.86	1.6	3.4	(30.5)
Crude Oil (WTI)/Barrel (FM Future)	43.35	1.7	2.4	(29.0)
Natural Gas (Henry Hub)/MMBtu	2.52	0.0	8.4	20.6
LPG Propane (Arab Gulf)/Ton	51.25	0.0	1.7	24.2
LPG Butane (Arab Gulf)/Ton	52.75	(0.5)	2.9	(19.5)
Euro	1.18	0.4	0.3	5.5
Yen	106.39	0.4	0.6	(2.0)
GBP	1.32	0.7	0.5	(0.8)
CHF	1.10	0.5	0.4	6.6
AUD	0.72	0.4	0.5	2.5
USD Index	93.02	(0.3)	(0.2)	(3.5)
RUB	75.31	0.9	0.7	21.5
BRL	0.18	1.9	2.0	(27.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,422.95	0.2	1.3	2.7
DJ Industrial	28,248.44	(0.2)	1.1	(1.0)
S&P 500	3,443.62	0.4	1.4	6.6
NASDAQ 100	11,466.47	0.8	1.4	27.8
STOXX 600	369.75	(0.2)	1.6	(6.5)
DAX	13,061.62	0.1	2.7	3.9
FTSE 100	6,037.01	(0.7)	0.9	(20.8)
CAC 40	5,008.27	0.1	2.6	(11.9)
Nikkei	23,296.77	0.8	1.1	0.7
MSCI EM	1,114.72	0.6	2.1	0.0
SHANGHAI SE Composite	3,373.58	(0.3)	(0.1)	11.4
HANG SENG	25,486.22	(0.3)	1.5	(9.1)
BSE SENSEX	38,843.88	0.0	2.1	(9.7)
Bovespa	102,117.60	(0.0)	1.0	(36.5)
RTS	1,267.16	(1.1)	0.4	(18.2)

Source: Bloomberg (*$ adjusted returns)

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