

U Capital Morning Brief

12 October 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	796.69	-1.85	-0.23%	-5.56%	7.21	0.74	7.4%
U Capital GCC 50 Index	1,338.84	21.92	1.66%	-3.41%	21.05	2.28	4.0%
U Capital MENA 200 Index	1,046.79	14.33	1.39%	-4.03%	14.50	1.80	4.5%
MSCI GCC Countries Index	534.30	4.40	0.83%	-6.21%	19.24	1.82	3.2%
Muscat Securities Market	3,590.79	-13.42	-0.37%	-9.81%	10.64	0.72	6.8%
Saudi Stock Exchange	8,513.26	100.71	1.20%	1.48%	30.60	2.07	2.3%
Kuwait Stock Exchange	6,947.86	62.81	0.91%	-4.23%	31.03	1.46	3.4%
Qatar Exchange	10,001.15	-30.98	-0.31%	-4.07%	16.33	1.50	3.9%
Bahrain Stock Exchange	1,472.61	14.20	0.97%	-8.54%	13.71	0.92	4.6%
Dubai Financial Market	2,223.57	9.25	0.42%	-19.58%	8.41	0.79	4.3%
Abu Dhabi Exchange	4,492.64	-19.87	-0.44%	-11.49%	16.40	1.30	5.4%
Tunis Se Index	6,675.68	3.22	0.05%	-6.27%	20.01	2.20	0.6%
EGX 30 Index	11,360.37	33.39	0.29%	-18.63%	12.12	1.56	2.8%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	6,016.7	0.65%	-20.23%
DAX	Germany	13,051.2	0.07%	-1.49%
CAC 40	France	4,946.8	0.71%	-17.25%
United States				
DJIA	USA	28,586.9	0.57%	0.17%
S&P 500	USA	3,477.1	0.88%	7.63%
NASDAQ	USA	11,579.9	1.39%	29.06%
Asia Pacific				
NIKKEI 225	Japan	23,560.5	-0.25%	-0.41%
HANG SENG	Hongkong	24,695.7	2.41%	-12.39%
KSE 100 Index	Pakistan	40,915.7	0.29%	0.44%
NSE Nifty 50	India	11,968.3	0.45%	-1.64%
SHANGHAI COMPOSITE	China	3,351.0	2.41%	9.87%
SHANGHAI SHENZHEN CSI 300	China	4,805.8	2.66%	17.31%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.723	1.382
British Pound (GBP)	1.304	0.767
Canadian Dollar (CAD)	0.762	1.313
Chinese Renminbi (CNH)	0.149	6.713
Egyptian Pound (EGP)	0.064	15.717
Euro (EUR)	1.182	0.846
Indian Rupee (INR)	0.014	73.074
Japanese Yen (JPY)	0.009	105.470
New Zealand Dollar (NZD)	0.667	1.500
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.611	163.819
Russian Ruble (RUB)	0.013	76.780
Singapore Dollar (SGD)	0.739	1.354
Turkish Lira (TRY)	0.127	7.876

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	42.5	-0.93%	-30.64%
WTI Crude (per bbl)	40.2	-0.99%	-34.11%
Oman Crude Oil (Last Closing)	42.2	-1.77%	-37.39%
OPEC (per bbl)	41.1	1.51%	-39.58%
Precious Metals			
Gold 100 OZ (per oz)	1,929.2	-0.08%	27.15%
Silver (per oz)	25.4	0.93%	42.25%
Platinum (per oz)	891.4	-0.20%	-7.78%
Other Metals			
Copper, MT	6,763	1.20%	9.54%
Aluminium, MT	1,842	2.05%	1.74%
Lead, MT	1,809	0.92%	-6.15%
Zinc, MT	2,434	2.92%	7.13%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.34	-84.6%
Saudi Arabia	0.86	-61.4%
Kuwait	1.56	-43.2%
Oman	2.66	-5.3%
Qatar	1.06	-52.7%
Bahrain	2.25	-15.6%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.30
UAE	16/04/2030	1.65
QATAR	16/04/2030	1.73
SAUDI ARABIA	22/10/2030	2.04
OMAN	01/08/2029	6.48
BAHRAIN	14/05/2030	5.57

Midswaps	Price	YTM %
3 year	99.78	0.2
5 year	99.57	0.3
10 year	98.59	0.8
30 year	95.33	1.6

USD Libor	Rate (%)	YTD
1m	0.15	-91.8%
3m	0.22	-88.3%
6m	0.25	-87.1%
1 year	0.35	-82.6%

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's daily oil output drops to 718,700 barrels

Oman's daily average oil production in September decreased to 718,700 barrels, which was 0.18 per cent lower, compared to the August daily production volumes. The monthly report published by the Ministry of Energy and Minerals on Sunday indicated that daily average exported quantities of Oman crude dropped by 1.21 per cent to 736,165 barrels in September compared to the previous month. Of Oman's total oil exports, China's share in September climbed by 1.9 per cent to more than 88 per cent. Similarly, India's import percentage rose by 7.4 per cent. However, Japan's share slightly decreased in September.

Source: [Muscat Daily](#)

COVID-19 pandemic likely to affect VAT final implementation date

The ongoing COVID-19 pandemic is likely to affect the final implementation date of VAT, which may have been much earlier in 2021, according to a tax expert. It is also likely to impact individuals and business' ability to consume the additional charge of 5 per cent and associated expenses. This is likely to encourage Oman to implement much broader initial exemptions and/or a phased implementation, to seek to support individuals and businesses in Oman adapting to the new VAT regime.

Source: [Times of Oman](#)

Ministry of Commerce, Industry and Investment Promotion Undersecretary visits Sur Industrial City

Dr Saleh bin Said Masan, Undersecretary of the Ministry of Commerce, Industry and Investment Promotion for Commerce and Industry, visited Sur Industrial City to get acquainted with the current development and investment projects in the industrial city. Accompanied by Hilal bin Hamad Al Hasani, Chief Executive Officer of the Public Establishment for Industrial Estates – Madayn, Masan visited a number of industrial units at Sur Industrial City and interacted with the investors and business owners on topics related to the production processes, the companies' requirements, and the support provided by Madayn to overcome the current challenges.

Source: [Times of Oman](#)

MAFWR, AMLSC Sign Agreement

The Ministry of Agriculture, Fisheries and Water Resources (MAFWR) and Al Madina Logistics Services (AMLS) today signed an agreement to establish, manage and operate an inspection unit for the export/ import containers and trucks of fish and its products, as well as agricultural and animal products in the Governorate of North Al Batinah. The agreement was signed by Dr. Saud bin Hamoud al-Habsi, Minister of Agriculture, Fisheries and Water Resources, and Hassan Ihsan al-Naseeb, Chairman of the Board of Directors of Al Madina Logistics Services.

Source: [ONA](#)

MSM Declines 13 Points

Muscat Securities Market (MSM) general index (30) today lost (13.4) points, comprising a decline by (0.37 %) to close at (3590,79) points, compared to the last session, which stood at (3604.21) points. The trading value today stood at (RO1,517,823), comprising a decline by (53.8%), compared to the last session, which stood at (RO986,882). The report released by MSM pointed out that the market value dropped by (0.036%) to reach about (RO19.88) billion. The report added that the value of shares bought by non-Omani investors reached (RO116,000), comprising (7.66%). The value of shares sold by non-Omani investors reached (RO88,000), comprising (5.77%).

The net non-Omani investment rose by (1.89%) to (RO29,000).

Source: [ONA](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Year's biggest bank merger sealed as Saudi rivals agree on deal

National Commercial Bank, Saudi Arabia's largest lender by assets, agreed to buy rival Samba Financial Group for \$15bn in the biggest banking takeover this year. NCB will pay SAR28.45 (\$7.58) for each Samba share, according to a statement on Sunday, valuing it at about SAR55.7bn. NCB will offer 0.739 new shares for each Samba share, at the lower end of the 0.736-0.787 ratio the banks set when they signed an initial framework agreement in June. The offer is a 3.5 per cent premium to Samba's October 8 closing price of 27.50 riyals and about 24 per cent higher than the level the shares traded at before the talks were made public.

Source: [Gulf Business](#)

Mideast Stocks: Petrochemicals boost Saudi shares, QNB weighs on Qatar

Most major stock markets in the Gulf ended mixed on Sunday, with gains in petrochemical shares boosting the Saudi bourse, while Qatar National Bank weighed on the Qatari index. Saudi Arabia's benchmark index rose 1.2%, with petrochemical maker Saudi Basic Industries advancing 6.4% and Al Rajhi Bank up 1.1%. The kingdom's biggest lender National Commercial Bank (NCB) said on Sunday it has entered into a binding merger agreement with Samba Financial Group, a smaller bank, to create a combined entity with 837 billion riyals (\$223.16 billion) in assets.

Source: [Reuters](#)

CBUAE's foreign currency assets hit AED 355.2bn in August

The total foreign currency assets at the Central Bank of the UAE (CBUAE) increased by 1.3% to AED 355.2 billion in August, when compared to June 2020, the Emirates News Agency (WAM) reported. The CBUAE saw a rise in foreign currency assets for the third month in a row, according to the latest statistics by the central bank. Higher foreign currency balance is driven by an increase in the other assets to AED 32.43 billion in August.

Source: [Mubasher](#)

DFM collaborates with 14 launch partners for new equity futures platform

The Dubai Financial Market (DFM) has collaborated with 14 brokerage firms and technology and data providers as launch partners for its new equity futures platform, set to be launched on 18 October. The new platform will enable investors and brokers to explore new investment opportunities through a new and promising trading asset class and diversify and hedge their portfolios, according to a press release on Sunday. Ten brokerage firms have registered as equity futures members, including BH Mubasher Financial Services, Al Daman Securities, EFG HERMES (UAE), Arqaam Securities, Shuaa Securities, and Global for Shares & Bond.

Source: [Mubasher](#)

UAE issued decree law on wealth management

The UAE Cabinet, headed by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, has adopted a decision approving the issuance of a Federal Decree Law on Financial Covenants, which provides a legislative framework that will boost the performance of the wealth management sector and enable a competitive environment. Family-owned companies will be among the top beneficiaries of this Decree-Law, as the founders and owners of these companies will be able to develop sustainable, long-term plans for the future of the companies' assets, said a Wam news agency report.

Source: [Trade Arabia](#)

Mobily, ITC consortium enter SNFN modernisation deal with Huawei

The consortium of Saudi Telecom carriers, Etihad Etisalat (Mobily) and Integrated Telecom Company (ITC) has signed an agreement for the Saudi National Fiber Network (SNFN) modernization project with their partner Huawei. By building the first 5G and B2B-driven, ultra-broadband optical backbone network in the Middle East, the SNFN project will contribute to the end-to-end network transformation and agile automation strategy as part of the 2030 Vision of Saudi Arabia, said a statement.

Source: [Trade Arabia](#)

NBK to issue KWD 125m bonds

The National Bank of Kuwait (NBK) will issue KWD 125 million bonds due on 18 November 2025, according to a press release on Sunday. These bonds have fixed and variable interest rates worth KWD 62.5 million each. This decision came after the bank had obtained the approval of the Central Bank of Kuwait to redeem KWD 125 million Tier 2 capital issued on 18 November 2015. The central bank has also approved the issuance of Tier 2 capital securities in an amount of up to KWD 150 million.

Source: [Mubasher](#)

New Bahrain-based \$60 mln MENA VC fund sees post-COVID tech wave

A new Bahrain-based \$60 million venture capital fund aims to invest in 120 early-stage start-ups across Arabic-speaking MENA countries, banking on the regional growth of tech and tech-enabled business in the post-coronavirus world. Plus Venture Capital (+VC) aims to close fundraising before the end of the year, which is expected to come from mostly regional institutional investors and family offices. "We think that future growth in the region will be coming from tech-enabled business; for GDP and for job creation. We saw it happen in the last two recessions," Plus Venture Capital co-founder Sharif El-Badawi said.

Source: [Nasdaq](#)

Telecom giant Zain Saudi to cut capital by \$360m to offset losses

Mobile Telecommunications Company Saudi Arabia (Zain KSA) has decided to cut its capital by nearly a quarter or 1.35 billion Saudi riyals (\$360 million). The move to reduce the capital from 5.8 billion riyals to approximately 4.5 billion is intended to write off the telecom firm's accumulated losses, which were estimated to be at 1,444 million riyals as of June 30, 2020. The company is 37 percent owned by Kuwait's Zain Group. It had earlier said that it achieved "notable" financial results during the first six months of the year, with its net profit hitting 164 million riyals and revenues reaching 3,928 million.

Source: [Zawya](#)

Saudi gold ETFs attract \$28.9m in first 9 months of 2020: World Gold Council

Gold-backed exchange-traded funds (ETFs) in Saudi Arabia experienced strong inflows this year, mirroring a trend seen in the broader global market. From January to September 2020, ETF holdings in the kingdom recorded net inflows of 0.5 tonnes valued at \$28.9 million, according to the latest data released by the World Gold Council (WGC). The year-to-date inflows represent 91.9 percent of assets under management (AUMs). It's higher than in other small gold ETF markets like Malaysia and Thailand, but still behind major consumers like the United States, India, China or the United Kingdom.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

White House seeks limited coronavirus relief bill, promises further talks on broader stimulus

The Trump administration on Sunday called on Congress to pass a stripped-down coronavirus relief bill using leftover funds from an expired small-business loan program, as negotiations on a broader package ran into resistance. The administration proposal, which Democrats dismissed as inadequate, was the latest twist in on-again, off-again talks to try to secure more stimulus, as the economy struggles to recover from coronavirus-related shutdowns that threw millions of Americans out of work.

Source: [Reuters](#)

China moves to curb yuan strength, making it cheaper to bet against the currency

The Chinese yuan fell on Monday following recent months of rallying. The weakness was triggered after the central bank changed rules on Saturday that made it cheaper for traders to short the currency. Shorting involves selling a borrowed asset, which can be a stock or currency, with the view that it will depreciate and can be bought back later at a lower price.

Source: [CNBC](#)

Asia-Pacific countries begin to ease pandemic-related travel bans, but hurdles remain

Asia-Pacific countries including Singapore, Australia and Japan are gradually easing some international travel restrictions as coronavirus cases slow, in hopes of helping to revive their economies. International travel in Asia has collapsed during the pandemic due to border closures, with passenger numbers down 97% in August, according to the Association of Asia Pacific Airlines. Although European countries that had been more open add fresh travel restrictions as cases rise, in Asia the trend is toward easing, though not always on a bilateral basis.

Source: [Reuters](#)

EU leaders to insist on tough enforcement powers in Brexit deal – FT

French President Emmanuel Macron and other EU leaders will insist on tough enforcement rules for any trade deal with Britain, warning that Prime Minister Boris Johnson's bid to override the Brexit treaty has shown Britain's word cannot be trusted, the Financial Times reported.

Source: [Reuters](#)

EU trade chief calls on U.S. to drop tariffs in Airbus-Boeing dispute: FT

The European Union's new trade chief has told the U.S. to withdraw tariffs on more than \$7 billion of EU products or face additional duties on exports to Europe, as he urged a settlement to the dispute over Airbus SE and Boeing Co, the Financial Times reported on Sunday.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices extend losses as U.S. producers restore output post-hurricane

Oil prices dropped for a second straight session on Monday as U.S. producers began restoring output after Hurricane Delta weakened, while a strike that had affected production in Norway came to an end. Brent crude for December fell 55 cents, or

1.3%, to \$42.30 a barrel by 0023 GMT and U.S. West Texas Intermediate for November was at \$40.08 a barrel, down 52 cents, or 1.3%.

Source: [CNBC](#)

Gold eases as dollar strength, delay in U.S. stimulus weigh

Gold prices edged lower on Monday, after hitting a three-week high earlier in the session, as the dollar firmed and talks over a new U.S. stimulus package ran into resistance. Spot gold fell 0.2% to \$1,925.29 per ounce by 0046 GMT, after hitting its highest level since Sept. 21 at \$1,932.96 earlier in the session. U.S. gold futures were up 0.3% at \$1,932.70.

Source: [CNBC](#)

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