

April 2021

Global & GCC Capital Markets Review

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Market Commentary, April 2021

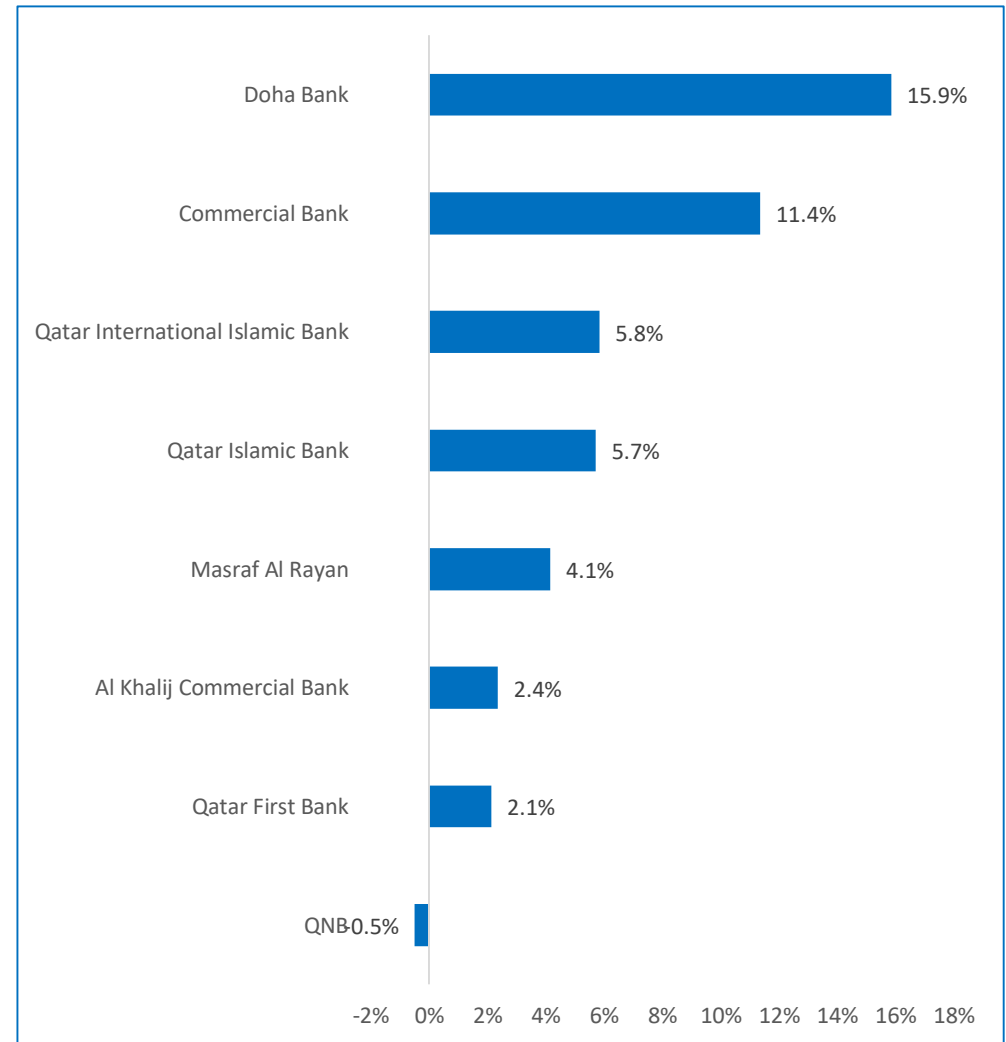
- S&P GCC index marched ahead for the sixth consecutive month in-line with the gains made by oil since November last year. S&P GCC composite index ended the month 4.4% higher. Qatar gained 4.9% for the month, supported by lifting of foreign ownership cap on listed companies. KSA and Abu Dhabi added 5.2% and 2.3%, for the month. Dubai increased 2.2%, while Bahrain and Oman gained 1.8% and 1.4%, respectively.
- Kuwait equity markets continued their positive rally adding 5.8% for the month, taking its yearly gains to 10.2%. Earnings reported in Q1 2021 by leading corporates were better than expectations, which added to the investor sentiments. Market liquidity in April as indicated by the average daily traded value stood at USD 171million, an increase of 25% compared to the earlier month.
- Among blue chips, Agility Public Warehousing leapt 30.6% for the month following its sale of its logistics division for USD 4.1billion to DSV Panalpina, Denmark-based company, to create the world's third largest freight forwarding firm. Boubayan Bank surged 13.7% for the month as the bank continued to improve its domestic market share driven by its fintech-oriented retail offering that proved advantageous in customer acquisition, retention and deposit mobilization during COVID-19 time.
- Among the GCC blue chip companies, International Holdings Company gained 42.6% and surpassed the market cap of UAE leading lender FAB. The firm has been aggressively sourcing deals and its investments range from Elon Musk SpaceX to local fishery firm. Industries Qatar gained 12.8%. The firm earnings in Q1 2021 rose by 478% (YoY)/43% (QoQ) to QAR 1.5billion, its highest quarterly profit since 2016 on back of improved price realization for its products.
- The performance of global equity markets was positive, with the MSCI World Index closing 4.5% higher in April as a powerful economic restart is underway amid accelerated vaccination and continued support from major central banks. U.S. market (S&P 500) gained 5.2% for the month while treasury yields softened. U.K (FTSE 100) rose by 3.8% for the month.
- Oil prices closed at USD 67.25 per barrel at the end of April 2021, posting a monthly gain of 5.8%. Oil prices have remained range bound between USD 60-70/bbl in the past three months as the OPEC+ maintained compliance with production cuts while demand uncertainty continues to persist amid rising COVID-19 cases in the Asian countries.

Kuwait sovereign wealth fund reaches initial agreement on KPC dividends

- To alleviate pressure on government treasury liquidity, Kuwait's sovereign wealth fund has reached an initial agreement concerning payment schedule with Kuwait Petroleum Corporation (KPC) to transfer the dividends that KPC owes.
- KPC has owed for years and the accrued value now stands at about KD 8.25billion (USD 27.4billion) in dividends to the General Reserve Fund (GRF). An agreement wherein KPC would annually pay KD 550million (USD 1.83billion) for the next 15 years is under discussion.
- GRF, which is used to cover state deficits, has been squeezed by the coronavirus-driven drop in oil prices and a continued stand-off between government and parliament on implementing measures such as a law to allow state borrowing.
- The agreement between GRF and state-owned KPC on a new payment schedule has not been signed yet. However, according to local newspaper Al-Rai, a proposal to transfer the dividends to the state treasury within a 15-year time period has been submitted to the Finance and Oil Ministries for approval.
- Kuwait has taken several steps to mitigate the depletion of the treasury's liquid assets. GRF raised about KD 6billion to KD 7billion (USD 19.9billion to USD 23.2billion) in recent months through asset swaps with Future Generations Fund (FGF) - a nest egg for when the country's oil runs out. Of those, over KD 4billion were in exchange for asset swaps, while KD 2billion were returned to the GRF after a law last year halted a mandatory annual transfer of 10% of state revenues to the FGF.
- Meanwhile, Bank of America estimates that the steps taken by the Kuwaiti government to mitigate depletion of the treasury's liquid assets could push back the risk of a liquidity crunch to the third quarter this year.

Qatar shares outperform as cap on foreign ownership removed

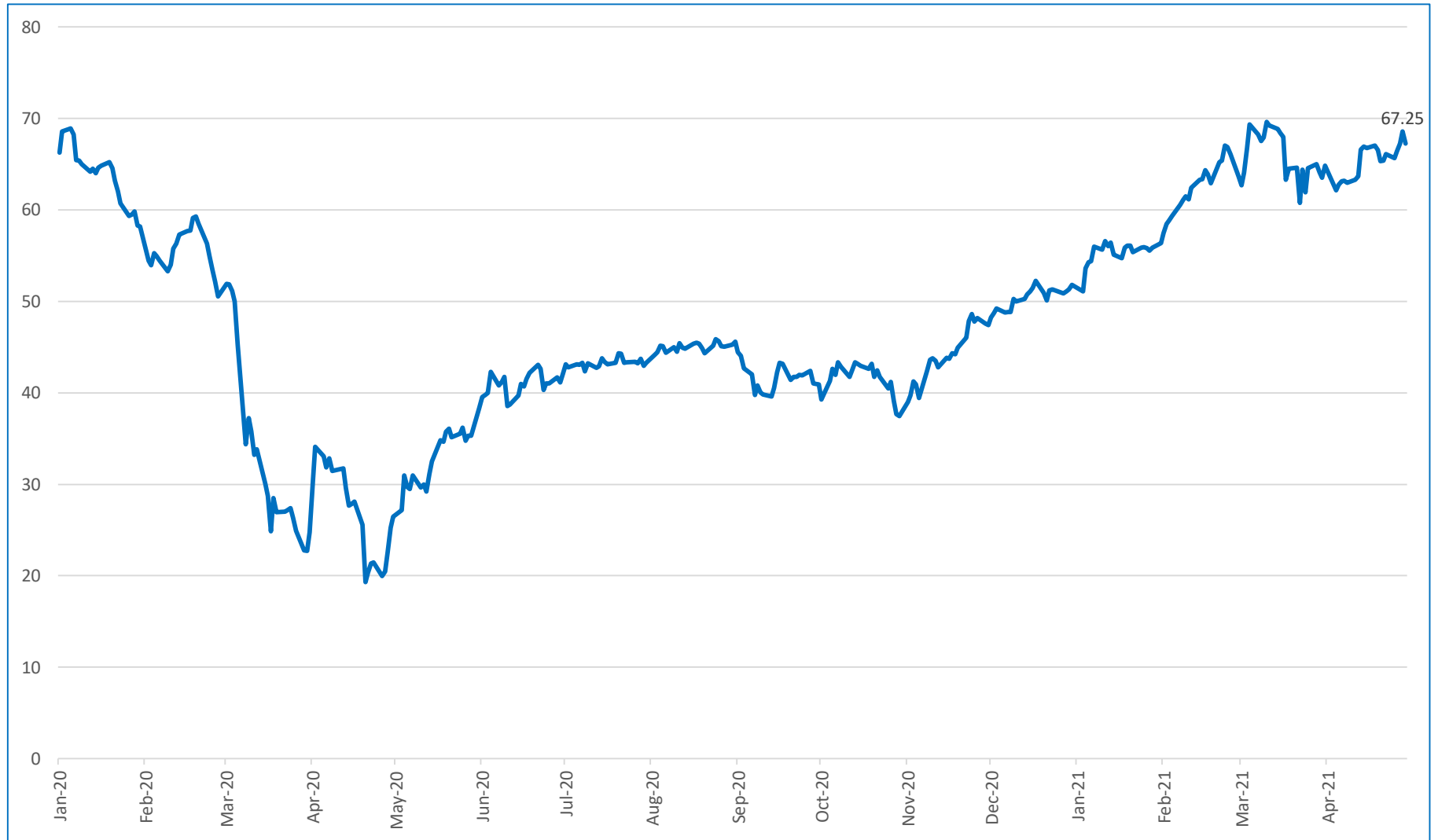
- Qatari Cabinet approved a bill that will allow non-Qatari investors to own up to 100% of the capital of companies listed on the Qatar stock exchange. It also decided to keep central bank liquidity support for local banks based on need as the country faces a second wave of the coronavirus pandemic.
- The Cabinet also issued a draft on mortgage movable funds. The draft law aims to enable companies and individuals to obtain bank loans with the guarantee of mortgaged movables, and contribute to reducing the cost of loans by creating a guarantee for banks to reduce the risk of defaulting payments, thus supporting small- and medium-size enterprises and their contribution to the national economy.
- Consequently, Qatar benchmark index closed 4.9% higher for the month, with banking leading the gains. Qatar International Islamic Bank surged 15.9% while Commercial Bank gained 11.4% for the month.



Oil prices in a sweet spot (1/2)

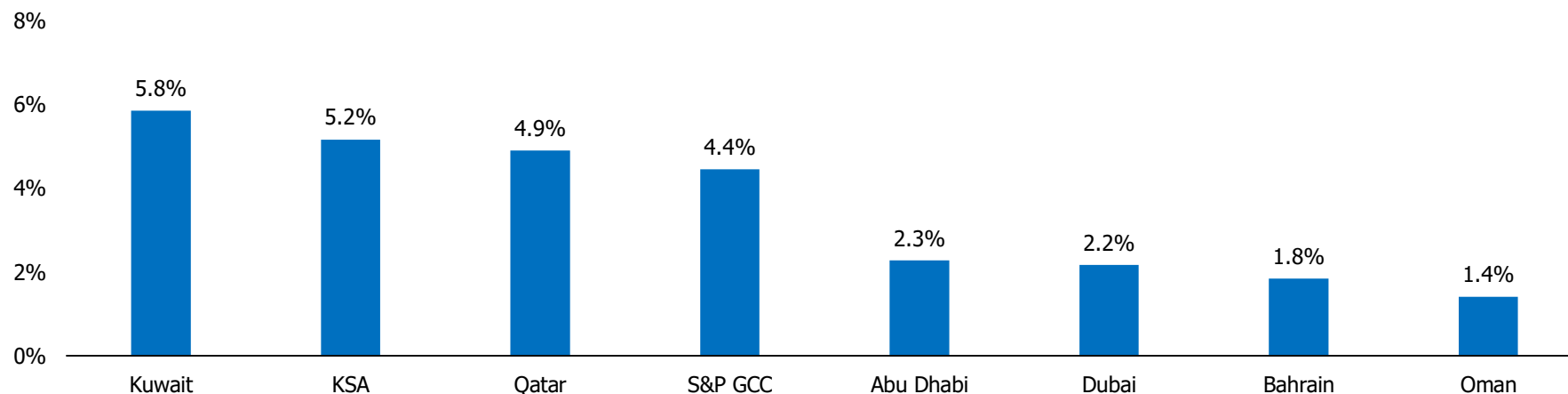
- Crude prices appear to have found a sweet spot that is agreeable to producers cohort comprising the OPEC+ group, shale firms and the consumers group.
- Prices appear range bound in the short-term, after rallying strongly for more than three months between the start of November and the middle of February.
- OPEC+ intends to increase production marginally to prevent further price rises that could entice U.S. shale firms to increase their supply.
- The oil market is likely to remain adequately supplied for the remainder of the year if prices stay at the current level (USD 65/bbl), which would be very close to the long-term average over the last two or three decades in real terms.
- The envisaged price level would encourage shale firm to modestly increase their production through the rest of 2021 and into early 2022.
- However, the increased output from shale firms would likely be gradual and should be absorbed by the enhanced economic activity as COVID-19 impact is contained and travel restriction are relaxed.
- On the other hand, if oil prices surge much higher, production from shale firms could accelerate and pose a threat to OPEC+ market share.
- Iran has steadily been increasing its output since the start of the year. Rising exports from Iran ensured that the market remained well-supplied amid the production restraint by OPEC+ members.
- The persistence of USD 65/bbl price level is underpinned on consumption growth in the second half of the year as various restrictions on travel, domestic and international, are eased. The increased demand is expected to absorb the rise in supply from U.S. shale, Iran and the rest of OPEC+.
- However, that delicate equilibrium might get distorted if COVID-19 situation worsens and dents demand for transportation needs. Alternatively, a better than expected economic activity could accelerate demand and could pave way for yet another shale boom.

Oil prices in a sweet spot (2/2)

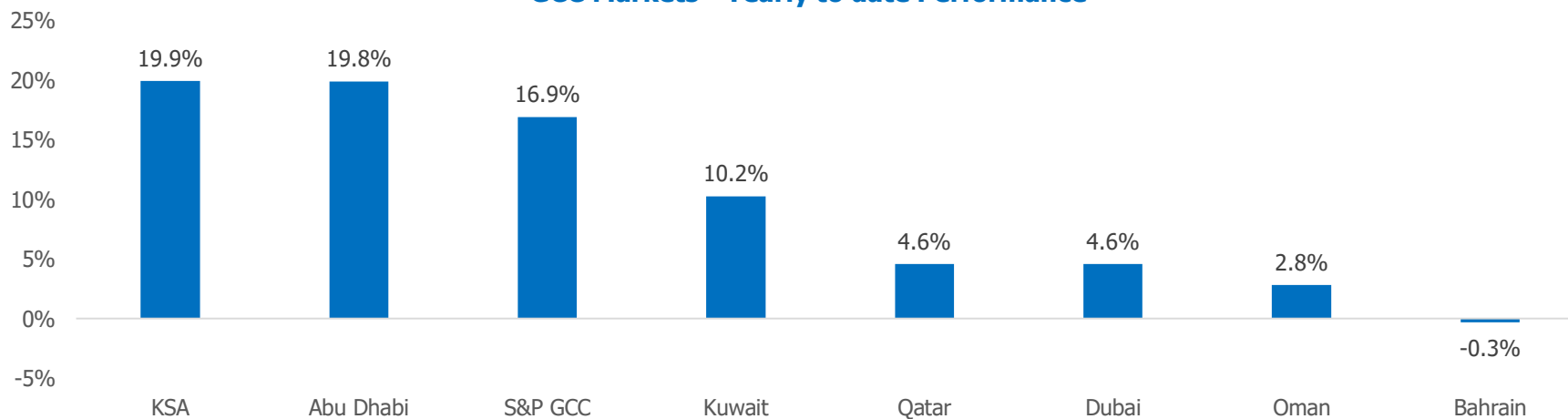


GCC Equity Market performance, April 2021

GCC Markets - Monthly Price Performance

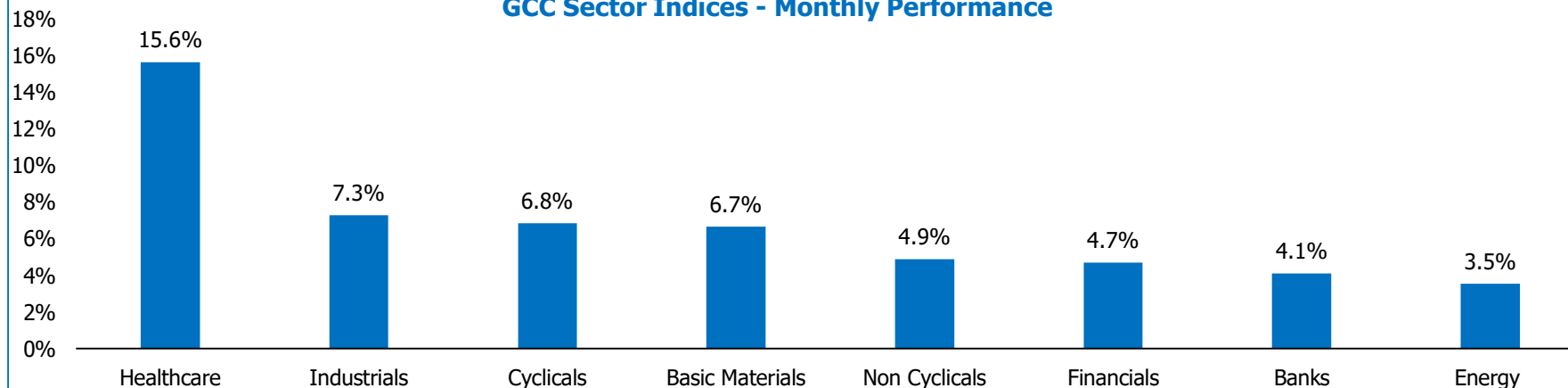


GCC Markets - Yearly to date Performance

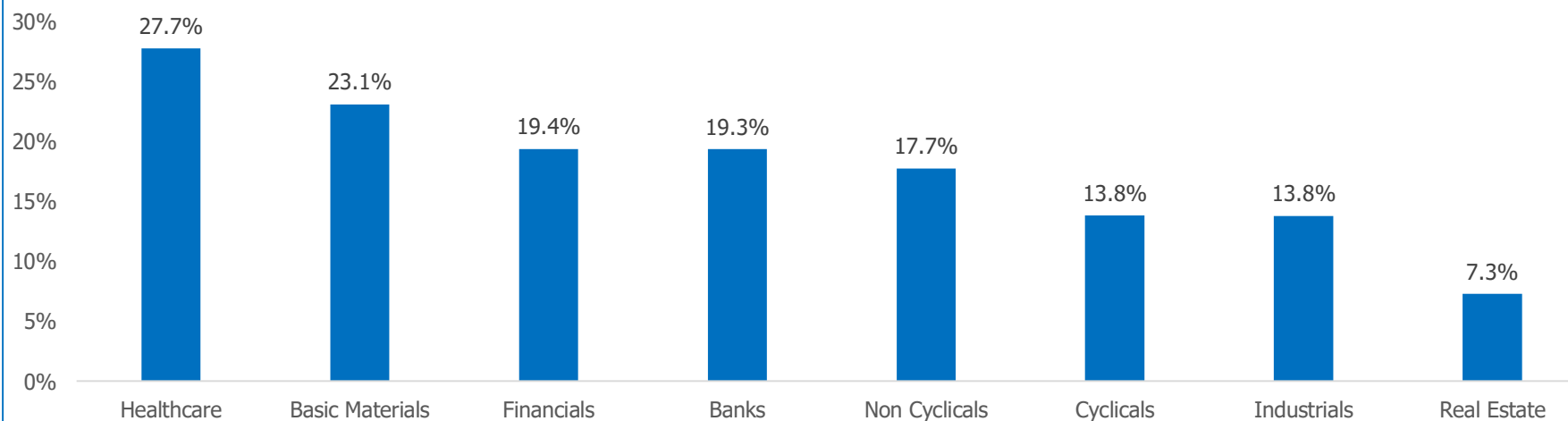


GCC Sectoral performance, February 2021

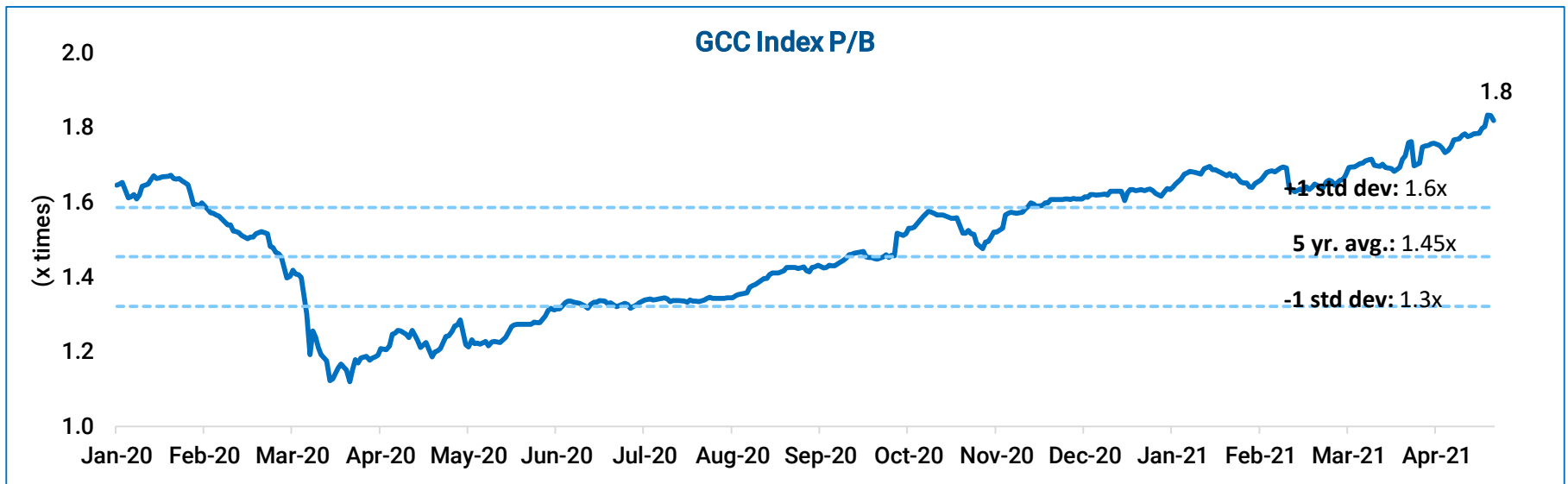
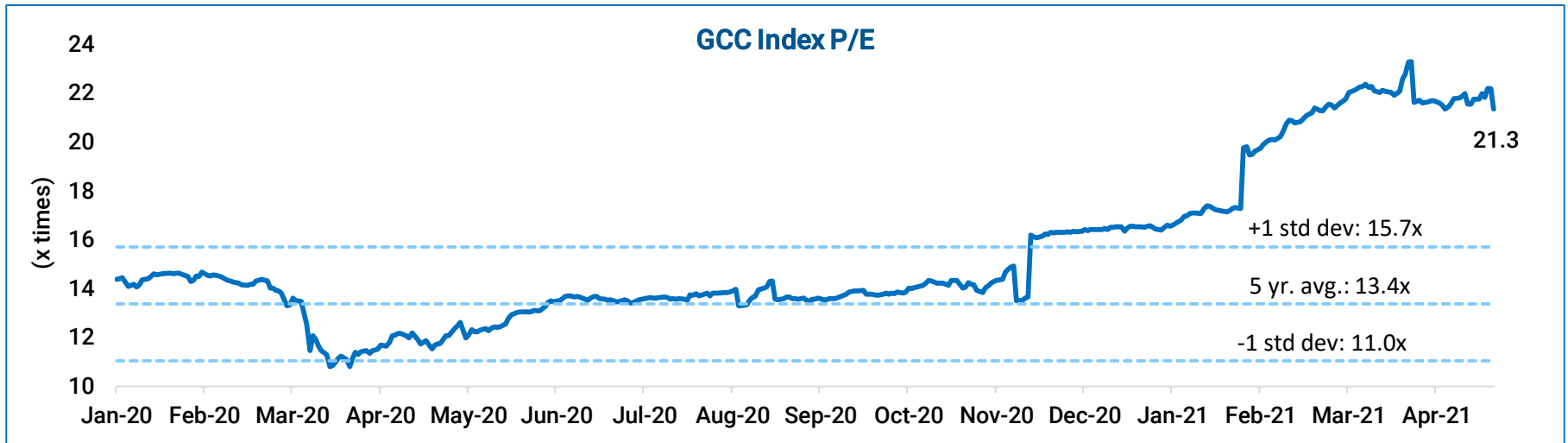
GCC Sector Indices - Monthly Performance



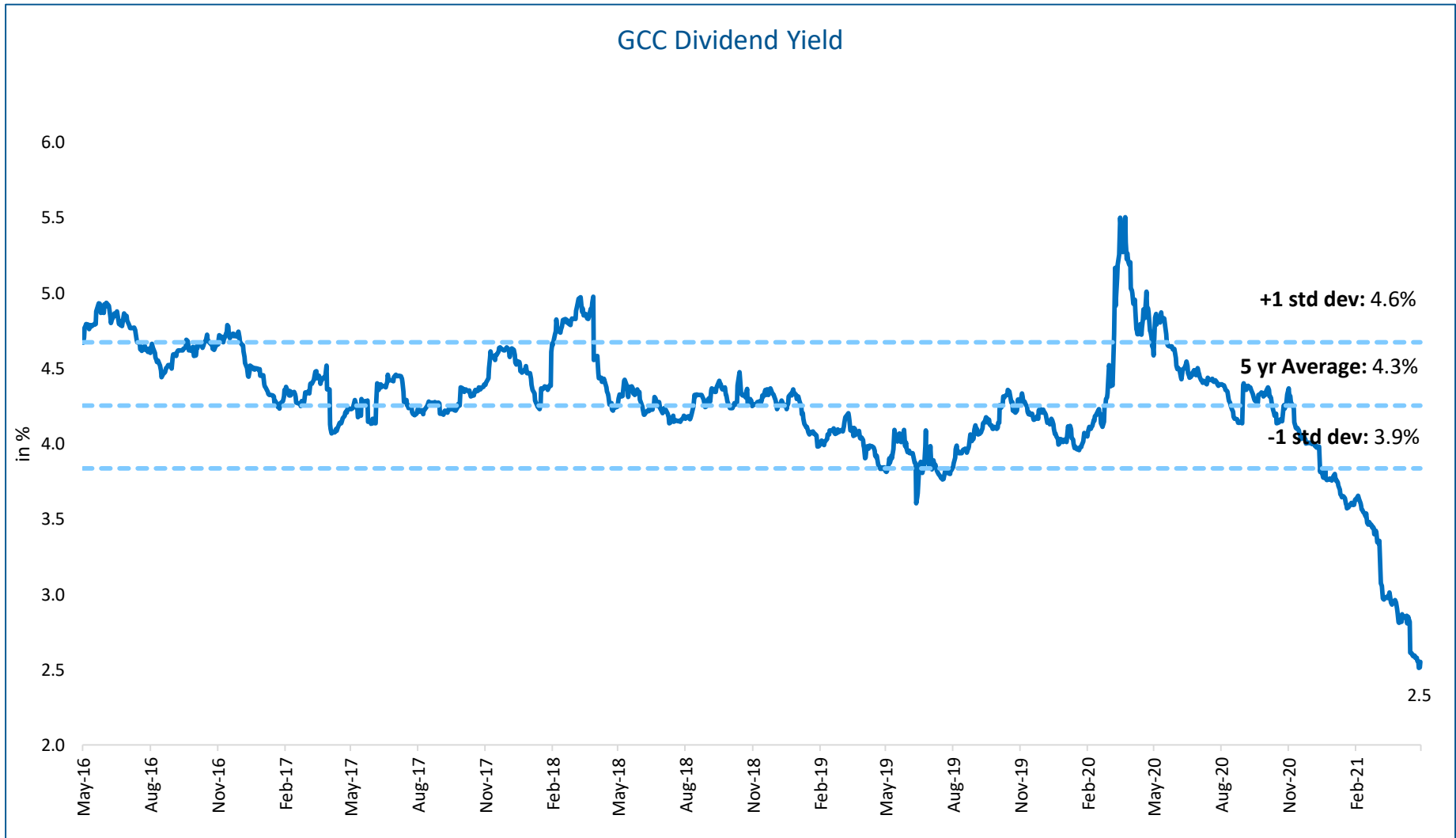
GCC Sector Indices - Year to date Performance



GCC Equity Market valuation

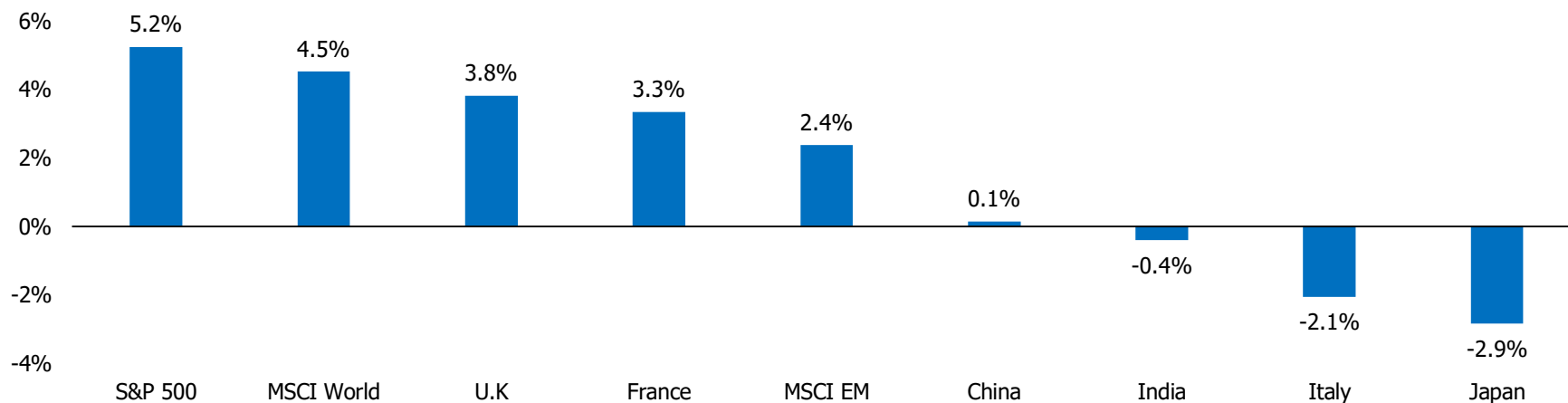


GCC Equity Market valuation

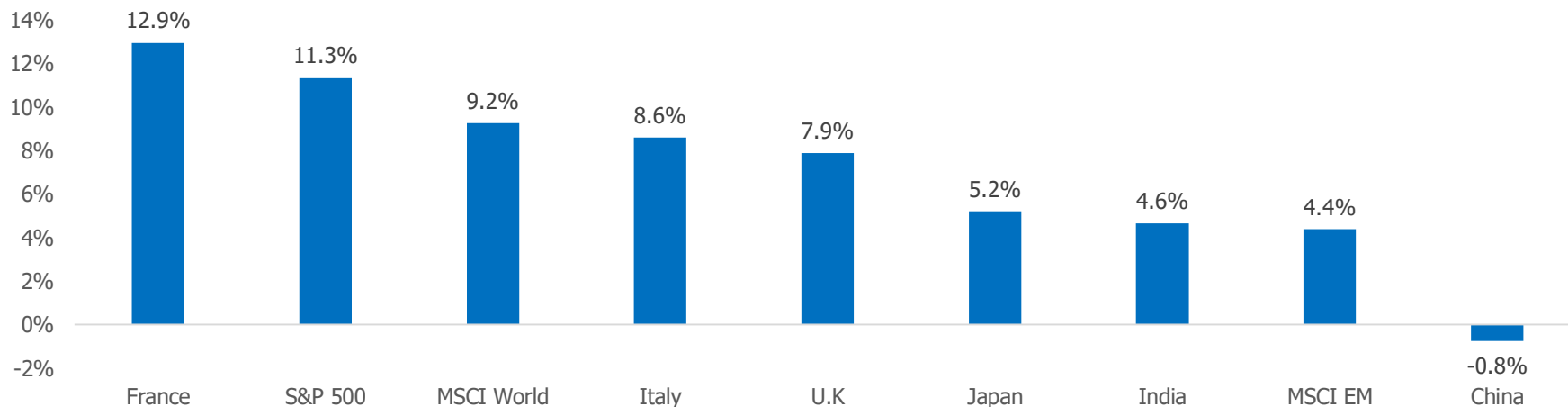


Global Equity Market performance, April 2021

Global Markets - Monthly Price Performance



Global Markets - Year to date Price Performance



Monthly Returns and Value of USD 1 Invested

Global Equities (MSCI World)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-1.9%	5.7%	-1.8%	2.2%	0.1%	-2.5%	1.7%	-6.8%	-3.9%	7.8%	-0.7%	-1.9%	-2.7%	0.97
2016	-6.1%	-1.0%	6.5%	1.4%	0.2%	-1.3%	4.1%	-0.1%	0.4%	-2.0%	1.3%	2.3%	5.3%	1.02
2017	2.4%	2.6%	0.8%	1.3%	1.8%	0.2%	2.3%	-0.1%	2.1%	1.8%	2.0%	1.3%	20.1%	1.23
2018	5.2%	-4.3%	-2.4%	1.0%	0.3%	-0.2%	3.1%	1.0%	0.4%	-7.4%	1.0%	-7.7%	-10.4%	1.10
2019	7.7%	2.8%	1.0%	3.4%	-6.1%	6.5%	0.4%	-2.2%	1.9%	2.5%	2.6%	2.9%	25.2%	1.38
2020	-0.7%	-8.6%	-13.5%	10.8%	4.6%	2.5%	4.7%	6.5%	-3.6%	-3.1%	12.7%	4.1%	14.1%	1.57
2021	-1.1%	2.5%	3.1%	4.5%									9.2%	1.72

U.S. (S&P 500)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-3.1%	5.5%	-1.7%	0.9%	1.0%	-2.1%	2.0%	-6.3%	-2.6%	8.3%	0.1%	-1.8%	-0.7%	0.99
2016	-5.1%	-0.4%	6.6%	0.3%	1.5%	0.1%	3.6%	-0.1%	-0.1%	-1.9%	3.4%	1.8%	9.5%	1.09
2017	1.8%	3.7%	0.0%	0.9%	1.2%	0.5%	1.9%	0.1%	1.9%	2.2%	2.8%	1.0%	19.4%	1.30
2018	5.6%	-3.9%	-2.7%	0.3%	2.2%	0.5%	3.6%	3.0%	0.4%	-6.9%	1.8%	-9.2%	-6.2%	1.22
2019	7.9%	3.0%	1.8%	3.9%	-6.6%	6.9%	1.3%	-1.8%	1.7%	2.0%	3.4%	2.9%	28.9%	1.57
2020	-0.2%	-8.4%	-12.5%	12.7%	4.5%	1.8%	5.5%	7.0%	-3.9%	-2.8%	10.8%	3.7%	16.3%	1.82
2021	-1.1%	2.6%	4.2%	5.2%									11.3%	2.03

Monthly Returns and Value of USD 1 Invested

U.K (FTSE)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	2.8%	2.9%	-2.5%	2.8%	0.3%	-6.6%	2.7%	-6.7%	-3.0%	4.9%	-0.1%	-1.8%	-4.9%	0.95
2016	-2.5%	0.2%	1.3%	1.1%	-0.2%	4.4%	3.4%	0.8%	1.7%	0.8%	-2.5%	5.3%	14.4%	1.09
2017	-0.6%	2.3%	0.8%	-1.6%	4.4%	-2.8%	0.8%	0.8%	-0.8%	1.6%	-2.2%	4.9%	7.6%	1.17
2018	-2.0%	-4.0%	-2.4%	6.4%	2.2%	-0.5%	1.5%	-4.1%	1.0%	-5.1%	-2.1%	-3.6%	-12.5%	1.02
2019	3.6%	1.5%	2.9%	1.9%	-3.5%	3.7%	2.2%	-5.0%	2.8%	-2.2%	1.4%	2.7%	12.1%	1.15
2020	-3.4%	-9.7%	-13.8%	4.0%	3.0%	1.5%	-4.4%	1.1%	-1.6%	-4.9%	12.4%	3.1%	-14.3%	0.98
2021	-0.8%	1.2%	3.6%	3.8%									7.9%	1.06

Emerging Markets Equities (MSCI EM)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	0.6%	3.0%	-1.6%	7.5%	-4.2%	-3.2%	-7.3%	-9.2%	-3.3%	7.0%	-4.0%	-2.5%	-17.0%	0.83
2016	-6.5%	-0.3%	13.0%	0.4%	-3.9%	3.3%	4.7%	2.3%	1.1%	0.2%	-4.7%	-0.1%	8.6%	0.90
2017	5.4%	3.0%	2.3%	2.0%	2.8%	0.5%	5.5%	2.0%	-0.5%	3.5%	0.2%	3.4%	34.3%	1.21
2018	8.3%	-4.7%	-2.0%	-0.6%	-3.8%	-4.6%	1.7%	-2.9%	-0.8%	-8.8%	4.1%	-2.9%	-16.6%	1.01
2019	8.7%	0.1%	0.7%	2.0%	-7.5%	5.7%	-1.7%	-5.1%	1.7%	4.1%	-0.2%	7.2%	15.4%	1.17
2020	-4.7%	-5.3%	-15.6%	9.0%	0.6%	7.0%	8.4%	2.1%	-1.8%	2.0%	9.2%	7.2%	15.8%	1.35
2021	3.0%	0.7%	-1.7%	2.4%									4.4%	1.41

Monthly Returns and Value of USD 1 Invested

Saudi Arabia

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	6.5%	4.9%	-5.7%	12.0%	-1.5%	-6.2%	0.1%	-17.3%	-1.6%	-3.8%	1.6%	-4.5%	-17.1%	0.83
2016	-13.2%	1.6%	2.1%	9.4%	-5.3%	0.8%	-3.0%	-3.5%	-7.5%	6.9%	16.4%	3.0%	4.3%	0.87
2017	-1.5%	-1.8%	0.4%	0.2%	-2.0%	8.1%	-4.5%	2.3%	0.3%	-4.8%	1.0%	3.2%	0.2%	0.87
2018	5.9%	-3.0%	6.1%	4.3%	-0.6%	1.9%	-0.2%	-4.2%	0.6%	-1.2%	-2.6%	1.6%	8.3%	0.94
2019	9.4%	-0.8%	3.8%	5.5%	-8.5%	3.6%	-1.0%	-8.2%	0.9%	-4.3%	1.5%	6.7%	7.2%	1.01
2020	-1.7%	-7.5%	-14.7%	9.3%	1.4%	0.2%	3.3%	6.5%	4.5%	-4.7%	10.6%	-0.7%	3.6%	1.04
2021	0.1%	5.1%	8.3%	5.2%									19.9%	1.25

Kuwait (All Share Index)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	0.6%	0.4%	-4.8%	1.5%	-1.3%	-1.4%	0.8%	-6.9%	-1.6%	0.9%	0.5%	-3.2%	-14.1%	0.86
2016	-8.9%	1.8%	0.4%	3.1%	0.2%	-0.7%	1.6%	-0.6%	-0.4%	0.0%	2.8%	3.5%	2.4%	0.88
2017	18.9%	-0.7%	3.6%	-2.7%	-0.8%	-0.3%	1.3%	0.6%	-3.1%	-2.5%	-4.9%	3.4%	11.5%	0.98
2018	4.4%	1.3%	-2.1%	-4.0%	-1.3%	3.3%	5.7%	-0.7%	-0.1%	-1.7%	1.3%	-0.6%	5.2%	1.03
2019	2.5%	0.5%	7.4%	0.2%	1.8%	1.8%	4.9%	-2.9%	-4.4%	0.7%	3.7%	6.0%	23.7%	1.28
2020	0.7%	-4.0%	-20.6%	3.2%	0.4%	2.7%	-3.2%	6.6%	2.9%	0.0%	0.3%	1.6%	-11.7%	1.13
2021	4.2%	-2.3%	2.2%	5.8%									10.2%	1.24

Monthly Returns and Value of USD 1 Invested

Abu Dhabi

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-1.6%	5.1%	-4.7%	4.0%	-2.6%	4.3%	2.3%	-7.0%	0.2%	-4.0%	-2.0%	1.7%	-4.9%	0.95
2016	-5.9%	7.3%	0.9%	3.5%	-6.5%	5.8%	1.7%	-2.3%	0.1%	-3.9%	0.2%	5.5%	5.6%	1.00
2017	0.1%	0.1%	-2.4%	1.8%	-2.1%	0.0%	3.2%	-2.1%	-1.6%	1.9%	-4.4%	2.7%	-3.3%	0.97
2018	4.6%	-0.1%	-0.3%	1.8%	-1.4%	-1.0%	6.6%	2.6%	-1.0%	-0.7%	-2.7%	3.0%	11.7%	1.09
2019	2.6%	1.8%	-1.2%	3.6%	-4.8%	-0.5%	6.8%	-2.9%	-2.1%	1.0%	-1.5%	0.9%	3.3%	1.12
2020	1.6%	-4.9%	-23.8%	13.3%	-2.1%	3.5%	0.4%	5.0%	0.0%	3.1%	6.5%	1.6%	-0.6%	1.11
2021	10.9%	1.3%	4.4%	2.3%									19.8%	1.34

Dubai

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-2.6%	5.2%	-9.1%	20.3%	-7.2%	4.2%	1.4%	-11.6%	-1.9%	-2.5%	-8.5%	-1.7%	-16.5%	0.83
2016	-4.9%	8.1%	3.6%	4.1%	-5.1%	-0.1%	5.2%	0.6%	-0.9%	-4.1%	0.9%	5.1%	12.1%	0.94
2017	3.2%	-0.3%	-4.1%	-1.9%	-2.2%	1.6%	7.1%	0.1%	-2.0%	2.0%	-5.9%	-1.5%	-4.6%	0.89
2018	0.7%	-4.4%	-4.2%	-1.4%	-3.3%	-4.8%	4.8%	-3.9%	-0.2%	-1.8%	-4.2%	-5.2%	-24.9%	0.67
2019	1.5%	2.7%	0.0%	5.0%	-5.3%	1.5%	9.8%	-5.5%	0.8%	-1.2%	-2.5%	3.2%	9.3%	0.73
2020	0.9%	-7.2%	-31.6%	14.4%	-4.0%	6.2%	-0.7%	9.5%	1.3%	-3.8%	10.6%	3.0%	-9.9%	0.66
2021	6.5%	-3.9%	-0.1%	2.2%									4.6%	0.69

Monthly Returns and Value of USD 1 Invested

Qatar

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-3.1%	4.6%	-5.9%	3.9%	-1.0%	1.3%	-3.4%	-1.9%	-0.9%	1.2%	-13.0%	3.4%	-15.1%	0.85
2016	-9.1%	4.3%	4.9%	-1.8%	-6.4%	3.6%	7.3%	3.6%	-5.0%	-2.5%	-3.7%	6.6%	0.1%	0.85
2017	1.5%	1.0%	-2.9%	-3.1%	-1.6%	-8.8%	4.2%	-6.4%	-5.5%	-1.8%	-5.5%	10.5%	-18.3%	0.69
2018	8.0%	-6.0%	-0.9%	6.3%	-2.5%	1.6%	8.9%	0.6%	-0.7%	5.0%	0.6%	-0.6%	20.8%	0.84
2019	4.1%	-5.7%	0.0%	2.7%	-1.0%	1.8%	0.5%	-2.6%	1.3%	-1.7%	-0.4%	2.7%	1.2%	0.85
2020	0.2%	-9.1%	-13.5%	6.8%	0.9%	1.7%	4.1%	5.1%	1.5%	-3.0%	5.9%	1.7%	0.1%	0.85
2021	0.4%	-3.1%	2.5%	4.9%									4.6%	0.89

Oman

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	3.4%	0.0%	-4.9%	1.4%	1.0%	0.6%	2.1%	-10.5%	-1.4%	2.4%	-6.4%	-2.6%	-14.8%	0.85
2016	-4.2%	4.2%	1.3%	8.7%	-2.2%	-0.6%	1.2%	-1.9%	-0.2%	-4.3%	0.1%	5.4%	7.0%	0.91
2017	-0.1%	0.1%	-4.0%	-0.7%	-1.7%	-5.6%	-1.8%	0.6%	1.7%	-2.5%	2.0%	-0.2%	-11.8%	0.80
2018	-1.9%	0.1%	-4.6%	-0.9%	-2.6%	-0.8%	-5.1%	1.9%	2.8%	-2.7%	-0.2%	-2.0%	-15.2%	0.68
2019	-3.6%	-0.5%	-3.9%	-1.0%	-0.3%	-1.3%	-3.2%	6.5%	0.3%	-0.4%	1.6%	-2.0%	-7.9%	0.63
2020	2.5%	1.3%	-16.5%	2.6%	0.1%	-0.8%	1.5%	5.7%	-4.2%	-1.6%	2.4%	0.4%	-8.1%	0.58
2021	-0.2%	-1.1%	2.7%	1.4%									2.8%	0.59

Monthly Returns and Value of USD 1 Invested

Bahrain

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-0.2%	3.5%	-1.7%	-4.1%	-1.9%	0.3%	-2.6%	-2.4%	-1.8%	-2.0%	-1.4%	-1.4%	-14.8%	0.85
2016	-2.4%	-0.7%	-4.0%	-1.8%	0.1%	0.6%	3.3%	-1.2%	0.7%	-0.1%	2.2%	3.9%	0.4%	0.86
2017	6.8%	3.5%	0.5%	-1.5%	-1.2%	-0.7%	1.4%	-1.9%	-1.5%	-0.5%	0.5%	3.7%	9.1%	0.93
2018	1.4%	1.4%	-3.8%	-4.6%	0.6%	3.6%	3.6%	-1.5%	0.0%	-1.8%	1.1%	0.6%	0.4%	0.94
2019	4.0%	1.5%	0.0%	1.5%	0.0%	2.6%	5.2%	-0.9%	-1.1%	0.4%	0.2%	5.5%	20.4%	1.13
2020	2.9%	0.2%	-18.7%	-3.0%	-3.1%	0.6%	1.0%	7.0%	3.9%	-0.5%	3.5%	0.8%	-7.5%	1.04
2021	-1.8%	0.3%	-0.6%	1.8%									-0.3%	1.04

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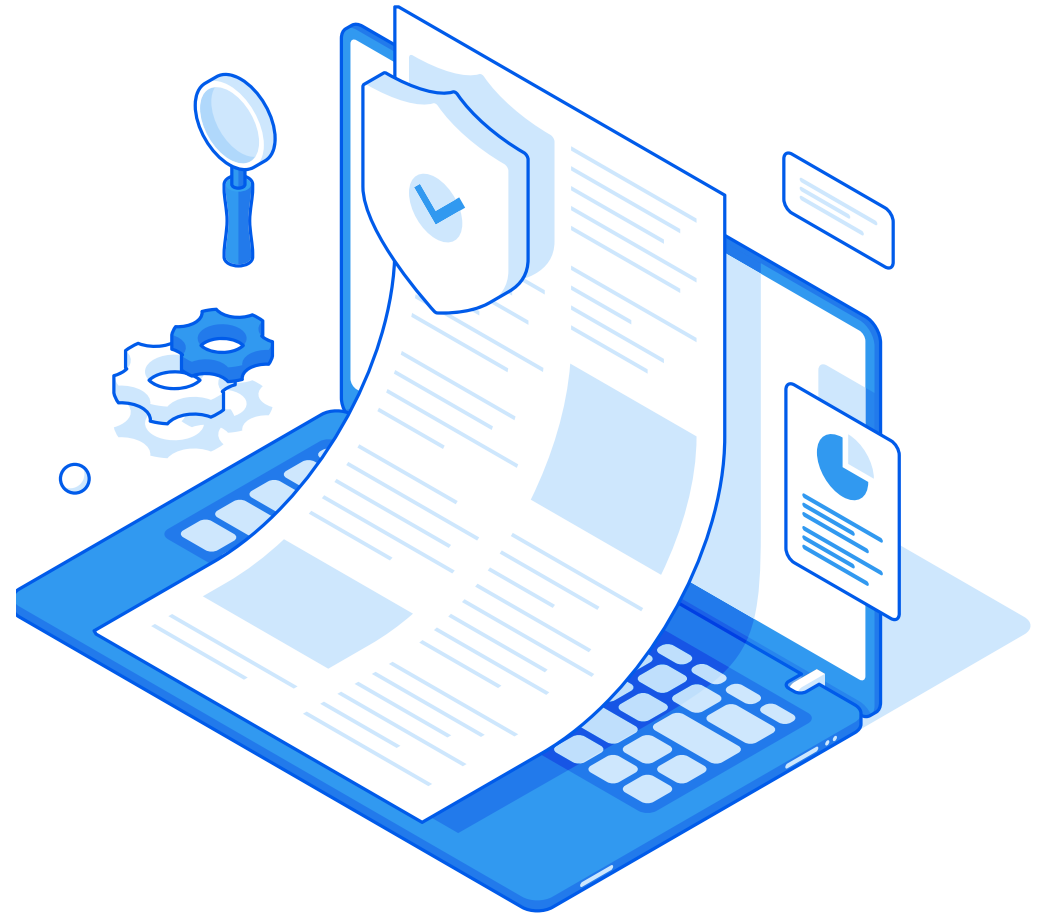
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