

U Capital Morning Brief

16 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	808.91	-1.24	-0.15%	-4.11%	7.36	0.75	7.3%
U Capital GCC 50 Index	1,296.39	13.33	1.04%	-6.47%	21.11	2.20	4.1%
U Capital MENA 200 Index	1,012.51	2.65	0.26%	-7.17%	16.24	1.75	4.6%
MSCI GCC Countries Index	522.76	3.41	0.66%	-8.24%	18.72	1.78	3.3%
Muscat Securities Market	3,677.77	-6.73	-0.18%	-7.62%	10.92	0.74	6.7%
Saudi Stock Exchange	8,321.74	65.67	0.80%	-0.80%	30.31	2.03	2.5%
Kuwait Stock Exchange	6,447.75	-1.17	-0.02%	-11.12%	28.91	1.35	3.6%
Qatar Exchange	9,892.54	19.68	0.20%	-5.11%	16.10	1.48	4.0%
Bahrain Stock Exchange	1,401.14	-0.37	-0.03%	-12.98%	13.05	0.87	5.0%
Dubai Financial Market	2,293.10	10.72	0.47%	-17.06%	8.67	0.81	4.2%
Abu Dhabi Exchange	4,509.00	-6.12	-0.14%	-11.17%	16.46	1.30	5.4%
Tunis Se Index	6,897.94	-0.12	0.00%	-3.15%	18.93	2.28	0.6%
EGX 30 Index	11,028.06	-6.32	-0.06%	-21.01%	11.51	1.48	2.9%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	6,105.5	1.32%	-19.05%
DAX	Germany	13,217.7	0.18%	-0.24%
CAC 40	France	5,067.9	0.32%	-15.22%
United States				
DJIA	USA	27,995.6	0.01%	-1.90%
S&P 500	USA	3,401.2	0.52%	5.27%
NASDAQ	USA	11,190.3	1.21%	24.72%
Asia Pacific				
NIKKEI 225	Japan	23,468.9	0.06%	-0.79%
HANG SENG	Hongkong	24,717.5	-0.08%	-12.32%
KSE 100 Index	Pakistan	42,482.0	0.31%	4.29%
NSE Nifty 50	India	11,556.8	0.30%	-5.03%
SHANGHAI COMPOSITE	China	3,289.9	-0.17%	7.86%
SHANGHAI SHENZHEN CSI 300	China	4,672.3	-0.34%	14.05%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.732	1.367
British Pound (GBP)	1.290	0.775
Canadian Dollar (CAD)	0.759	1.317
Chinese Renminbi (CNH)	0.148	6.770
Egyptian Pound (EGP)	0.063	15.766
Euro (EUR)	1.185	0.844
Indian Rupee (INR)	0.014	73.735
Japanese Yen (JPY)	0.009	105.280
New Zealand Dollar (NZD)	0.673	1.486
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.602	166.200
Russian Ruble (RUB)	0.013	75.009
Singapore Dollar (SGD)	0.735	1.360
Turkish Lira (TRY)	0.134	7.487

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	41.1	1.51%	-33.24%
WTI Crude (per bbl)	39.0	1.80%	-36.18%
Oman Crude Oil (Last Closing)	40.1	2.53%	-40.57%
OPEC (per bbl)	39.0	-1.04%	-42.67%
Precious Metals			
Gold 100 OZ (per oz)	1,962.1	0.42%	29.32%
Silver (per oz)	27.3	0.69%	53.05%
Platinum (per oz)	975.9	0.30%	0.97%
Other Metals			
Copper, MT	6,762	-0.51%	9.52%
Aluminium, MT	1,790	-0.61%	-1.13%
Lead, MT	1,908	-0.99%	-0.99%
Zinc, MT	2,497	0.65%	9.88%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.45	-79.5%
Saudi Arabia	0.89	-60.3%
Kuwait	1.56	-43.2%
Oman	2.64	-6.2%
Qatar	1.20	-46.7%
Bahrain	2.28	-14.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.37
UAE	16/04/2030	1.69
QATAR	16/04/2030	1.86
SAUDI ARABIA	22/10/2030	2.23
OMAN	01/08/2029	6.18
BAHRAIN	14/05/2030	5.42

Midswaps	Price	YTM %
3 year	99.90	0.2
5 year	99.92	0.3
10 year	99.56	0.7
30 year	98.86	1.4

USD Libor	Rate (%)	YTD
1m	0.15	-91.4%
3m	0.24	-87.6%
6m	0.27	-85.6%
1 year	0.40	-79.8%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Mobile subscriptions fall, Internet uptake rises

With the exodus of expatriates during the COVID-19 pandemic, the total number of mobile subscribers fell by 8.7 per cent to 6.05mn at the end of July 2020, compared to the same period of 2019. However, the increased uptake of Internet has led to fixed Internet subscriptions, excluding active mobile broadband subscriptions, rise by 7.8 per cent in the sultanate to touch 490,676 at the end of July 2020 vis-à-vis 2019.

Source: [Muscat Daily](#)

Muscat Airport City set to make further headway

Having snagged one of the world's largest logistics players as an investor in its growing airfreight business, Oman Aviation Group (OAG) – the Sultanate's aviation and air-logistics flagship – says it has lined up new initiatives to support the development of its signature Muscat Airport City project. Spread over a total area of over 350 hectares, Muscat Airport City integrates five different gates or clusters each dedicated to a specific aspect of OAG's core business objectives behind the development of an Airport City around Muscat International Airport. The largest of these is the Free Zone Gate, covering an area of 152 hectares, followed by the Business Gate (114 hectares), Aviation Gate (53 hectares), Logistics Gate (24 hectares), and Hospitality Gate (12 hectares).

Source: [Oman Observer](#)

MSM releases new list of Sharia compliant companies

Muscat Securities Market (MSM) approved 20 public shareholding companies to be included in the Sharia index for the second quarter of 2020. These companies business practices conformed to the Sharia rules approved by the Islamic Financial Accounting and Auditing Organisation. The list included A Safa Foods, Al Batinah Development and Investment Holding Company, al Jazeera Services, Al Kamil Power, Medina Takaful, Al Maha Ceramics, Nizwa Bank, Computer Stationery Industry, Oman Building Material, Dhofar Beverages Company, Gulf Mushroom Industries, Telecommunications Company (Ooredoo), Majan College, National Biscuits Industries, Omani Educational, Oman Flour Mills, Omani Packaging Company, Desert Hospitality, Salalah Mills and Oman Takaful Insurance.

Source: [Oman Observer](#)

CBO issues treasury bills worth OMR13 million

Oman's central bank raised OMR13 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from September 16 until October 14, 2020. The average accepted price reached 99.950 for every OMR100 and the minimum accepted price arrived at 99.950 per OMR100. The average discount rate and the average yield reached 0.64677 per cent and 0.64709 per cent, respectively. Note that the interest rate on the Repo operations with CBO is 0.5 per cent while the discount rate on the Treasury Bills Discounting Facility with CBO is 1 per cent.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Middle East economies to contract 7.6 per cent in 2020

The Economic Outlook report from Oxford Economics, commissioned by ICAEW (the Institute of Chartered Accountants in England and Wales) forecasts a 7.6 per cent contraction in GDP this year for the Middle East, almost double the 3.9 per cent contraction which they predicted in April. However, growth is expected to return to 4 per cent in 2021 and 2022 as lockdowns are fully eased, global travel picks up and Brent oil prices move closer to \$50 per barrel.

Source: [Oman Observer](#)

Alkhaleej Training signs SAR 142 mln customer service deal with SEC

Alkhaleej Training and Education Co. signed today, Sept. 15, 2020, a contract with Saudi Electricity Co. (SEC) to manage and operate a customer service center. The duration of the contract is three years and is valued at SAR 142.03 million (excluding value-added tax), the company said in a bourse statement. Under the contract, Alkhaleej Training will provide a unified call center for subscriber services, including responding to inquiries and requests, follow up on beneficiary communications, and responding to general inquiries, reports and complaints.

Source: [Argaam](#)

Saudi Cabinet sets up tourism authority in Red Sea

Saudi Arabia's Cabinet approved setting up a tourism authority in the Red Sea and organizing the tourism development council, the state-run Saudi Press Agency reported on Tuesday. The Cabinet also endorsed the national cyber security strategy.

Source: [Argaam](#)

GACA confirms readiness of airports, clarifies conditions for entry of non-Saudis

The General Authority of Civil Aviation (GACA) confirmed the operational readiness of airports in Saudi Arabia for the first stage, in coordination with the Ministry of Health and the relevant government agencies within the airport facilities. Non-Saudis will be allowed to enter the Kingdom only after submitting evidence of being free from coronavirus infection, based on recent testing from a reliable and approved authority outside the Kingdom, and no more than 48 hours before the date of arrival at the airport, the authority said in a statement published by the Saudi Press Agency (SPA) on Tuesday.

Source: [Argaam](#)

Saudi CMA approves instructions on issuing depositary receipts outside Kingdom

The board of the Capital Market Authority (CMA) has approved the instructions on issuing depositary receipts out of the kingdom to be effective as of their publication date. This comes as part of the CMA's strategic goals to promote the capital market's role in raising capital and increasing market attractiveness to foreign investors, according to an official statement on Tuesday. The instructions stipulate the requirements and conditions for issuing depositary receipts out of the kingdom for shares issued in the kingdom and listed on the exchange, or shares issued in the kingdom and its issuer has made the necessary arrangements for listing them in the exchange.

Source: [Mubasher](#)

FTSE semi-annual review for Saudi inclusion index this weekend

Global index provider FTSE Russell said it will implement changes to the FTSE Saudi Arabia Inclusion Index Series during the semi-annual review for September 2020. All constituent changes will become effective on Monday, Sept. 21, or after the close of business on Friday, Sept. 18. As Friday is the beginning of weekend in Saudi Arabia, the changes are expected to be implemented on Thursday, Sept. 17.

Source: [Argaam](#)

Demand for green Islamic bonds gain momentum in GCC states

Investor appetite for green Islamic bonds, or green sukuk, is growing in the Arabian Gulf countries despite the lukewarm economic growth amidst the ongoing pandemic, according to a report. Saudi Arabia's electric transmission monopoly, Saudi Electricity Company (SEC), issued a multi-tranche \$1.3 billion green sukuk and reported an order book of more \$5.2 billion, indicating the immense appetite for sustainable Islamic bonds, said Moody's Investors Service in a report.

Source: [Zawya](#)

Dubai's CPI down 4% YoY in August

The Consumer Price Index (CPI) decreased by 3.69% year-on-year (YoY) in August 2020, compared to the same month of 2019, according to the latest data by the Dubai Statistics Centre (DSC). The decline in the CPI was driven by lower prices of the housing, water, electricity, gas, and fuel groups by 5.72%, which led to a 2.35% decrease in inflation. Meanwhile, the prices of the transport, recreation and culture, as well as goods and services sectors retreated by 13%, 15.08%, and 1.93%, respectively.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China approves \$13 billion worth of fixed-asset investment projects in August

China's state planner said on Wednesday it had approved six fixed-asset investment projects across the country worth a combined 88.2 billion yuan (\$13.03 billion) in August. Meng Wei, a spokeswoman for the National Development and Reform Commission, disclosed the figures in a press briefing where she also gave some fixed asset investment data for the western region. Fixed asset investment in China's western region grew 2.1% in the first seven months of the year, she said, adding that local governments there should be strictly on guard against debt risks.

Source: [Reuters](#)

Asian stocks cheer upbeat data but temper appetite ahead of Fed

Most Asian shares rose on Wednesday, extending a rally driven by upbeat Chinese and U.S. economic data, but the dollar, U.S. yields and gold held steady as investors awaited the Federal Reserve's view on the economy at its policy meeting.

Source: [Reuters](#)

Canada's massive pension fund is reviewing its bond holdings in light of near zero interest rates, CEO says

Low interest rates are proving to be a challenge for investors, even ones who have long-term, multi-generational views on investments such as Canada's massive pension fund. CPPIB President and CEO Mark Machin said the fund is reviewing if holding large size of government bonds is the right thing to do when interest rates are near zero. CPPIB manages about 434.4

billion Canadian dollars as of June 30 and a bulk of its investments are in North America — a little over 34% of total assets are allocated in the United States — followed by Asia.

Source: [CNBC](#)

Blackstone warns of a 'lost decade' where stock market returns are 'anemic'

Blackstone's Executive Vice Chairman Tony James said there could be a "lost decade" for equity returns as stock investments turn "anemic." He said interest rates will normalize and companies will face "plenty of headwinds" that put pressure on earnings in the coming years. Near zero interest rates are the main driver of the recent climb in stock markets, he added.

Source: [CNBC](#)

It's the end of pen-and-paper -- and DocuSign is cashing in

The pandemic has accelerated the demise of pen-and-paper signatures -- transforming once-boring DocuSign into a \$37 billion tech darling suddenly worth more than Ford Motor, eBay or Best Buy. Just as Zoom (ZM) is cashing in on the need to meet virtually, DocuSign's eSignature business is thriving because it makes it easy to do paperwork remotely. Shares have skyrocketed more than 170% this year.

Source: [CNN](#)

COMMODITIES NEWS

Oil gains as hurricane shuts U.S. output, stockpiles fall

Oil prices rose on Wednesday, extending gains from the previous session, as a hurricane disrupted U.S. offshore oil and gas production and an industry report showed a big drop in U.S. crude stockpiles. Brent crude was trading up 15 cents, or 0.4%, at \$40.68 a barrel by 0055 GMT, while U.S. crude gained 18 cents, or 0.5%, to \$38.46 a barrel. Both contracts rose by more than 2% on Tuesday. More than 25% of U.S. offshore oil and gas output was shut and export ports were closed on Tuesday as Hurricane Sally sat just off the U.S. Gulf Coast.

Source: [Reuters](#)