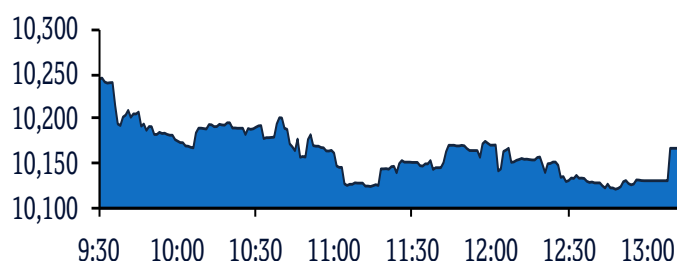


QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 1.0% to close at 10,168.1. Losses were led by the Banks & Financial Services and Consumer Goods & Services indices, falling 1.8% and 1.3%, respectively. Top losers were Mannai Corporation and Doha Bank, falling 4.8% and 3.1%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 9.4%, while Gulf International Services was up 3.7%.

GCC Commentary

Saudi Arabia: Market was closed on June 02, 2019.

Dubai: Market was closed on June 02, 2019.

Abu Dhabi: Market was closed on June 02, 2019.

Kuwait: The Kuwait Main Market Index gained 0.2% to close at 4,745.1. The Telecommunications index rose 2.2%, while the Consumer Services index gained 1.1%. Alrai Media Group Company rose 7.9%, while Kuwait & Middle East Financial Investment Company was up 7.5%.

Oman: The MSM 30 Index gained 0.1% to close at 3,936.8. The Industrial index gained 0.4%, while the Services index rose marginally. Galfar Engineering and Contracting rose 2.5%, while Raysut Cement was up 1.8%.

Bahrain: The BHB Index gained 0.1% to close at 1,435.2. The Services index rose 0.2%, while the Commercial Banks index gained 0.1%. Seef Properties rose 2.0%, while Bahrain Commercial Facilities Company was up 1.3%.

| Market Indicators | 02 June 19 | 30 May 19 | %Chg. |
|---------------------------|------------|-----------|--------|
| Value Traded (QR mn) | 197.4 | 769.1 | (74.3) |
| Exch. Market Cap. (QR mn) | 560,693.8 | 568,078.3 | (1.3) |
| Volume (mn) | 9.6 | 36.6 | (73.8) |
| Number of Transactions | 5,734 | 17,973 | (68.1) |
| Companies Traded | 41 | 44 | (6.8) |
| Market Breadth | 11:26 | 35:5 | - |

| Market Indices | Close | 1D% | WTD% | YTD% | TTM P/E |
|------------------------|-----------|-------|-------|--------|---------|
| Total Return | 18,710.24 | (1.0) | (1.0) | 3.1 | 14.3 |
| All Share Index | 3,012.41 | (1.1) | (1.1) | (2.2) | 14.3 |
| Banks | 3,896.45 | (1.8) | (1.8) | 1.7 | 13.6 |
| Industrials | 3,208.13 | (0.3) | (0.3) | (0.2) | 16.2 |
| Transportation | 2,392.69 | (0.4) | (0.4) | 16.2 | 12.8 |
| Real Estate | 1,571.39 | (0.4) | (0.4) | (28.1) | 13.1 |
| Insurance | 3,060.50 | 0.5 | 0.5 | 1.7 | 17.7 |
| Telecoms | 893.78 | (0.3) | (0.3) | (9.5) | 18.3 |
| Consumer | 7,694.42 | (1.3) | (1.3) | 13.9 | 15.0 |
| Al Rayan Islamic Index | 3,977.14 | (0.4) | (0.4) | 2.4 | 13.6 |

| GCC Top Gainers** | Exchange | Close* | 1D% | Vol. '000 | YTD% |
|---------------------------|----------|--------|-----|-----------|--------|
| Mobile Telecom. Co. | Kuwait | 0.54 | 2.9 | 4,621.8 | 20.0 |
| Oman Telecomm. Co. | Oman | 0.58 | 1.1 | 31.5 | (26.9) |
| Ahli United Bank | Kuwait | 0.31 | 0.7 | 1,151.9 | 7.8 |
| Qatar Electricity & Water | Qatar | 165.50 | 0.3 | 11.9 | (10.5) |
| Ahli United Bank | Bahrain | 0.82 | 0.2 | 394.5 | 32.0 |

| GCC Top Losers** | Exchange | Close* | 1D% | Vol. '000 | YTD% |
|--------------------------|----------|--------|-------|-----------|--------|
| QNB Group | Qatar | 183.00 | (2.7) | 252.7 | (6.2) |
| The Commercial Bank | Qatar | 45.49 | (2.1) | 17.6 | 15.5 |
| Agility Pub. Warehousing | Kuwait | 0.72 | (1.9) | 2,493.4 | 2.5 |
| Mabane Co. | Kuwait | 0.70 | (1.4) | 596.0 | 21.7 |
| Barwa Real Estate Co. | Qatar | 35.48 | (1.2) | 107.1 | (11.1) |

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

| QSE Top Gainers | Close* | 1D% | Vol. '000 | YTD% |
|---------------------------------|--------|-----|-----------|-------|
| Qatar Islamic Insurance Company | 56.90 | 9.4 | 56.9 | 5.9 |
| Gulf International Services | 19.80 | 3.7 | 475.1 | 16.5 |
| Qatar National Cement Company | 64.98 | 3.1 | 27.5 | 9.2 |
| Gulf Warehousing Company | 48.00 | 2.1 | 11.4 | 24.8 |
| Medicare Group | 59.85 | 1.8 | 4.1 | (5.2) |

| QSE Top Volume Trades | Close* | 1D% | Vol. '000 | YTD% |
|--------------------------------|--------|-------|-----------|--------|
| Ezdan Holding Group | 7.43 | (0.3) | 4,278.4 | (42.8) |
| Vodafone Qatar | 7.07 | 0.1 | 877.3 | (9.5) |
| Mesaieed Petrochemical Holding | 25.49 | (2.8) | 681.7 | 69.6 |
| Aamal Company | 7.83 | 0.0 | 570.0 | (11.4) |
| Gulf International Services | 19.80 | 3.7 | 475.1 | 16.5 |

| QSE Top Losers | Close* | 1D% | Vol. '000 | YTD% |
|--------------------------------|--------|-------|-----------|--------|
| Mannai Corporation | 39.01 | (4.8) | 3.1 | (29.0) |
| Doha Bank | 22.50 | (3.1) | 139.8 | 1.4 |
| Mesaieed Petrochemical Holding | 25.49 | (2.8) | 681.7 | 69.6 |
| QNB Group | 183.00 | (2.7) | 252.7 | (6.2) |
| Al Khalij Commercial Bank | 11.41 | (2.5) | 2.6 | (1.1) |

| QSE Top Value Trades | Close* | 1D% | Val. '000 | YTD% |
|----------------------------------|--------|-------|-----------|--------|
| QNB Group | 183.00 | (2.7) | 46,363.6 | (6.2) |
| Ezdan Holding Group | 7.43 | (0.3) | 31,794.8 | (42.8) |
| Mesaieed Petrochemical Holding | 25.49 | (2.8) | 17,605.4 | 69.6 |
| Qatar International Islamic Bank | 72.45 | (0.8) | 10,150.0 | 9.6 |
| Qatar Fuel Company | 203.25 | (1.3) | 9,565.6 | 22.4 |

Source: Bloomberg (* in QR)

| Regional Indices | Close | 1D% | WTD% | MTD% | YTD% | Exch. Val. Traded (\$ mn) | Exchange Mkt. Cap. (\$ mn) | P/E** | P/B** | Dividend Yield |
|------------------|-----------|-------|-------|-------|-------|---------------------------|----------------------------|-------|-------|----------------|
| Qatar* | 10,168.14 | (1.0) | (1.0) | (1.0) | (1.3) | 54.00 | 154,022.6 | 14.3 | 1.6 | 4.3 |
| Dubai# | 2,620.33 | 0.8 | 1.2 | (5.3) | 3.6 | 56.11 | 95,039.7 | 11.4 | 1.0 | 5.1 |
| Abu Dhabi# | 5,003.59 | 2.8 | 4.7 | (4.8) | 1.8 | 102.66 | 139,271.4 | 14.5 | 1.5 | 5.0 |
| Saudi Arabia# | 8,516.48 | 1.2 | (0.2) | (8.5) | 8.8 | 726.37 | 533,344.0 | 19.5 | 1.9 | 3.5 |
| Kuwait | 4,745.11 | 0.2 | 0.2 | 0.2 | 0.1 | 72.67 | 32,789.8 | 14.4 | 0.9 | 3.9 |
| Oman | 3,936.83 | 0.1 | 0.1 | 0.1 | (8.9) | 2.20 | 17,158.1 | 7.8 | 0.8 | 7.0 |
| Bahrain | 1,435.22 | 0.1 | 0.1 | 0.1 | 7.3 | 1.82 | 22,264.5 | 10.5 | 0.9 | 5.3 |

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded (\$ mn) do not include special trades, if any, #Data as on May 30, 2019)

Qatar Market Commentary

- The QE Index declined 1.0% to close at 10,168.1. The Banks & Financial Services and Consumer Goods & Services indices led the losses. The index fell on the back of selling pressure from Qatari and GCC shareholders despite buying support from non-Qatari shareholders.
- Mannai Corporation and Doha Bank were the top losers, falling 4.8% and 3.1%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 9.4%, while Gulf International Services was up 3.7%.
- Volume of shares traded on Sunday fell by 73.8% to 9.6mn from 36.6mn on Thursday. Further, as compared to the 30-day moving average of 17.5mn, volume for the day was 45.3% lower. Ezdan Holding Group and Vodafone Qatar were the most active stocks, contributing 44.7% and 9.2% to the total volume, respectively.

| Overall Activity | Buy %* | Sell %* | Net (QR) |
|-------------------------|---------------|---------------|------------------------|
| Qatari Individuals | 37.09% | 40.08% | (5,900,174.53) |
| Qatari Institutions | 16.47% | 28.71% | (24,160,056.02) |
| Qatari | 53.56% | 68.79% | (30,060,230.55) |
| GCC Individuals | 1.33% | 0.96% | 717,304.28 |
| GCC Institutions | 0.44% | 4.65% | (8,310,100.75) |
| GCC | 1.77% | 5.61% | (7,592,796.47) |
| Non-Qatari Individuals | 10.30% | 12.12% | (3,595,560.54) |
| Non-Qatari Institutions | 34.38% | 13.48% | 41,248,587.56 |
| Non-Qatari | 44.68% | 25.60% | 37,653,027.02 |

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

Stock Split Dates for Listed Qatari Companies

| Day / Date | Company Symbols | | | Sector |
|----------------------|-----------------|------|------|--------------------------------|
| | 1 | 2 | 3 | |
| Sunday 09/06/2019 | CBQK | QFBQ | | Banking and Financial Services |
| Monday 10/06/2019 | KCBK | DBIS | QOIS | |
| Tuesday 11/06/2019 | QIHK | NLCS | | |
| Wednesday 12/06/2019 | QNBK | ABQK | IHGS | |
| Thursday 13/06/2019 | QIBK | DHBK | | |
| Sunday 16/06/2019 | MARK | | | |
| Monday 17/06/2019 | MERS | MCCS | | Consumer Goods & Services |
| Tuesday 18/06/2019 | WDAM | ZHCD | QGMD | |
| Wednesday 19/06/2019 | QFLS | MCGS | | |
| Thursday 20/06/2019 | SIIS | QCFS | | |
| Sunday 23/06/2019 | MPHC | IGRD | | Industrial |
| Monday 24/06/2019 | QIGD | AHCS | QNCD | |
| Tuesday 25/06/2019 | IQCD | QIMD | | |
| Wednesday 26/06/2019 | QEWS | GISS | | |
| Thursday 27/06/2019 | QISI | QATI | | Insurance |
| Sunday 30/06/2019 | DOHI | QGRI | AKHI | |
| Monday 01/07/2019 | BRES | ERES | | Real Estate |
| Tuesday 02/07/2019 | UDCD | MRDS | | |
| Wednesday 03/07/2019 | VFQS | ORDS | | Telecoms |
| Thursday 04/07/2019 | QGTS | GWCS | QNNS | Transport/Logistics |
| Sunday 07/07/2019 | QETF | QATR | QAMC | ETFs and QAMCO |

Source: QSE

News

Qatar

- QFC holds talks with sports industry leaders in New York** – The Qatar Financial Centre (QFC) and Aspire Zone Foundation engaged with high-profile global leaders in the sports industry during the Sport Business Summit at the Leaders New York event. During the three-day event, the QFC, Aspire Zone Foundation, and Qatar Development Bank jointly hosted a masterclass sponsored by the Sport Accelerator – Qatar Sport Business District, entitled ‘Tap into a \$20bn Future Sports Market in Qatar’. The workshop aims to highlight the wide-ranging opportunities for investment in Qatar’s growing sports

industry, which is expected to be valued at \$20bn by 2023. (Peninsula Qatar)

- Qatar Airways 2018 Sustainability Report details progress during blockade** – Qatar Airways Group published its 2018 Sustainability Report, which details its development and progress in this crucial area. The report highlights the airlines’ many achievements, despite the backdrop of the blockade imposed on the state of Qatar by some of its neighbors on June 5, 2017. During the reporting period, Qatar Airways became the first airline in the Middle East and just the fifth worldwide to secure accreditation to the highest level in the International Air

Transport Association's (IATA) Environmental Assessment (IEnvA) program. Alongside this, Hamad International Airport successfully renewed its certification to Level 3 of the Airport Council International's (ACI) Airport Carbon Accreditation program. Qatar Airways Group's CEO, HE Akbar Al-Baker said, "Our commitment to a sustainable aviation industry is more resolute than ever, and we are delighted to continue to fly the flag for environmentally efficient aviation and for the state of Qatar. I am very proud of our resilience during the blockade, demonstrated by our continued level of achievement during the reporting period." (Gulf-Times.com)

- **Over 300 aircraft worth over \$90bn on order for QA** – Qatar Airways (QA) has an order of over 300 aircraft worth more than \$90bn, according to its Sustainability Report 2018 released. The strong line up of new orders matches the unprecedented growth witnessed in past and firm expansion plans of the national carrier of Qatar, which is one of the fastest growing airlines the world. "At a time when Qatar Airways is experiencing unprecedented growth and expansion, the need for efficient, reliable and modern aircraft has never been greater," Akbar Al Baker, CEO, Qatar Airways Group, said in the report. (Peninsula Qatar)
- **Elite Chairman: Qatar key exporter of high-quality recycled products** – Qatar has emerged as one of the prime exporters of high-quality recycled products like reel Kraft paper, fluting, test liner, pulp paper, egg pallets and corrugated packing to countries around the world, Elite Paper Recycling Chairman, Abdullah Al Suwaidi has said. Speaking at a Memorandum of Understanding (MoU) signing ceremony as part of Elite Paper's 'Go Green Initiative Green Embassies' at the Embassy of Argentina in Doha, Suwaidi said that many environment-friendly initiatives have been taken in Qatar to cater to the growing global demand for recycled paper Kraft. Adding value to waste in Qatar, Suwaidi said, Elite Paper Recycling alone recycles more than 60% of waste in the country. "Our products are manufactured out of 100% recycled waste paper using a state-of-the-art technology which adheres to strict environmental regulations and international standards. It is made entirely from post-consumer and post-industrial content and is recyclable and naturally biodegradable," he said. (Qatar Tribune)

International

- **Mexico and US gear up for tariff talks as Trump doubles down on threat** – Mexican and US officials were preparing on Sunday for upcoming talks aimed at averting a major trade clash after US President Donald Trump vowed to impose punitive tariffs on all Mexican goods in an intensifying dispute over migration. Mexican Economy Minister, Graciela Marquez said on Sunday she would meet with US Commerce Secretary Wilbur Ross in Washington on Monday, as the two governments begin holding talks to resolve the issue in the US capital in the coming week. Trump says he will apply tariffs of 5% on Mexican goods on June 10 if Mexico does not halt the flow of illegal immigration, largely from Central America, across the US-Mexican border. The US president lashed out on Twitter on Sunday morning, calling Mexico an "abuser of the United States, taking but never giving," and repeating his tariff threats. He doubled down a few hours later. (Reuters)

- **Goldman lowers US growth view, sees higher rate cut chances on 'trade war'** – Goldman Sachs Group Inc analysts on Sunday downgraded their second-quarter economic growth forecasts for the US because of risks stemming from trade conflicts with Mexico and China. The analysts also said they saw a rising probability of the US Federal Reserve cutting rates but not enough of a chance to pencil such a cut into its baseline forecast. Their second-quarter GDP growth forecast is now 1.1%, down from 1.3% little more than a week ago. (Reuters)
- **UK manufacturing growth weakens as EU customers stay away** – British manufacturing growth has weakened over the past couple of months as European companies decided to divert supply chains away from the world's fifth-biggest economy while the Brexit crisis rumbled on, an industry survey showed. The Make UK manufacturing organization and accountants BDO said output and orders continued to grow but at a slower rate than in the early months of 2019. Britain's economy picked up early this year, helped by the biggest rise in factory output in 20 years as companies raced to stockpile goods to avoid disruption to supply chains in the run-up to the original March 29 Brexit deadline. However, the latest quarterly Make UK survey showed a weakening of hiring and investment intentions. (Reuters)
- **Japan's corporate investment rises amid global uncertainty** – Japanese business investment rose in January-March, continuing the run of growth seen over the past two years although signs of slowing momentum have raised concerns about the strength of business activity amid mounting global economic risks. Ministry of Finance (MoF) data out on Monday showed capital expenditure grew 6.1% in January-March from the same period last year, led by chemicals, production machinery and leasing of goods. It followed a 5.7% gain in the previous quarter. Excluding software, capital expenditure rose 1.1% in January-March from the previous quarter on a seasonally-adjusted basis, up for a second straight quarter. However, it slowed from the previous quarter's 3.9% gain. Some economists said the data, which will be used to calculate revised GDP figures due on June 10, suggested a downward revision to the first-quarter GDP growth. A preliminary estimate out last month showed Japan's economy grew at an annualized 2.1% in the first quarter as imports fell faster than exports, while business and household spending slipped in a sign of weak domestic demand. (Reuters)
- **PMI: Japan's manufacturing activity shrinks in May, heightens economic strain** – Japanese manufacturing activity swung back into contraction in May as export orders tumbled at the fastest pace in four months, a revised survey showed on Monday, underlining the growing economic impact of a bruising Sino-US trade war. The Final Markit/Nikkei Japan Manufacturing Purchasing Managers Index (PMI) was 49.8, compared with a flash reading of 49.6 and a final 50.2 in the previous month. The 50-mark separates contraction from expansion, and the latest result dashed expectations that Japan's crucial manufacturing sector had started to bottom out after shrinking in both February and March. The US and China have slapped tariffs on each other's goods in a trade row that is slowing the global economy. Japan is vulnerable because many of its

manufacturers rely on Chinese demand for construction equipment, heavy machinery, and electronic parts. (Reuters)

- **Caixin PMI: China May factory activity grows at steady pace but recovery still patchy** – China’s factory activity expanded at a steady, but modest pace in May, as export orders bounced from a contraction, a private business survey showed, but the overall economic picture was mixed as output growth slipped and factory prices stalled. The slightly better reading on manufacturing conditions is unlikely to allay growing fears about the impact on China from an escalating trade dispute with the US. An official gauge on factory activity last week showed conditions deteriorating as both domestic and external demand slackened. The Caixin/Markit Manufacturing Purchasing Managers’ Index (PMI) also showed only modest expansion at 50.2, unchanged from April, and above economists’ expectations of 50.0. It marked the third-month the index has stayed above the neutral 50-mark dividing expansion from contraction on a monthly basis. Growth of new orders picked up in May, although the rate of expansion remained marginal. Survey respondents attributed increased sales to stronger foreign demand and new product launches, with new export orders rising at its fastest pace since January after contracting in April. (Reuters)

Regional

- **IATA: Middle East carriers’ losses in 2019 will top \$1.1bn** – Middle Eastern airlines will deliver a combined net loss of \$1.1bn in 2019, marginally higher than the \$1bn loss last year, International Air Transport Association (IATA) stated in its 2019 outlook for the global air transport industry. That equates to a \$5.01 loss per passenger and a negative net margin (-1.9%). The region has faced substantial challenges in recent years, both to the business environment and to business models, IATA added. Airlines there are going through a process of adjustment and announced schedules point to a substantial slowdown in capacity growth in 2019. Performance is now improving however, the worsening in the business environment is expected to prolong losses in 2019, it stated. However, according to IATA, few airlines in the region are able to achieve adequate load factors, which averaged the lowest globally at 60.7% in 2018. (Zawya)
- **SAMA warns global slowdown may hit growth** – Saudi Arabia’s economy is expected to pick up in 2019, however, a global economic slowdown and its potential impact on the global oil market could impact growth, Saudi Arabian Monetary Authority (SAMA) stated. Saudi Arabia’s economy grew by 2.2% in 2018, driven by the oil sector, compared to a decline of 0.7% in 2017, it stated in a report. The main risk for the Saudi Arabian economy comes from its exposure to the global oil market. The oil sector accounts for some 45% of Saudi Arabian GDP and more than 63% of government revenue. “There have been recent signs of slowing global growth, which could indirectly impact the Saudi economy,” the report warned. “Continued structural reforms will likely place some pressure on economic growth in the short-term,” it added, without giving a forecast for 2019. In April the International Monetary Fund (IMF) estimated that Saudi economic growth in 2019 may be slightly higher than its earlier 1.8% forecast due to the faster expansion of the non-oil sector compared to the wider economy.

SAMA Governor told Reuters in April that Saudi economic growth in 2019 would be “no less than 2%”. (Zawya)

- **Saudi Arabia’s oil exports stood at SR66.148bn in March** – Saudi Arabia’s oil exports for the month of March, 2019 was at SR66.148bn, an increase of SR3.96bn for the same month a year ago, General Authority for Statistics stated. Oil exports were 77.1% of total Saudi Arabia’s exports according to statement. (Bloomberg)
- **Saudi Arabia’s 1Q2019 unemployment rate stood at 12.5%** – Saudi Arabia’s unemployment rate stood at 12.5% for 1Q2019 as compared to 12.7% in the previous quarter, the General Authority for Statistics stated in a report. (Bloomberg)
- **Non-Saudi Arabians employed number rises to 9,653,212 in 1Q2019** – General Authority for Statistics published data on employment for 1Q2019, which showed that the total number of non-Saudi Arabians employed grew by 223,793 to 9,653,212 in 1Q2019 as compared to 9,429,419 in 4Q2018. The number of non-Saudi Arabians employed as domestic workers grew by 408,955 to 2,863,697 from 2,454,742 in 4Q2018. (Bloomberg)
- **Ineos to invest \$2bn for building three chemicals plants in Saudi Arabia** – Ineos will invest \$2bn for building three chemicals plants in Saudi Arabia. The three specialty chemicals facility planned by Ineos is scheduled to be operational by 2025. It has signed a MoU with Saudi Aramco and Total, their Amiral petrochemicals joint venture will supply the feedstock to Ineos plants. Ineos is looking to invest in China and the Middle East to spread risk, Financial Times reported, citing Director, Tom Crotty. (Bloomberg)
- **UAE’s April consumer prices fall 2.09% YoY and rise 0.2% MoM** – Federal Competitiveness and Statistics Authority in Dubai published UAE’s consumer price indices, which showed that the consumer prices fell 2.09% YoY. The consumer prices rose 0.2% MoM in April as compared to a fall of 0.6% in the previous month. Transportation price index rose 3.1% in April as compared to a rise of 1.5% in the previous month. The price index for textile, clothing and footwear group fell 7.5% as compared to fall of 2.2% in the previous month. (Bloomberg)
- **S&P: Abu Dhabi’s GDP growth to average 2.5% through 2022** – Abu Dhabi’s economic growth will average 2.5% in the four years through 2022 as it benefits from higher oil production and prices, S&P estimated. Abu Dhabi’s economy still depends heavily on oil, deriving 50% of its real GDP and more than 90% of central government revenue from the hydrocarbon sector, the ratings company stated in a report. Oil will continue to dominate the economy despite diversification efforts, it stated. S&P projects economic growth to accelerate to 2% this year from 1.8% in 2018. It expects growth to accelerate to 2.5% in 2020 and 2021 before climbing to 3% in 2022. S&P expects Brent will average \$60 per barrel this year and next, before dropping to an average \$55 a barrel in 2021. S&P has also affirmed its ‘AA’ credit rating for Abu Dhabi, with a ‘Stable’ outlook underpinned by the Emirate’s large fiscal buffers. The projects the Abu Dhabi Investment Authority’s (ADIA) assets will average above 250% of GDP over 2019-2022. ADIA is one of the Abu Dhabi’s sovereign wealth funds. S&P has predicted Abu Dhabi may not raise debt in 2019, instead opting to finance its fiscal deficit of 4% of GDP and Eurobond repayment from liquid assets. It does not expect the Abu Dhabi government will issue

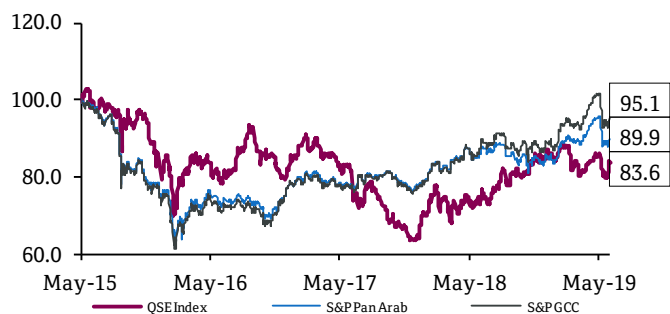
domestic bonds over the next couple of years, instead waiting until the UAE federal government does. It also sees Abu Dhabi general government debt levels remaining largely stable at less than 7% of GDP through 2022. (Bloomberg)

- **S&P: Bahrain's GDP to grow at 2.4% over 3 years** – Bahrain's average real GDP growth over 2019-2022 is expected to be 2.4%, S&P stated in a new report. "We expect the government's plans to promote infrastructure development, including several large projects like the refinery modernization program, to support growth. Funding will come from the private sector (\$15bn), government-owned companies (\$10bn) and GCC funds for infrastructure investment (\$7.5bn)," S&P stated. As of year-end 2018, about \$2.5bn (6% of 2018 GDP) of the \$7.5bn GCC infrastructure support fund had been disbursed. "We expect about \$870mn will be disbursed over 2019, and further annual disbursements of about the same over the next three years," it stated. Population growth was flat in 2018 due to a government exercise to clear old and inactive employment visas from population statistics. Nevertheless, when GDP performance during 2013-2022 is adjusted for population levels, real growth is negative, suggesting that labor supply, rather than capital investment or innovation, is a key growth driver. The government is implementing an ambitious plan to balance its budget by 2022. The plan includes measures focusing on increasing revenue capture from the non-oil sector of the economy. The plan depends heavily on expenditure reduction efforts, including cuts in the public sector workforce and fewer transfers to the Electricity and Water Authority, the report stated. Taking into account the government's new plan, S&P now expects Bahrain's fiscal imbalance will narrow at a faster pace, reaching 4.6% of GDP by 2022 from close to 10% of GDP in 2017. S&P expects increases in non-oil revenues, especially from the introduction of VAT in 2019. Though implementation will be gradual, we assume on average that VAT introduction could have a revenue-raising effect equal to about 1% of GDP a year. Currently, fiscal revenues are heavily oil-dependent, despite the oil sector contributing less than 20% to GDP. S&P believes that government revenues will remain dependent on oil over the forecast period. For our base case, we assume an oil price of \$60 per barrel in 2019 and 2020 and \$55 thereafter. S&P expects expenditures will continue to decline over our forecast period. The government began reducing the public sector workforce in 2019, with the majority of voluntary retirements taking place in January and February. (Zawya)
- **Bahrain wealth fund Mumtalakat's 2018 profit tumbles** – Bahrain's sovereign wealth fund Mumtalakat's 2018 net profit tumbled 73.5%, it stated. The fund which holds stakes in Bahraini companies including Aluminium Bahrain (Alba) and telecoms company Batelco made a net profit of \$148.4mn in 2018 compared to \$560.1mn in the previous year. "Net profit in 2017 included fair value gain on de-recognition of associates of \$667mn while a higher cost of raw materials in 2018 led to a fall in Alba's profits," it stated. Mumtalakat's revenue totalled \$5.5bn in 2018, up 38% over the previous year due to the full year impact of the consolidation of McLaren and higher sales at Alba, it said. Total assets of the state investor grew to \$16.8bn in 2018 from \$15.4bn in 2017. The state fund has over 60 companies in its portfolio and committed \$181mn in 2018 to local and international investments, the statement said, adding

that capital expenditure in key local companies totaled \$1.7bn in 2018, up 9% over 2017. (Reuters)

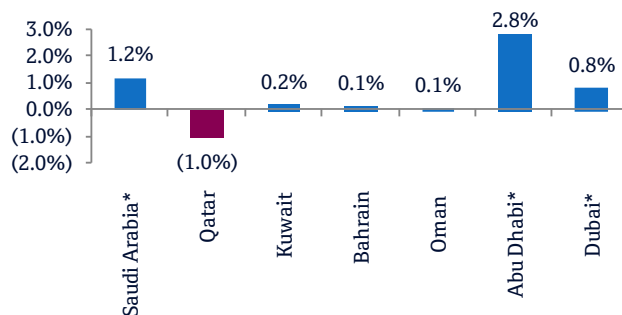
- **Bahrain to allow foreign companies to take 100% stakes in oil, natural gas extraction projects** – Bahrain will allow foreign companies to own 100% of oil and natural gas extraction projects in the Gulf state, under an order issued by Prime Minister, Sheikh Khalifa bin Salman Al Khalifa, Bahrain News Agency reported. To be eligible, the foreign parent company must have signed, or be in the final stages of signing, an exploration and production agreement with the government. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as on May 30, 2019)

| Asset/Currency Performance | Close (\$) | 1D% | WTD% | YTD% |
|--------------------------------------|------------|-------|-------|--------|
| Gold/Ounce | 1,305.45 | 1.3 | 1.6 | 1.8 |
| Silver/Ounce | 14.57 | 0.3 | 0.0 | (6.0) |
| Crude Oil (Brent)/Barrel (FM Future) | 64.49 | (3.6) | (6.1) | 19.9 |
| Crude Oil (WTI)/Barrel (FM Future) | 53.50 | (5.5) | (8.7) | 17.8 |
| Natural Gas (Henry Hub)/MMBtu | 2.54 | (4.5) | (2.2) | (20.3) |
| LPG Propane (Arab Gulf)/Ton | 49.00 | (6.2) | (8.8) | (22.8) |
| LPG Butane (Arab Gulf)/Ton | 46.25 | (6.1) | (9.8) | (33.9) |
| Euro | 1.12 | 0.4 | (0.3) | (2.6) |
| Yen | 108.29 | (1.2) | (0.9) | (1.3) |
| GBP | 1.26 | 0.2 | (0.7) | (1.0) |
| CHF | 1.00 | 0.7 | 0.1 | (1.9) |
| AUD | 0.69 | 0.4 | 0.2 | (1.6) |
| USD Index | 97.75 | (0.4) | 0.1 | 1.6 |
| RUB | 65.43 | 0.4 | 1.5 | (6.1) |
| BRL | 0.25 | 1.5 | 2.5 | (1.0) |

Source: Bloomberg

| Global Indices Performance | Close | 1D%* | WTD%* | YTD%* |
|----------------------------|-----------|-------|-------|-------|
| MSCI World Index | 2,046.25 | (1.0) | (2.3) | 8.6 |
| DJ Industrial | 24,815.04 | (1.4) | (3.0) | 6.4 |
| S&P 500 | 2,752.06 | (1.3) | (2.6) | 9.8 |
| NASDAQ 100 | 7,453.15 | (1.5) | (2.4) | 12.3 |
| STOXX 600 | 369.06 | (0.6) | (2.2) | 6.5 |
| DAX | 11,726.84 | (1.2) | (2.7) | 8.4 |
| FTSE 100 | 7,161.71 | (0.7) | (2.3) | 5.5 |
| CAC 40 | 5,207.63 | (0.6) | (2.4) | 7.3 |
| Nikkei | 20,601.19 | (0.6) | (1.7) | 4.7 |
| MSCI EM | 998.00 | 0.3 | 1.2 | 3.3 |
| SHANGHAI SE Composite | 2,898.70 | (0.3) | 1.5 | 15.8 |
| HANG SENG | 26,901.09 | (0.7) | (1.6) | 4.0 |
| BSE SENSEX | 39,714.20 | 0.0 | 0.4 | 10.3 |
| Bovespa | 97,030.32 | 0.5 | 6.3 | 9.0 |
| RTS | 1,287.09 | 0.0 | 0.6 | 20.4 |

Source: Bloomberg (*\$ adjusted returns)

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