

U Capital Morning Brief

1 September 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	837.39	4.19	0.50%	-0.73%	7.59	0.76	7.2%
U Capital GCC 50 Index	1,262.24	-5.07	-0.40%	-8.94%	20.75	2.14	4.1%
U Capital MENA 200 Index	988.38	-5.76	-0.58%	-9.38%	15.54	1.73	4.7%
MSCI GCC Countries Index	510.66	-4.84	-0.94%	-10.36%	18.61	1.72	4.1%
Muscat Securities Market	3,771.89	20.37	0.54%	-5.26%	11.20	0.76	6.5%
Saudi Stock Exchange	7,940.70	-43.12	-0.54%	-5.35%	29.00	1.94	3.3%
Kuwait Stock Exchange	6,367.01	-19.71	-0.31%	-12.24%	28.11	1.33	3.7%
Qatar Exchange	9,845.17	-77.35	-0.78%	-5.57%	16.02	1.48	4.1%
Bahrain Stock Exchange	1,380.89	7.78	0.57%	-14.24%	12.86	0.86	5.2%
Dubai Financial Market	2,245.29	-16.18	-0.72%	-18.79%	8.49	0.79	4.3%
Abu Dhabi Exchange	4,519.32	-18.21	-0.40%	-10.96%	16.49	1.30	5.4%
Tunis Se Index	6,769.22	8.39	0.12%	-4.95%	18.18	2.26	0.8%
EGX 30 Index	11,365.99	-68.82	-0.60%	-18.59%	11.68	1.53	2.8%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	5,963.6	-0.61%	-20.93%
DAX	Germany	12,945.4	-0.67%	-2.29%
CAC 40	France	4,947.2	-1.11%	-17.24%
United States				
DJIA	USA	28,430.1	-0.78%	-0.38%
S&P 500	USA	3,500.3	-0.22%	8.34%
NASDAQ	USA	11,775.5	0.68%	31.24%
Asia Pacific				
NIKKEI 225	Japan	23,125.2	-0.06%	-2.25%
HANG SENG	Hongkong	25,171.6	-0.02%	-10.71%
KSE 100 Index	Pakistan	41,204.8	0.24%	1.15%
NSE Nifty 50	India	11,430.0	0.37%	-6.07%
SHANGHAI COMPOSITE	China	3,397.2	0.04%	11.38%
SHANGHAI SHENZHEN CSI 300	China	4,822.1	0.12%	17.71%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.740	1.351
British Pound (GBP)	1.341	0.746
Canadian Dollar (CAD)	0.769	1.301
Chinese Renminbi (CNH)	0.147	6.822
Egyptian Pound (EGP)	0.063	15.863
Euro (EUR)	1.199	0.834
Indian Rupee (INR)	0.014	73.115
Japanese Yen (JPY)	0.009	105.770
New Zealand Dollar (NZD)	0.676	1.480
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.604	165.870
Russian Ruble (RUB)	0.014	74.068
Singapore Dollar (SGD)	0.737	1.357
Turkish Lira (TRY)	0.136	7.345

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	45.7	1.04%	-25.77%
WTI Crude (per bbl)	43.0	0.87%	-29.61%
Oman Crude Oil (Last Closing)	45.1	-0.92%	-33.14%
OPEC (per bbl)	45.3	-1.05%	-33.30%
Precious Metals			
Gold 100 OZ (per oz)	1,986.9	0.97%	30.95%
Silver (per oz)	28.7	1.95%	60.72%
Platinum (per oz)	947.1	1.64%	-2.02%
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 3m Interbank Rates	Current Rate %	YTD %
UAE	0.53	-76.1%
Saudi Arabia	0.89	-60.1%
Kuwait	1.63	-40.9%
Oman	2.63	-6.4%
Qatar	0.95	-57.6%
Bahrain	2.28	-14.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.36
UAE	16/04/2030	1.73
QATAR	16/04/2030	1.85
SAUDI ARABIA	22/10/2030	2.30
OMAN	01/08/2029	6.26
BAHRAIN	14/05/2030	5.15

Midswaps	Price	YTM %
3 year	99.94	0.1
5 year	99.91	0.3
10 year	99.17	0.7
30 year	97.34	1.5

USD Libor	Rate (%)	YTD
1m	0.16	-91.1%
3m	0.24	-87.4%
6m	0.31	-83.8%
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

Sohar Aluminium hot metal production soars to new record in 2019

Sohar Aluminium, the Sultanate's biggest non-hydrocarbon based industrial investment when it was founded in 2004, achieved a record hot metal production of 390,516 tonnes in 2019, underscoring its ambitions to become the benchmark smelter in the Middle East. The production milestone comes on the 10th anniversary of operations of the \$2.4 billion venture, which is jointly owned by the Omani government (40 per cent) represented by OQ — Oman's integrated energy group; Abu Dhabi National Energy Company PJSC — TAQA (40 per cent), and leading global mining group Rio Tinto (20 per cent).

Source: [Oman Observer](#)

Oman's share index ends marginally higher

The MSM index closed at 3,771.89 points, up 0.54 per cent from the previous close. The Sharia Index ended up by 0.09 per cent at 524.78. Oman Oil Marketing, up 5.26 per cent was the top gainer while ACWA Power, down 19.8 per cent, was the top loser. HSBC was active in terms of the number of shares traded and Bank Muscat was the most active in terms of turnover.

Source: [Times of Oman](#)

Commerce Ministry Lays Emphasis on Streamlining Procedures

Qais bin Mohammed al-Yousef, Minister of Commerce, Industry and Investment Promotion, said that the Royal directives of His Majesty Sultan Haitham Bin Tarik stressed streamlining procedures of government services for investors and customers through the prompt finalization of their transactions in the shortest possible time, particularly electronic services. Speaking about the merging of Ministry of Commerce and Industry, the Public Authority for Investment Promotion (Ithraa) and the Centre for Competition Protection and Monopoly Prevention under Royal Decree No. 97/2020, the Minister said that the merger will expedite investment-related transactions and cut down the duplication of license providers.

Source: [ONA](#)

Oman Oil Price Rises 1.28 US Dollar

Dubai Mercantile Exchange (DME) said that Oman oil price (October Delivery 2020) today reached 45.74 US Dollars. The DME statement said that the price of Oman oil rose 1.28 US Dollar from the price of last (Friday), which was 44.46 US Dollars. The average price of Oman oil (September Delivery 2020) has stabilized at 43.62 US Dollars, thus 2.03 US Dollars per barrel higher than August Delivery 2020.

Source: [ONA](#)

National Gas expects no impact on its Saudi operations after JV cancellation

Oman-based National Gas said it expects no negative effects on the company's current core operations in Saudi Arabia after its proposed joint venture (JV) with the Tadawul-listed National Gas and Industrialization Company (GASCO) was cancelled. The ongoing negotiations with GASCO to invest in a new gas extension company have been called off, the Omani firm said in a bourse statement on Monday. On Sunday, GASCO said its Board of Directors decided not to proceed with plans with National Gas and that the decision will have no financial impact on GASCO's financial results.

Source: [Mubasher](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Dubai Plans Bond Sales to Bolster Finances

Dubai hired banks for an offering of bonds and Islamic securities in dollars, joining Gulf Arab neighbors that have issued foreign debt to shore up their finances. The government of the Middle East's main business hub is selling a benchmark-size 10-year sukuk and a 30-year bond, according to a person familiar with the matter, who is not authorized to speak publicly and asked not to be identified.

Source: [Bloomberg](#)

Foreign firms can invest in Saudi capital market until end of 2021

Saudi Arabia's Capital Market Authority has set the end of 2021 as the deadline for the completion of the regulatory framework for foreign companies to offer their shares in the Saudi capital market. It has also permitted the local companies to have a dual listing in international markets. This was disclosed by Mohammed Al-Quweiz, the chairman of the financial regulatory authority.

Source: [Saudi Gazette](#)

Mideast carriers post 15% fall in July cargo

Middle Eastern carriers reported a decline of 14.9% in year-on-year international cargo volumes in July, an improvement from the 19% fall in June, said the International Air Transport Association (IATA), in a new report. Seasonally-adjusted demand grew 7.2% month-on-month in July—the strongest of all regions. This recovery was driven by the aggressive operational strategies of some of the region’s carriers. International capacity decreased 27.1%, the most resilient of all regions, the report said.

Source: [Trade Arabia](#)

SAMA updates interest rate disclosure rules on financing, savings products

The Saudi Arabian Monetary Authority (SAMA) issued updated version of the rules on disclosure of interest rates on financing and savings products. The updated rules will promote transparency and enable consumers to compare financing and saving products rates. Banks and finance companies operating in Saudi Arabia are required to disclose and publish the minimum information required about products offered to retail consumers, micro and small enterprises on their websites and through their marketing channels, SAMA said in a statement.

Source: [Argaam](#)

Dubai Lifts Veil on Debt, Showing It Owes Much Less Than Thought

Dubai made a rare foray into public bond markets, revealing along the way that its debt burden is now a lot smaller than estimated by analysts only months ago. A prospectus that accompanied Dubai’s planned offering of bonds and Islamic securities on Monday showed the government’s outstanding direct debt stood at 123.5 billion dirhams (\$33.6 billion) as of June 30.

Source: [Bloomberg](#)

UAE Central Bank injects \$4.31bln in June as certificates of deposit drop

The Central Bank of the United Arab Emirates has injected around AED15.86 bn in cash to the financial system in June to boost liquidity and compensate banks for the considerable amount of funds withdrawn out of excess liquidity in the market in April and June, according to the apex bank’s figures.

Source: [Zawya](#)

First Abu Dhabi Bank plans to issue perpetual bonds as soon as September – sources

First Abu Dhabi Bank (FAB) plans to issue Additional Tier 1 (AT1) bonds as soon as September, two sources familiar with the matter said. One of the sources said FAB, the largest bank in the United Arab Emirates, will likely issue \$750 million in AT1 bonds. "We always actively monitor our capital positions and we will always make sure to keep them at the best ratios within regulatory buffers," Rula Al Qadi, head of group funding at FAB, said in response to a Reuters query.

Source: [Zawya](#)

Emirates Got \$2 Billion from Dubai to Survive Crisis Months

Dubai’s government has put 7.3 billion dirhams (\$2 billion) into Emirates since the coronavirus pandemic brought global air travel to a near halt in March and said it’s prepared to send more help to its flagship airline. The state indicated earlier in the year it was committed to providing financial support to the world’s largest long-haul carrier, and a bond prospectus seen by Bloomberg shows the extent of the aid provided over the past five months.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

10-year Treasury yield falls below 0.7% to start the week

Treasury yields dipped on Monday as traders geared up for the last trading session of the month and looked ahead to key jobs data at the end of the week. The yield on the benchmark 10-year Treasury note, which moves inversely to price, fell 4 basis points to around 0.69%, while the yield on the 30-year Treasury bond was also lower at 1.46%. The benchmark rate jumped above 0.75% last week.

Source: [CNBC](#)

Framework complete, Fed faces election year call on next steps

With a new policy framework in place, the Federal Reserve will turn to discussion of its next steps in the fight against the economic fallout of the coronavirus pandemic, and if and when to roll out additional support. Fed Vice Chair Richard Clarida said on Monday that following release of the Fed’s new long-run strategy last week, policymakers “will be returning to a discussion of potentially refining guidance and our balance sheet communication,” the Fed’s now staple recession-fighting tools involving promises about future policy and the pace of monthly bond purchases.

Source: [Reuters](#)

Why Buffett's bet on Japan could turn on higher inflation, weakening dollar

Berkshire Hathaway Inc's \$6.2 billion foray into Japan's five largest trading houses may signal billionaire Warren Buffett's expectation that inflation and a falling U.S. dollar may make international equities more attractive when economies worldwide recover from the coronavirus pandemic. Berkshire said late Sunday, on Buffett's 90th birthday, it owned just over 5% of each of Itochu Corp, Marubeni Corp, Mitsubishi Corp, Mitsui & Co Ltd and Sumitomo Corp, and said it could increase its stakes to 9.9%.

Source: [Reuters](#)

A private survey shows China's manufacturing sector expanded in August at the fastest pace in nearly a decade

Results of a private survey on Tuesday showed China's manufacturing activity expanded in August at the fastest pace in nearly a decade. The Caixin/Markit manufacturing Purchasing Managers' Index (PMI) came in at 53.1 for August, compared to 52.8 in July. Economists polled by Reuters had expected Caixin/Markit manufacturing PMI to come in at 52.7.

Source: [CNBC](#)

Dollar nurses losses on rate outlook, Aussie looks to RBA

The dollar languished near multi-year lows against most major currencies on Tuesday as the Federal Reserve's new policy framework continued to fuel bets that U.S. rates will stay lower for longer than other countries. The Australian dollar traded near a two-year high against the greenback ahead of a Reserve Bank of Australia policy meeting later on Tuesday to gauge policymakers' views on the economy.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices rise on falling U.S. dollar

Oil prices recovered on Tuesday, erasing overnight losses, as investors moved into risk assets and away from the safe-haven U.S. dollar which tumbled to multi-year lows. Brent crude LCOc1 futures climbed 49 cents, or 1.1%, to \$45.77 a barrel at 0406 GMT. U.S. West Texas Intermediate (WTI) crude CLc1 futures rose 37 cents, or 0.9%, to \$42.98 a barrel. Both benchmark contracts fell around 1% on Monday on worries about oil oversupply, with global demand stuck below pre-COVID levels.

Source: [Reuters](#)

Gold rises to two-week high as dollar stumbles

Gold prices rose on Tuesday to their highest level in nearly two weeks, as the dollar slipped to multi-year lows on bets that U.S. interest rates would stay lower for a longer period after the Federal Reserve's new policy framework. Spot gold was up 0.7% at \$1,983.77 per ounce by 0041 GMT, after hitting its highest since August 19 at \$1,984.97 earlier in the session. U.S. gold futures rose 0.6% to \$1,990.

Source: [CNBC](#)