

# U Capital Morning Brief

3 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	837.43	-0.55	-0.07%	-0.73%	7.59	0.76	7.2%
U Capital GCC 50 Index	1,263.53	14.11	1.13%	-8.84%	21.00	2.15	4.1%
U Capital MENA 200 Index	998.38	8.21	0.83%	-8.47%	15.76	1.73	4.7%
MSCI GCC Countries Index	513.02	4.23	0.83%	-9.95%	18.38	1.75	3.4%
Muscat Securities Market	3,769.09	-11.16	-0.30%	-5.33%	11.19	0.76	6.5%
Saudi Stock Exchange	8,013.44	114.58	1.45%	-4.48%	29.25	1.96	2.6%
Kuwait Stock Exchange	6,399.76	-6.43	-0.10%	-11.79%	28.28	1.33	3.7%
Qatar Exchange	9,811.57	-39.11	-0.40%	-5.89%	15.97	1.47	4.1%
Bahrain Stock Exchange	1,398.25	-7.37	-0.52%	-13.16%	13.02	0.87	5.0%
Dubai Financial Market	2,259.60	7.21	0.32%	-18.27%	8.54	0.80	4.3%
Abu Dhabi Exchange	4,547.13	21.72	0.48%	-10.42%	16.60	1.31	5.4%
Tunis Se Index	6,767.28	11.21	0.17%	-4.98%	18.49	2.26	0.8%
EGX 30 Index	11,214.22	-19.72	-0.18%	-19.68%	11.61	1.50	2.8%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	5,941.0	1.35%	-21.23%
DAX	Germany	13,243.4	2.07%	-0.04%
CAC 40	France	5,031.7	1.90%	-15.83%
<b>United States</b>				
DJIA	USA	29,100.5	1.59%	1.97%
S&P 500	USA	3,580.8	1.54%	10.84%
NASDAQ	USA	12,056.4	0.98%	34.37%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	23,478.8	1.01%	-0.75%
HANG SENG	Hongkong	25,007.9	-0.46%	-11.29%
KSE 100 Index	Pakistan	42,164.8	0.79%	3.51%
NSE Nifty 50	India	11,558.8	0.21%	-5.01%
SHANGHAI COMPOSITE	China	3,398.1	-0.20%	11.41%
SHANGHAI SHENZHEN CSI 300	China	4,837.3	-0.14%	18.08%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.731	1.368
British Pound (GBP)	1.331	0.752
Canadian Dollar (CAD)	0.765	1.308
Chinese Renminbi (CNH)	0.146	6.842
Egyptian Pound (EGP)	0.063	15.852
Euro (EUR)	1.181	0.847
Indian Rupee (INR)	0.014	73.346
Japanese Yen (JPY)	0.009	106.330
New Zealand Dollar (NZD)	0.675	1.482
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.605	165.476
Russian Ruble (RUB)	0.013	75.407
Singapore Dollar (SGD)	0.734	1.363
Turkish Lira (TRY)	0.135	7.392

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	44.3	-0.20%	-28.04%
WTI Crude (per bbl)	41.5	0.00%	-32.02%
Oman Crude Oil (Last Closing)	44.4	-1.44%	-34.22%
OPEC (per bbl)	45.3	-2.10%	-33.34%
<b>Precious Metals</b>			
Gold 100 OZ (per oz)	1,937.9	-0.25%	27.72%
Silver (per oz)	27.3	-0.61%	52.76%
Platinum (per oz)	908.6	0.12%	-6.00%
<b>Other Metals</b>			
Copper, MT	6,697	0.14%	8.47%
Aluminium, MT	1,786	-1.68%	-1.33%
Lead, MT	1,938	-1.72%	0.57%
Zinc, MT	2,534	-0.76%	11.51%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.45	-79.7%
Saudi Arabia	0.89	-60.1%
Kuwait	1.63	-40.9%
Oman	2.68	-4.8%
Qatar	1.13	-50.0%
Bahrain	2.28	-14.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.24
UAE	16/04/2030	1.66
QATAR	16/04/2030	1.78
SAUDI ARABIA	22/10/2030	2.16
OMAN	01/08/2029	5.94
BAHRAIN	14/05/2030	5.03

Midswaps	Price	YTM %
3 year	99.93	0.2
5 year	99.96	0.3
10 year	99.70	0.7
30 year	99.81	1.4

USD Libor	Rate (%)	YTD
1m	0.16	-91.2%
3m	0.25	-86.8%
6m	0.30	-84.1%
1 year	0.43	-78.3%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **Omani biofuels JV inks pact with feedstock supplier**

Wakud International LLC, the Omani-led joint venture behind the planned development of the country's first biofuels project, has signed a partnership agreement with Modern Arabian Projects LLC for the collection of used cooking oils in Oman for conversion into biodiesel.

Source: [Oman Observer](#)

### **COVID-19:Committee reviews steps to help private sector**

The committee tasked with studying the economic impacts of coronavirus (COVID-19) pandemic, reviewed preventive measures and precautions taken in the past to support the private sector businesses and enhance their ability to adapt to the current exceptional conditions resulting from the pandemic.

Source: [Times of Oman](#)

### **JSPL sells 49 per cent stake in Jindal Shadeed to Vulcan**

Jindal Steel & Power Limited (JSPL), a leading Indian steel and energy company, on Wednesday announced that its Mauritius-based wholly-owned subsidiary has sold nearly 49 per cent stake in Oman-based Jindal Shadeed Iron & Steel LLC (JSIS Oman) to Vulcan Steel. Vulcan Steel, a Mauritius-based private limited company, is a subsidiary of Templar Investment Limited.

Source: [Muscat Daily](#)

### **Lummus named technology provider for mega stream cracker at Duqm**

Lummus Technology, the leading licensor of proprietary petrochemicals, refining, gasification and gas processing technologies, has been selected as the technology provider for a world-scale mixed-feed Steam Cracker that will form the centrepiece of the giant Duqm Petrochemicals complex coming up downstream of the Duqm Refinery project currently under construction in the Sultanate. The award is one of 12 technology license packages announced by Duqm Refinery and Petrochemicals Company (DRPIC), which is developing the refinery and the associated petrochemicals complex.

Source: [Oman Observer](#)

### **OOMCO to enter into partnership deal with OQ**

With its aim to become an important player in fuel retailing business regionally and globally, Oman Oil Marketing Company (OOMCO) on Wednesday announced that its board of directors has approved to enter into a strategic partnership with the sultanate's globally integrated energy company OQ. The company's strategic partnership with OQ will also include rebranding OOMCO's business network to OQ brand.

Source: [Muscat Daily](#)

### **Heritage Foundation Commends HM's Efforts to Foster Economic Freedom, Modernization**

Heritage Foundation of the United States commended the efforts of Sultan Haitham Bin Tarik in promoting economic freedom, modernizing the economy and strengthening ties with the United States. A report written by research Anthony B. Kim, a Heritage Foundation researcher, and published in The Daily Signal said, "Washington has a unique opportunity to build on the good existing relationship and to reaffirm Oman as a trustworthy partner in dealing with the many challenges facing the Middle East." Kim pointed out that Oman's economy has been in the moderately free category for 25 years.

Source: [ONA](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **CMA allows foreigners to invest directly in debt instruments**

Saudi Arabia's Capital Market Authority Board issued its resolution on Aug. 12, 2020, allowing residents and non-resident foreigners to invest directly in listed and non-listed debt instruments. The CMA said in a statement today that this comes as part of CMA's strategic goals to develop the capital market) Financial Leadership Program, and is in line with Financial Sector Development Program, one of the main programs to achieve the objectives of Saudi Vision 2030.

Source: [Argaam](#)

### **Aramco Delays Multibillion-Dollar LNG, Petrochemical Plans**

Saudi Aramco has delayed multi-billion-dollar petrochemical and liquefied natural gas projects as it looks to save cash and preserve its dividend after this year's crash in energy prices, according to people familiar with the matter. The world's biggest oil company is scaling back plans to construct a \$20 billion crude-to-chemicals plant at Yanbu in eastern Saudi Arabia, according to one person, who asked not to be identified because they aren't authorized to speak to the media.

Source: [Bloomberg](#)

### **Abu Dhabi issues \$5bn in multi-tranche, 50-year bond**

Abu Dhabi has completed a \$5 billion multi-tranche bond offering, the longest term for a bond issued by a GCC sovereign issuer, which underscores Abu Dhabi's robust credit fundamentals and the investors' trust in the emirate's economic prospects. Underpinned by strong investor appetite, the bonds are priced at historic low yields. The issuance comprises three tranches: a \$2 billion 3-year tranche, a \$1.5 billion long 10-year tranche, and a \$1.5 billion 50-year tranche, reported Emirates News Agency WAM.

Source: [Trade Arabia](#)

### **Dubai launches global retirement programme**

The Dubai Government has announced the launch of Retire in Dubai, a global retirement programme that offers resident expatriates and foreigners aged 55 and above the opportunity to enjoy the emirate's distinctive lifestyle. The first such scheme in the region, Retire in Dubai is spearheaded by the Department of Tourism and Commerce Marketing (Dubai Tourism) in collaboration with the General Directorate of Residency and Foreigners Affairs (GDRFA-Dubai). The new initiative showcases Dubai as the world's preferred retirement destination.

Source: [Trade Arabia](#)

### **Dana Gas in talks with IPR Energy on Egypt assets sale as sukuk loom – sources**

United Arab Emirates' Dana Gas is negotiating details of a sale of its Egyptian assets with Texas-headquartered IPR Energy, three sources familiar with the matter said, ahead of a repayment of some \$300 million in debt in October. The energy producer - whose main assets are in Egypt and in the Kurdistan Region of Iraq - was hoping to raise over \$500 million from the sale, but it will likely yield significantly less, the three sources said.

Source: [Reuters](#)

### **Returning to public debt markets after six years, Dubai gets \$2 billion**

The government of Dubai sold \$2 billion in dual-tranche bonds on Wednesday, its first sale in public debt markets in six years, as it seeks to boost finances hit by the coronavirus crisis. Dubai sold \$1 billion in 10-year sukuk, or Islamic bonds, at 210 basis points (bps) over mid-swaps and \$1 billion in 30-year conventional bonds at 4%, according to a document issued by one of the banks leading the deal and seen by Reuters.

Source: [Reuters](#)

### **Saudi non-oil private sector deteriorates in August after tax hike – PMI**

Business conditions in Saudi Arabia's non-oil private sector deteriorated in August after signs of stabilisation the previous month, as demand was hurt by a sharp hike in value-added tax, a survey showed on Thursday. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) declined to 48.8 from 50.0 in July, slipping back below the 50 mark that separates growth from contraction.

Source: [Nasdaq](#)

### **UAE non-oil private sector economy declines in August; employment falls in record pace**

The UAE non-oil private sector economy suffered its first decline in business conditions for three months in August, latest PMI data showed, as record job cuts stifled the sector's recovery from the impact of the coronavirus. The seasonally adjusted IHS Markit UAE Purchasing Managers Index - a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy - fell below the 50.0 mark separating growth from contraction in August.

Source: [Zawya](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Asian shares firm on U.S. stimulus hopes, upbeat China data**

Asian equities started strong on Thursday as a sustained recovery in China's services sector and the prospect of additional U.S. stimulus whetted risk appetite, while the dollar pared gains. MSCI's broadest index of Asia-Pacific shares outside of Japan climbed 0.5%, clocking its third straight session of gains to hover near a recent 2-1/2-year high. Australia's S&P/ASX 200 rose 0.9% and Japan's Nikkei added 1.3%. Hong Kong's Hang Seng index was up 0.2% while China's blue-chip index was 0.35% higher. E-mini futures for the S&P 500 were barely changed.

Source: [Reuters](#)

### **Fed's Daly urges more government spending to boost economy**

San Francisco Federal Reserve President Mary Daly on Wednesday urged more government investment in roads, bridges, digital infrastructure, education, climate resiliency and other productivity-boosting infrastructure to help pull the economy

from the deep recession brought on by the coronavirus pandemic. The role for fiscal policymakers “has never been stronger than it is right now, in my lifetime,” Daly said at an online event run by the Harvard Kennedy School’s Institute of Politics.

Source: [Reuters](#)

#### **Tesla shares fall as largest outside shareholder cuts holding, citing portfolio restrictions**

Baillie Gifford, Tesla’s largest outside shareholder, has reduced its position in the electric auto maker after the company’s rapid share appreciation made it an outsized influence on the firm’s holdings. A filing with the Securities and Exchange Commission on Wednesday showed that the U.K.-based fund group now owns less than 5% of Tesla, down from 6.32%, according to data from FactSet

Source: [CNBC](#)

#### **BlackRock says it’s ‘underweight’ stocks in emerging markets due to the coronavirus**

BlackRock Investment Institute has an “underweight” stance on stocks in emerging markets as many of those economies are still grappling with the spread of the coronavirus, one strategist told CNBC on Thursday. Stocks in emerging markets have lagged global share prices. The MSCI Emerging Markets Index up inched up around 0.4% so far this year — far behind the 5.8% gains in the MSCI World Index during the same period, according to data by Refinitiv.

Source: [CNBC](#)

#### **U.S. recovery, slow and uneven, is hampered by 'uncertainty': Fed survey**

U.S. business activity and employment ticked up through late August, the Federal Reserve said on Wednesday, but economic growth was generally sluggish as COVID-19 hotspots hampered reopening efforts that fueled an early-summer rebound. The Fed, in its “Beige Book” report, highlighted the uneven rebound underway in the U.S. economy, with some areas such as residential real estate surging with the help of low interest rates, but other sectors, such as commercial construction and agriculture, struggling to rebound.

Source: [Reuters](#)

### **COMMODITIES NEWS**

#### **Oil prices hold near multi-week lows on demand worries**

Oil prices edged up on Thursday, but held near multi-week lows hit overnight after U.S. data showed gasoline demand fell and recovery from the COVID-19 pandemic was lagging. U.S. West Texas Intermediate (WTI) crude CLC1 futures were up 9 cents, or 0.22%, at \$41.60 a barrel by 0349 GMT. Brent crude LCOc1 edged up 2 cents, or 0.05%, to \$44.45 a barrel.

Source: [Reuters](#)

#### **Gold recoups some losses as dollar steadies**

Gold on Thursday recouped some of the previous session’s hefty losses as the dollar steadied, although gains were capped by an uptick in risk appetite on recent better-than-expected economic data. Spot gold was up 0.2% at \$1,945.59 per ounce by 0340 GMT, after falling 1.4% on Wednesday in its biggest one-day drop since August 19 on a firmer dollar and rebound in U.S. manufacturing activity.

Source: [CNBC](#)