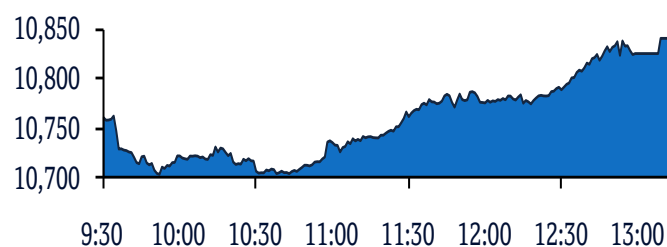


QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 1.1% to close at 10,843.0. Gains were led by the Transportation and Telecoms indices, gaining 3.2% and 2.0%, respectively. Top gainers were Qatar Gas Transport Company Limited and Qatar Navigation, rising 3.6% and 3.2%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 7.9%, while Ezdan Holding Group was down 1.8%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.6% to close at 8,869.5. Gains were led by the Consumer Durables and Commercial & Prof. Svc indices, rising 2.3% and 1.5%, respectively. Al Samaani Factory and Red Sea International Co were up 10.0% each.

Dubai: The DFM Index gained 0.9% to close at 2,698.7. The Investment & Financial Services and Banks indices rose 1.3% each. Ajman Bank rose 3.4%, while Emaar Development was up 3.0%.

Abu Dhabi: The ADX General Index gained 1.2% to close at 5,237.5. The Industrial index rose 2.9%, while the Real Estate index gained 1.8%. Ras Al Khaimah Ceramics rose 6.3%, while Gulf Pharmaceutical Industries was up 5.3%.

Kuwait: The Kuwait All Share Index gained 0.8% to close at 5,619.3. The Technology index rose 3.6%, while the Industrials index gained 1.8%. Tijara & Real Estate Investment Co. rose 11.0%, while Warba Capital Holding Co. was up 7.2%.

Oman: The MSM 30 Index fell 0.1% to close at 3,725.4. The Financial index declined 0.2%, while the other indices ended in green. Raysut Cement Company declined 6.6%, while Oman Qatar Insurance was down 3.3%.

Bahrain: The BHB Index fell marginally to close at 1,453.1. The Insurance index declined 0.4%, while the Services index fell 0.1%. Bahrain Car Park Company declined 5.4%, while Zain Bahrain was down 2.5%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Gas Transport Company Ltd.	3.45	3.6	8,090.7	8.5
Qatar Navigation	7.90	3.2	4,459.9	11.4
Qatar Islamic Insurance Company	7.20	2.9	62.7	4.3
Al Khalij Commercial Bank	2.18	2.2	13,992.9	18.4
Ooredoo	8.14	2.2	3,474.1	8.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.57	(1.6)	28,633.9	(4.7)
Ezdan Holding Group	1.73	(1.8)	15,144.5	(2.6)
Al Khalij Commercial Bank	2.18	2.2	13,992.9	18.4
Masraf Al Rayan	4.59	0.6	9,913.1	1.4
United Development Company	1.58	0.1	9,708.5	(4.8)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,842.99	1.1	1.5	3.9	3.9	161.19	170,729.9	18.5	1.6	3.6
Dubai	2,698.68	0.9	2.8	8.3	8.3	115.72	97,476.7	12.8	0.9	3.6
Abu Dhabi	5,237.48	1.2	1.4	3.8	3.8	156.57	202,142.0	20.8	1.5	4.7
Saudi Arabia	8,869.47	0.6	1.5	2.1	2.1	2,542.03	2,452,562.1	35.5	2.1	2.4
Kuwait	5,619.28	0.8	1.5	1.3	1.3	159.78	104,544.3	35.9	1.4	3.5
Oman	3,725.34	(0.1)	0.7	1.8	1.8	2.12	16,719.9	11.2	0.7	6.8
Bahrain	1,453.09	(0.0)	0.1	(2.5)	(2.5)	2.72	22,169.5	14.1	1.0	4.6

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	11 Jan 21	10 Jan 21	%Chg.
Value Traded (QR mn)	590.7	517.1	14.2
Exch. Market Cap. (QR mn)	625,613.3	620,110.3	0.9
Volume (mn)	187.0	198.6	(5.9)
Number of Transactions	13,747	9,419	45.9
Companies Traded	47	47	0.0
Market Breadth	25:18	20:23	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,845.30	1.1	1.5	3.9	18.5
All Share Index	3,330.27	1.0	1.4	4.1	19.2
Banks	4,431.58	1.0	1.0	4.3	15.6
Industrials	3,207.59	0.8	1.1	3.5	28.6
Transportation	3,598.41	3.2	6.6	9.1	16.4
Real Estate	1,913.62	0.6	0.3	(0.8)	16.9
Insurance	2,544.72	0.6	2.6	6.2	N.A.
Telecoms	1,089.84	2.0	4.2	7.8	16.2
Consumer	8,207.26	0.1	0.2	0.8	29.2
Al Rayan Islamic Index	4,364.16	0.7	0.7	2.2	20.0

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Qatar Gas Transport Co.	Qatar	3.45	3.6	8,090.7	8.5
Agility Public Wareh. Co.	Kuwait	0.71	3.0	7,080.1	5.6
Abu Dhabi Islamic Bank	Abu Dhabi	4.95	2.7	4,031.4	5.3
Saudi Cement Co.	Saudi Arabia	64.30	2.6	729.5	4.6
Ooredoo	Qatar	8.14	2.2	3,474.1	8.2

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
HSBC Bank Oman	Oman	0.09	(2.2)	332.9	(2.2)
Ezdan Holding Group	Qatar	1.73	(1.8)	15,144.5	(2.6)
Ahli Bank	Oman	0.13	(1.6)	40.8	(1.6)
Jarir Marketing Co.	Saudi Arabia	174.00	(1.4)	246.4	0.3
Advanced Petrochem. Co.	Saudi Arabia	67.10	(1.0)	337.9	0.1

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 Cinema & Film Distribution	3.50	(7.9)	10.0	(12.3)
Ezdan Holding Group	1.73	(1.8)	15,144.5	(2.6)
Investment Holding Group	0.57	(1.6)	28,633.9	(4.7)
Mazaya Qatar Real Estate Dev.	1.23	(1.3)	6,305.3	(2.6)
Baladna	1.71	(1.3)	4,161.8	(4.3)

QSE Top Value Trades	Close*	1D%	Vol. '000	YTD%
QNB Group	18.92	1.2	90,211.0	6.1
Masraf Al Rayan	4.59	0.6	45,412.1	1.4
Qatar Navigation	7.90	3.2	34,768.8	11.4
Qatar Islamic Bank	17.59	0.8	30,499.8	2.8
Al Khalij Commercial Bank	2.18	2.2	30,102.8	18.4

Source: Bloomberg (* in QR)

Qatar Market Commentary

- The QE Index rose 1.1% to close at 10,843.0. The Transportation and Telecoms indices led the gains. The index rose on the back of buying support from GCC and Foreign shareholders despite selling pressure from Qatari and Arab shareholders.
- Qatar Gas Transport Company Limited and Qatar Navigation were the top gainers, rising 3.6% and 3.2%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 7.9%, while Ezdan Holding Group was down 1.8%.
- Volume of shares traded on Monday fell by 5.9% to 187.0mn from 198.6mn on Sunday. Further, as compared to the 30-day moving average of 210.0mn, volume for the day was 11.0% lower. Investment Holding Group and Ezdan Holding Group were the most active stocks, contributing 15.3% and 8.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	23.10%	41.69%	(109,777,433.7)
Qatari Institutions	25.46%	31.16%	(33,629,520.5)
Qatari	48.57%	72.84%	(143,406,954.2)
GCC Individuals	0.37%	0.54%	(1,009,632.3)
GCC Institutions	3.62%	1.24%	14,030,004.0
GCC	3.99%	1.78%	13,020,371.7
Arab Individuals	6.79%	10.20%	(20,127,289.4)
Arab Institutions	0.01%	0.04%	(198,863.0)
Arab	6.80%	10.24%	(20,326,152.4)
Foreigners Individuals	1.47%	4.09%	(15,465,663.9)
Foreigners Institutions	39.18%	11.05%	166,178,398.9
Foreigners	40.65%	15.13%	150,712,734.9

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2020	% Change YoY	Operating Profit (mn) 4Q2020	% Change YoY	Net Profit (mn) 4Q2020	% Change YoY
Advanced Petrochemicals Co.*	Saudi Arabia	SR	2,231.0	-14.0%	592.0	-19.1%	596.0	-21.5%
National Biscuit Industries**	Oman	OMR	7.8	10.9%	-	-	0.5	9.9%
Oman Refreshment Co.*	Oman	OMR	64.0	0.3%	-	-	8.6	1.9%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for year ended FY2020, ** Financial for half year ended December 31, 2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
01/11	EU	Sentix Behavioral Indices	Sentix Investor Confidence	Jan	1.3	1.9	-2.7
01/11	China	National Bureau of Statistics	PPI YoY	Dec	-0.4%	-0.7%	-1.5%
01/11	China	National Bureau of Statistics	CPI YoY	Dec	0.2%	0.0%	-0.5%
01/11	China	The People's Bank of China	Money Supply M0 YoY	Dec	-	10.4%	10.3%
01/11	China	The People's Bank of China	Money Supply M1 YoY	Dec	-	10.2%	10.0%
01/11	China	The People's Bank of China	Money Supply M2 YoY	Dec	-	10.7%	10.7%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jan-21	0	Due
MARK	Masraf Al Rayan	19-Jan-21	7	Due
QFLS	Qatar Fuel Company	21-Jan-21	9	Due
IHGS	INMA Holding Group	25-Jan-21	13	Due
GWCS	Gulf Warehousing Company	26-Jan-21	14	Due
QIIK	Qatar International Islamic Bank	26-Jan-21	14	Due
QNCD	Qatar National Cement Company	27-Jan-21	15	Due
CBQK	The Commercial Bank	27-Jan-21	15	Due
KCBK	Al Khalij Commercial Bank	27-Jan-21	15	Due
QAMC	Qatar Aluminum Manufacturing Company	4-Feb-21	23	Due
DHBK	Doha Bank	8-Feb-21	27	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	33	Due

Source: QSE

Qatar

- **UAE reopens sea border with Qatar after ending trade embargo** – The UAE has resumed business via air, land or sea with Qatar and any previous circulars issued by the UAE Maritime Administration relating to restrictions on dealing with Qatar have been abolished, the Port of Fujairah Authority said in a notice to mariners on January 8. (Bloomberg)
- **Bahrain asks Qatar to send delegation for bilateral talks** – Bahrain asked Qatar to send an official delegation as soon as possible to begin bilateral talks on outstanding issues, state-run Bahrain News Agency reports. (Bloomberg)
- **Egypt updates NOTAMs to remove airspace ban on Qatar** – Egypt has officially updated its NOTAMs (Notices to Airmen) to remove its airspace ban on Qatar, aviation analyst Alex Macheras tweeted Monday. (Gulf-Times.com)
- **Moody's: Qatar, UAE have greater fiscal strength in GCC** – Qatar and the UAE have greater fiscal strength than their other GCC peers, thanks to their large sovereign wealth fund (SWF) buffers relative to their fiscal deficits, according to rating agency Moody's. The COVID-19 related fall in oil revenue has eroded fiscal strength of many GCC countries and constrained economic recovery, resulting in lingering pressure on their sovereign credit strengths, according to Moody's. The rating agency expects that it will take 2-3 years for real GDP in GCC sovereigns to return to pre-pandemic levels. "Our outlook for GCC sovereigns reflects the coronavirus pandemic's impact on oil revenue and our expectations for the erosion of fiscal strength experienced last year to extend throughout 2021," said Thaddeus Best, a Moody's analyst. "The still elevated cost of funding for lower-rated sovereigns in the region will amplify these strains." Moody's expects subdued oil revenue will constrain government spending in 2021. Global oil demand is vulnerable to any subsequent flare-ups in the coronavirus outbreak and further government lockdowns, which could hurt oil prices and delay the planned easing of production cuts by the Organization of the Petroleum Exporting Countries (OPEC). Analysts said the Capacity of GCC sovereigns to reduce expenditure after a drop in oil prices is strongly correlated with institutional strength. "We estimate that Qatar and the UAE, which have the strongest institutions and governance scores in the region, made the largest cuts to expenditure in 2020. We expect that this discipline will persist throughout 2021, with spending remaining significantly below pre-pandemic levels, despite a year-on-year increase in the UAE," said Best. In Saudi Arabia, the government is likely to push through spending cuts in 2021 after coronavirus-related costs delayed a planned tightening in expenditure in 2020. (Qatar Tribune)
- **Qatar's economic momentum now in the GCC** – Qatar economy is set to rebound this year with the World Bank forecasting it to grow 3% in 2021. Qatar's economy is estimated to have contracted with a -2% growth in 2020. The run-up to the 2022 FIFA World Cup should also anchor demand growth, as the final-phase investment work is complete and the tournament itself is set to give a major lift to the export-orientated services sector. The easing of the 3.5-year-old regional dispute will improve trade, tourism and logistics. The Qatar-GCC trade was close to \$12bn in 2020 and this is expected to pick up further.

The opening of border between Qatar and Saudi Arabia is very good news for overall trade. Now we will see a smooth flow of goods between Qatar and the GCC. We expect rise in the trade of food items, pharmaceutical products and construction-related products in the coming months. Apart from the flow of goods, the opening of border is also good news for the service sector. We will see resumption of movement of professionals from the sector. The normalization of relations between Qatar and its neighbors would help Qatar's non-oil economy, with a resumption of travel links eventually lifting tourism inflows and greater interest of regional buyers in Qatar's real estate market. The normalization of relations should encourage GCC tourists back to Qatar when the pandemic eventually eases. This should help reduce the pressure on the country's distressed real estate and hospitality sectors. Another benefit could be a convergence in Qatar's onshore and offshore spot currency rates, as foreign liquidity stands to benefit from the lifting of the embargo. Regionally, the boost to consumer and investor sentiment and lower perceived geopolitical risk may contribute positively to economic outcomes, particularly ahead of significant events such 2022 FIFA World Cup in Doha. The restoration of travel and trade links between the GCC and Qatar is set to revive an era of vibrant trade and investment amongst the countries. Qatar's credit profile will remain resilient, supported by its wealthy economy, strong government and external net asset positions. (Gulf-Times.com)

- **QNCD to hold board of directors meeting on January 27** – Qatar National Cement Company (QNCD) has announced that its board of directors will be holding a meeting on January 27, 2021 to discuss and disclose the company's financial results for the year ended December 31, 2020. (QSE)
- **IHGS to hold board of directors meeting on January 25** – Inma Holding (IHGS) has announced that its Board of Directors will be holding a meeting on January 25, 2021 to discuss and disclose the company's financial results for the year ended December 31, 2020. (QSE)
- **Qatar Airways resumes flights to Riyadh** – Qatar Airways on Monday resumed flights to Riyadh in the Kingdom of Saudi Arabia with a daily service. QR1164 from Hamad International Airport to King Khalid International Airport took off in Doha at 1-45pm local time and landed safely at its destination at 3-10pm. The flight was operated by Qatar Airways' Airbus A350-1000. Qatar Airways will resume flights to Jeddah on Thursday (QR1188 departing Doha at 6-50pm) and to Dammam on Saturday (QR 1150 departing Doha at 5-10pm). (Gulf-Times.com)
- **Qatar raises land and marine crude pricing for February** – Qatar Petroleum set the official selling price of Qatar Land crude at 40 cents per barrel premium to Oman-Dubai benchmark for February sales, according to a price sheet seen by Bloomberg. That's up from last month when it set Qatar Land's OSP at parity to Oman-Dubai for January. Qatar Marine's OSP was set at 70 cents per barrel premium to Oman-Dubai for February versus 20 cents per barrel premium for January. (Bloomberg, Reuters)
- **Qatar offers Al-Shaheen, land crude for March** – According to sources, Qatar Petroleum for the Sale of Petroleum Products

Company Limited (QPSP) is offering two cargoes of Al-Shaheen for March 1-2 and March 29-30 loading. The company is also offering a cargo of Qatar Land for March 1-31 loading; cargo size for both grades 500k barrels. Offers due 12pm local time on January 13, valid until 5pm the next day. (Bloomberg)

- **Double-digit growth in building permits augurs well for Qatar's private sector** – Qatar's private sector, especially the construction segment, is poised for a good start this year as prospects brightened with the overall building permits issued saw a robust double-digit MoM growth in December 2020, according to the official statistics. In its latest data, the Planning and Statistics Authority (PSA), nevertheless, found a decrease MoM in the building completion certificates issued in the review period. The PSA figures showed the total number of new building permits issued were 972, of which Al Daayen constituted 26% or 248 permits, Doha (21% or 200), Al Rayyan (19% or 189), Umm Slal (9% or 90), Al Khor (4% or 41), Al Shahaniya (3% or 30) and Al Shamal (3% or 25). On a monthly basis, at the national level, the number of building permits issued soared 28 with Al Daayen witnessing 68% surge, Al Shahaniya (58%), Umm Slal (50%), Al Shamal (39%), Al Rayyan (30%) and Doha (24%); while Al Khor and Al Wakra registered 13% and 9% decline respectively. The building permits data is of particular importance as it is considered an indicator for the performance of the construction sector which in turn occupies a significant position in the national economy. The PSA data indicates that the new building permits (residential and non-residential) constituted 52% (507 permits) of the total building permits issued in December 2020, with additions accounting for 44% (429 permits) and fencing 4% (36 permits). Qatar saw a total of 319 building completion certificates issued in December 2020, of which 220 or 69% was for the new buildings (residential and non-residential) and 99 or 31% for additions. The overall building completion certificates issued saw a 10% slump MoM in December 2020 with Al Daayen registering 51% plunge, Doha (33%) and Al Wakra (10%). (Gulf-Times.com)
- **Qatar's realty sector on path to recovery** – The lifting of the more than three years of unwarranted blockade on Qatar by its Gulf neighbors is indeed a sigh of relief for the business community, and the return of the status quo between the country and its vital allies in the Gulf will no doubt lead to better economic development in the coming months. However, the benefits of such positive development will not immediately affect the real estate industry though it is inevitably forthcoming, according to the Chairman of the Association of Filipino & Entrepreneur Executives in Qatar (AFREEQ), Joseph Timothy Rivera. In a statement, Rivera refuted speculations that property prices would now go up due to recent events starting with the reopening of the Qatar KSA border. He said any improvement in the Qatar property market will not happen overnight and will take a considerable amount of time. "The reopening of borders and flights are just the beginning of the process. The resumption of trade and commerce as well as the physical re-establishment of diplomatic relations between Qatar and the former siege nations is daunting but we remain optimistic that this would all fall into place in a smooth and hopefully speedy manner," he added. Although short-term rentals have started increasing prices with some British-

managed companies having 95% occupancy rates, Rivera is confident on the country's resilience and that local realtors would soon be attending to more new relocating tenants again to the country in the coming months after the first quarter of this year as compared to the mostly downgrading or just lateral-moving tenants as experienced by the leasing industry for the past two years. (Peninsula Qatar)

International

- **NY Fed survey: US workers' view of job prospects drops to lowest since early 2014** – Americans remained anxious in December about their job prospects during the pandemic, and people's expectations for finding new work after becoming unemployed plunged to the lowest level since February 2014, according to a survey released on Monday by the New York Federal Reserve. Consumers estimated they had a 46.2% chance of finding jobs after becoming unemployed, down from 47.9% in November. Workers also said their odds of becoming unemployed were slightly higher, with the perceived chances of losing a job over the next year rising to 15.0% in December from 14.6% in November. The increase was driven by people without a college education. Despite the worries about the labor market, consumers said they expect inflation to pick up over the medium term and for home prices to keep rising. Median expectations for how inflation will change over the next three years rose for the second straight month, reaching 3.0% in December from 2.8% in November. Inflation expectations for the next year stayed flat at a median of 3.0%, according to the survey of consumer expectations, which is a monthly poll based on a rotating panel of 1,300 households. But consumers also said they were less certain about how inflation might change. Disagreement over the three-year outlook for inflation also rose to the highest level since May 2020. The cost of medical care is expected to rise by 9.1% over the next year, up from 7.1% in November. Consumers also expect to pay slightly more for essentials such as rent, food and gasoline. (Reuters)
- **US bank quarterly profits expected to fall again from pre-COVID levels** – When the biggest US banks begin reporting fourth-quarter results on Friday some of the headlines could show profits plunged by as much as 40% from a year earlier, before the pandemic struck. But investors will be focused on digging out clues to the earnings rebound expected in 2021. "You can look at Q4 as somewhat of a transition quarter as you put some of the challenges from 2020 in the rear-view mirror and look ahead to an improved 2021," said Barclays analyst Jason Goldberg. The pandemic caused interest rates to plunge and produced a record decline in the margin between what lenders charge for loans and what they pay for money, said Goldberg. The pandemic also pushed big US banks to set aside more than \$65bn for expected loan losses. From those low points, banks could see profits more than double in first and second quarters of 2021, according to Refinitiv's IBES estimates. Bank stocks have risen 35% since early November. Since then, effective COVID-19 vaccines started being distributed, Democrats took power in Washington, promising more economic stimulus, and the Federal Reserve said it would allow banks to repurchase stock again, which will increase earnings per share. Analysts have been ratcheting up 2021 estimates, but as of Friday, they showed Citigroup Inc reporting

a 42% fourth-quarter profit decline and Wells Fargo & Co posting a 39% drop. Estimates for JPMorgan Chase & Co suggest a more moderate 5% fall. Those three banks report on Friday. The following week, Bank of America Corp is expected to report a 33% quarterly profit decline. (Reuters)

- **Barclaycard: UK consumer spending slides in December as pandemic flares** – British consumer spending fell in December at the fastest rate in six months, with pubs and restaurants especially hard hit by a resurgence of coronavirus cases, a survey showed. Payment card provider Barclaycard said consumer spending contracted 2.3% in YoY terms last month, the biggest drop since June when most of the economy was still in lockdown. Spending in pubs and bars dropped 71% and fell by 65% in restaurants, the survey showed. By contrast, spending on groceries soared - something also reported in another survey published by the British Retail Consortium (BRC) trade body. December had brought some optimism with the beginning of the rollout of coronavirus vaccines. But vaccinations started too late to stop a surge in cases which earlier this month prompted Prime Minister Boris Johnson to set out a new, tougher lockdown. This will last until at least mid-February and economists think it will tip Britain back into recession. The BRC survey - which only covers spending in major retail chains, rather than overall consumer spending - showed retail spending increased by 1.8% YoY in December, driven by groceries and following a 0.9% rise in November. For 2020 as a whole spending in stores fell 0.3%, the weakest reading since records started 25 years ago and one which masked a sharp split between grocery stores, where spending rose 5.4%, and other retailers where sales fell 5.0%. (Reuters)
- **Sentix: Eurozone investor morale rises on vaccine euphoria** – Investor morale in the Eurozone rose more than expected in January, hitting its highest level since February due to growing confidence about a successful vaccination strategy to tackle the coronavirus pandemic, a survey showed on Monday. Sentix's index for the Eurozone climbed into positive territory for the first time in almost a year, reaching 1.3 from -2.7 in December. A Reuters poll had pointed to a reading of 0.7. The expectations index rose to an all-time high of 33.5 from 29.3 while the current situation index came in at -26.5, its highest level since March and compared to -30.3 in December. In a statement, Sentix said the overall index reading was surprising given the far-reaching restrictions on economic activity. "Now that more vaccines have been approved, investors apparently expect a quick implementation of the vaccination strategy and thus a definitive end to the economic and personal freedom restrictions," Sentix said in a statement. Sentix surveyed 1,168 investors from January 7 to January 9. (Reuters)
- **Japan bank lending, deposits keep rising in December as pandemic strains persist** – Japanese bank lending continued to rise in December to hit a fresh record, data showed, as companies kept piling up cash to weather the fallout from the coronavirus pandemic. Outstanding loans held by the country's four main categories of banks, including "shinkin" or credit unions, rose 6.2% in December from a year earlier to a record 577.6tn Yen (\$5.5tn), Bank of Japan data showed. Total deposits at the banks also surged 9.3% to a record 802.9tn Yen, as some companies parked the money they borrowed in their

accounts for the time being, the data showed. Aside from lending, commercial banks were using the money from the huge deposits to increase purchases of short-term securities and government bonds, the official said. The BOJ eased monetary policy twice last year to cushion the economic blow from COVID-19, including by creating a new lending facility aimed at channeling funds to cash-strapped firms via financial institutions. While lending by cash-strapped firms has peaked, the government's decision to impose new state of emergency curbs to prevent the spread of the virus has clouded the outlook for the world's third-largest economy. (Reuters)

- **Financial stability report: Indian lenders' bad loans may rise significantly** – Indian banks may see bad loans double despite signs of an improvement in the economic impact of the COVID-19 pandemic, a report from the Financial Stability and Development Council said. The gross Non-Performing Assets of banks may increase from 7.5% in September 2020 to 14.8% under a severe stress scenario. Even under a baseline scenario it may rise to 13.5% by September 2021, the council said. "It is assessed that the worst is behind us, though the recovery path remains uncertain," the council's Financial Stability Report released by the Reserve Bank of India said. The council is an umbrella group of regulators and releases the FSR report twice yearly to give a detailed overview on the health of the Indian financial system. RBI Governor Shaktikanta Das said in his foreword to the report that maintaining the financial health of banks remained a priority and that lenders must look at raising capital and altering their business models to sustain future expansion. The report also highlighted the challenges to the banks' capital positions and said four lenders might fail to meet the capital requirement by September under a baseline scenario and could rise to nine banks in a severe stress scenario. The central bank did not give the names of the lenders it was concerned about nor elaborate on the different scenarios. (Reuters)
- **Central Bank survey: Brazil rate outlook rises, even as inflation expectations hold** – The outlook for Brazilian interest rates over the next two years rose to their highest in several months, a central bank survey of economists showed, even as exchange rate and inflation expectations held steady. The average forecast of the benchmark Selic rate at the end of this year rose to 3.25% from 3.00%, and the end-2022 forecast rose to 4.75% from 4.50%, according to the latest weekly 'FOCUS' survey of around 100 economists. The 2021 outlook is the highest since last June, and the 2022 forecast is the highest since last August. The Selic rate has been anchored at a record low of 2.00% since August. But against a backdrop of bubbling inflation pressures and fiscal concerns, the central bank indicated late last year that it may begin tightening policy sooner than most economists had predicted. The FOCUS survey on Monday showed that 2021 inflation expectations held steady at 3.3%, below the central bank's target of 3.75%, and next year's average forecast was unchanged at 3.50%, right on the central bank's goal for the year. Economists expect the real's exchange rate to end this year at 5.00 per dollar, unchanged from the week before, and ending next year at 4.90 per dollar. It is currently trading at 5.50 per dollar. (Reuters)

Regional

- **NBK Capital says 2021 could be best year for Mideast private equity investments** – This year could be the best yet for private equity investments in the Middle East and North Africa (MENA) region as valuations are down, regional economies are bottoming out and fewer competitors are left, a leading private equity firm said. “This has the potential to be the sort of the golden age of private capital investing in the region,” Senior Managing Director of NBK Capital Partners, Yaser Moustafa which manages \$1.2bn in assets, told Reuters on Monday. “The investments we make this year will yield the best returns we’ve ever had.” He said there were a handful of competitors left in the industry compared with 50 when NBK Capital Partners began its business in 2006. Abraaj was the largest buyout fund in the region until it collapsed in 2018 due to investor concerns about the management of its \$1bn healthcare fund. NBK Capital Partners, backed by National Bank of Kuwait, has returned \$700mn to its investors over the last decade and has made 17 successful exits. The firm sees opportunities in education, healthcare, food and beverage, consumer, and industrials and technology in the region. Saudi Arabia, the Arab world’s biggest economy, and Egypt, the most populous, are the most attractive markets for private equity in MENA, while for the technology sector the key market is the UAE, Moustafa said. (Reuters)
- **Refinitiv: M&A deals involving MENA hit \$70.3bn** – The value of announced M&A transactions with any MENA involvement reached \$70.3bn during 2020, according to global data provider Refinitiv. This makes 2020 the fourth highest annual total of all time, despite falling 47% in value from the record high achieved in 2019 with Saudi Aramco’s agreement to buy a stake in Saudi Basic Industries Corporation (SABIC) Aramco acquired 70% stake in SABIC from the Public Investment Fund (PIF), the sovereign wealth fund of Saudi Arabia, for a total purchase price of SR259.125bn, equating to SR123.39 price per share. According to Refinitiv data, \$52.0bn worth of target M&A deals were announced from 550 deals, making it the second-highest year in deal value. Inbound M&A in MENA saw a record year of \$24.1bn in deal volume and 260 deals announced, a 41% increase in deal volume and 64% increase in number of deals from 2019. The financial sector was most active in 2020, with deals targeting financial companies accounting for 39% of total M&A in MENA, followed by Energy & Power with 26%. The UAE was the most targeted nation, followed by Saudi Arabia and Egypt. Morgan Stanley topped the any MENA involvement announced M&A financial advisor league table with 37% market share and MENA Target M&A league table with 49% market share in 2020. (Zawya)
- **End of crisis opportunity for GCC countries to build ‘growth strategy’** – The end of the Gulf crisis is an opportunity for all the countries in the region to establish a comprehensive growth strategy, in which trade in goods and the mobility of production factors will be key to strengthening of the economy, Costa Rica’s top diplomat in Qatar said. Ambassador, Alvaro Mariano Segura Avila said the Government of Costa Rica has congratulated the State of Qatar and the countries of the region for the agreement established between the Gulf nations. Only recently at the 41st GCC Summit held in the city of Al-Ula in Saudi Arabia, Gulf leaders signed a “solidarity and stability” agreement, described as a “historic move” that put an end to the more than three-year economic blockade imposed on Qatar in June 2017. (Gulf-Times.com)
- **Kamco Invest: Primary markets in GCC expected to be active this year** – The initial public offering (IPO) market remained active in the GCC countries in 2020 despite increasing pressure on financial markets against the backdrop of the coronavirus pandemic early last year, according to a recent report. A report issued by the Kuwait-based KAMCO Investment Company stated that the total IPOs of GCC countries dropped to seven issuances in 2020, compared to 12 in 2019, including the landmark Aramco IPO. The proceeds of the GCC issuers on regional and international exchanges reached \$1.87bn from \$29bn in 2019. KAMCO believes that the IPO market in the GCC countries could have witnessed higher activity in the year 2020, especially in the second half of the year. Issuers chose to defer their primary market entrances, until secondary markets recovered from the impact of COVID-19, said KAMCO. “This led to the back-end loaded issuances in 2020, while others pushed their plans into 2021.” Concerning regional listings, Saudi Arabia continued to lead the primary markets as four out of the seven IPOs debuted on the Saudi Stock Exchange (Tadawul). The kingdom also dominated in terms of IPO proceeds, with 78% of the issuances at \$1.45bn. In Qatar, QLM Life and Medical Insurance Co had an issuance with the company raised \$178mn in December. UAE re-entered the regional IPO markets with the issuance of REIT Fund worth \$95.3mn. The report noted that Saudi healthcare operator Dr. Sulaiman al-Habib Medical Services had the largest IPO in the region in 2020, with proceeds of \$698.6mn, followed by the Kingdom’s Bin Dawood Holding with proceeds of \$585.1mn. KAMCO Invest also expects the gulf IPO market to remain active in 2021, given the number of catalysts that could support primary markets within the region. (Gulf-Times.com)
- **Restoration of ties extremely good news for the GCC, says economist** – Restoration of ties between the member countries is an extremely good news for the GCC and the region, according to Partner, National Transformations Institute, Kearney Middle East, Rudolph Lohmeyer. “For the GCC, it will mean renewed vitality, legitimacy and ultimately power,” he told Arabian Business. “For the region as a whole, the breakthrough will hopefully prove to be a significant step towards deeper economic integration, which is in everyone’s strategic interest, Lohmeyer said. “By facilitating cross-border flows of trade, investment and ideas, the region can accelerate growth, attract higher levels of foreign direct investment (FDI), expand innovation, and increase global competitiveness by taking full advantage of its economic complementarities,” he said. (Gulf-Times.com)
- **Major OPEC producers, cued by Saudis, raise Asia crude pricing** – Three of OPEC’s biggest oil producers raised monthly pricing for shipments to Asia, their largest regional buyer, after markets tightened on Saudi Arabia’s plan to slash output. Iraq, Abu Dhabi and Kuwait all raised pricing for February sales to Asia, taking their cue from the Saudis, who announced a similar increase last week. Iraq is the largest producer in the OPEC after Saudi Arabia. The UAE, in which Abu Dhabi holds most of the oil, and Kuwait rank third and fourth within the cartel, respectively. Crude prices jumped after Saudi Arabia announced

plans last week to cut production by 1mn barrels in February and March. The Kingdom's state-run producer Saudi Aramco followed that shock move by boosting prices for all February crude sales to Asia as well as the US Global benchmark Brent crude has risen to more than \$55 a barrel -- its highest since March -- and is up about 7% so far this year. (Bloomberg)

- **Saudi Arabia aims to raise over \$5bn in bond-market return** – Saudi Arabia is preparing to return to global capital markets with a bond sale aimed at raising about \$5bn to help cover financing needs heightened by last year's slide in oil prices, according to sources. The Kingdom is close to hiring banks for a sale earmarked for as early as this month, the people said, declining to be identified because the matter is private. No final decision on the timing has been made and the country may still put off the sale should market conditions deteriorate, they said. The Finance Ministry in Riyadh did not immediately respond to requests for comment. Though the price of oil, Saudi Arabia's lifeblood, has rebounded about 45% to more than \$55 a barrel since the end of October, it remains below the \$80 level the country needs to balance its budget at a time when global Covid-19 infections show little sign of slowing. Saudi Arabia still expects to narrow its fiscal deficit this year after spending cuts reduced its funding needs. Saudi Arabia surprised investors by staying away from foreign capital markets in the second half of last year, opting to cover almost all of its budget deficit via domestic borrowing. The Kingdom's total outstanding debt stands at almost \$228bn. (Bloomberg)
- **Saudi Central Bank issues new rules for debt crowdfunding** – The Saudi Central Bank (SAMA) has issued new rules for debt crowdfunding, in a bid to attract new investors and companies. In a statement on its website, SAMA said the move was designed to attract new investors, companies and small and medium capital owners. The bank said it was setting the minimum paid up capital for a facility wishing to obtain a license for the activity at SR5mn. The central bank will have the authority to raise or reduce the minimum capital according to market conditions, the statement continued. The aim of the new rules is to regulate the provisions for licensing companies involved in debt crowdfunding, in accordance with the powers granted to the Saudi Central Bank under the provisions of the Finance Companies Control Law. The statement concluded: "The issuance of these rules comes as part of SAMA's efforts to support the opportunities for growth and economic development in the kingdom, in order to achieve the goals of the kingdom's Vision 2030 by supporting and organizing modern financing activities." (Zawya)
- **Dubai non-oil sector returns to modest growth in December** – Dubai's non-oil sector returned to growth in December, but the expansion was modest as employment fell and sentiment for the new year was subdued, a survey showed on Monday. The seasonally adjusted IHS Markit Dubai Purchasing Managers' Index (PMI) rose to 51 in December from 49 in November, rising above the 50-mark that separates growth from contraction for the first time since September. "An increase in output and new orders led to a renewed improvement in the health of the Dubai non-oil sector in December," said David Owen, economist at IHS Markit. "At 51.0, however, the index signaled only a slight expansion in Dubai's economy, as falling employment, lower

stocks of purchases and shorter delivery times all acted as drags on the headline reading," he said. The Middle East tourism and business hub has been hit hard by the coronavirus crisis, with the emirate's economy estimated to contract by 6.2% in 2020. This year, Dubai expects the economy to grow 4%, partly because it will host the Expo 2020 world fair, a six-month event originally scheduled to begin in October, but postponed for a year because of the COVID-19 pandemic. (Reuters)

- **Emirates Airline plans to expand services to US from Dubai** – Emirates plans to expand its services to the US from Dubai as the airline ramps up its operations. The carrier will resume non-stop services to Seattle from February 1, and to Dallas and San Francisco from March 2, according to a statement. It also plans to boost flights to New York, Los Angeles and Sao Paulo from next month. Dubai, the Middle East's business hub, locked down the city for about a month last year and Emirates grounded passenger flights to halt the spread of the coronavirus. Since then flights have since resumed operations, and Emirates said Monday it currently serves 114 destinations on six continents. (Bloomberg)
- **Dubai Aerospace Enterprise hires banks for dollar bonds** – Dubai Aerospace Enterprise (DAE), one of the world's biggest aircraft leasing companies, has hired banks including Goldman Sachs and Morgan Stanley to arrange fixed income investor calls ahead of a planned issuance of US dollar-denominated bonds, a document showed on Monday. DAE, owned by the Investment Corporation of Dubai, is looking to sell benchmark bonds with maturities of four and/or seven years, according to the document issued by one of the banks leading the deal. Benchmark bonds are generally meant to be upwards of \$500mn. (Reuters)
- **DP World's Smart Solution Logistics signs agreement with Israel's Allalouf Logistics** – DP World's port-centric logistics arm Smart Solution Logistics FZE (SSL) has signed an agreement with Israel-based Allalouf Logistics to explore new growth opportunities for the logistics and general freight forwarding business in the UAE and Israel. The agreement, which will foster trade between key trade hubs in both countries and beyond, was signed by Chief Operating Officer (COO) of SSL and Gil Miller, Albert Kraak Managing Director, Allalouf Logistics Ltd. Strategically located in Dubai's Jebel Ali Port with excellent connectivity to terminals at the port, DP World's SSL offers an extensive range of containerized logistics solutions. Using its worldwide network of ports and terminals overseas, SSL helps companies to link their supply chain to any part of the world using high-end IT platforms and variety of transportation modes. Through its collaboration with Allalouf Logistics that is part of the Allalouf Group, one of the largest and longest established shipping agencies in Israel, the company aims to reinforce the logistics sector, in the UAE, Israel and other prime markets. (Zawya)
- **Creditors consider action against Air Seychelles in Etihad debt saga** – Holders of around \$70mn in troubled bonds issued on behalf of Air Seychelles are considering options including enforcement against the African carrier, according to sources and documents. The action under consideration is the latest twist in broader creditor efforts to recover \$1.2bn in funds owed by Abu Dhabi's Etihad Airways and related airlines including

Air Seychelles. Etihad is state-owned Air Seychelles' second-biggest shareholder. Air Seychelles, which has been hit particularly hard by the coronavirus crisis, was part of a consortium comprising Etihad and related airlines that borrowed the \$1.2bn through a special purpose vehicle in 2015 and 2016. (Reuters)

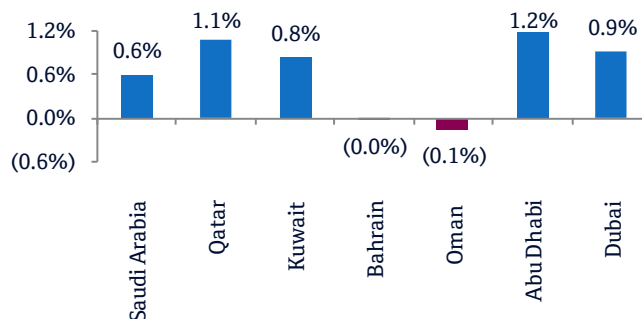
- **First Abu Dhabi Bank issues five-year \$500mn Sukuk** – First Abu Dhabi Bank (FAB) has issued the lowest-ever yield on any five-year MENA bank USD issuance with a \$500mn five-year Sukuk issued at MS+90bps (all-in yield of 1.411%) through FAB Sukuk Company Limited. The deal is FAB's first USD benchmark offering and the first Sukuk issue globally in 2021. This offering was highly successful, attracting a total orderbook of circa \$1.5bn which represents a three times over-subscription rate. The deal also attracted high quality Islamic and conventional investors from the Middle East, Asia, UK and Europe. Pricing on the deal at MS+90bps represents a negative new issue premium when compared to FAB's January 2025 maturity Sukuk, which was trading at MS +104bps on day of deal announcement. This resulted in FAB printing the lowest-ever yielding five-year USD bank paper from MENA. The Sukuk was placed to a diversified investor base of which 53% was international and 47% was regional. The placement to Islamic investors was 76%, signifying FAB's appeal to Shari'ah-compliant liquidity pools globally. (Zawya)
- **CBK issues bonds, tawarruq worth KD240mn** – The Kuwait Central Bank (CBK) announced yesterday that it issued KD240mn (roughly \$792mn) worth of bonds and tawarruq. In a statement to Kuwait News Agency (KUNA), CBK said that the three months issued period has a return rate of 1.250%. On January 4, the CBK issued bonds and tawarruq worth the same value for a period of six months. (Peninsula Qatar)
- **Oman raising up to \$2bn loan with mostly regional banks** – Oman is looking to raise up to \$2bn with a loan arranged mostly by local and regional lenders, as international banks tread carefully due to the deterioration of its credit profile, sources said. Oman started talks with banks for a new loan of at least \$1bn in November, sources told Reuters at the time, as it geared up for heavy debt redemptions. It is now working with a group of banks to raise a \$1.1bn facility which could go up to \$2bn in size depending on market appetite, two sources familiar with the matter said. The banks leading the deal are HSBC, Mashreqbank, Gulf International Bank, Bank Muscat and Bank Dhofar, the sources said. The loan, now being marketed to a wider group of lenders, has a 15-month maturity with the possibility to extend it by an additional 12 months at the borrower's discretion. (Reuters)
- **Oman to get its first crown prince in constitutional overhaul** – Oman's Sultan announced on Monday a constitutional shakeup that includes the appointment of a crown prince for the first time and new rules on how parliament will work, state media said. A new basic law issued by Sultan Haitham bin Tariq al-Said also emphasizes the role of the state in guaranteeing more rights and freedoms for citizens, state news agency ONA said. Sultan Haitham came to power a year ago after the death of his predecessor Sultan Qaboos. Qaboos did not have a Crown Prince and named his preferred successor in a sealed envelope opened after his death. (Reuters)
- **Oman sells OMR37mn 91-day bills at yield 0.813%** – Oman sold OMR37mn of 91-day bills due on April 14, 2021. The bills were sold at a price of 99.798, have a yield of 0.813% and will settle on January 13, 2021. (Bloomberg)
- **Bahrain sells BHD43mn 91-day Islamic Sukuk; bid-cover at 3.51x** – Bahrain sold BHD43mn of 91-day Islamic Sukuk due on April 14, 2021. Investors offered to buy 3.51 times the amount of securities sold. The Sukuk have a yield of 2.2% and will settle on January 13, 2021. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,843.89	(0.3)	(0.3)	(2.9)
Silver/Ounce	24.91	(2.0)	(2.0)	(5.6)
Crude Oil (Brent)/Barrel (FM Future)	55.66	(0.6)	(0.6)	7.5
Crude Oil (WTI)/Barrel (FM Future)	52.25	0.0	0.0	7.7
Natural Gas (Henry Hub)/MMBtu	2.70	0.0	0.0	13.5
LPG Propane (Arab Gulf)/Ton	87.75	1.4	1.4	16.6
LPG Butane (Arab Gulf)/Ton	85.00	0.0	0.0	13.3
Euro	1.22	(0.5)	(0.5)	(0.5)
Yen	104.26	0.3	0.3	1.0
GBP	1.35	(0.4)	(0.4)	(1.1)
CHF	1.12	(0.6)	(0.6)	(0.6)
AUD	0.77	(0.8)	(0.8)	0.0
USD Index	90.47	0.4	0.4	0.6
RUB	74.67	0.7	0.7	0.3
BRL	0.18	(1.3)	(1.3)	(5.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,730.05	(0.8)	(0.8)	1.5
DJ Industrial	31,008.69	(0.3)	(0.3)	1.3
S&P 500	3,799.61	(0.7)	(0.7)	1.2
NASDAQ 100	13,036.43	(1.3)	(1.3)	1.1
STOXX 600	408.41	(1.2)	(1.2)	1.9
DAX	13,936.66	(1.3)	(1.3)	0.6
FTSE 100	6,798.48	(1.5)	(1.5)	4.3
CAC 40	5,662.43	(1.3)	(1.3)	1.5
Nikkei*	28,139.03	0.0	0.0	1.8
MSCI EM	1,349.60	(0.3)	(0.3)	4.5
SHANGHAI SE Composite	3,531.50	(1.2)	(1.2)	2.4
HANG SENG	27,908.22	0.1	0.1	2.5
BSE SENSEX	49,269.32	0.8	0.8	2.6
Bovespa	123,255.10	(3.5)	(3.5)	(2.4)
RTS	1,466.56	0.0	0.0	5.7

Source: Bloomberg (*\$ adjusted returns, *Market was closed on January 11, 2021)

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