

# U Capital Morning Brief

8 September 2020

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	826.69	1.43	0.17%	-2.00%	7.48	0.75	7.3%
U Capital GCC 50 Index	1,263.72	0.22	0.02%	-8.83%	20.84	2.15	4.2%
U Capital MENA 200 Index	996.99	0.51	0.05%	-8.59%	15.74	1.73	4.7%
MSCI GCC Countries Index	511.32	0.00	0.00%	-10.25%	18.30	1.74	3.3%
Muscat Securities Market	3,706.36	-0.50	-0.01%	-6.90%	11.01	0.75	6.6%
Saudi Stock Exchange	8,050.14	25.52	0.32%	-4.04%	29.36	1.96	2.6%
Kuwait Stock Exchange	6,367.50	0.01	0.00%	-12.23%	28.54	1.33	3.7%
Qatar Exchange	9,725.28	1.87	0.02%	-6.72%	15.83	1.46	4.1%
Bahrain Stock Exchange	1,404.83	2.07	0.15%	-12.75%	13.08	0.88	4.9%
Dubai Financial Market	2,271.29	12.74	0.56%	-17.85%	8.59	0.80	4.7%
Abu Dhabi Exchange	4,507.95	-15.00	-0.33%	-11.19%	16.45	1.30	5.4%
Tunis Se Index	6,759.12	-10.99	-0.16%	-5.10%	18.85	2.25	0.7%
EGX 30 Index	11,136.03	63.01	0.57%	-20.24%	11.49	1.49	2.8%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	5,937.4	2.39%	-21.28%
DAX	Germany	13,100.3	2.01%	-1.12%
CAC 40	France	5,053.7	1.79%	-15.46%
<b>United States</b>				
DIJA	USA	28,133.3	-0.56%	-1.42%
S&P 500	USA	3,427.0	-0.81%	6.07%
NASDAQ	USA	11,313.1	-1.27%	26.09%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	23,205.2	0.51%	-1.91%
HANG SENG	Hongkong	24,598.2	0.01%	-12.74%
KSE 100 Index	Pakistan	42,312.0	0.04%	3.87%
NSE Nifty 50	India	11,414.6	0.52%	-6.20%
SHANGHAI COMPOSITE	China	3,294.6	0.06%	8.02%
SHANGHAI SHENZHEN CSI 300	China	4,668.8	-0.01%	13.97%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.728	1.374
British Pound (GBP)	1.313	0.762
Canadian Dollar (CAD)	0.762	1.312
Chinese Renminbi (CNH)	0.146	6.837
Egyptian Pound (EGP)	0.063	15.798
Euro (EUR)	1.180	0.847
Indian Rupee (INR)	0.014	73.525
Japanese Yen (JPY)	0.009	106.250
New Zealand Dollar (NZD)	0.668	1.496
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.602	166.150
Russian Ruble (RUB)	0.013	75.761
Singapore Dollar (SGD)	0.731	1.368
Turkish Lira (TRY)	0.134	7.459

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	41.9	-0.26%	-32.00%
WTI Crude (per bbl)	39.0	-2.04%	-36.18%
Oman Crude Oil (Last Closing)	42.0	0.24%	-37.66%
OPEC (per bbl)	43.4	0.14%	-36.11%
<b>Precious Metals</b>			
Gold 100 OZ (per oz)	1,927.4	-0.31%	27.03%
Silver (per oz)	26.9	0.11%	50.43%
Platinum (per oz)	912.6	0.19%	-5.59%
<b>Other Metals</b>			
Copper, MT	6,789	1.18%	9.96%
Aluminium, MT	1,798	0.62%	-0.69%
Lead, MT	1,971	-0.05%	2.28%
Zinc, MT	2,510	1.07%	10.45%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.47	-78.6%
Saudi Arabia	0.89	-60.1%
Kuwait	1.63	-40.9%
Oman	2.65	-5.8%
Qatar	1.11	-50.5%
Bahrain	2.28	-14.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.24
UAE	16/04/2030	1.70
QATAR	16/04/2030	1.79
SAUDI ARABIA	22/10/2030	2.22
OMAN	01/08/2029	6.10
BAHRAIN	14/05/2030	5.08

Midswaps	Price	YTM %
3 year	99.88	0.2
5 year	99.83	0.3
10 year	99.22	0.7
30 year	97.92	1.5

USD Libor	Rate (%)	YTD
1m	0.15	-91.2%
3m	0.25	-87.0%
6m	0.29	-84.7%
1 year	0.42	-78.9%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

## OMAN ECONOMIC & CORPORATE NEWS

### Oman announces second stimulus package for economic revival

The Central Bank of Oman (CBO) has unveiled a slew of policy measures — the second since March this year — designed to strengthen the ability of banks and Finance & Leasing Companies (FLCs) to support the country's economic revival. The new measures, set out in a circular issued by CBO Executive President Tahir bin Salim al Amri (pictured) on Monday, grant a further extension of the timeline for the existing loan deferment scheme, enhance the tenor and limit of the Forex Swap facility provided by the Central Bank, revise the Loan to Value (LTV) ratio for housing loans and allow consideration of a relaxation of the Liquidity Coverage Ratio (LCR) for banks.

Source: [Oman Observer](#)

### Loans, health insurance to be extended for some in Oman

Omanis above 60 years of age will have their loan repayment periods rescheduled to their benefit, while borrowers aged 70 and above will still be eligible for health insurance, because of the effects of the COVID-19 pandemic, the Capital Market Authority has announced.

Source: [Times of Oman](#)

### Over 45,000 SMEs register with Riyada till July

The total number of Small and Medium Enterprises (SMEs) registered with the Authority for Small and Medium Enterprises Development at the end of July 2020 stood at 45,094, comprising an increase by 11.8 per cent compared to the same period of 2019, according to the data released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

### Bassah Beach to be transformed into resort destination

National Development and Investment Company (ASAAS) announced the signing of a usufruct agreement with the Office of the Minister of State and Governor of Musandam to develop the Bassah Beach site in the Wilayat of Khasab, Musandam Governorate. This will add further momentum to the company's ambition to help in diversifying the national economy by forging strong partnerships and aligning with the government's vision to boost tourism contribution to the national GDP while also offering career opportunities for locals.

Source: [Oman Observer](#)

### Al Mazunah Free Zone to add third phase

In line with ongoing efforts to implement a unified system for the One-Stop Shop in the special economic zones and free zones, Eng Ahmed bin Hassan Al Dheeb, Deputy Chairman of the Public Authority for Special Economic Zones and Free Zones, visited Al Mazunah Free Zone, which is managed and operated by the Public Establishment for Industrial Estates (Madayn). Royal Decree 105/2020 to establish the Authority stipulates that the Authority's competences include implementing the One-Stop Shop system in the special economic zones and free zones taking into consideration the experience of the One-Stop Shop in the Special Economic Zone at Duqm.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi cement sales jump 38% to 4.3 mln tons in August 2020

The aggregate sales of 17 Saudi cement producers climbed 38% to 4.3 million tons in August 2020, compared to 3.1 million tons in the same month last year, data issued by Yamama Cement Company showed. As many as 16 cement producers reported higher sales, topped by Al-Jouf Cement Co. with a year-on-year (YoY) surge of 131% in August. Al-Safwa Cement Co. came second with a spike of 116% YoY. Northern Region Cement Co.'s sales fell by 32% YoY.

Source: [Argaam](#)

### Saudi Telecom Seeks to Cut \$2.39 Billion Offer for Vodafone Egypt

Saudi Telecom Co. is in discussions to reduce its non-binding \$2.39 billion offer for a stake in Vodafone Egypt, two people with direct knowledge of the talks said. The discussions come as a deadline nears for STC to move ahead with the non-binding offer first made in January. The Saudi company in July extended the memorandum of understanding for 60 days due to the impact of the coronavirus pandemic.

Source: [BBG](#)

### Assets of Saudi investment funds rise to SAR 380.7 bln in Q2 2020

The total value of assets held by investment funds in Saudi Arabia rose by 9% year-on-year (YoY) to SAR 380.7 billion in Q2 2020, data issued by the Capital Market Authority (CMA) showed. The number of investment funds decreased during the

period to 634 compared to 636 funds in Q1 2020, including 253 public funds and 381 private funds. The value of private investment funds grew by 14% to SAR 199.1 billion. Similarly, the value of public investment funds rose 4% to SAR 181.6 billion in Q2 2020.

Source: [Argaam](#)

#### **Saudi Aramco seeks tighter portfolio management, says GlobalData's MEED**

The recent decision to create an integrated corporate development organisation is the next step in the exercise to undertake proficient management of the overall enterprise. With the integration of Saudi Basic Industries Corporation (Sabic) into its fold, Saudi Aramco has amassed an energy business portfolio that requires keen oversight and effective management.

Source: [O&G](#)

#### **ACWA Power consortium signs \$650 mln financing agreements for Saudi desalination plant**

Utilities provider ACWA Power successfully signed senior financing agreements for the \$650 million (SAR 2.43 billion) Jubail-3A IWP. The project is the fourth seawater reverse osmosis (SWRO) desalination project to be awarded in Saudi Arabia over the last three years, as part of the largest public-private partnership (PPP) desalinated water procurement program in the world.

Source: [Argaam](#)

#### **Fitch Affirms Commercial Bank of Kuwait at 'A+'; Outlook Stable**

Fitch Ratings has affirmed Commercial Bank of Kuwait's (CBoK) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb'. A full list of rating actions is below. CBoK's IDRs are driven by support from the Kuwaiti sovereign. Its Support Rating (SR) of '1' and Support Rating Floor (SRF) of A+' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. CBoK's SRF is in line with Fitch's Domestic-Systemically Important Bank SRF for Kuwait.

Source: [Fitch Ratings](#)

#### **Saudi German Hospital signs SAR 7 mln lease agreement for Jeddah hospital**

Middle East Healthcare Co. (Saudi German Hospital) signed a lease contract with Bait Al Batterjee College for Medical Sciences and Technology Co., a related party, worth SAR 7 million, it said in a bourse statement on Monday. Under the contract, Saudi German Hospital will rent a hospital building from Bait Al Batterjee College for Medical Sciences and Technology Co., specializing in Gynecology and Obstetrics surgery, located in Jeddah. The hospital has a preliminary license from the Ministry of Health and is fully equipped, the statement added.

Source: [Argaam](#)

#### **Kuwait's real estate sector 'hit hard' due to corona pandemic in H1 of '20**

The real estate companies listed on the Kuwait Stock Exchange are the most affected by the negative consequences of the corona pandemic unlike other companies listed on the bourse, since the real estate companies depend mostly on revenues generated by rent from commercial complexes and real estate projects (commercial and investment) and from trading in real estate, reports Al-Anba daily.

Source: [Zawya](#)

#### **Alkhabeer Capital announces Alkhabeer REIT's inclusion in FTSE**

Alkhabeer Capital announced that Alkhabeer REIT Fund joined the FTSE EPRA Nareit Global Real Estate Index specialising in Real Estate Investment Traded Funds (REITs) and real estate companies. The joining will allow the fund to attract more foreign investors, according to a stock exchange filing on Monday. Alkhabeer Capital is a prominent asset management company specialising in alternative investments and providing innovative world-class products and services to institutions, family offices, and qualified high-net-worth investors.

Source: [Mubasher](#)

#### **UAE posts \$2.6bln in Q2 budget surplus**

The UAE federal government posted a second-quarter budget surplus of around Dh9.75 billion, up from a surplus of Dh1.8 billion in the first quarter 2020. Revenues in the second quarter were at Dh34.744 billion and expenditures were at Dh24.997 billion, state news agency WAM said on Monday.

Source: [Khaleej Times](#)

#### **Dubai's Emirates refunds \$1.4 billion to customers affected by COVID-19 travel restrictions**

Emirates has issued \$1.4 billion in refunds to customers affected by COVID-19 travel restrictions, the Dubai airline said in a statement. More than 1.4 million refund requests have been completed since March, representing 90 percent of the Dubai

airline's backlog. This includes all requests received from customers around the world up until the end of June, except for a few cases which require further manual review, Emirates said, even as it increased its capacity to process refund requests.

Source: [Arab News](#)

### **Qatar to provide 15,000 extra rooms for fans in FIFA World Cup 2022**

More than 150 buildings, towers and residential complexes have been approved by the Government Housing Department and the Supreme Committee (SC) for the FIFA World Cup in Qatar – providing a total of 15,000 rooms for fans for the event which is scheduled to kick off in November 2022. According to the SC, through renewable five-year contracts, work is currently underway to sign agreements with real estate owners within the government housing program. In line with Qatar National Vision 2030, the program is expected to provide the real estate needs of government housing during the championship and beyond.

Source: [DN](#)

### **Leejam Sports Company (Fitness Time) Announces the Opening of a New Ladies Fitness Center in Dubai**

Leejam Sports Company (Fitness Time) "the company" is pleased to announce the opening of new fitness center in Dubai on Saturday 5th September 2020. This Center is the third one to be opened after the company was allowed to reopen its Fitness Centers on 21st June 2020 following the precautionary closures of all Private Fitness Centers, to combat the spread of COVID-19, since 15th March 2020. The adverse circumstances of the COVID-19 pandemic have disrupted operations and economic activities around the world and led the company's fitness centers to be closed for more than three months. Despite that, Leejam Sports Company has successfully opened three Ladies Fitness centers during the last 8 days.

Source: [Mubasher](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Global shares stabilise, try to shrug off U.S. tech rout scare**

Asian shares and U.S. stock futures regained some footing on Tuesday following a small bounce in European markets as investors looked to whether high-flying U.S. tech shares could recover from their recent rout. Japan's Nikkei .N225 advanced 0.4% as revised data confirmed the nation had slumped into its worst postwar contraction, with business spending taking a bigger hit from the coronavirus than initially estimated.

Source: [Reuters](#)

### **Fed's strategy shift to bind big central banks from Frankfurt to Tokyo**

The U.S. Federal Reserve's landmark shift to a more tolerant stance on inflation will be a drag on the dollar for years and will raise hard questions about the role of central banking, challenging policymakers from Frankfurt to Tokyo. On the face of it, the Fed's policy tweak, unveiled on Aug. 27, appears tailored to giving the U.S. economy a shot in the arm. A shift to average inflation targeting lets the Fed overshoot its target after downturns, indicating that rate hikes will come later and the jobs market will be allowed to run hotter, a boon to low-income families.

Source: [Reuters](#)

### **China accuses U.S. of 'bullying' as it touts new global data security push**

China's Foreign Minister Wang Yi launched a global data security initiative on Tuesday, and outlined the principles that should be followed in areas from personal information to espionage. The initiative comes as the U.S. continues to put pressure on China's largest technology companies and convince countries around the world to block them.

Source: [CNBC](#)

### **Shares of Chinese bottled water giant Nongfu Spring spike 85% in Hong Kong debut**

Shares of Chinese bottled water giant Nongfu Spring surged more than 85% in their debut on the Hong Kong stock market. The stock opened at 39.80 Hong Kong dollars per share (\$5.14), more than 85% higher than its initial public offering price of 21.50 Hong Kong dollars (\$2.77).

Source: [CNBC](#)

### **US sanction threat wipes 23% off the value of China's biggest chipmaker**

Shares in Chinese chipmaker SMIC plummeted nearly 23% in Hong Kong on Monday on fears that it could become the latest casualty of the US-China tech war. The US Department of Defense and other US agencies are reportedly considering banning exports to Semiconductor Manufacturing International Corp., according to Reuters and other news outlets. The chipmaker could be added to a list of companies that the US government considers to be undermining American interests.

Source: [CNN](#)

## COMMODITIES NEWS

### Oil rebound to \$50 unlikely without deeper output cuts

Following a week of losses, oil prices continued the decline on Monday, on the back of developments in the Middle East and Asia, and also on concerns that road-fuel demand might fall in the US. After shedding 6.5 per cent last week, prices sustained the downtrend as Saudi Arabia made its deepest monthly price cuts to supply for Asia in five months and uncertainty over Chinese demand clouds the market's recovery. Brent crude was trading at \$41.95 a barrel, down 71 cents or 1.7 per cent, by 1020 GMT, after earlier sliding to \$41.51, its lowest since July 30. West Texas Intermediate U.S. crude skidded 72 cents, or 1.8 per cent, to \$39.05 per barrel after hitting \$38.55, its lowest since July 10.

Source: [Reuters](#)

### Ubar Capital SAOC (U Capital)

Ominvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: [research@u-capital.net](mailto:research@u-capital.net)

Website: [www.u-capital.net](http://www.u-capital.net)



**Disclaimer:** This report has been prepared by Ubar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.