

# U Capital Morning Brief

22 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	798.82	-5.30	-0.66%	-5.30%	7.26	0.74	7.4%
U Capital GCC 50 Index	1,290.16	-12.26	-0.94%	-6.92%	21.52	2.21	4.1%
U Capital MENA 200 Index	1,014.19	-8.01	-0.78%	-7.02%	14.13	1.75	4.6%
MSCI GCC Countries Index	521.77	-4.15	-0.79%	-8.41%	18.68	1.78	3.3%
Muscat Securities Market	3,626.27	7.24	0.20%	-8.91%	10.77	0.73	6.7%
Saudi Stock Exchange	8,291.35	-73.26	-0.88%	-1.17%	30.20	2.02	2.5%
Kuwait Stock Exchange	6,655.33	35.57	0.54%	-8.26%	29.70	1.40	3.5%
Qatar Exchange	9,764.39	-151.41	-1.53%	-6.34%	15.89	1.47	4.1%
Bahrain Stock Exchange	1,440.40	-1.63	-0.11%	-10.54%	13.41	0.90	4.8%
Dubai Financial Market	2,270.05	-50.23	-2.16%	-17.90%	8.58	0.80	4.3%
Abu Dhabi Exchange	4,492.19	-53.98	-1.19%	-11.50%	16.39	1.30	5.4%
Tunis Se Index	6,847.35	-34.22	-0.50%	-3.86%	20.36	2.27	0.7%
EGX 30 Index	10,910.37	-58.95	-0.54%	-21.85%	11.37	1.46	2.9%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
<b>Europe</b>					<b>Currency</b>		
FTSE 100	UK	5,804.3	-3.38%	-23.04%	Australian Dollar (AUD)	0.721	1.386
DAX	Germany	12,542.4	-4.37%	-5.33%	British Pound (GBP)	1.281	0.781
CAC 40	France	4,792.0	-3.74%	-19.84%	Canadian Dollar (CAD)	0.751	1.332
<b>United States</b>					Chinese Renminbi (CNH)	0.147	6.790
DJIA	USA	27,147.7	-1.84%	-4.87%	Egyptian Pound (EGP)	0.064	15.741
S&P 500	USA	3,281.1	-1.16%	1.56%	Euro (EUR)	1.176	0.850
NASDAQ	USA	10,778.8	-0.13%	20.13%	Indian Rupee (INR)	0.014	73.420
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.010	104.530
NIKKEI 225	Japan	23,360.3	0.18%	-1.25%	New Zealand Dollar (NZD)	0.667	1.500
HANG SENG	Hongkong	23,840.5	-0.49%	-15.43%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	41,924.4	-0.59%	2.92%	Pakistani Rupee (PKR)	0.601	166.224
NSE Nifty 50	India	11,178.3	-0.64%	-8.14%	Russian Ruble (RUB)	0.013	76.131
SHANGHAI COMPOSITE	China	3,303.3	-0.41%	8.30%	Singapore Dollar (SGD)	0.734	1.363
SHANGHAI SHENZHEN CSI 300	China	4,681.8	-0.20%	14.29%	Turkish Lira (TRY)	0.131	7.631

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	41.4	-0.19%	-32.88%	UAE	0.47	-78.9%
WTI Crude (per bbl)	39.2	-0.23%	-35.77%	Saudi Arabia	0.87	-60.8%
Oman Crude Oil (Last Closing)	41.0	-4.10%	-39.26%	Kuwait	1.63	-40.9%
OPEC (per bbl)	43.0	2.16%	-36.76%	Oman	2.63	-6.7%
<b>Precious Metals</b>						
Gold100 OZ (per oz)	1,911.7	-0.03%	26.00%	Qatar	0.91	-59.4%
Silver (per oz)	24.6	-0.47%	37.80%	Bahrain	2.28	-14.4%
Platinum (per oz)	889.7	0.38%	-7.96%			
<b>Other Metals</b>						
Copper, MT	6,692	-1.78%	8.38%			
Aluminium, MT	1,780	-0.73%	-1.69%			
Lead, MT	1,889	-1.28%	-2.00%			
Zinc, MT	2,459	-3.13%	8.21%			

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.43
UAE	16/04/2030	1.69
QATAR	16/04/2030	1.94
SAUDI ARABIA	22/10/2030	2.31
OMAN	01/08/2029	6.56
BAHRAIN	14/05/2030	5.73

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.91	0.2	1m	0.16	-91.2%
5 year	99.92	0.3	3m	0.23	-88.2%
10 year	99.61	0.7	6m	0.28	-85.6%
30 year	99.03	1.4	1 year	0.37	-81.3%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **MEDC increases its network capacity in Muscat**

Muscat Electricity Distribution Company (MEDC), a member of Nama Group, carried on its operational and administrative work despite the exceptional circumstances caused by COVID-19. The company had increased its network capacity in the Muscat Governorate by 122 mega-volt-ampere during the first half of 2020 reaching a total network capacity in Muscat to 6,704 mega-volt-ampere.

Source: [Times of Oman](#)

### **Capital shares of new projects in Duqm to be allocated for local community companies**

Oman Company for Development of Special Economic Zone at Duqm (Tatweer) and Iskan Oman Investment Company announced their plan to allocate capital shares of their new projects in Duqm for the local community companies. Eng. Yahya bin Khamis Al Zadjali, In-Charge of Managing Operations of the Special Economic Zone at Duqm (Sezad), held a meeting with a number of local companies and representatives of Tatweer and Iskan companies.

Source: [Times of Oman](#)

### **Oman's oil, gas sector to grow by 14%**

Sultanate's oil and gas industry is expected to grow at a compound rate of 14 per cent during the period from 2020 to 2027, according to a new report by the CMFE Insights Research Foundation. The report added that the Asia-Pacific market is expected to see the fastest growth in terms of imports from the Omani oil and gas market during the forecast period, after analysing global opportunities available in global regions, such as North America, Latin America, Asia and the Pacific, Europe and India.

Source: [Times of Oman](#)

### **Oman's Liwa Plastics mega project set for commercial launch in Q4**

The Sultanate's biggest petrochemicals investment to date — the giant Liwa Plastics Industrial Complex (LPIC) — is on track to commence commercial production later this year, according to a high-level official associated with this signature project. Ahmed Saleh al Jahdhami, Chief Executive Officer (Downstream) at OQ, the Sultanate's integrated energy group (formerly Oman Oil and Orpic Group), said the massive venture set up with an investment of \$6.7 billion, will optimise value generation from Oman's hydrocarbon resources.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **New project to boost UAE's realty**

The UAE property sector is getting momentum as more developers are launching new projects to boost the industry and mitigate the impact of COVID-19. Reportage Properties, the leading real estate development company based in Abu Dhabi, revealed the launch of 'Rukan' Tower, which is the second phase of the 'Rukan Lofts' project that the company is developing in the 'Dubailand' area in cooperation with Continental Investment Co. The project is scheduled to be completed and delivered by Q4-2022.

Source: [Gulf Today](#)

### **Tadawul approves listing of government debt instruments worth SAR 1.25 bln**

The Saudi Stock Exchange (Tadawul) approved the listing request of the Saudi government-issued debt instruments from a class already listed, submitted by the Ministry of Finance as per the listing rules with a total value of SAR 1.25 billion as follows:

- Increase in issuance 2020-07-04 (Tadawul code: 5300) by SAR 130 million to reach a total of SAR 9.1 billion.
- Increase in issuance 2020-07-12 (Tadawul code: 5302) by SAR 1.12 billion to reach a total of SAR 7.62 billion.

Source: [Argaam](#)

### **National Building gets go-ahead for 100% capital hike**

The Capital Market Authority (CMA) approved a request from National Building and Marketing Co. (NBM) to raise its capital to SAR 120 million from SAR 60 million through the issuance of one bonus share for every one share held, the market regulator said in a bourse statement. The increase will be financed by transferring SAR 3 million from the company's other reserves and SAR 57 million from retained earnings to capital.

Source: [Argaam](#)

### **Islamic asset classes remain resilient but are not immune**

The COVID-19 pandemic has had a massive impact on economies around the world, but for the countries of the GCC, a collapse in oil prices has added to the malaise. The non-oil sectors of GCC economies, particularly tourism and real estate,

are struggling too, confounding governments' efforts to diversify their economies beyond oil. Deficits have been widely forecast for 2020 across the Middle East, with economies likely to face massive challenges. However, most GCC governments possess the financial strength to withstand the crisis, and substantial emergency economic support packages have been put forward by each of the Council's six members.

Source: [Zawya](#)

#### **FAB hires banks for US dollar-denominated bond issuance**

First Abu Dhabi Bank (FAB) has hired banks to arrange an investor call for the US dollar-denominated bond issuance, Reuters reported. The banks comprise Citi, FAB, HSBC, and Standard Chartered which will arrange the potential deal, according to a cited document. The planned Additional Tier 1 perpetual bonds are not callable for six years.

Source: [Mubasher](#)

#### **Saudi Arabia offers \$48bln to support developmental projects worldwide**

Saudi Arabia has provided around \$48 billion in assistance to developmental projects around the world as part of financial contributions to international organisations and authorities. The kingdom granted \$32.12 billion in aids to 3,843 humanitarian and charitable developmental projects in 155 countries, according to a statement from the media office of the Embassy of Saudi Arabia in Egypt. Countries located in the Middle East and North Africa (MENA) region benefitted from 58% of total aids, whilst the remaining states in Africa and Sub-Saharan Africa accounted for 19%.

Source: [Zawya](#)

### **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

#### **Fed chief Powell slated for first of week's three congressional appearances**

U.S. Federal Reserve Chair Jerome Powell on Tuesday makes the first of three appearances on Capitol Hill this week to address lawmakers' questions and concerns about the raft of emergency measures the central bank has taken to blunt the hit to the economy delivered by the coronavirus pandemic.

Source: [Reuters](#)

#### **Musk cautions innovations at Tesla 'battery day' won't be widespread until 2022**

Since 2017, Tesla has mass-manufactured batteries for its cars and energy storage products at its Gigafactory in Nevada, with its partner Panasonic. On Tuesday, Sept. 22, Tesla is holding its annual shareholders' meeting in conjunction with a "battery day" where it could announce details about its own new type of battery cell. Tesla demonstrations often cause short-term stock volatility, but what Elon Musk shows at these events does not always result in a working product within the promised timeline.

Source: [CNBC](#)

#### **Asia-Pacific airline stocks take a hit as coronavirus concerns return; South Korea drops 2%**

Shares of airlines in Asia-Pacific tumbled in Tuesday trade. Analysts warn that European countries are likely to impose more restrictions on public life in the coming days amid a rapid rise in the number of daily coronavirus infections. Shares of HSBC and Standard Chartered continued to see drops on Tuesday, following sharp declines on Monday on the back of reports that they allegedly moved large sums of suspicious funds.

Source: [CNBC](#)

#### **Here's what banking experts are saying in the wake of the FinCen leak**

The files, obtained by BuzzFeed and the International Consortium of Investigative Journalists, contain Suspicious Activity Reports (SARs) filed with the U.S. Department of Treasury's Financial Crimes Enforcement Network, or FinCen, between 1999 and 2017. Rachel Woolley, director of financial crime at regulatory consultancy Fenengo, said the FinCen files expose a "systemic failure across the entire financial system and industry."

Source: [CNBC](#)

#### **Stocks down on fresh lockdown worries, banking sell-off; dollar rises**

Asian shares extended losses for the second day on Tuesday while the dollar rose, as possible delays in expanded U.S. stimulus and concerns about fresh pandemic lockdowns in Europe knocked investor sentiment. Hong Kong shares of HSBC and Standard Chartered fell more than 2per cent each, as global banking stocks remained under intense pressure on reports about financial institutions allegedly moving illicit funds. British lenders HSBC and StanChart were among global lenders named as having transferred more than US\$2 trillion in suspect funds over nearly two decades.

Source: [CNA](#)

## COMMODITIES NEWS

### Gold edges higher as US dollar halts surge on Covid-19 worries

Gold prices on Tuesday inched up after slumping 3.4% in the previous session, as the resurgent dollar held on to overnight gains, while economic concerns over fresh rounds of coronavirus-induced lockdowns across Europe also helped buoy the metal. Spot gold rose 0.3% to \$1,918.20 per ounce by 1252 GMT. Bullion prices fell to their lowest level since Aug. 12 at \$1,882.70 on Monday as the U.S. dollar soared to an almost six-week high.

Source: [TEM](#)

### Oil price fall hurts major Gulf markets

Major Middle Eastern markets ended lower on Monday, after oil prices slid on the possible return of Libyan production and as rising COVID-19 cases around the world stoked demand concerns. Brent crude LCOc1 was down 99 cents or 2.1% at \$42.23 a barrel by 1227 GMT. [O/R] Global oil refiners are cutting fuel production into the autumn as the recovery in demand from the impact of coronavirus has stalled, according to executives, refinery workers and industry analysts.

Source: [Reuters](#)

### Ubhar 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 Ubhar 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.