

Business

# Markaz: Most GCC markets positive despite mounting concerns on economic recovery

The S&P GCC composite index gained 2.5% in September 2020

KUWAIT: Kuwait Financial Centre "Markaz" recently released its Monthly Markets Review report for the month of September 2020. Markaz report stated that, most GCC equity markets ended the month in green despite concerns of economic recovery amid threat of second wave of COVID-19 and fall in oil prices.

The report stated that Kuwait markets were positive, with the Kuwait All Share index registering a gain of 2.9 percent in September. On 29th September 2020, the Kuwait All Share index fell by as much as 3.4 percent during trading but trimmed the losses to 2.2 percent at trade close. The fall was due to concerns over the condition of the Emir's health, whose demise was confirmed later in the day. Regionally, the S&P GCC composite index gained 2.5 percent, with all markets except Abu Dhabi and Oman ending the month in positive territory.

Among Kuwait sectors, insurance was the top gainer, rising 8.3 percent, while consumer goods index saw the biggest decline, down 3.6 percent for the month. Among blue chips, Kuwait Finance House (KFH) gained the most at 5.6 percent, followed by Agility Public Warehousing gaining 5.3 percent, while Mobile Telecommunications (Zain) lost 2.7 percent for the month. Fitch has affirmed KFH's ratings at A+ with stable outlook. Agility has signed a PPP agreement for an investment project in Sabah Al-Ahmed City. Kuwait All Share Index's PE ratio was at 13.1 by the end of the month. Market liquidity in September as indicated by the average daily traded value has increased by 44 percent over previous month to \$165 million.

Boursa Kuwait, following its successful IPO, surged more than 10 times in its trading debut this month, as it became the third publicly traded exchange in the Middle East after the Dubai Financial Market and Tel Aviv Stock Exchange, respectively. Moody's has downgraded Kuwait's sovereign ratings by two notches from Aa2 to A1, citing liquidity risk on back of fast depleting liquid reserves and weak institutional strength due to its inability to adjust fiscal policy as the expenditure structure remains rigid. S&P rating agency estimates Kuwait's GDP to fall by 7.0 percent in 2020 and economic recovery to gain momentum in 2022.

Saudi Arabian equity market gained 4.5 percent in September followed by Bahrain, which gained 3.9 percent. Saudi Arabia has partially lifted travel bans since mid-September and plans to scrap all travel restrictions for citizens on January 1, 2021. The country's economy contracted by 7 percent in Q2 2020, with the non-oil sector contracting by 8.2 percent and oil sector contracting by 5.3 percent. Moody's has affirmed Qatar's ratings at Aa3 citing exceptionally high per-capita income and proved hydrocarbon reserves. S&P has opined that Bahrain's property prices would fall at an accelerated pace while banks will face pressure on profits towards the end of 2020, but the deterioration would remain broadly manageable. GCC governments have issued bonds amounting to \$42 billion so far in 2020, as they try to raise funds in the market to plug record deficits due to the oil price crash and the COVID-19 crisis.

Markaz report also stated that

Regional Market Trends – September 2020			
Equity	Last close	September, %	2020 %
S&P GCC	108	2.5	-7.2
Saudi Arabia (TASI)	8,299	4.5	-1.1
Qatar (QE Index)	9,990	1.5	-4.2
Abu Dhabi (ADI)	4,518	0.0	-11.0
Kuwait (All Share PR Index)	5,445	2.9	-13.3
Dubai (DFMGI)	2,273	1.3	-17.8
Bahrain (BAX)	1,434	3.9	-10.9
Oman (Muscat SM)	3,615	-4.2	-9.2
Commodities			
IPE Brent(\$)	41	-9.6	-38.0
Gold(\$)	1,885	-4.3	24.3

Source: Refinitiv

among the GCC blue chip companies, Ezzan Holding (Qatar) increased by 38.4 percent in September. FTSE Russell has upgraded the company from its midcap index to large cap index. Abu Dhabi National Energy Company (UAE) decreased by 6.1 percent in September.

The performance of global equity markets was negative, with the MSCI World Index losing 3.6 percent in September on the back of concerns over economic recovery due to threat of second wave of COVID-19 and fading stimulus measures. US market (S&P 500) declined by 3.9 percent in September, led by losses in tech stocks. US sought to ban two Chinese apps - TikTok and WeChat, renewing US China tensions. While TikTok is in discussion with US investors and other stakeholders, the

ban is yet to be implemented as it faces legal hurdles. The UK (FTSE 100) markets lost 1.6 percent for the month. Eurozone economies have renewed some lockdown restrictions due to spike in COVID-19 cases. Emerging markets decreased by 1.8 percent for the month.

Oil prices closed at \$41.0 per barrel at the end of September 2020, posting a monthly loss of 9.6 percent. Persisting COVID-19 fears, renewal of some lockdown restrictions in the Eurozone and expectation of lower oil imports by China have led to fall in prices. OPEC and IEA have also revised their demand forecast for 2020 downwards. Saudi Arabia's energy minister has said that OPEC+ will complete all compensations for oil overproduction before the end of the year.

## A Biden victory could weigh on market's winners

NEW YORK: Investors on Wall Street can add another layer of uncertainty to a market already unnerved by last month's sell-off, stalled fiscal stimulus, and by President Donald Trump's COVID-19 diagnosis, which weighed on stocks on Friday. A higher capital gains tax that could accompany a win by Democratic presidential nominee Joe Biden is also emerging as a potential counterweight to this year's powerful rally in stocks.

Biden has proposed taxing capital gains and dividends as ordinary income, which would increase the tax rate from 20 percent to 39.6 percent for individuals and couples earning over \$1 million, the highest tax bracket. That policy - which would likely be easier to enact if Democrats also win the Senate and retain control of the House - may push some investors to lock in gains ahead of December if Biden emerges the winner in the Nov. 3 vote, fund managers said.

Tax-motivated selling would likely be most pronounced in technology and other momentum stocks and could push the broad S&P 500 index lower between November and the end of the year, said Eddie Perkin, chief equity investment officer at Eaton Vance. "If you have enough people looking to harvest gains, that has an impact on the stocks that have led the market, and the big tech stocks could be where people choose to sell at the end of the year," he said. — Reuters

## Mughal Mahal honors frontline workers in Kuwait

KUWAIT: Popular Indian Restaurant Mughal Mahal held a ceremony recently to honor the frontline workers in Kuwait. In a first of its kind commemoration, Mughal Mahal painted the entire facade of its restaurant in Sharq with images of frontline workers. The mural, painted by a prominent Kuwaiti artist, is a tribute and a mark of gratitude to all those who risked their lives and served both Kuwaitis and expatriates during the early stages of the Covid-19 pandemic in Kuwait.

A small ceremony held at the restaurant included some of the frontline workers, as well as Mughal Mahal management. The chief guest on the occasion was Indian Ambassador Sibi George and Guest of Honor was Dr Hussain Al-Dashti, Head of Surgery at the Faculty of Medicine.

Addressing the gathering, Ashok Kalra, Managing Partner of Mughal Mahal, extended a warm welcome to the guests and expressed immense gratitude to all the frontline warriors who served the country during the crises. He said this significant but small gesture was an attempt to honor and thank them.

Mughal Mahal, which is situated in the heart of the city and located right next to the tallest building in Kuwait, Al-Hamra Towers, is currently adorned by beautiful images of frontline workers, all designed and painted by Kuwaiti artist Dr Reham Al-Raghaib and her team. Kalra also thanked the government of Kuwait for



Indian Ambassador Sibi George



Ashok Kalra presenting a memento



their wholehearted support to all the communities during the pandemic, and for rising to the occasion in one of the most difficult periods faced by the people in the country.

Elaborating, Kalra noted that credit for the genesis of this entire Art from the Heart project went to his partner, Jatinder Suri. "What began as a concept in his mind steadily evolved through his enthusiastic efforts into the marvelous mural that will leave our facade resplendent. He was ably supported in this venture by the Mughal Mahal team especially Gaurav, Prashish and Shivang.

Ambassador George, in his address to the gathering, also expressed his appreciation for the gesture and congratulated Mughal Mahal for taking such an innovative initiative in expressing gratitude on behalf of the entire expatriate community. Pointing at Mughal Mahal's long-standing reputation for serving authentic Indian cuisine, which is well loved by locals and expatriates, Ambassador George added that Mughal Mahal had also indulged in food diplomacy by bringing people and communities closer with the love for their food.

For his part, Dr Dashti was quick to

acknowledge and thank the entire Mughal Mahal team for their gesture of gratitude. He appreciated the role of Mughal Mahal over the past 35 years in bringing people closer through their delicious food.

Mughal Mahal, which opened its first branch in Sharq almost 35 years ago has become a household name for quality Indian food over the years. Having introduced Mughalai cuisine in Kuwait the restaurant has over the past several years expanded to 10 branches all over Kuwait and gained a reputation for being the most popular Indian restaurant in the country.

Khalid Jumiyan, former minister of social affairs and telecommunication, and chairman of Mughal Mahal Group, emphasized in his address that Mughal Mahal would always be at the forefront of community service and this was one such gesture of support. Artist Al-Raghaib, who transformed the Mughal Mahal management's idea into reality, said she was extremely happy to be part

of the project and was honored to be associated with Mughal Mahal. She personally thanked managing partners Ashok Kalra and Jatinder Suri for their encouragement. Dr. Alia Hussein, from Jaber Hospital, which was at the center of treating COVID patients, said this was in fact a surprise that she never anticipated and expressed her sincere thanks for the kind consideration and recognition that has been given to frontline workers in such a beautiful way.

Dr Brookes from Al-Jahra hospital was also overwhelmed with the show of gratitude and said he was thankful for the recognition and wished Mughal Mahal all the very best. The event, which was held in line with social distancing norms and adhering to all health protocols, was attended by select businessmen, ministry representatives and doctors who were honored by the recognition and gratitude bestowed on them. Plaques of appreciation were given to some of the frontline warriors by managing partners Ashok Kalra and Mukesh Kumar.

