

# U Capital Morning Brief

23 July 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	776.43	7.84	1.02%	-7.96%	6.98	0.74	7.9%
U Capital GCC 50 Index	1,202.45	3.26	0.27%	-13.25%	19.37	1.98	4.3%
U Capital MENA 200 Index	940.29	-0.43	-0.05%	-13.79%	14.61	1.64	5.2%
MSCI GCC Countries Index	478.24	-1.25	-0.26%	-16.05%	15.40	1.61	4.3%
Muscat Securities Market	3,521.71	44.76	1.29%	-11.54%	10.09	0.77	6.8%
Saudi Stock Exchange	7,427.89	10.63	0.14%	-11.46%	22.33	1.81	3.5%
Kuwait Stock Exchange	5,838.02	-140.90	-2.36%	-19.53%	14.24	1.12	4.1%
Qatar Exchange	9,386.16	-10.24	-0.11%	-9.97%	15.06	1.44	4.3%
Bahrain Stock Exchange	1,292.92	-9.98	-0.77%	-19.70%	9.67	0.79	5.4%
Dubai Financial Market	2,065.30	-23.24	-1.11%	-25.30%	7.05	0.73	4.7%
Abu Dhabi Exchange	4,262.19	5.53	0.13%	-16.03%	14.07	1.28	6.0%
Beirut Stock Exchange	608.56	-8.61	-1.40%	-22.53%	7.55	0.38	0.0%
Tunis Se Index	6,553.40	24.12	0.37%	-7.98%	17.96	2.15	0.6%
EGX 30 Index	10,459.92	-98.43	-0.93%	-25.08%	10.41	1.39	3.3%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe			%	%	Currency		
FTSE 100	UK	6,207.1	-1.00%	-17.70%	Australian Dollar (AUD)	0.716	1.398
DAX	Germany	13,104.3	-0.51%	-1.09%	British Pound (GBP)	1.274	0.785
CAC 40	France	5,037.1	-1.32%	-15.74%	Canadian Dollar (CAD)	0.747	1.340
United States					Chinese Renminbi (CNH)	0.143	7.002
DJIA	USA	27,005.8	0.62%	-5.37%	Egyptian Pound (EGP)	0.063	15.991
S&P 500	USA	3,276.0	0.57%	1.40%	Euro (EUR)	1.158	0.863
NASDAQ	USA	10,706.1	0.24%	19.32%	Indian Rupee (INR)	0.013	74.680
Asia Pacific					Japanese Yen (JPY)	0.009	107.170
NIKKEI 225	Japan	22,751.6	-0.58%	-3.83%	New Zealand Dollar (NZD)	0.668	1.497
HANG SENG	Hongkong	25,146.4	0.37%	-10.80%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	38,086.9	0.75%	-6.50%	Pakistani Rupee (PKR)	0.597	167.550
NSE Nifty 50	India	11,170.9	0.34%	-8.20%	Russian Ruble (RUB)	0.014	71.085
SHANGHAI COMPOSITE	China	3,298.6	-1.04%	8.15%	Singapore Dollar (SGD)	0.723	1.383
SHANGHAI SHENZHEN CSI 300	China	4,672.3	-0.89%	14.05%	Turkish Lira (TRY)	0.146	6.848

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	0.62	-71.7%
Brent Crude (per bbl)	44.4	0.32%	-28.89%	Saudi Arabia	0.94	-57.7%
WTI Crude (per bbl)	42.1	0.38%	-31.12%	Kuwait	1.56	-43.2%
Oman Crude Oil (Last Closing)	45.0	-0.09%	-33.31%	Oman	2.66	-5.7%
OPEC (per bbl)	44.3	2.93%	-34.83%	Qatar	1.16	-48.5%
				Bahrain	2.30	-13.8%

Precious Metals				GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Gold100 OZ (per oz)	1,870.5	-0.05%	23.28%	KUWAIT	20/03/2027	1.37
Silver (per oz)	22.7	-1.34%	27.11%	UAE	16/04/2030	1.71
Platinum (per oz)	919.9	-0.50%	-4.83%	QATAR	16/04/2030	1.79
Other Metals				SAUDI ARABIA	22/10/2030	2.14
Copper, MT	6,486	-0.74%	5.05%	OMAN	01/08/2029	6.91
Aluminium, MT	1,691	-0.32%	-6.57%	BAHRAIN	14/05/2030	5.49
Lead, MT	1,806	-2.30%	-6.31%			
Zinc, MT	2,213	-1.43%	-2.60%			

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.86	0.2	1m	0.18	-90.0%
5 year	99.88	0.3	3m	0.26	-86.6%
10 year	100.27	0.6	6m	0.34	-82.2%
30 year	98.94	1.3	1 year	0.46	-76.7%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Bids invited for Oman's biggest solar power scheme

A Request for Proposals (RfP) has gone out to international consortiums and developers that have been prequalified by Oman's authorities to compete for contract awards to build the country's biggest solar photovoltaic (PV) based scheme at Manah in Al Dakhiliyah Governorate.

Source: [Oman Observer](#)

### Omran Group inks pact with National Training Fund

Omran Group, the Sultanate's executive arm for tourism development, recently signed a Capability Building Agreement with the National Training Fund (NTF). The strategic two-year collaboration project aims to attract young Omani hospitality enthusiasts and provide them with hands-on operational experience to become the future hoteliers of the Sultanate's growing tourism industry.

Source: [Oman Observer](#)

### Madayn urges companies to take precautions during lockdown period

The Public Establishment for Industrial Estates – Madayn has called on investors and business owners in its various industrial cities, Knowledge Oasis Muscat (KOM) and Al Mazunah Free Zone to take all necessary precautions and measures to ensure business continuity in the next two weeks.

Source: [Times of Oman](#)

### MEDRC, BP Oman partner to support Omani start-ups in water treatment sector

As the economy adapts to the impact of Covid-19, Middle East Desalination Research Center (MEDRC) has launched Tahlya programme for SMEs to support local start-ups in the water treatment sector, boosting job creation and economic growth. The programme has been launched in partnership with BP Oman and under the patronage of Mohammed Abdullah Al Mahrouqi, Chairman of Public Authority for Water (DIAM).

Source: [Times of Oman](#)

### Oman's share index ends marginally higher

The Sharia Index ended up by 0.21 per cent at 521.230 points. Sohar International Bank, up 6.17 per cent was the top gainer while convertible Voltamp Energy, down 4.73 per cent was the top loser. Bank Dhofar was the most active in terms of the number of shares traded and Bank Muscat was the most active in terms of turnover

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Income tax issue not under discussion: Saudi govt source

Saudi Arabia on Wednesday denied reports of any income tax plan. "The income tax issue is not under discussion," an official source was quoted by the Saudi Press Agency as saying. The source also said the issue has not been discussed in the Cabinet or at any other forum of the government. The comment was in response to a Reuters report early on Wednesday quoting Minister of Finance Mohammed Al-Jadaan.

Source: [Zawya](#)

### Saudi Arabia to widen privatisation scope, finance minister says

Saudi Arabia will look to sell assets in sectors not previously considered for privatisation, the country's finance minister said on Wednesday, as the country contends with the economic impact of sustained low oil prices. Saudi Arabia, the world's largest oil exporter, is facing a sharp recession because of the coronavirus crisis and depleted oil revenues. The International Monetary Fund has forecast a 6.8% contraction this year, but Finance Minister Mohammed al-Jadaan said at Bloomberg event that he expects the economy to contract less than that.

Source: [Reuters](#)

### Positive real estate outlook: Abu Dhabi property sales set to increase in H2 2020

Sales volumes in Abu Dhabi's real estate market are expected to rise in the second half of 2020, as developers are likely to offer a bevy of incentives to serious buyers, a recent report by global real estate services firm Chestertons showed. "While we expect Abu Dhabi to see falls in sales prices over the second half of 2020, generous developer incentives, such as extended post-handover payment plans, initial service charge waivers and discounted prices should serve to support transaction volumes," Chris Hobden, Head of Strategic Consultancy, Chestertons MENA.

Source: [Zawya](#)

### **GCC utilities sector less exposed to deteriorating conditions - S&P**

GCC utilities are relatively protected from deteriorating conditions caused by a sharp drop in oil price and a negative impact from COVID-19 measures, a recent report by S&P Global Ratings showed. "We expect 5 percent to 10 percent power and water demand rationalization, since some commercial activities haven't returned to normal post lockdown easing and consumers have lower purchasing power and are more cautious around spending, even on necessities," S&P said.

Source: [Zawya](#)

### **UAE's ADNOC and ADQ form JV to invest in chemical projects**

Abu Dhabi National Oil Company (ADNOC) [ADNOC.UL] and holding company ADQ have signed a joint venture deal to invest in chemicals projects in the planned Ruwais Derivatives Park, a statement from ADNOC said on Wednesday. ADNOC will hold a 60% equity stake in the venture, while Abu Dhabi's ADQ, a state-owned holding company, will have the remaining 40%, the statement said.

Source: [Reuters](#)

### **Etisalat Group reports \$1.2bln consolidated net profits for H1 2020**

Etisalat Group announced AED4.6 billion in consolidated net profits for H1 2020, a YoY increase of 3%. In a statement, the Group said its subscriber base reached 146 million and the Consolidated revenues amounted to AED25.6 billion. The consolidated net profit after Federal Royalty reached AED4.6 billion representing a year over year increase of 3% and resulting in a net profit margin of 18%.

Source: [Zawya](#)

### **Schneider Electric to upgrade Sokhna project power system**

Schneider Electric has been selected by DP World, a leading enabler of global trade, to implement an end-to-end smart energy medium- and low-voltage distribution system at the Sokhna Basin 2 Terminal, situated near the southern entrance to the Suez Canal on the Red Sea. The solution will improve safety, save on electricity and maintenance costs, and reduce carbon emissions at one of Egypt's largest ports.

Source: [Trade Arabia](#)

### **stc records 4% lower earnings in Q2; approves dividends**

The Saudi Telecom Company (stc) gained net profits of SAR 2.72 billion during the second quarter (Q2) of 2020, posting an annual decrease of 4.35%. Revenues for the period ended on 30 June grew by 9.67% to stand at SAR 14.92 billion, compared with SAR 13.60 billion in the same period a year ago, according to a bourse statement on Wednesday. The slump in the second quarter's earnings is mainly due to a rise in gross profits by 1.63% or SAR 134 million that was offset by an increase in revenue costs by 21.9% or SAR 1.18 million.

Source: [Mubasher](#)

### **Saudi budget spending likely to remain unchanged until 2020-end: Al-Jadaan**

Mohammed Al-Jadaan, Saudi Minister of Finance, said that the budget spending, which was announced in December, will likely remain unchanged until the end of this year, with some sector reallocations, Reuters reported. Saudi Arabia is assessing the local economy needs and is ready to provide support to ensure recovery. The local economic contraction is likely to shrink by less than the 6.8% estimated by IMF this year.

Source: [Argaam](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Market risks are rising as US, China tensions escalate toward new cold war**

The growing divide between China and the U.S. is expected to accelerate, disrupting long-running economic ties and forcing investors to reassess their view of global markets. Tensions escalated this week after the U.S. claimed two Chinese hackers were targeting American companies working on virus research and were stealing information from companies around the world, both for profit and on behalf of the Chinese government.

Source: [CNBC](#)

### **Big data may help BOJ guide economy through pandemic pain**

Big data is providing some surprising results for the Bank of Japan and helping ease concerns about pressure on the economy during the coronavirus pandemic, which could influence the way the BOJ manages the world's most radical monetary stimulus.

Source: [Reuters](#)

### Coronavirus pandemic sends Australia into its largest budget deficit in decades

Australia on Thursday announced that its budget deficit is expected to deepen significantly as it battles a coronavirus outbreak that ended the economy's nearly three-decade growth streak — one of the longest seen in any country around the world. The country's budget deficit is forecast to deepen significantly to 85.8 billion Australian dollars (\$61.27 billion) in the financial year that just ended on June 30 from a balanced fiscal position in the prior year, according to a joint statement by the Australian treasurer and finance minister.

Source: [CNBC](#)

### COMMODITIES NEWS

#### Oil ticks up, but gains capped by demand destruction

Oil prices ticked higher on Thursday, although gains were limited by a surprise increase in U.S. crude oil reserves as the coronavirus pandemic hit fuel consumption. U.S. crude and distillate inventories rose unexpectedly and fuel demand slipped in the most recent week, the Energy Information Administration said on Wednesday, as a sharp rise in coronavirus cases has started to hit U.S. consumption.

Source: [Reuters](#)