

# U Capital Morning Brief

30 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	825.82	-8.99	-1.08%	-2.10%	7.51	0.75	7.2%
U Capital GCC 50 Index	1,263.07	-3.60	-0.28%	-8.88%	20.48	2.14	4.1%
U Capital MENA 200 Index	992.57	38.97	4.09%	-9.00%	15.48	1.71	4.8%
MSCI GCC Countries Index	514.04	0.08	0.02%	-9.77%	18.74	1.73	4.0%
Muscat Securities Market	3,737.47	-10.49	-0.28%	-6.12%	11.10	0.75	6.6%
Saudi Stock Exchange	7,934.43	-20.61	-0.26%	-5.42%	28.93	1.93	3.3%
Kuwait Stock Exchange	6,360.85	24.77	0.39%	-12.32%	27.64	1.31	3.7%
Qatar Exchange	9,882.93	-16.00	-0.16%	-5.20%	16.08	1.48	4.0%
Bahrain Stock Exchange	1,380.89	7.78	0.57%	-14.24%	12.86	0.86	5.2%
Dubai Financial Market	2,269.27	-19.66	-0.86%	-17.92%	8.58	0.80	4.3%
Abu Dhabi Exchange	4,535.15	5.36	0.12%	-10.65%	16.55	1.31	5.4%
Tunis Se Index	6,760.83	21.65	0.32%	-5.07%	18.16	2.26	0.8%
EGX 30 Index	11,462.45	8.67	0.08%	-17.90%	11.76	1.54	2.8%

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	5,963.6	-0.61%	-20.93%	Australian Dollar (AUD)	0.737	1.358
DAX	Germany	13,033.2	-0.48%	-1.63%	British Pound (GBP)	1.335	0.749
CAC 40	France	5,002.9	-0.26%	-16.31%	Canadian Dollar (CAD)	0.763	1.310
<b>United States</b>					Chinese Renminbi (CNH)	0.146	6.859
DJIA	USA	28,653.9	0.57%	0.40%	Egyptian Pound (EGP)	0.063	15.871
S&P 500	USA	3,508.0	0.67%	8.58%	Euro (EUR)	1.190	0.840
NASDAQ	USA	11,695.6	0.60%	30.35%	Indian Rupee (INR)	0.014	73.403
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	105.370
NIKKEI 225	Japan	22,882.7	-1.41%	-3.27%	New Zealand Dollar (NZD)	0.674	1.483
HANG SENG	Hongkong	25,422.1	0.56%	-9.82%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,056.2	-0.06%	0.79%	Pakistani Rupee (PKR)	0.599	167.266
NSE Nifty 50	India	11,647.6	0.76%	-4.28%	Russian Ruble (RUB)	0.014	74.020
SHANGHAI COMPOSITE	China	3,403.8	1.60%	11.60%	Singapore Dollar (SGD)	0.736	1.358
SHANGHAI SHENZHEN CSI 300	China	4,844.3	2.39%	18.25%	Turkish Lira (TRY)	0.136	7.330

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>				UAE	0.47	-78.7%
Brent Crude (per bbl)	45.8	0.46%	-25.66%	Saudi Arabia	0.89	-60.0%
WTI Crude (per bbl)	43.0	-0.16%	-29.63%	Kuwait	1.56	-43.2%
Oman Crude Oil (Last Closing)	45.2	1.73%	-33.00%	Oman	2.65	-5.8%
OPEC (per bbl)	45.8	-0.52%	-32.59%	Qatar	0.97	-56.9%
<b>Precious Metals</b>				Bahrain	2.28	-14.4%
Gold100 OZ (per oz)	1,964.8	1.83%	29.50%			
Silver (per oz)	27.5	1.80%	54.06%			
Platinum (per oz)	932.8	0.71%	-3.49%			
<b>Other Metals</b>						
Copper, MT	6,667	0.69%	7.99%			
Aluminium, MT	1,800	1.07%	-0.55%			
Lead, MT	1,973	-0.48%	2.36%			
Zinc, MT	2,515	1.19%	10.70%			

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.33
UAE	16/04/2030	1.74
QATAR	16/04/2030	1.85
SAUDI ARABIA	22/10/2030	2.29
OMAN	01/08/2029	6.28
BAHRAIN	14/05/2030	5.14

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.95	0.1	1m	0.16	-91.1%
5 year	99.91	0.3	3m	0.24	-87.4%
10 year	99.08	0.7	6m	0.31	-83.8%
30 year	96.97	1.5	1 year	0.45	-77.7%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Mega Omani petrochemicals project makes headway

The joint venture Duqm Refinery and Petrochemicals Industries Company LLC (DRPIC) has tapped a leading Dutch engineering firm to provide the technology for a pair of world-scale polyolefin plants planned as part of a mammoth petrochemicals complex envisaged for implementation downstream of the grassroots Duqm Refinery project currently under construction at the Special Economic Zone (SEZ) in Duqm on Oman's Al Wusta coast.

Source: [Oman Observer](#)

### Pact signed for 500 MVA 220kV class power transformers

An agreement was inked for 500 MVA 220kV class power transformers in the Sultanate. The pact was signed between Voltamp Power, a subsidiary of Voltamp Energy, Oman, and Oman National Engineering and Investment Company (ONEIC) to book its first order of 220 kV class power transformers, which is 2 quantities of 500 MVA 220/132/33 kV power transformers.

Source: [Times of Oman](#)

### Top priority for digital transformation, eGovernment

Dr Ali bin Amer al Shaithani, Under-Secretary for Communications and Information Technology at the Ministry of Transport, Communications and Information Technology, said the ministry is committed to implementing the eGovernment strategy as a priority goal in line with the Royal Directives of His Majesty Sultan Haitham bin Tarik. These competencies were translated through the ministry's structure as there are a centre for space, advanced technology and artificial intelligence, directorates for infrastructure and digital platforms, stimulating the sector, building future skills and empowering other sectors, he added.

Source: [Oman Observer](#)

### Value of Credit Ceilings Approved for Local, International Sales Crossed RO105m Mark: Credit Oman

Sheikh Khalil bin Ahmed al-Harthy, CEO of Credit Oman, said that the agency's performance during the first half of 2020 effected a rise of 2.8% in the value of approved credit ceiling for local and international sales to a total of RO105,118,000, compared to the corresponding period in 2019 (RO102,197,000). Al-Harthy told Oman News Agency (ONA) that the total value of insured sales (local, international) during the first six months of 2020 stood at RO41,770,000, an increase of 0.5% over the figure of the corresponding period last year (RO40,854,000). Al-Harthy pointed out that despite the circumstances brought about by coronavirus (Covid-19) pandemic, Credit Oman posted an upward performance outlook, compared to the past few years, thanks to concerted efforts undertaken vis-à-vis the departments concerned.

Source: [ONA](#)

### US Agency Hails Oman's Economic Diversification Efforts

A new report issued by US business and media service consultancy agency Market Watch commended the Sultanate's efforts in economic diversification. It pointed out that such efforts are expected to boost Oman Vision 2040 and materialize in the growth of the non-oil sector between 2020 and 2026. The report said that Middle East countries are likely to witness a wave of rebuilding in the forthcoming years, along with the development of infrastructure in a manner that conforms with countries current infrastructure building criteria in advanced countries like the United States and China.

Source: [ONA](#)

### \$400m contract awarded for Oman's first bitumen refinery project

Marking a key milestone in the implementation of a long-awaited and strategically vital project, an Oman-based company has signed a contract with a well-known Chinese engineering contracting firm for the construction of the Sultanate's first bitumen refinery with an investment of over \$400 million. Muscat-registered Sohar Asphalt LLC has tapped the China Chemical Hualu Engineering Company for the execution of the bitumen plant at Sohar Industrial Port. An engineering-procurement-construction (EPC) contract, valued at \$408 million, was signed by the two sides in a virtual setting late last week, it is learnt.

Source: [Oman Observer](#)

### Dhofar Cattle Feed reports financial fraud

Dhofar Cattle Feed Company has reported a financial fraud of RO245,000 to the Muscat Securities Market (MSM). "We would like to inform you that on reviewing the expired and damaged finished products of the company, we found that these were particularly high. On detailed scrutiny we found some employees of the company have committed fraud to the extent of approximately RO 245,000," the company said in a filing. "The company has revamped its systems and processes and brought additional measures of internal control. We are in the process of filing the case in the court with the help of our independent legal accountant consultant and the company's lawyer," the statement said.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### FTSE Russell launches Saudi government bond index

Global index provider FTSE Russell announced on Thursday launching a bond index for Saudi Arabia to measure the performance of fixed-rate, local currency government bonds, Reuters reported. The FTSE Saudi Arabian Government Bond Index will cover sukuk and non-sukuk government bonds with at least one year to maturity and a minimum amount outstanding of SAR 1 billion.

Source: [Argaam](#)

### SABIC's rating unchanged at 'A', no impact from COVID-19 in Q2 2020: Fitch

SABIC's (A/Stable) YoY loss of over half of its EBITDA in 2Q20 came in line with Fitch Ratings expectations, supporting its full-year forecast of almost a 45% drop in EBITDA and is neutral to SABIC's rating, the ratings agency said. "We expect SABIC's weak performance to have bottomed out in Q2 2020 and earnings to progressively recover by end-2020. Its ratings remain intact and aligned with its parent Saudi Arabian Oil Company (Saudi Aramco, A/Stable), reflecting overall moderate ties between the two companies," Fitch added.

Source: [Argaam](#)

### ENBD Reit posts \$215mln in Q1 NAV

ENBD Reit, the Shariah-compliant real estate investment trust managed by Emirates NBD Asset Management, said that its net asset value (NAV) for the first quarter stood at \$215 million, compared to \$230 million for the previous quarter. The company attributed the decline in NAV to pressure on portfolio valuations, mainly due to soft real estate market conditions and macroeconomic uncertainty around Covid-19.

Source: [Zawya](#)

### UAE's private sector engine to drive future: Sheikh Mohammed

The UAE's logistics system is the strongest and most efficient in the region and the private sector is the engine for the future economy, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, said on Saturday. He said the UAE must continue developing its transportation systems to preserve excellence in this regard. "We want to achieve another qualitative leap in infrastructure, energy and transportation, and this leap must be under one comprehensive and integrated plan," Sheikh Mohammed said during a meeting with a team from the Ministry of Energy and Infrastructure.

Source: [Khaleej Times](#)

### Kuwait equities attractively priced as country embarks on structural changes, awaits MSCI reclassification

The decision by MSCI to postpone the reclassification of Kuwait indices from frontier market status to emerging market, and developments in the country since the coronavirus crisis started, means Kuwaiti equities are attractively priced. This is the view of the KMEFIC FTSE Kuwait Equity UCITS ETF (KUW8), a UCITS compliant Exchange Traded Fund domiciled in Ireland which tracks the FTSE Kuwait All Cap 15% Capped Index, an index of large, mid and small cap securities trading on the premier or main market of Kuwait Stock Exchange.

Source: [Saudi Gazette](#)

### Liquidity in Saudi economy reaches historic level, exceeding \$533bln

Liquidity in the Saudi economy recorded its highest levels ever at the end of last week, Aug. 20, reaching SR2.04 trillion compared to SR2.021 trillion at the end of the previous week Aug. 13. The Saudi Arabian Monetary Authority (SAMA) data showed that the money supply increased by 0.93 percent during the past week, compared to the previous week, and 2.74 percent since the end of last year when it was SR1.985 trillion, according to Al-Eqtisadiyah Arabic daily.

Source: [Zawya](#)

### SAMA issues updated rules of money exchange

The Saudi Arabian Monetary Authority (SAMA) said the Minister of Finance approved the updated regulations of money exchange, the central bank said in a statement. The new regulations contribute to achieving several targets, mainly expanding the scope of foreign exchange operations, facilitating the related services, enhancing financial inclusion, stimulating innovation and competition, in addition to deploying technology in the sector, and protecting customer rights.

Source: [Argaam](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Market posts one of the strongest July-August rallies in history as hazard after hazard melts away

This was the summer investors fell hard for risk — at first reluctantly, having just been dumped over the winter, and now avidly. The embrace of stocks by those willing to take the chance in the spring has been blissful: The S&P 500 has gained 60% from the March 23 low and 13% since June 30, while rising the past seven days in a row and every day in August but four. Up more than 7% this month, it's lining up to be the best August since 1984.

Source: [CNBC](#)

### U.S. consumer spending rises strongly; outlook uncertain as fiscal stimulus fades

U.S. consumer spending increased more than expected in July, boosting expectations for a sharp rebound in economic growth in the third quarter, though momentum is likely to ebb as the COVID-19 pandemic lingers and money from the government runs out. The report from the Commerce Department on Friday also showed a rise in personal income after two straight monthly declines, but a chunk of the increase was from unemployment benefits, which were bolstered by a weekly \$600 supplement from the government that expired on July 31. Both consumer spending and income remain well below their pre-pandemic levels

Source: [Reuters](#)

### U.S. tech stocks are now worth more than the entire European stock market

The dominance of major U.S. tech stocks in recent years has pushed the sector past another milestone as it is now more valuable than the entire European stock market, according to Bank of America Global Research. The firm said in a note that this is the first time the market cap of the U.S. tech sector, at \$9.1 trillion, exceeds Europe, which including the U.K. and Switzerland is now at \$8.9 trillion. For reference, the firm said that in 2007, Europe was four times the size of U.S. technology stocks.

Source: [CNBC](#)

### White House suggests \$1.3 trillion coronavirus aid bill; Pelosi says not enough

President Donald Trump is willing to sign a \$1.3 trillion coronavirus relief bill, a top aide said on Friday, but Democratic House of Representatives Speaker Nancy Pelosi said the sum was not enough to meet the needs of the American people. Trump said later that Pelosi was only interested in bailing out states run by Democrats, casting doubt on chances of reviving stalled talks for another round of fiscal stimulus.

Source: [Reuters](#)

## COMMODITIES NEWS

### Oil markets flat as restarts begin at storm-hit energy operations

Energy companies on Friday continued efforts to restore operations at U.S. Gulf Coast offshore platforms and refineries shut by Hurricane Laura as oil markets largely shrugged off the storm's impact. Some 300 offshore production facilities and half-dozen refineries were halted ahead of a Category 4 storm that hit the coast of Louisiana with winds of 150 mile per hour (240 kph). The destructive winds cut a narrow path through the area.

Source: [Reuters](#)