

U Capital Morning Brief

31 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	833.20	7.38	0.89%	-1.23%		7.55	0.75	7.2%
U Capital GCC 50 Index	1,267.31	4.24	0.34%	-8.57%		20.54	2.15	4.1%
U Capital MENA 200 Index	994.14	1.57	0.16%	-8.85%		15.54	1.72	4.7%
MSCI GCC Countries Index	515.49	1.46	0.28%	-9.52%		18.79	1.74	4.0%
Muscat Securities Market	3,751.52	14.05	0.38%	-5.77%		11.14	0.76	6.6%
Saudi Stock Exchange	7,983.82	49.39	0.62%	-4.83%		29.11	1.95	3.3%
Kuwait Stock Exchange	6,386.72	25.87	0.41%	-11.96%		28.15	1.33	3.7%
Qatar Exchange	9,922.52	39.59	0.40%	-4.82%		16.15	1.49	4.0%
Bahrain Stock Exchange	1,380.89	7.78	0.57%	-14.24%		12.86	0.86	5.2%
Dubai Financial Market	2,261.47	-7.80	-0.34%	-18.21%		8.55	0.80	4.3%
Abu Dhabi Exchange	4,537.53	2.39	0.05%	-10.60%		16.56	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	11,434.81	-27.64	-0.24%	-18.10%		11.73	1.54	2.8%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
			%	%	Currency	USD/1 Unit	Units/1 USD
Europe					Australian Dollar (AUD)	0.735	1.361
FTSE 100	UK	5,963.6	-0.61%	-20.93%	British Pound (GBP)	1.334	0.750
DAX	Germany	13,033.2	-0.48%	-1.63%	Canadian Dollar (CAD)	0.764	1.309
CAC 40	France	5,002.9	-0.26%	-16.31%	Chinese Renminbi (CNH)	0.146	6.853
United States					Egyptian Pound (EGP)	0.063	15.865
DJIA	USA	28,653.9	0.57%	0.40%	Euro (EUR)	1.190	0.840
S&P 500	USA	3,508.0	0.67%	8.58%	Indian Rupee (INR)	0.014	73.404
NASDAQ	USA	11,695.6	0.60%	30.35%	Japanese Yen (JPY)	0.009	105.570
Asia Pacific					New Zealand Dollar (NZD)	0.673	1.486
NIKKEI 225	Japan	23,252.4	1.62%	-1.71%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	25,704.9	1.12%	-8.81%	Pakistani Rupee (PKR)	0.601	167.266
KSE 100 Index	Pakistan	41,121.3	0.16%	0.95%	Russian Ruble (RUB)	0.013	74.020
NSE Nifty 50	India	11,727.2	0.68%	-3.63%	Singapore Dollar (SGD)	0.736	1.360
SHANGHAI COMPOSITE	China	3,431.3	0.81%	12.50%	Turkish Lira (TRY)	0.136	7.335
SHANGHAI SHENZHEN CSI 300	China	4,879.3	0.72%	19.11%			

Commodity Prices	Price		D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%				
Oil					UAE	0.47	-78.9%
Brent Crude (per bbl)	46.1	0.57%	-25.24%		Saudi Arabia	0.89	-60.1%
WTI Crude (per bbl)	43.1	0.35%	-29.38%		Kuwait	1.63	-40.9%
Oman Crude Oil (Last Closing)	45.2	1.73%	-33.00%		Oman	2.62	-6.8%
OPEC (per bbl)	45.8	-0.52%	-32.59%		Qatar	0.87	-61.4%
Precious Metals					Bahrain	2.28	-14.4%
Gold100 OZ (per oz)	1,969.2	0.22%	29.78%				
Silver (per oz)	28.0	1.70%	56.68%				
Platinum (per oz)	937.1	0.39%	-3.05%				
Other Metals							
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	99.92	0.2	1m	0.16	-91.1%
5 year	99.88	0.3	3m	0.24	-87.4%
10 year	99.05	0.7	6m	0.31	-83.8%
30 year	96.94	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

Oman's real estate sector impacted by pandemic and low oil prices

Leading real estate advisory services firm Savills says it expects to see increasing challenges for the Sultanate's real estate sector stemming from difficult economic conditions and the exodus of expatriates. Ihsan Kharouf, Head of Savills Oman, said in the company's latest market report that the reduction in the expatriate population, which declined by 17.6 per cent between 2016 to Q1 2020, will be accelerated by the economic downturn and the pandemic.

Source: [Oman Observer](#)

Sohar Port signs pact to handle shipments of wheat and grains

C. Steinweg Oman, the operating company of the general cargo terminal in Sohar Port, agreed with Sohar Flour Mills to handle shipments of wheat and grains. The agreement aims to ensure the sustainability of the flow of goods and commodities within the Sultanate through direct importation from the countries of origin, and the use of logistical solutions for traders and importers to secure supply chains from various global shipping lines.

Source: [Times of Oman](#)

Local firm manufactures condensate stabilisation unit

Local Omani engineering workshop ELCO International Engineering Co LLC (ELCO) has manufactured a high quality condensate stabiliser skid, a completely made in Oman product, for the Sadad North EDF Phase 1 project of PDO. The client is Enerflex Middle East LLC, which selected ELCO to manufacture pressure vessels and the condensate stabilisation skid for their contract.

Source: [Oman Observer](#)

Retail Market in the Sultanate Is Dynamic: Report

The retail market in the Sultanate is promising, competitive and dynamic, said a report published by the Indian Orbis Research and published on the Galus Australis website. The report pointed out that the opening of new stores, acquisitions, and the boom of e-commerce are driving the expectations of the retail industry in the Sultanate until 2026. Moreover, the strong merger and acquisition activity along with the expansion of distribution channels will benefit companies operating in the Omani retail markets.

Source: [ONA](#)

Credit Oman registers increase in credit ceiling

Credit Oman's performance during the first half of 2020 reported a rise of 2.8 per cent in the value of approved credit ceiling for local and international sales to a total of OMR105,118,000, compared to the corresponding period in 2019 (OMR102,197,000). Sheikh Khalil bin Ahmed Al-Harthy, CEO of Credit Oman, told Oman News Agency (ONA) that the total value of insured sales (local, international) during the first six months of 2020 stood at OMR41,770,000, an increase of 0.5 per cent over the figure of the corresponding period last year OMR40,854,000.

Source: [Times of Oman](#)

Duqm Port to handle fisheries cargoes

The Ministry of Agriculture, Fisheries and Water Resources signed on Sunday a memorandum of understanding with the Port of Duqm Company to support the handling of fish imports and exports at the commercial port. Eng Yaqoub bin Khalfan al Busaidy, Under-Secretary for Fisheries, represented the Ministry at the signing, while the port was represented by its CEO, Reggy Vermeulen.

Source: [Oman Observer](#)

MSM Rises 14 Points

Muscat Securities Market (MSM) general index (30) today added (14.1) points, comprising a rise by (0.38%) to close at (3751,52) points, compared to the last session, which stood at (3737,47) points. The trading value today stood at (RO525,389), comprising a decline by (40.4%), compared to the last session, which stood at (RO881,092). The report released by MSM pointed out that the market value increased by (0.120%) to reach about (RO19.82) billion. The report added that the value of shares bought by non-Omani investors reached (RO104.000), comprising (19.70%).

Source: [ONA](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Aramco unveils two oil, gas fields in Al-Jouf, Northern Borders

Prince Abdulaziz bin Salman, Saudi Arabia's Minister of Energy, said that Saudi Aramco discovered two new oil and gas fields in the northern parts of the Kingdom, Saudi Press Agency reported on Sunday. The fields are named Hadbat Al-Hajrah gas field in Al-Jouf, and Abraq at Tulul field with gas and oil reserves in the Northern Borders region, Prince Abdulaziz explained.

The average gas flow from Al-Sarra reservoir in Hadbat Al-Hajrah field, located at the east of Sakaka city, reached 16 million cubic feet/day, accompanied with 1,944 barrels of condensates.

Source: [Argaam](#)

GCC stock markets heading for their best month of 2020

The UAE and other Gulf bourses are heading for their best monthly performance in August in 2020, buoyed by the progress towards Covid-19 vaccines, the easing of US-China tensions, and a rebound in crude prices. Analysts expect the markets to continue their upward trend in the weeks ahead, on the back of support from central banks. On Sunday, most stock markets in the Gulf ended higher on Sunday, with Saudi Arabian shares rising on the back of gains in financials. The Saudi Stock Exchange launched exchange-traded derivatives market and clearing house on Sunday to make its equity markets more attractive to foreign investors.

Source: [Khaleej times](#)

Kuwait Finance Ministry to Mull Halving \$66 Billion Debt Ceiling

Kuwait's government will study an idea to lower by half the ceiling on public debt as part of proposed amendments to a law it's struggled to push through parliament, Finance Minister Barak Al-Sheetan said. The finance and economic committee has also suggested reducing the period for borrowing, Al-Sheetan said Sunday after meeting lawmakers. The panel has proposed reducing the limit from 20 billion dinars (\$66 billion) to 10 billion dinars, said the committee's head, Safa Al-Hashem.

Source: [Bloomberg](#)

UAE consumer spending continues to grow for third straight month

In a sign that bodes well for an eventual market recovery after the coronavirus, consumer spending in the UAE continues to increase for the third straight month, jumping 63 percent in August as compared to March, according to statistics released by the Federal Competitiveness and Statistics Authority (FCSA). Hoteliers were among the top beneficiaries, as spending rose 29 percent in August comparatively with March. The number of hotel establishments (hotels & hotel apartments) reached 1,136 by the end of 2019.

Source: [WAM](#)

Unemployment in Egypt rises, will outlast pandemic, experts say

The global pandemic has recently renewed pressure on Egypt's labour market, a development that economists say cannot be quickly reversed with the disappearance of the COVID-19 given the country's demographic forecasts and model of development. On August 17, Egypt's statistics agency reported that the unemployment rate had risen to 9.6 percent in the second quarter of 2020, compared with 7.5 percent a year earlier.

Source: [Zawya](#)

Bahrain starts preparing its second bond sale this year – sources

Bahrain is planning its second foray into the debt capital markets this year, two sources familiar with the matter said, as the tiny oil-dependent Gulf state seeks to bolster its fragile public finances. Bahrain sent a request for proposals to banks to arrange a potential issuance of U.S. dollar-denominated benchmark bonds, the two sources familiar with the matter said. Benchmark deals are generally upwards of \$500 million.

Source: [Zawya](#)

New law for Dubai government entities to set up companies

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Dubai Executive Council, said the continuous development of the emirate's legislative framework is crucial to the achievement of Dubai's strategic objectives. The enhancement of the legal framework is a vital element in enhancing the growth prospects of various sectors, he stressed.

Source: [Khaleej Times](#)

Fund transfers between UAE's banks amount to AED5.054 trillion in six months

The total value of fund transfers among the UAE's banks amounted to AED5.054 trillion during the first six months of 2020, according to the statistics released by the Central Bank of the United Arab Emirates today. The bank fund transfers during the reference period hit AED3.24 trillion, while individual transfers stood at AED1.814 trillion. The transactions are made through the UAE Fund Transfer System (UAEFTS) that enables the lenders to conduct all interbank local fund transfers.

Source: [WAM](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Warren Buffett's Berkshire Hathaway buys stakes in Japan's five leading trading companies

The chairman and CEO of Berkshire Hathaway announced, on his 90th birthday, that his company has acquired a slightly more than 5% stake in each of the five leading Japanese trading companies. The companies are Itochu Corp., Marubeni Corp., Mitsubishi Corp., Mitsui & Co., and Sumitomo Corp. Berkshire said it acquired the holdings over a roughly 12-month period through regular purchases on the Tokyo Stock Exchange. Based on Friday's closing prices for the trading houses, a 5% stake in each would be valued at roughly \$6.25 billion.

Source: [CNBC](#)

Jump in 30-year Treasury yield raises expectations of Fed purchases

Investors are raising expectations the Federal Reserve will act to tame an upturn in yields by expanding its purchases of long-dated Treasury bonds, after the U.S. central bank said it would allow inflation to run higher. Yields on 30-year U.S. Treasury bonds US30YT=RR hit a two-month high on Friday. Rising yields are a potential problem for the Fed as they raise the cost of borrowing for companies and individuals and threaten economic growth.

Source: [Reuters](#)

FDA willing to fast track coronavirus vaccine before phase three trials end

The chief of the U.S. Food and Drug Administration is prepared to bypass the full federal approval process in order to make a Covid-19 vaccine available as soon as possible, according to an interview in The Financial Times. Insisting that the move would not be due to pressure from the Trump administration to fast track a vaccine, FDA Commissioner Stephen Hahn told the publication that an emergency authorization could be appropriate before phase three clinical trials are completed if the benefits outweigh the risks.

Source: [CNBC](#)

Nestle to buy Aimmune Therapeutics for \$2.6 billion

Nestle (NESN.S) said on Thursday it was offering \$34.50 per share for the remaining 74.4% in peanut allergy treatment maker Aimmune Therapeutics (AIMT.O) it does not already own, adding a potential blockbuster to its health science portfolio. The offer values the California-based biopharmaceutical company at \$2.6 billion, including the \$473 million Nestle had already invested in Aimmune, Nestle said in a statement.

Source: [Reuters](#)

COMMODITIES NEWS

Oil rises on stimulus support and China data, set for monthly gains

Oil prices nudged up on Monday, with Brent futures set to post a fifth straight monthly gain, as global stimulus measures underpin prices even as demand struggles to return to pre-COVID levels in a well supplied market. Brent crude futures for November LCOc1 climbed 28 cents, or 0.6%, to \$46.09 a barrel by 0435 GMT, while U.S. West Texas Intermediate crude CLc1 was at \$43.15 a barrel, up 18 cents, or 0.4%.

Source: [Reuters](#)