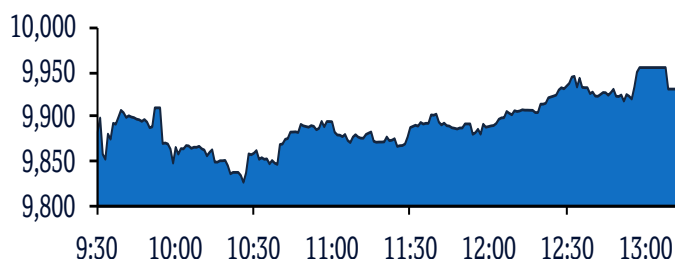


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index rose 0.4% to close at 9,931.9. Gains were led by the Banks & Financial Services and Insurance indices, gaining 2.1% and 2.0%, respectively. Top gainers were Al Meera Consumer Goods Company and QNB Group, rising 4.7% and 3.7%, respectively. Among the top losers, Qatar Electricity & Water Company fell 5.0%, while Doha Insurance Group was down 3.5%.

## GCC Commentary

**Saudi Arabia:** The TASI Index fell 1.6% to close at 8,413.9. Losses were led by the Utilities and Health Care Equip. & Svc indices, falling 5.9% and 3.3%, respectively. Metlife AIG ANB Coop. Ins. declined 7.5%, while Saudi Electric. Co. was down 6.3%.

**Dubai:** The DFM Index fell 0.3% to close at 2,599.7. The Consumer Staples and Discretionary index declined 1.7%, while the Services index fell 1.5%. Al Safwa Mubasher Financial Services declined 9.9%, while Ithmaar Holding was down 3.8%.

**Abu Dhabi:** The ADX General Index gained 1.6% to close at 4,866.2. The Banks index rose 2.2%, while the Real Estate index gained 1.3%. Gulf Cement Company rose 14.1%, while Al Qudra Holding was up 9.0%.

**Kuwait:** The Kuwait Main Market Index gained 0.3% to close at 4,746.5. The Industrials index rose 1.4%, while the Telecommunications index gained 1.1%. Sharjah Cement & Indus Dev. rose 9.5%, while The Securities House was up 8.7%.

**Oman:** The MSM 30 Index gained 0.6% to close at 3,941.2. Gains were led by the Financial and Industrial indices, rising 0.6% and 0.3%, respectively. National Life & General Insurance rose 3.3%, while Ominvest was up 2.6%.

**Bahrain:** The BHB Index gained 0.2% to close at 1,430.1. The Commercial Banks index rose 0.3%, while the Services index gained 0.1%. Ahli United Bank rose 0.6%, while Bahrain Telecommunication Company was up 0.3%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Al Meera Consumer Goods Co.	139.44	4.7	13.5	(5.8)
QNB Group	180.00	3.7	153.7	(7.7)
Mannai Corporation	40.44	3.7	2.2	(26.4)
The Commercial Bank	42.60	3.4	60.6	8.1
United Development Company	13.46	3.2	189.6	(8.7)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	7.20	2.4	16,547.3	(44.5)
Mesaieed Petrochemical Holding	26.23	0.0	2,543.2	74.5
Vodafone Qatar	7.05	(1.1)	660.2	(9.7)
Qatar Aluminium Manufacturing	10.11	(2.2)	639.0	(24.3)
Masraf Al Rayan	34.70	1.8	570.8	(16.7)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,931.94	0.4	2.1	(4.3)	(3.6)	109.19	151,035.6	14.0	1.5	4.4
Dubai	2,599.70	(0.3)	0.4	(6.0)	2.8	57.93	94,449.1	11.3	1.0	5.1
Abu Dhabi	4,866.18	1.6	1.9	(7.5)	(1.0)	30.30	135,796.7	14.1	1.4	5.1
Saudi Arabia	8,413.88	(1.6)	(1.4)	(9.6)	7.5	856.74	526,304.2	19.2	1.9	3.5
Kuwait	4,746.53	0.3	0.6	(1.7)	0.2	101.24	32,818.3	14.4	0.9	4.0
Oman	3,941.21	0.6	1.7	(0.1)	(8.8)	5.49	17,156.2	7.7	0.8	7.0
Bahrain	1,430.14	0.2	1.5	(0.3)	6.9	3.95	22,181.5	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)

Market Indicators	29 May 19	28 May 19	%Chg.
Value Traded (QR mn)	399.2	2,933.5	(86.4)
Exch. Market Cap. (QR mn)	549,820.1	544,342.9	1.0
Volume (mn)	24.5	112.1	(78.1)
Number of Transactions	14,103	17,324	(18.6)
Companies Traded	42	43	(2.3)
Market Breadth	19:22	23:17	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,275.62	0.4	2.1	0.7	14.0
All Share Index	2,944.75	0.9	1.7	(4.4)	14.0
Banks	3,801.61	2.1	5.7	(0.8)	13.3
Industrials	3,146.12	(0.9)	(0.9)	(2.1)	15.8
Transportation	2,326.16	0.0	(0.2)	12.9	12.5
Real Estate	1,524.88	0.9	(4.7)	(30.3)	12.7
Insurance	2,964.32	2.0	(2.4)	(1.5)	17.1
Telecoms	882.39	(0.6)	0.2	(10.7)	18.1
Consumer	7,662.01	(1.2)	(1.8)	13.5	15.0
Al Rayan Islamic Index	3,888.31	(0.2)	0.9	0.1	13.3

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
QNB Group	Qatar	180.00	3.7	153.7	(7.7)
The Commercial Bank	Qatar	42.60	3.4	60.6	8.1
First Abu Dhabi Bank	Abu Dhabi	14.28	3.3	2,268.2	1.3
Qatar Insurance Co.	Qatar	34.02	2.6	93.3	(5.2)
Ominvest	Oman	0.32	2.6	79.2	(8.3)

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Saudi Electricity Co.	Saudi Arabia	16.00	(6.3)	4,575.0	5.7
Saudi British Bank	Saudi Arabia	38.50	(6.1)	781.2	17.9
Banque Saudi Fransi	Saudi Arabia	39.95	(5.4)	2,092.2	27.2
Qatar Elec. & Water Co.	Qatar	161.55	(5.0)	88.3	(12.7)
Mouwassat Med. Services	Saudi Arabia	85.00	(4.4)	230.8	5.6

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Electricity & Water Co.	161.55	(5.0)	88.3	(12.7)
Doha Insurance Group	11.10	(3.5)	1.6	(15.2)
Qatar Oman Investment Co.	5.60	(3.4)	7.4	4.9
Medicare Group	59.05	(3.2)	5.9	(6.4)
Qatar Fuel Company	201.00	(2.8)	217.7	21.1

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	7.20	2.4	118,944.9	(44.5)
Mesaieed Petrochemical Holding	26.23	0.0	66,999.0	74.5
Qatar Fuel Company	201.00	(2.8)	43,826.4	21.1
Qatar Islamic Bank	162.80	(1.1)	29,858.1	7.1
QNB Group	180.00	3.7	27,472.3	(7.7)

Source: Bloomberg (\* in QR)

## Qatar Market Commentary

- The QE Index rose 0.4% to close at 9,931.9. The Banks & Financial Services and Insurance indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from non-Qatari shareholders.
- Al Meera Consumer Goods Company and QNB Group were the top gainers, rising 4.7% and 3.7%, respectively. Among the top losers, Qatar Electricity & Water Company fell 5.0%, while Doha Insurance Group was down 3.5%.
- Volume of shares traded on Wednesday fell by 78.1% to 24.5mn from 112.1mn on Tuesday. However, as compared to the 30-day moving average of 16.7mn, volume for the day was 47.1% higher. Ezdan Holding Group and Mesaieed Petrochemical Holding Company were the most active stocks, contributing 67.4% and 10.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.14%	39.75%	(10,388,901.84)
Qatari Institutions	11.72%	8.54%	12,680,118.85
<b>Qatari</b>	<b>48.86%</b>	<b>48.29%</b>	<b>2,291,217.01</b>
GCC Individuals	0.60%	1.10%	(2,027,392.90)
GCC Institutions	2.43%	1.27%	4,617,387.54
<b>GCC</b>	<b>3.03%</b>	<b>2.37%</b>	<b>2,589,994.64</b>
Non-Qatari Individuals	9.95%	9.94%	60,720.78
Non-Qatari Institutions	38.16%	39.40%	(4,941,932.43)
<b>Non-Qatari</b>	<b>48.11%</b>	<b>49.34%</b>	<b>(4,881,211.65)</b>

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

## Ratings and Global Economic Data

### Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
QNB Group	Capital Intelligence	Qatar	LT-FCR/ST-FCR/BSR/CFS/ESL	AA-/A1+/-/-/-	AA-/A1+/a-/a-/Very High	-	Stable	-

Source: News reports (\* LT – Long Term, ST – Short Term, FCR – Foreign Currency Rating, BSR – Bank Standalone Rating, CFS – Core Financial Strength, ESL – Extraordinary Support Level)

### Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/29	US	Mortgage Bankers Association	MBA Mortgage Applications	24-May	-3.3%	-	2.4%
05/29	France	INSEE National Statistics Office	PPI MoM	April	-0.6%	-	0.0%
05/29	France	INSEE National Statistics Office	PPI YoY	April	2.2%	-	2.0%
05/29	France	INSEE National Statistics Office	CPI MoM	May	0.2%	0.3%	0.3%
05/29	France	INSEE National Statistics Office	CPI YoY	May	1.0%	1.1%	1.3%
05/29	France	INSEE National Statistics Office	GDP QoQ	1Q2019	0.3%	0.3%	0.3%
05/29	France	INSEE National Statistics Office	GDP YoY	1Q2019	1.2%	1.1%	1.1%

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

### 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	QIIK	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		Insurance
Thursday 27/06/2019	QISI	QATI		
Sunday 30/06/2019	DOHI	QGRI	AKHI	Real Estate
Monday 01/07/2019	BRES	ERES		
Tuesday 02/07/2019	UDCD	MRDS		Telecoms
Wednesday 03/07/2019	VFQS	ORDS		
Thursday 04/07/2019	QGTS	GWCS	QNNS	Transport/Logistics
Sunday 07/07/2019	QETF	QATR	QAMC	ETFs and QAMCO

Source: QSE

## Qatar

- **The Prime Minister to attend Gulf summit in Makkah** – HE the Prime Minister and Minister of Interior, Sheikh Abdullah bin Nasser bin Khalifa Al-Thani will attend a Gulf summit in Makkah this weekend, one of the first high-level meetings with blockading nations since the blockade was imposed on Qatar nearly two years ago. Announcing the attendance of HE Sheikh Abdullah bin Nasser, Qatar's Foreign Ministry Spokesperson HE Lolwah Alkhatir said Qatar has never been absent from active and positive participation at all levels - Arab, Islamic and international. (Gulf-Times.com)
- **The Amiri Diwan announces Eid holidays** – The Amiri Diwan announced Eid Al-Fitr holidays for the ministries, other government organs and the general authorities and institutions will start on June 2, 2019 and end on June 10, 2019. State employees will resume work on Tuesday June 11. Eid holidays for Qatar Central Bank (QCB) and banks and financial institutions working under the supervision of QCB and Qatar Financial Markets Authority (QFMA) will be determined by the QCB's Governor. (Gulf-Times.com)
- **CI affirms long-term and short-term foreign currency ratings of QNB Group at 'AA-' and 'A1+'** – Capital Intelligence (CI) affirmed the long-term foreign currency rating (LT-FCR) and short-term foreign currency rating (ST-FCR) of QNB Group at 'AA-' and 'A1+', respectively. The lender has also been assigned a bank standalone rating (BSR) of 'a-', a core financial strength (CFS) rating of 'a-' and a 'very high' extraordinary support level (ESL). The outlook for the LT-FCR and BSR is 'Stable'. The bank's LT-FCR is set three notches above the BSR to reflect the very high likelihood of extraordinary sovereign support in the event of financial distress. This is based on the government's strong track record of support for Qatari banks. QNB Group's BSR is based on a CFS rating of 'a-' and an operating environment risk anchor (OPERA) of 'bbb'. The CFS rating is supported by the bank's financial credit strengths of very strong capitalization, very good asset quality and still good profitability at both the operating and net levels. The overall capital adequacy ratio is high and of good quality despite a significant AT-1 (additional Tier-1) component. The rate of internal capital generation is also good, the agency stated. The very good asset quality is underlined by a low NPL (non-performing loans) ratio, low NPL growth and high and rising loan loss reserve and extended NPL coverage ratios. The declining trends in profitability ratios weaken this as a supporting strength, but ratios remain good and efficiency ratios are improving. The ratings are also supported by a series of non-financial factors. The first is domestic franchise strength. QNB Group's size means a dominant share of both loans and customer deposits. (Gulf-Times.com)
- **MERS opens 'Maar' stores at two Metro stations, to open six more soon** – In a bid to facilitate commuters of Doha Metro with the on-the-go shopping experience, Al Meera Consumer Goods Company (MERS) has opened its convenient store 'Maar' at two of the newly started Doha Metro stations. Maar store at the Musheireb Metro Station was opened on Wednesday, while the first Maar store was opened at the Doha Exhibition and Convention Center (DECC) station a few days ago. According to a source, MERS is expected to open six more 'Maar' stores at different metro stations in the near future. While two to three more Maar stores are expected to be opened this year, the source said, rest of the stores will be opened later. Maar, which is a sub-brand of MERS and the first retail outlet to be functional in the metro stations, literally translates to the act of passing by. (Qatar Tribune)
- **Cost of living in Qatar declines 1.5% YoY during first quarter** – Qatar witnessed a 1.5% YoY decline in its cost of living, based on Consumer Price Index (CPI) inflation, during the first quarter of this year with seven of the 12 sectors showing eased price levels, official figures suggested. On a QoQ basis, the country's inflation was down 0.7% in the review period, according to the Planning and Statistics Authority. The index of housing, water, electricity and other fuels – with a weightage of 21.89% in the CPI basket – reported 2.6% contraction on a yearly basis, whereas it was up a marginal 0.1%, compared to the fourth quarter of 2018. On a yearly basis, actual rental was down 0.7% and maintenance and repair of the dwelling 1.1%; while water supply and miscellaneous services expanded 5.1%. Transport, which has 14.59% weightage, saw its group index decline 2.4% and 2.6% on yearly and quarterly basis, respectively in 1Q2019. The sector has the direct linkage to the dismantling of administered prices in petrol and diesel, which have witnessed sustained increase in the recent past as part of lessening the subsidies. On a yearly basis, purchase of vehicles became costlier by 5.8%; whereas operation of personal transport equipment index plunged 15.9% and transport services 3.3% (Gulf-Times.com)
- **Some 32,000 companies established since the blockade** – Some 32,000 new companies have been established in Qatar since the blockade was enforced two years ago, according to Qatar Chamber's (QC) Chairman, Sheikh Khalifa bin Jassim bin Mohamed Al-Thani. This marked an increase of around 34% over the previous two years, when 24,000 new firms were set up in the country, he informed. Sheikh Khalifa said, "The local private sector proved its great ability in dealing with big challenges, as they adapted quickly to the blockade, in no small part thanks to the rapid steps adopted by the government." The year 2017 saw the formation of 15,000 companies, with the number increasing to 17,000 in 2018. The new companies were established in a variety of sectors, such as agriculture, transport and manufacturing. The years 2016 and 2015 saw the formation of 13,000 and 11,000 companies, respectively. QCs' Chairman said a number of factors helped the country defeat the blockade, including the economic and legislative environment, sound strategic plans as well as cooperation among all bodies, and trade relations with friendly countries. He noted that the blockade had no impact on Qatar's economy, affirming that the shock factor of the blockade was swiftly absorbed thanks to cooperation among all actors as well as the resilience of the economy. (Gulf-Times.com)
- **Seetharaman: Oil gains, returning foreign liabilities lift Qatar's banking liquidity** – Qatar's banking sector remains sound and the foreign liabilities that were withdrawn in the immediate aftermath of the diplomatic rift have been partially replaced with greater attention paid to the diversity of funding sources

and deposit maturity structure, according to Doha Bank's CEO, R Seetharaman. Official deposits placed with banks after the diplomatic rift have been reduced and as higher oil prices and returning foreign liabilities enhance banking liquidity, credit to the private sector is growing at a healthy pace. "Qatar Central Bank continues to closely monitor developments in the real estate sector in view of the softening in prices and potential implications for the banking sector," Seetharaman said. Qatar's plans to increase liquefied natural gas production capacity from 77mn tons per year (tpy) to 110mn tpy in the next couple of years signals a new era of growth led by the planned expansion of North Field production. This will further boost Qatar's leading global position in the next couple of years. As the country's hydrocarbon sector develops further, the non hydrocarbon sector can also witness activity. This year, Seetharaman said, the State of Qatar successfully returned to the international financial markets with a total of three tranches worth a total of \$12bn. (Gulf-Times.com)

- **QIA leads over \$500mn strategic growth investment in SoFi** – Qatar Investment Authority (QIA) announced that it is leading an over \$500mn equity financing in SoFi, a mobile-first personal finance company, alongside existing investors and SoFi's CEO, Anthony Noto. SoFi plans to use the funds to continue to invest in its rapid rate of innovation and growth, fulfilling its mission to help SoFi members achieve financial independence to realize their ambitions. The investment round values SoFi at \$4.3bn on a pre-money basis and further strengthens SoFi's balance sheet to total capital of \$2.3bn. Noto said, "Over the last year, we have worked aggressively to grow SoFi from a desktop lending business to a broad-based, mobile-first financial platform enabling members to borrow, save, spend, invest and protect their money." (Peninsula Qatar)
- **Al Attiyah Foundation: Major gas exporters likely to compete or cooperate with BRI** – Investments under China's enormous 'Belt and Road Initiative' (BRI) are expected to increase economic growth and energy demand, particularly in transport and heavy industry in China and the recipient countries. This initiative will also impact major gas exporters. In its latest research report, titled 'Belt and Road Initiative: What impact will this have on gas exporters?', Al-Attiyah Foundation explores how gas exporters can work within this new paradigm and the possible impacts of BRI on their plans. The report stated major gas exporters have the choice to compete with the BRI or to cooperate with it. In practice, most are likely to do both, in different circumstances, it added. To compete, major gas exporters can target markets in BRI countries including China itself and develop LNG receiving terminals and partnerships with local gas importers and customers. To head off competition from coal and nuclear power, the LNG would need to be competitively priced. Conversely, to cooperate, leading gas exporters could invite Chinese investment in new LNG liquefaction and regasification terminals, pipelines and gas-fired power plants and partner with Chinese state oil companies and utilities, the report added. (Peninsula Qatar)
- **Cabinet nod for Qatar hosting crucial global telecom event in 2020** – The Cabinet, at a meeting chaired by Prime Minister HE Sheikh Abdullah bin Nasser bin Khalifa Al Thani, gave its approval for Qatar hosting the next edition of the World

Telecommunication Standardization Assembly (WTSA), which will be held in 2020. WTSA is held every four years and defines the next period of study for the Telecommunication Standardization Sector of the UN's International Telecommunication Union. The cabinet also approved the accession of the Qatar Financial Markets Authority to the Francophone Institute of Financial Regulation. (Qatar Tribune)

#### **International**

- **MBA: Trade worries seen pushing US mortgage activity to one-month low** – The number of US borrowers seeking a home loan fell to a one-month low amid concerns about the growing trade tension between China and the US and its impact on the economy, Mortgage Bankers Association (MBA) stated. Those worries have put downward pressure on home borrowing costs, which were not enough to rekindle interest for potential home buyers and current homeowners to shop for loans. The Washington-based group's seasonally adjusted measure on mortgage applications for home purchase and refinancing declined by 3.3% to 411.5 in the week ended May 24. This was the lowest level since the week of April 26. (Reuters)
- **Brexit shutdowns hammer UK's car production in April** – British car production collapsed last month by the largest amount since the global financial crisis as factories shut down for a Brexit that never came, industry figures showed. The Society of Motor Manufacturers and Traders (SMMT) stated car production fell 44.5% YoY to 70,971 units in April, the sharpest fall since exactly 10 years ago, when Britain was mired in recession. Car factories shut down last month to sidestep the risk of supply chain disruption from a potentially chaotic 'no-deal' Brexit on March 29, the original date for Britain's departure from the European Union. While this was pushed back to October 31, the postponement came too late for carmakers to change plans, prompting a dismal collapse in output, SMMT stated. (Reuters)
- **Negative ECB rates are a boon for Eurozone banks, says de Guindos** – Super low rates are a boon for banks rather than a hindrance, European Central Bank's (ECB) Vice President, Luis de Guindos said, setting the tone for a debate on whether lenders should be compensated. Banks have long complained that negative rates weigh on their profits, hurting the ECB's efforts to cut borrowing costs, and policymakers are expected next week to discuss possible compensation for lenders. One idea under discussion is to exempt banks from the ECB's negative charge on some of their cash deposits held at the central bank by implementing a multi-tiered deposit rate. He added that more structural issues including a high stock of non-performing assets, excess capacity and high costs appeared to be the main reason for weak banking sector profits. (Reuters)
- **German labor market feels effect of slowing economy** – German unemployment unexpectedly rose for the first time in nearly two years in May, data showed, as slowing growth in Europe's largest economy spilled over into the labor market. The number of people out of work rose by 60,000 to 2.279mn in seasonally adjusted terms, according to the Federal Labor Office. That compared with a Reuters consensus forecast for a decline of 8,000. Germany's solid labor market has been the backbone of a domestically driven upswing in recent years. Several months of rising unemployment could weaken household spending and knock out one of the most important supports for growth.

Though the unexpected rise was mainly due to an audit of the status of some unemployment benefit recipients, the slowing economy also played a role, Labour Office's Head, Detlef Scheele said. (Reuters)

- **Germany builds 285,900 new dwellings, highest in 16 years** – German builders completed nearly 285,900 new dwellings last year, the highest number since 2002, data showed, but construction still fell short of expectations and may not ease a drastic shortage of affordable housing. Demand for property is soaring in Europe's biggest economy due to a growing population, increased job security and record-low borrowing costs. With demand outstripping supply in many urban areas, property prices and rents have soared in cities like Berlin, Hamburg, Munich and Frankfurt. The Federal Statistics Office stated that builders last year completed the construction of 250,100 new residential units, finished the renovation of 31,300 existing dwellings and built 4,500 units for non-residential purposes. The total of 285,900 units was a rise of 0.4% on the year and was the highest figure since 2002. Construction was one of the drivers of a rebound in economic growth in the first quarter. Property experts said Germany needs to build at least 350,000 new homes every year to ease the shortage of affordable housing. (Reuters)
- **Poll: China's May factory activity seen shrinking, trade standoff with US hurts growth** – Activity in China's vast factory sector is expected to have shrunk in May after expanding slightly for two months, keeping pressure on policymakers to roll out more stimulus to stabilize an economy hit by a bruising trade war with the US. The official Purchasing Managers' Index (PMI) for May is forecast at 49.9, according to the median forecast of 35 economists. That is down from April's reading of 50.1, and one notch below the 50-point mark which separates expansion from contraction on a monthly basis. Investors and policymakers are likely to focus on any further softening in factory output and domestic orders, gauges that could indicate whether Beijing's recent growth-boosting measures are having any effect on overall economic activity. (Reuters)

### Regional

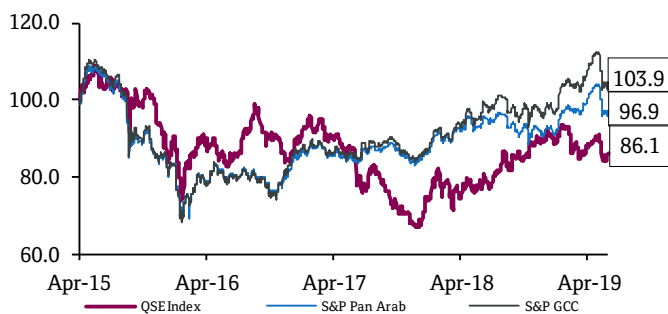
- **Middle East airlines registers solid passenger demand growth in April** – Middle East airlines, which include the three rapidly expanding and fast growing Gulf carriers, saw passenger demand (measured in revenue passenger kilometers or RPKs) rise 2.9% YoY in April, which was a recovery from a 3.0% decline in traffic in March. Notwithstanding the monthly turnaround, in seasonally-adjusted terms the downward trend in traffic growth continues, reflecting broader structural changes affecting the industry in the region. Capacity fell 1.6% and load factor soared 3.5 percentage points to 80.5%, according to data released by International Air Transport Association (IATA). The IATA, which represents some 290 airlines comprising 82% of global air traffic, announced global passenger traffic results for April 2019 showing that demand rose by 4.3% compared to April 2018. April capacity (available seat kilometers or ASKs) increased by 3.6%, and load factor climbed 0.6 percentage point to 82.8%, which was a record for the month of April, surpassing last year's record of 82.2%. (Peninsula Qatar)

- **Saudi Arabia expected to hike crude prices to Asia in July for third month** – Saudi Arabia is expected to raise prices for all crude grades it sells to Asia in July for a third straight month after Middle East crude benchmarks jumped, trade sources said. The producer is likely to increase the official selling price (OSP) for flagship Arab Light crude by up to \$1 a barrel to the highest since January 2014, a Reuter's survey of sources at refineries showed. US sanctions on Venezuela and Iran and a Russian oil crisis have tightened sour crude supplies in Asia, pushing spot Middle East and Russian crude premiums to multi-year highs. Strong demand for prompt supplies this month caused the backwardation in the price spread between first- and third-month Middle East benchmark Dubai to widen by about \$1.20 a barrel. Backwardation refers to a market where prompt prices are higher than later prices. The extent of Saudi Arabian price hikes depends on whether the country takes into account weaker margins for naphtha and fuel oil, the sources said, as those will lead to smaller price gains for grades such as Arab Extra Light and Arab Heavy that have a higher yield of such products. The market structure "is very bullish but refining margins do not support that," sources added. (Reuters)
- **Ataa Educational Company gets regulatory approval for IPO** – Ataa Educational Company, a private-school operator in Saudi Arabia, has received the market regulator's approval for an Initial Public Offering (IPO). The approval is for selling 12mn stocks, representing 30% of its share capital, and is valid for six months, according to a statement. The potential IPO by Ataa Educational will follow Arabian Centres Company's share sale this month. HSBC Holdings unit in the Kingdom is the financial advisor, lead underwriter and bookrunner for the offering on the Tadawul. (Bloomberg)
- **CBUAE more pessimistic on 2019 than IMF** – Economic growth in UAE this year will fall far short of previous estimates and could undershoot the latest projections from the International Monetary Fund (IMF), according to the Central bank of the UAE (CBUAE). GDP will expand only 2% in 2019, compared with a previous forecast for 3.5% published in March, the central bank stated in its annual report. The IMF sees a pickup to 2.8% from 1.7% last year, according to its April regional economic outlook. In a May 2nd statement, the fund stated that growth could exceed 2% this year and approach 3% in 2020-21. The oil economy is set to grow 2.7%, a downward revision from 3.7%, according to the central bank. The non-oil economy will expand an estimated 1.8%, versus an earlier forecast for 3.4%, it stated. The central bank singled out a deceleration in oil production as a drag on the economy, with crude output forecast at 3.1mn barrels a day in 2019 from an average of 3.3mn in the fourth quarter of 2018. (Bloomberg)
- **Commercial Bank of Dubai not in talks for M&A** – Commercial Bank of Dubai (CBD) has stated that it is not in talks for mergers and acquisitions (M&A) after Bloomberg reported that its major shareholder Al Futtaim Group is weighing options for the lender, citing sources. "There are no discussions whatsoever concerning mergers, acquisitions or activities of a similar nature," the bank stated. Al Futtaim Group is weighing options including selling its stake, Bloomberg reported last week, citing sources. The Dubai-based holding company may encourage the possibility of merging CBD with another institution, sources

said. Discussions are at an early stage and financial advisors have not been appointed, sources said. (Bloomberg)

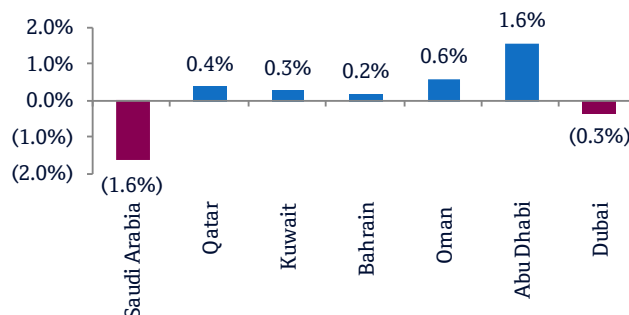
- **Abu Dhabi's airports, ports and power firms moved to new holding company** – Abu Dhabi is creating a new holding company for seven state-owned firms with operations ranging from airports to power supply to make it easier for them to raise debt and improve services, sources told Reuters. The new holding company, Abu Dhabi Development Holding Company (ADDHC), will be led by a former Executive of Abu Dhabi state fund Mubadala, Mohamed Hassan Al-Suwaidi and the seven firms could eventually be privatized. The holding company's portfolio will include Abu Dhabi Airports, Abu Dhabi Ports, Abu Dhabi National Exhibition Centre, Abu Dhabi Media, Abu Dhabi Power Company, Khalifa Industrial Zone Abu Dhabi, and Abu Dhabi Health Services Co., sources said. These are all companies which have received large amounts of state investment for infrastructure and growth. The government media office said it will name the companies when the information became publicly available. "The holding company will allow the firms to operate at arm's length," source said. It will be able to raise debt for its units, who can also raise debt themselves rather than through the department of finance, separating them from the Emirate's own debt plans. (Reuters)
- **Abu Dhabi starts AED3.4bn housing plan** – Abu Dhabi has begun issuing housing loans and distributing residential land and houses to residents in a plan worth AED3.4bn, state-run news agency WAM reported. (Bloomberg)
- **Kuwait International Bank starts marketing \$300mn Sukuk** – Kuwait International Bank has started marketing \$300mn perpetual Sukuk, or Islamic bonds to boost its Tier 1 capital, with a yield of around 6.25%, a document by one of the banks leading the deal showed. Perpetual bonds mimic some of the characteristics of equity because they lack a maturity date. Citigroup, Dubai Islamic Bank, First Abu Dhabi Bank, KAMCO Investment Company, KFH Capital Investment Company, and Standard Chartered Bank have been hired to lead the transaction. (Bloomberg)

## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,279.75	0.0	(0.4)	(0.2)
Silver/Ounce	14.43	0.5	(1.0)	(6.9)
Crude Oil (Brent)/Barrel (FM Future)	69.45	(0.9)	1.1	29.1
Crude Oil (WTI)/Barrel (FM Future)	58.81	(0.6)	0.3	29.5
Natural Gas (Henry Hub)/MMBtu	2.69	3.5	3.6	(15.6)
LPG Propane (Arab Gulf)/Ton	54.00	(2.9)	0.0	(15.6)
LPG Butane (Arab Gulf)/Ton	53.25	(2.1)	0.9	(23.4)
Euro	1.11	(0.3)	(0.6)	(2.9)
Yen	109.59	0.2	0.3	(0.1)
GBP	1.26	(0.2)	(0.7)	(1.0)
CHF	0.99	(0.0)	(0.6)	(2.6)
AUD	0.69	(0.1)	(0.1)	(1.9)
USD Index	98.14	0.2	0.5	2.0
RUB	64.97	0.4	0.8	(6.8)
BRL	0.25	1.3	1.2	(2.3)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,064.80	(0.9)	(1.4)	9.6
DJ Industrial	25,126.41	(0.9)	(1.8)	7.7
S&P 500	2,783.02	(0.7)	(1.5)	11.0
NASDAQ 100	7,547.31	(0.8)	(1.2)	13.7
STOXX 600	370.51	(1.7)	(2.1)	6.7
DAX	11,837.81	(1.8)	(2.1)	9.1
FTSE 100	7,185.30	(1.5)	(2.0)	5.7
CAC 40	5,222.12	(2.0)	(2.4)	7.3
Nikkei	21,003.37	(1.1)	(0.5)	5.9
MSCI EM	985.44	(0.3)	(0.1)	2.0
SHANGHAI SE Composite	2,914.70	0.1	2.0	16.3
HANG SENG	27,235.71	(0.6)	(0.4)	5.1
BSE SENSEX	39,502.05	(1.0)	(0.5)	9.2
Bovespa	96,566.55	1.1	4.1	6.7
RTS	1,275.92	0.4	(0.2)	19.4

Source: Bloomberg (\*\$ adjusted returns)

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