

U Capital Morning Brief

27 August 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	834.81	-0.19	-0.02%	-1.04%	7.57	0.75	7.6%	
U Capital GCC 50 Index	1,266.67	-0.63	-0.05%	-8.62%	20.44	2.14	4.1%	
U Capital MENA 200 Index	953.60	1.60	0.17%	-12.57%	15.56	1.71	4.7%	
MSCI GCC Countries Index	515.12	0.61	0.12%	-9.58%	18.79	1.74	4.0%	
Muscat Securities Market	3,747.96	17.86	0.48%	-5.86%	11.13	0.76	6.6%	
Saudi Stock Exchange	7,955.04	16.68	0.21%	-5.18%	28.34	1.94	3.3%	
Kuwait Stock Exchange	6,336.08	24.09	0.38%	-12.66%	27.62	1.30	3.7%	
Qatar Exchange	9,898.93	-10.19	-0.10%	-5.05%	16.11	1.49	4.0%	
Bahrain Stock Exchange	1,373.11	-0.73	-0.05%	-14.72%	12.79	0.86	5.2%	
Dubai Financial Market	2,288.93	-15.57	-0.68%	-17.21%	8.65	0.81	4.2%	
Abu Dhabi Exchange	4,529.79	-28.91	-0.63%	-10.76%	16.53	1.31	5.4%	
Tunis Se Index	6,735.02	14.40	0.21%	-5.43%	18.09	2.24	0.8%	
EGX 30 Index	11,453.78	-7.84	-0.07%	-17.96%	11.75	1.54	2.8%	

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe			%	%	Currency		
FTSE 100	UK	6,045.6	0.14%	-19.85%	Australian Dollar (AUD)	0.724	1.381
DAX	Germany	13,190.2	0.98%	-0.44%	British Pound (GBP)	1.321	0.757
CAC 40	France	5,048.4	0.80%	-15.55%	Canadian Dollar (CAD)	0.761	1.315
United States					Chinese Renminbi (CNH)	0.145	6.879
DJIA	USA	28,331.9	0.30%	-0.72%	Egyptian Pound (EGP)	0.063	15.876
S&P 500	USA	3,478.7	1.02%	7.67%	Euro (EUR)	1.183	0.845
NASDAQ	USA	11,665.1	1.73%	30.01%	Indian Rupee (INR)	0.013	74.319
Asia Pacific					Japanese Yen (JPY)	0.009	105.980
NIKKEI 225	Japan	23,192.2	-0.42%	-1.96%	New Zealand Dollar (NZD)	0.663	1.509
HANG SENG	Hongkong	25,282.9	-0.83%	-10.31%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,232.0	0.89%	1.22%	Pakistani Rupee (PKR)	0.593	168.300
NSE Nifty 50	India	11,594.4	0.39%	-4.72%	Russian Ruble (RUB)	0.013	75.379
SHANGHAI COMPOSITE	China	3,341.4	0.35%	9.55%	Singapore Dollar (SGD)	0.732	1.366
SHANGHAI SHENZHEN CSI 300	China	4,718.4	0.26%	15.18%	Turkish Lira (TRY)	0.136	7.360

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	45.8	0.24%	-26.25%	UAE	0.47	-78.5%
WTI Crude (per bbl)	43.4	-0.02%	-28.94%	Saudi Arabia	0.89	-60.0%
Oman Crude Oil (Last Closing)	45.6	0.60%	-32.35%	Kuwait	1.56	-43.2%
OPEC (per bbl)	45.9	1.50%	-32.50%	Oman	2.65	-5.8%
Precious Metals				Qatar	0.98	-56.3%
Gold100 OZ (per oz)	1,944.1	-0.50%	28.13%	Bahrain	2.28	-14.4%
Silver (per oz)	27.2	-0.93%	52.53%			
Platinum (per oz)	935.0	-0.28%	-3.27%			
Other Metals						
Copper, MT	6,594	1.00%	6.80%			
Aluminium, MT	1,780	0.25%	-1.66%			
Lead, MT	1,978	-0.80%	2.62%			
Zinc, MT	2,467	-0.60%	8.58%			

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.34
UAE	16/04/2030	1.74
QATAR	16/04/2030	1.83
SAUDI ARABIA	22/10/2030	2.22
OMAN	01/08/2029	6.33
BAHRAIN	14/05/2030	5.13

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.88	0.2	1m	0.17	-90.3%
5 year	99.86	0.3	3m	0.25	-86.8%
10 year	99.47	0.7	6m	0.31	-83.9%
30 year	99.34	1.4	1 year	0.44	-78.0%

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 Aviation Group to develop sea-to-air logistics

Oman Aviation Group (OAG), which is overseeing the development of a thriving aviation sector suitably aligned with the country's tourism and logistics growth strategies, says it is exploring opportunities for investment in 'Sea-to-Air' logistics and cargo transportation centring on the Sultanate's international airports in Sohar and Salalah. Sea-to-Air logistics are part of an ambitious portfolio of initiatives being pursued by the state-owned umbrella organisation in a bid to leverage the country's already well-developed airport and aviation infrastructure to catalyse investments in, among other areas, air-freight, e-commerce and airport-related free zones.

Source: [Oman Observer](#)

Madayn highlights investment opportunities in industrial cities

Dr Saleh bin Said Al Masan, Undersecretary of the Ministry of Commerce, Industry and Investment Promotion for Commerce and Industry, and Chairman of Madayn's board of directors, visited the headquarters of the Public Establishment for Industrial Estates – Madayn at the Knowledge Oasis Muscat. Al Masan was acquainted with the key projects in various industrial cities of Madayn, available investment opportunities in the industrial cities including for the SMEs, Madayn's institutional transformation and strategic plan in line with Oman Vision 2040, in addition to the review of Madayn's financial position and financing of existing and future projects.

Source: [Times of Oman](#)

OQ and OMIFCO sign major granular urea offtake agreement

OQ, Oman's globally integrated energy company, via its commercial arm OQ Trading, has announced the signing of a three-year agreement with OMIFCO to offtake and trade one million metric tonnes per annum of granular urea. OQ's Supply & Trading business will be lifting the urea from OMIFCO's captive terminal in Sur, Oman in bulk carriers and delivering it to end-users in international markets such as India, Sri Lanka, Pakistan, the United States, Brazil, Vietnam, Thailand and China. The new agreement between the two companies commenced on August 1, 2020, and the first vessel with 49,500 metric tonnes departed to Brazil on August 2, 2020.

Source: [Oman Observer](#)

Oman's share index ends marginally higher

The MSM index closed at 3,747.96 points, up 0.48 per cent from the previous close. The Sharia Index ended down by 0.06 per cent at 523.78. Oman Arab Bank, up 6.50 per cent was the top gainer while Oman United Insurance, down 3.65 per cent, was the top loser. Oman Arab Bank was the most active in terms of the number of shares traded and also was the most active in terms of turnover.

Source: [Times of Oman](#)

Omani gypsum exports cross 1m tons per month for first time

Omani gypsum exports surpassed 1 million metric tons (MT) per month for the first time last month, reinforcing the Sultanate's dominant position as the world's biggest exporter of the industrial mineral. Exports from the Port of Salalah, the principal outlet for exports of locally mined gypsum, surged to 1.14 million MT in July. The corresponding figure for July 2019 was 885,000 MT, representing an increase of 28 per cent over the year.

Source: [Oman Observer](#)

Fitch downgrades Omani banks, companies

Ratings agency Fitch has cut the credit ratings of several Omani banks and companies after downgrading the sovereign itself earlier this month for the second time this year, it said on Wednesday. Fitch on Wednesday downgraded by one notch HSBC Bank Oman, Ahli Bank, and Bank Muscat. All three were assigned a negative outlook, along with Bank Dhofar and National Bank of Oman, whose ratings were affirmed. Sohar International, another bank, was affirmed at 'B plus' and was also given a negative outlook.

Source: [Khaleej Times](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Aramco Appoints New CEO for \$500 Million Investment Arm

Saudi Aramco appointed a new chief executive officer to run its \$500 million venture capital and investments arm after the previous head departed, according to people with knowledge of the situation. Mahdi Aladel, who formerly led the state energy producer's base oils and lubricants division, will take over as CEO of Saudi Aramco Energy Ventures LLC, according to the people, who asked not to be identified because the information hasn't been made public.

Source: [Bloomberg](#)

Fostering FDI: Dubai, US look to strengthen trade, investment ties

The United Arab Emirates (UAE) and the United States (US) have reiterated their intention to further strengthen the trade and investment opportunities between the two countries. The Dubai Investment Development Agency (Dubai FDI), an agency of Dubai Economy, was recently in touch with potential investors and partners from the US to present opportunities in the emirate's technology, healthcare and logistics sectors.

Source: [Zawya](#)

Lebanon inflation soars above 100% year-on-year in July

Lebanon's inflation rate soared to 112.4% year-on-year in July amid an economic meltdown, latest official data showed, even before this month's devastating Beirut port explosion compounded a deep financial crisis. Lebanon became the first country in the region to suffer from hyperinflation in July, according to Steve H. Hanke, Professor of Applied Economics at the Johns Hopkins University.

Source: [Reuters](#)

UAE consumer prices down 2.36% YoY

UAE consumer prices fell during June 2019 through to June 2020, pushing the Consumer Price Index (CPI) down by 2.36 percent, suggesting a steady decrease in prices of goods and services. Figures released by the Federal Competitiveness and Statistics Authority suggested that the group with the largest annual decrease was recreation and culture with 18.66 per cent.

Source: [Gulf Business](#)

BBK in talks to acquire Ithmaar Bank Bahrain ops

Bank of Bahrain and Kuwait (BBK), one of the largest commercial banks in Bahrain, and Ithmaar Holding, the parent of Ithmaar Bank, which operates the largest Islamic retail banking network in Bahrain, have entered into initial talks on a potential acquisition by BBK of Bahrain operations of Ithmaar Bank. The acquisition will include specific assets of IB Capital, a wholly-owned subsidiary of Ithmaar Holding, said an Ithmaar statement.

Source: [Trade Arabia](#)

Nasdaq Dubai signs agreement to attract Chinese listings

Nasdaq Dubai signed an agreement with Hong Kong-based investment bank Zhongtai Financial International and a Beijing-based law firm Tian Tai to support Chinese companies that wish to list in the Middle East. The three parties will support and guide Chinese companies that wish to carry out initial public offerings on Nasdaq Dubai as well as list bonds, real estate investment trusts, funds and other securities, according to a statement from the exchange on Wednesday.

Source: [The National](#)

SABIC posts highest quarterly losses of Saudi petrochem sector

Combined losses of SAR 2.4 billion were achieved by Saudi listed petrochemical companies during the second quarter (Q2) of 2020 amid tumbling oil prices and setbacks from the coronavirus pandemic. This is compared to profits of SAR 3.38 billion generated in the year-ago quarter, according to data collected by Mubasher based on the companies' financial results disclosed to the Saudi Stock Exchange (Tadawul)

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

The Fed is expected to use a new pandemic-era tool to fight a long-running battle against low inflation

Even before Covid-19 crushed the economy, the Fed was worried about low inflation and was working on ways to let it run slightly hotter temporarily in order to avoid the trap of long-term sluggish growth and weak pricing power. Chairman Jerome Powell, in a much-anticipated speech Thursday, is expected to discuss the Fed's policy framework and specifically how it will alter its posture on inflation.

Source: [CNBC](#)

China makes proposal to U.S. in concession to solve accounting dispute: Bloomberg

China is proposing to let U.S. regulators audit its state-owned enterprises (SOEs) in a concession aimed at solving their long-running accounting dispute, but would insist on redacting some information on national security grounds, Bloomberg News reported on Thursday. The United States has long complained of lack of access to audit working papers for U.S.-listed Chinese companies.

Source: [Reuters](#)

GOP set to propose smaller coronavirus stimulus bill

Republicans are working on a more narrow coronavirus stimulus bill that they could release to members of Congress as soon as this week, two senior administration officials and three people briefed on the matter told CNBC. The GOP is mulling a roughly \$500 billion proposal that addresses only areas of bipartisan support: expanded unemployment insurance, a new authorization of small business loans, and money for schools and Covid-19 testing, treatment and vaccines.

Source: [CNBC](#)

Facebook warns Apple's iOS 14 could shave more than 50% from Audience Network revenue

Facebook on Wednesday acknowledged that Apple's upcoming iOS 14 could lead to a more than 50% drop in its Audience Network advertising business. Facebook had previously warned that iOS 14 could impact its advertising business, but the company's blog post Wednesday outlined just how specific that impact could be.

Source: [CNBC](#)

TikTok CEO Kevin Mayer quits after less than three months: memo

TikTok Chief Executive Officer Kevin Mayer has left the company, less than three months after he joined the hit short video app, and U.S. General Manager Vanessa Pappas will replace him on an interim basis, according to an internal memo seen by Reuters. The development comes days after TikTok sued the Trump administration over an executive order banning transactions in the United States with the popular short-form video-sharing app.

Source: [Reuters](#)

COMMODITIES NEWS

Oil treads water as huge Gulf of Mexico storm shuts output

Oil prices were in a holding pattern on Thursday as a massive storm in the Gulf of Mexico raced towards the heart of the U.S. oil industry, forcing oil rigs and refineries to shut, with little impact expected on supply as oil stockpiles remain high. U.S. West Texas Intermediate (WTI) crude CLc1 futures fell 4 cents, or 0.1%, to \$43.35 a barrel by 0148 GMT, erasing Wednesday's slight rise. Brent crude LCOc1 futures for October, which expire on Friday, inched up 5 cents to \$45.69 a barrel after falling 22 cents, or 0.5%, on Wednesday.

Source: [Reuters](#)

Gold slips as investors book profit ahead of Powell's speech

Gold prices fell on Thursday, following a sharp rise in the previous session, as investors squared positions ahead of a much-awaited speech from U.S. Federal Reserve Chairman Jerome Powell. Spot gold was down 0.6% to \$1,941.43 per ounce by 0315 GMT, after rising 1.3% on Wednesday on expectations of more stimulus measures. U.S. gold futures eased 0.2% to \$1,949.50.

Source: [CNBC](#)

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