











# U Capital Morning Brief

17 June 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  | 771.73  | -3.07  | -0.40% | -8.52%  | 6.99              | 0.72          | 8.2%      |
| U Capital GCC 50 Index   | 1,207.36  | 4.25   | 0.35%  | -12.89% | 19.10             | 2.05          | 4.4%      |
| U Capital MENA 200 Index | 935.31  | -0.71  | -0.08% | -14.25% | 13.82             | 1.54          | 5.3%      |
| MSCI GCC Countries Index | 481.45  | 3.09   | 0.65%  | -15.49% | 15.11             | 1.62          | 4.3%      |
| Muscat Securities Market |  3,527.84  | 7.18   | 0.20%  | -11.39% | 9.85              | 0.76          | 6.8%      |
| Saudi Stock Exchange     |  7,308.21  | 44.56  | 0.61%  | -12.89% | 22.25             | 1.77          | 3.5%      |
| Kuwait Stock Exchange    |  6,048.66  | 68.26  | 1.14%  | -16.62% | 14.76             | 1.16          | 3.8%      |
| Qatar Exchange           |  9,160.50  | 26.48  | 0.29%  | -12.13% | 14.44             | 1.42          | 4.4%      |
| Bahrain Stock Exchange   |  1,279.24  | 4.09   | 0.32%  | -20.55% | 9.27              | 0.78          | 5.5%      |
| Dubai Financial Market   |  2,070.02  | 18.32  | 0.89%  | -25.13% | 6.22              | 0.74          | 4.5%      |
| Abu Dhabi Exchange       |  4,328.61  | 60.85  | 1.43%  | -14.72% | 13.46             | 1.29          | 5.9%      |
| Beirut Stock Exchange    |  589.07    | 10.80  | 1.87%  | -25.01% | 3.10              | 0.35          | 0.3%      |
| Tunis Se Index           |  6,703.08  | 2.08   | 0.03%  | -5.88%  | 17.78             | 2.20          | 1.8%      |
| EGX 30 Index             |  10,935.32 | 266.90 | 2.50%  | -21.68% | 9.58              | 1.47          | 3.2%      |

| World Markets             | Country  | Value    | D/D    | YTD     | Currency Cross Rates     | USD/1 Unit | Units/1 USD |
|---------------------------|----------|----------|--------|---------|--------------------------|------------|-------------|
|                           |          |          | %      | %       | Currency                 |            |             |
| <b>Europe</b>             |          |          |        |         | Australian Dollar (AUD)  | 0.688      | 1.455       |
| FTSE 100                  | UK       | 6,242.8  | 2.94%  | -17.23% | British Pound (GBP)      | 1.256      | 0.796       |
| DAX                       | Germany  | 12,315.7 | 3.39%  | -7.04%  | Canadian Dollar (CAD)    | 0.738      | 1.354       |
| CAC 40                    | France   | 4,952.5  | 2.84%  | -17.16% | Chinese Renminbi (CNH)   | 0.141      | 7.084       |
| <b>United States</b>      |          |          |        |         | Egyptian Pound (EGP)     | 0.062      | 16.160      |
| DJIA                      | USA      | 26,290.0 | 2.04%  | -7.88%  | Euro (EUR)               | 1.127      | 0.887       |
| S&P 500                   | USA      | 3,124.7  | 1.90%  | -3.28%  | Indian Rupee (INR)       | 0.013      | 76.160      |
| NASDAQ                    | USA      | 9,895.9  | 1.75%  | 10.29%  | Japanese Yen (JPY)       | 0.009      | 107.230     |
| <b>Asia Pacific</b>       |          |          |        |         | New Zealand Dollar (NZD) | 0.645      | 1.551       |
| NIKKEI 225                | Japan    | 22,509.9 | -0.32% | -4.85%  | Omani Rial (OMR)         | 2.597      | 0.385       |
| HANG SENG                 | Hongkong | 24,337.2 | -0.03% | -13.67% | Pakistani Rupee (PKR)    | 0.607      | 164.865     |
| KSE 100 Index             | Pakistan | 34,019.1 | 0.00%  | -16.49% | Russian Ruble (RUB)      | 0.014      | 69.659      |
| NSE Nifty 50              | India    | 9,918.3  | 0.04%  | -18.49% | Singapore Dollar (SGD)   | 0.717      | 1.394       |
| SHANGHAI COMPOSITE        | China    | 2,928.9  | -0.10% | -3.97%  | Turkish Lira (TRY)       | 0.146      | 6.836       |
| SHANGHAI SHENZHEN CSI 300 | China    | 4,006.7  | -0.20% | -2.19%  |                          |            |             |

| Commodity Prices              | Price   | D/D    | YTD     | GCC 3m Interbank Rates                         | Current Rate %       | YTD %         |
|-------------------------------|---------|--------|---------|--|----------------------|---------------|
|                               | USD     | %      | %       |  |                      |               |
| <b>Oil</b>                    |         |        |         |  |                      |               |
| Brent Crude (per bbl)         | 40.3    | -1.66% | -35.99% | UAE  | 0.65                 | -70.4%        |
| WTI Crude (per bbl)           | 37.5    | -2.32% | -38.60% | Saudi Arabia                                   | 1.02                 | -54.4%        |
| Oman Crude Oil (Last Closing) | 41.9    | 3.03%  | -37.93% | Kuwait   | 1.69                 | -38.6%        |
| OPEC (per bbl)                | 35.1    | 0.09%  | -48.37% | Oman   | 2.66                 | -5.5%         |
| <b>Precious Metals</b>        |         |        |         |  |                      |               |
| Gold100 OZ (per oz)           | 1,726.8 | 0.01%  | 13.81%  | Qatar  | 1.21                 | -46.2%        |
| Silver (per oz)               | 17.4    | -0.48% | -2.65%  | Bahrain  | 2.18                 | -18.1%        |
| Platinum (per oz)             | 821.0   | -0.54% | -15.06% | <b>GCC Latest 10-Yr Government Bond Yields</b> |                      |               |
| <b>Other Metals</b>           |         |        |         |  |                      |               |
| Copper, MT                    | 5,729   | 0.37%  | -7.22%  |  | <b>Maturity date</b> | <b>YTM, %</b> |
| Aluminium, MT                 | 1,598   | 1.30%  | -11.74% | Kuwait   | 20/03/2027           | 1.9           |
| Lead, MT                      | 1,762   | 1.35%  | -8.59%  | Abu Dhabi                                      | 11/10/2027           | 1.9           |
| Zinc, MT                      | 1,996   | 0.66%  | -12.17% | Qatar  | 02/06/2026           | 1.9           |
|                               |         |        |         | Saudi Arabia                                   | 04/03/2028           | 2.3           |
|                               |         |        |         | Oman   | 17/01/2028           | 6.3           |
|                               |         |        |         | Bahrain  | 12/10/2028           | 5.4           |

| Midswaps | Price  | YTM % | USD Libor | Rate (%) | YTD    |
|----------|--------|-------|-----------|----------|--------|
| 3 year   | 100.08 | 0.2   | 1m        | 0.19     | -89.0% |
| 5 year   | 99.60  | 0.3   | 3m        | 0.30     | -84.3% |
| 10 year  | 98.97  | 0.7   | 6m        | 0.43     | -77.5% |
| 30 year  | 93.56  | 1.5   | 1 year    | 0.59     | -70.4% |

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **OAB and Alizz Islamic Bank sign agreement to finalise the merger**

Oman Arab Bank (OAB) and Alizz Islamic Bank (AIB) signed an agreement for the overall structure of the potential merger between the two banks. This step will pave the way for the successful finalisation of two years of negotiations between both parties. The agreement was signed by Rashad Mohammad Al Zubair, Chairman of OAB and Saleh Nasser Al Arami, Chairman of AIB, on behalf of both respective banks. The potential merger will witness the establishment of a major banking entity that will deliver world-class conventional and Islamic banking services and will be the first of its kind in the local banking sector. The signing was attended by AbdulAziz Mohammed Al Balushi, Board Member of OAB, Rashad Ali Al Musafir, CEO of OAB and Salaam Said Al Shaksy, CEO of AIB.

Source: [Times of Oman](#)

### **CBO issues treasury bills worth OMR30 million**

Oman's central bank raised OMR30 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from Wednesday until July 15, 2020. The average accepted price reached 99.954 for every OMR100, and the minimum accepted price arrived at 99.950 per OMR100. Whereas, the average discount rate and the average yield reached 0.59964 per cent and 0.59992 per cent, respectively.

Source: [Times of Oman](#)

### **Royal Decree on Airport Free Zones on anvil in Oman**

Oman is developing the legislative framework necessary to spur the growth of free zones around key airports in the Sultanate. The initiative is being driven by the Implementation Support and Follow-Up Unit (ISFU), a task force operating under the auspices of the Diwan of Royal Court to oversee the speedy delivery of projects proposed as part of the National Programme for Enhancing Economic Diversification (Tanfeedh).

Source: [Oman Observer](#)

### **Decision on expats owning property awaits cabinet nod**

A decision to allow foreigners, including expatriates in Oman, to own property in the Sultanate is awaiting approval from the cabinet. The decision, when implemented, will let expatriates buy properties from a range of specified housing projects in the country. Speaking to the Observer earlier, a senior official at the Ministry of Housing that the decision on the topic was delayed due to certain circumstances this year.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **Saudi fund to offer SR3.7 billion to 500 plus small industrial firms**

Saudi Arabia will offer a 3.7 billion riyal (\$1 billion) stimulus package to support more than 500 small and medium-sized industrial companies hurt by the coronavirus. The initiatives, announced by the Saudi Industrial Development Fund, are part of a wider package of governmental support, and include the deferral and restructuring of loan payments for hundreds of companies. The fund will also offer line-of-credit to partly finance up to three months of operating expenses for qualified companies, and will "continue to explore solutions that will support the private sector," it said.

Source: [Gulf News](#)

### **Saudi consumer spending spikes after curfew lifted, experts say**

Consumer spending in Saudi Arabia jumped by 142 percent in the first week after the curfew was lifted from SR3.25 billion to SR7.85 billion, including the Eid days. However, newly reopened shops and people released from lockdown were not the only reasons for the spending spree, according to experts. Marketing, consumption and sociology specialists told Arab News that the spending spike can also be attributed to Saudis' high purchasing power.

Source: [Arab News](#)

### **UAE ranks 1st in MENA, 9th globally in 2020 global competitiveness**

The UAE came in the first position among countries in the Middle East and North Africa (MENA) region and ninth globally in the IMD World Competitiveness Yearbook 2020, according to the Emirates News Agency (WAM). The UAE maintained its position among the world's top ten competitive countries in 2020 for the fourth year in a row, despite the challenges posed by the coronavirus (COVID-19) pandemic. In 2019, the UAE was ranked 5th globally on the index, as shown by the recent report issued by the World Competitiveness Centre of the World Institute for Management Development (IMD) in Switzerland.

Source: [Mubasher](#)

### **Tadawul to begin final phase of FTSE inclusion based on June 18 closing prices**

The Saudi Stock Exchange (Tadawul) will begin the second tranche of the final phase of inclusion in FTSE Russell Emerging Market Index on Monday, June 22, based on the closing prices on Thursday, June 18, Khalid Al-Hussan, CEO of Tadawul, said. Weights on the index will change periodically in the quarterly reviews. As for Saudi Aramco's weight on emerging markets indices, Al-Hussan said that the giant oil producer has been included in these indices after 5-10 days from its partial listing.

Source: [Argaam](#)

### **QFIs own SAR 130 bln worth of Saudi stocks, derivatives market to be launched soon: Al-Hussan**

Qualified foreign investors (QFIs) in Saudi Arabia exceeded 2,100, while the foreign ownership hit SAR 130 billion, with over 11% of free float shares, Khalid Al-Hussan, CEO of the Saudi Stock Exchange (Tadawul), said. Saudi Arabia is ready for launching the derivatives market, but is waiting for the right time, Al-Hussan added in a virtual forum organized by Riyadh Chamber of Commerce and Industry. "The derivatives market will be launched soon, probably this year," he added.

Source: [Argaam](#)

### **Flydubai prepares for resumption of flights**

Flydubai is preparing to restart international passenger services and will be announcing its routes, after months of coronavirus lockdown. The low-cost carrier, with a network of more than 90 destinations, has grounded its fleet since late March when the UAE government shut down passenger routes to curb the spread of the deadly virus. A spokesperson confirmed to Zawya that the airline is expected to make an announcement on its new flight schedule anytime soon, without divulging any further details.

Source: [Zawya](#)

### **Saudi market attracts positive foreign inflows during COVID-19 crisis, says El Kuwaiz**

The Saudi market saw positive foreign inflows during the COVID-19 crisis, as net foreign investments hit SAR 5 billion in January and February, while March alone saw outflows of SAR 3 billion, Mohammed El Kuwaiz, Chairman of the Capital Market Authority (CMA), said, noting that the market attracted positive inflows in April and May. Foreign investments served as a "factor of stability" for Saudi Arabia, though capital outflows were a key concern due to the pandemic outbreak, El Kuwaiz, added in a virtual forum organized by Riyadh Chamber of Commerce and Industry.

Source: [Argaam](#)

### **UAE becomes largest FDI recipient in the Middle East**

Foreign direct investment (FDI) inflow into the UAE jumped over 34 per cent to \$14 billion (Dh51.4 billion) in 2019 as compared to \$10.4 billion (Dh38.2 billion) in the previous year following major investments by US private equity firms in Abu Dhabi's energy sector. The UAE surpassed Turkey to become the largest recipient of foreign investment last year in the Middle East and also accounted for half of total investment that flowed into the region in 2019, according to World Investment Report released by UN Conference on Trade and Development (Unctad).

Source: [Khaleej Times](#)

### **Mideast Stocks: Markets gain on global rally, rising oil prices**

Stock markets in the Middle East rebounded on Tuesday, tracking a rally in global equities and as crude oil prices rose on record supply cuts and improving fuel demand. Brent crude rose 77 cents, or 1.94%, to \$40.49 a barrel by 0918 GMT, extending gains into a third session. The International Energy Agency forecast oil demand at 91.7 million barrels per day for 2020, 500,000 bpd higher than its estimate in May's report, citing higher-than-expected consumption during the lockdowns.

Source: [Zawya](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Financial markets' disconnect from real economy may lead to corrections, IMF says**

The world is seeing a "striking divergence" between financial markets and the real economy, which may lead to greater volatility and sharp corrections if health and economic news worsen in the wake of the Covid-19 pandemic, according to the International Monetary Fund. Financial market indicators are pointing to stronger prospects of a recovery in global output than what activity in the pandemic-battered real economy suggests, Gita Gopinath, chief economist of the IMF said on Tuesday.

Source: [The National](#)

### Dollar firm after U.S. retail sales jump, risk currencies softer

The dollar held firm against many of its rivals on Wednesday after U.S. retail sales jumped far more than expected in May, Federal Reserve chairman Jerome Powell also doused some of the rosy expectations on Tuesday, as he painted a rather bleak picture of the U.S. economy while also cementing market hopes for continued policy support.

Source: [Reuters](#)

### Asian Business Sentiment Plunges to Record Low on Virus Effect

Business sentiment of Asian companies sank to an 11-year low in the second quarter, a Thomson Reuters/INSEAD survey found, with some two-thirds of the firms polled flagging a worsening COVID-19 pandemic as the biggest risk over the next six months. While the pandemic's initial impact was reflected in the March survey, confidence during the June quarter fell by a third to 35, only the second time the Thomson Reuters/INSEAD Asian Business Sentiment Index <.TRIABS> has slumped below 50 since the survey began in the second quarter of 2009.

Source: [US Money](#)

## COMMODITIES NEWS

### Oil slumps as U.S. crude stocks build amid virus resurgence fears

Oil prices fell on Wednesday as data showed an increase in U.S. crude and fuel inventories, raising the prospect of oversupply as a potential second wave of the coronavirus pandemic threatened to halt any recovery of demand. Brent crude LCOc1 futures were down 89 cents, or 2.2%, at \$40.07 a barrel as of 0348 GMT, and U.S. West Texas Intermediate (WTI) Clc1 futures fell \$1.13, or 2.9%, to \$37.25 a barrel.

Source: [Reuters](#)