

# D&B Gulf Business Bulletin



## GCC Business & Finance Update

- According to the data released by Dubai customs, Dubai's economy posted a 5% YoY increase in non-oil trade bucking the global slowdown trend. The Emirate's non-oil foreign trade rose to USD 184.07 Bn in the H12019 from USD 175.35 Bn in the corresponding period for the previous year.
- The Central Bank of Bahrain (CBB) issued its monthly statistical bulletin for August 2019, indicating an increase of 10% in Money supply (M3) to USD 35.9 Bn from USD 32.7 Bn in the first corresponding period of the previous year. For the same period, the balance sheet of retail banks increased 9.1% to USD 92.5 Bn from USD 84.8 Bn.
- As per Oman's National Centre for Statistics and Information, the Consumer Price Index for September fell 0.01% YoY. The index registered a decline of 0.56% as compared to August.
- According to the Planning and Statistics Authority of Qatar, the permits issued for new constructions (includes new buildings, additions and fencings) rose to 758 in September 2019 from 415 in August 2019, exhibiting an increase of 82.65%.
- According to the Bulletin for housing statistics released by the General Authority for Statistics of Saudi Arabia, home occupancy among Saudi households has increased to 3,681,927 dwellings rising to 64.85% in mid-2019 as compared to 64.17% in mid-2018, home ownership among Saudi households increased to 62.08% from 60.49% in the same period while rented dwellings dropped from 37.63% to 35.49%.

## Stock Markets – GCC indices end mixed

Highlights	Indices	03 Oct	10 Oct	Chg. %
<ul style="list-style-type: none"> <li>• <b>KSEMI closes above the 5,700 point mark</b></li> <li>• <b>UAE, Kuwait and Bahrain bourses hold on to gains</b></li> <li>• <b>TASI declines the most</b></li> </ul>	ADXGI	5,028	5,053	0.50
	BASI	1,513	1,523	0.66
	DFMGI	2,761	2,810	1.77
	KSEMI	5,636	5,706	1.24
	MSM30	4,026	4,014	(0.30)
	QEI	10,311	10,228	(0.80)
	TASI	7,921	7,695	(2.85)

The ADXGI rose 0.5% over the week supported by an overall positive performance in all sectors barring losses in industrial and energy sectors that was offset strongly by a 6% gain in real estate. The KSEMI reported gains on all sectors barring basic materials, consumer goods and insurance sector, while the oil and gas, telecommunications sector were the top gainers rallying 2.84% and 2.79% respectively.

MSM30's losses were reflected in the indices, with the financial sector being the only segment in positive territory with a marginal 0.11% gain. The QEI ended on a negative note with all the indices diving into negative territory led by transportation sector losing 3.11%, whereas the telecom sector remained the only sector in a positive territory with a 2.25% gain. The TASI saw a steep decline of 2.85% with all the sectors ending in negative territory led by media and entertainment, software and services, food and staples retailing losing 8.39%, 6.95% and 4.48% respectively.

ADXGI (Abu Dhabi Securities Exchange General Index), BASI (Bahrain All Share Index), DFMGI (Dubai Financial Market General Index), KSEMI (Kuwait Stock Exchange Market Index), MSM30 (Muscat Securities Market MSM30 Index), QEI (Qatar Exchange Index), TASI (Tadawul All Share Index - Saudi Stock Exchange)

## Global Currency Markets - Greenback remains under pressure amid US-China trade talks

Highlights	Currency Exchange Rates			
	Currency	03 Oct	10 Oct	Chg. %
<ul style="list-style-type: none"> <li>Renewed hopes of Brexit deal gives a little boost to Pound</li> <li>Swiss Franc gains on safe haven appeal</li> <li>US adds 28 Chinese firms to blacklist</li> </ul>	EUR/USD	1.096	1.10	0.36
	GBP/USD	1.23	1.23	0.00
	USD/CHF	1.00	0.99	(0.80)
	USD/JPY	106.99	107.64	0.61

The US Dollar steadied on Friday, 04 October, while safe haven currencies gained amid a dip in global stock markets after US economy added lower-than expected jobs in September 2019. Meanwhile, the British Pound remained under pressure on possibility that UK Prime Minister Boris Johnson would ask for a Brexit extension if the deal with the European Union goes in vain before the 31st October deadline. On Monday, the Swiss Franc gained on safe haven appeal ahead of US-China trade talks while the Pound softened as investors eyed Brexit developments.

On Tuesday, the Dollar declined against major currencies after US Department of Commerce added 28 companies to its running "blacklist" of Chinese firms, banning from doing business in the US. The Pound was weighed by news that Brexit deal is unlikely to take place if Northern Ireland doesn't stay in Customs Union. On Wednesday, the Dollar gained on news that China is still open on agreeing to a partial trade deal with the US. Meanwhile, the Euro edged higher after the Federal Reserve agreed to increase the size of its balance sheet following ructions in short-term money markets. On Thursday, the British Pound rallied after Prime Ministers of UK and Ireland revived hopes of a possible Brexit deal.

## Global Commodity Markets - Oil prices gain during the week end

Highlights	Commodity Exchange Rates			
	Prices in USD	03 Oct	10 Oct	Chg. %
<ul style="list-style-type: none"> <li>US-China trade talks weigh on investor sentiments</li> <li>Oil prices rise as OPEC pledges decision on supply</li> <li>US crude inventories rise by 2.9 Million bd: EIA</li> </ul>	Brent/barrel	57.71	59.10	2.41
	WTI/barrel	52.45	53.55	2.10
	OPEC Basket/barrel	57.96	58.71	1.29
	Gold/ounce	1,507.10	1,494.80	(0.82)

**Crude:** Oil prices climbed on Friday, 04 October, following release of US jobs data which indicated a decline in unemployment rate to 3.5% in September 2019. Prices rose despite a decline in number of active rigs drilling in US by five to 855 last week, Baker Hughes indicated. On Monday, while crude futures settled lower, price of the OPEC basket edged higher amid rise in Dollar as investors eyed another round of trade talks between the US and China. Oil prices declined on Tuesday amid political unrest in Iraq, raising supply disruption worries among investors. This was coupled with news of US Department of Commerce adding 28 companies to its running "blacklist" of Chinese firms banned from doing business in the US. Weakening oil demand outlook from the Energy Information Administration (EIA) also weighed on the prices. Oil prices ended mixed on Wednesday following data from EIA which indicated an increase in US crude oil inventories by 2.9 Million barrels/day last week and hopes on resumption of US-China trade talks. Prices climbed on Thursday, supported by comments from the Organisation of Petroleum Exporting Countries (OPEC) that it could take action to balance oil markets in December on supply for next year.

**Gold:** Despite a weaker Dollar, gold prices edged lower amid Brexit developments and hopes on resumption of US-China trade talks.

**D&B Country Risk Indicator** – DB3c

**Level of Risk** – Slight risk

**Ratings Outlook** – Deteriorating

**Business Environment Quality:** The forward-looking Emirates NBD Saudi Arabia Purchasing Managers' Index, issued before the attacks on Abqaiq, highlighted that growth prospects in the non-oil private sector has regained momentum in August, climbing to 57.0 from 56.6 in July. The index exhibited that the non-oil economic activity continued to increase, as it remained above the 50-point level that marks the division between contraction and expansion. Improved business activity in the non-oil private sector was driven by a faster turn in output on the back of stronger domestic demand. In addition, businesses benefitted from lower input costs as purchasing costs and labour bills declined. Despite the expansion, employment data remained weak, as firms appear reluctant to hire, while staff costs fell. The business optimism about 12-month output rebounded in August after consecutive falls, taking it to its highest level in three months.



**Short-Term Economic Outlook:** Abqaiq attack curtails oil supply

The attack on Abqaiq cut both Saudi Arabian oil and gas output by around 50%, accounting for around 5% of global oil supplies, and sending oil prices up by around 20% in its immediate aftermath. However, the new energy minister, Prince Abdulaziz bin Salman, assured markets that within a few days ARAMCO had restored one-half of the lost production, and that pre-attack output levels would be fully restored by the end of September, while full capacity would be reached by the end of November. These targets appear to be optimistic and we believe it could be into 2020 before full capacity is restored.

Nevertheless, the statement appeared to be well-received by the markets. Thus, global oil prices are currently trading around 10% higher than before the attacks; however, these are not likely to offset the revenue from the lost output. As a result, we have cut our growth forecasts for 2019 from an already weak 1.9% to 1.7%, and from 1.6% to 1.4% for 2020. Additionally, the loss of revenue, along with increased government spending on repairing the site, is liable to reduce liquidity in the financial sector. Consequently, we have downgraded the trend indicator in the Credit Environment Outlook from 'stable' to 'deteriorating'.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7, with DB1 indicating the lowest degree of risk. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on.

## Global Business & Finance Update

- The US Bureau of Labor Statistics revealed that the country's Consumer Price Index for All Urban Consumers (CPI-U) on a seasonally adjusted basis remained unchanged in September 2019 compared to the 0.1% rise in August 2019 as gasoline prices offset increase of shelter prices
- According to the latest data, average weekly earnings in US decreased by 0.1% m-o-m due to the unchanged real average hourly earnings combined with no change in the average workweek.
- Latest data released by the Eurostat indicated that house prices, as measured by the House Price Index in the Euro Area, rose by 4.2% and 1.7% in Q2, 2019 as compared to Q2, 2018 and Q1, 2019, respectively.
- UK's Gross Domestic Product (GDP) growth stood at negative 0.1% in August 2019 as compared to 0.4% in July 2019, the Office for National Statistics indicated. The slowdown was mainly attributed to decline in growth of services and manufacturing sectors.
- China's Purchasing Managers' Index (PMI) stood at 49.8 percentage points in September 2019, up from 49.5 percentage points in August 2019. In September 2019, the sub-indices for production, new orders and supplier delivery time increased on an m-o-m basis, while hiring and raw material inventories index edged lower.

D&B Research & Advisory Services offer a unique perspective and skill-set to help governments, financial services institutions and business corporations maximize their stakeholders' value. The key service offering of D&B Research and Advisory Services include SME development advisory, strategy and planning advisory, market and industry advisory, operations and performance improvement and economic analysis.

For more information about D&B Research & Advisory Services please contact us at [ras@dnbsame.com](mailto:ras@dnbsame.com)

To know more about Dun & Bradstreet in the region - visit <http://www.dnbsame.com>

To email your comments – please write to [eag@dnbsame.com](mailto:eag@dnbsame.com) with "Feedback" in the subject line.

To subscribe - please write to [eag@dnbsame.com](mailto:eag@dnbsame.com) with "Subscribe - DGBB" in the subject line.

## Dun & Bradstreet

© Copyright Dun & Bradstreet South Asia Middle East Ltd. (D&B SAME). While D&B endeavours to ensure accuracy of information, we do not accept any responsibility for any loss or damage to any person resulting from it.