

U Capital Morning Brief

21 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	804.12	0.00	0.00%	-4.68%	7.24	0.74	7.4%
U Capital GCC 50 Index	1,302.42	0.05	0.00%	-6.04%	21.54	2.23	4.1%
U Capital MENA 200 Index	1,022.20	1.70	0.17%	-6.28%	16.49	1.76	4.6%
MSCI GCC Countries Index	525.93	0.47	0.09%	-7.68%	18.82	1.79	3.3%
Muscat Securities Market	3,619.03	-28.68	-0.79%	-9.10%	10.75	0.73	6.8%
Saudi Stock Exchange	8,364.61	26.73	0.32%	-0.29%	30.47	2.04	2.5%
Kuwait Stock Exchange	6,619.76	68.56	1.05%	-8.75%	29.55	1.39	3.5%
Qatar Exchange	9,915.80	-26.26	-0.26%	-4.89%	16.14	1.49	4.0%
Bahrain Stock Exchange	1,442.03	6.78	0.47%	-10.44%	13.43	0.90	4.8%
Dubai Financial Market	2,320.28	-0.59	-0.03%	-16.08%	8.77	0.82	4.2%
Abu Dhabi Exchange	4,546.16	35.56	0.79%	-10.43%	16.59	1.31	5.4%
Tunis Se Index	6,881.57	27.89	0.41%	-3.38%	20.46	2.28	0.6%
EGX 30 Index	10,969.32	-81.57	-0.74%	-21.43%	11.44	1.47	2.9%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	6,007.1	-0.71%	-20.36%
DAX	Germany	13,116.3	-0.70%	-1.00%
CAC 40	France	4,978.2	-1.22%	-16.73%
United States				
DIJA	USA	27,657.4	-0.88%	-3.09%
S&P 500	USA	3,319.5	-1.12%	2.75%
NASDAQ	USA	10,793.3	-1.07%	20.29%
Asia Pacific				
NIKKEI 225	Japan	23,360.3	0.18%	-1.25%
HANG SENG	Hongkong	24,200.1	-1.05%	-14.15%
KSE 100 Index	Pakistan	42,350.9	-0.41%	3.97%
NSE Nifty 50	India	11,514.5	0.08%	-5.37%
SHANGHAI COMPOSITE	China	3,328.1	-0.30%	9.11%
SHANGHAI SHENZHEN CSI 300	China	4,714.9	-0.47%	15.09%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.732	1.367
British Pound (GBP)	1.295	0.772
Canadian Dollar (CAD)	0.759	1.318
Chinese Renminbi (CNH)	0.148	6.758
Egyptian Pound (EGP)	0.064	15.741
Euro (EUR)	1.187	0.843
Indian Rupee (INR)	0.014	73.348
Japanese Yen (JPY)	0.010	104.330
New Zealand Dollar (NZD)	0.677	1.477
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.602	165.700
Russian Ruble (RUB)	0.013	75.730
Singapore Dollar (SGD)	0.738	1.355
Turkish Lira (TRY)	0.132	7.569

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	43.0	-0.30%	-30.19%
WTI Crude (per bbl)	41.0	-0.24%	-32.84%
Oman Crude Oil (Last Closing)	42.7	-1.02%	-36.67%
OPEC (per bbl)	42.1	1.89%	-38.10%
Precious Metals			
Gold100 OZ (per oz)	1,952.4	0.08%	28.68%
Silver (per oz)	26.8	-0.01%	50.01%
Platinum (per oz)	938.7	0.80%	-2.89%
Other Metals			
Copper, MT	6,813	0.47%	10.34%
Aluminium, MT	1,793	0.65%	-0.97%
Lead, MT	1,913	0.16%	-0.73%
Zinc, MT	2,538	0.95%	11.71%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.47	-78.8%
Saudi Arabia	0.88	-60.8%
Kuwait	1.56	-43.2%
Oman	2.64	-6.2%
Qatar	1.04	-53.7%
Bahrain	2.28	-14.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.40
UAE	16/04/2030	1.70
QATAR	16/04/2030	1.89
SAUDI ARABIA	22/10/2030	2.25
OMAN	01/08/2029	6.47
BAHRAIN	14/05/2030	5.56

Midswaps	Price	YTM %
3 year	99.89	0.2
5 year	99.84	0.3
10 year	99.34	0.7
30 year	98.11	1.5

USD Libor	Rate (%)	YTD
1m	0.16	-91.2%
3m	0.23	-88.2%
6m	0.28	-85.6%
1 year	0.37	-81.3%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

CBO instructs banks to enforce Common Reporting Standard

The Central Bank of Oman (CBO) has directed commercial banks, as well as finance and leasing companies (FLCs), operating in the Sultanate to begin scrupulously implementing the provisions of the Multilateral Competent Authority Agreement on the Exchange of Financial Information – an international convention that seeks to, among other things, combat offshore tax evasion. A recent circular signed by CBO Executive President Tahir Salim al Amri has called on all banking and financial institutions to comply with the requirements of the Common Reporting Standard (CRS), which forms the centrepiece of the agreement.

Source: [Oman Observer](#)

OQ Chemicals licences its oxo tech to Duqm Refinery

OQ Chemicals, formerly known as Oxea, has entered into an agreement to licence its advanced proprietary technology for the production of ethylene and propylene derivatives to Duqm Refinery and Petrochemicals Industries Company (DRPIC). OQ Chemicals, a subsidiary of OQ, is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols, polyols, carboxylic acids, speciality esters, and amines. DRPIC recently awarded twelve licence packages to international licensors. “DRPIC is proud to have reached a major milestone with the conclusion of front-end engineering design (FEED).

Source: [Muscat Daily](#)

Free flow of national goods among GCC countries discussed

The Ministry of Commerce, Industry and Investment Promotion took part in the preparatory meetings of the GCC Commerce and Industry Undersecretaries for the 59th GCC Trade Cooperation Committee and the GCC Industrial Cooperation Committee. The Omani side in the virtual meeting was chaired by Dr Saleh bin Said Masan, Undersecretary of the Ministry of Commerce, Industry and Investment Promotion for Commerce and Industry.

Source: [Times of Oman](#)

Oman's share index ends marginally lower

The MSM index closed at 3,619.03 points, down 0.79 per cent from the previous close. The Sharia Index ended down 0.05 per cent at 517.61 points. Al Jazeera Steel, up 2.06 per cent was the top gainer while Bank Dhofar, down 5.41 per cent, was the top loser. Bank Muscat was the most active in terms of the number of shares traded and also was the most active in terms of turnover.

Source: [Times of Oman](#)

Oman's organizations investing in new technologies

SAP SE has announced a new research study, in partnership with Oxford Economics, designed to discover how businesses are incorporating a holistic management approach into everyday business strategy and operations. “Amid the COVID-19 pandemic, Oman’s organisations are aligned with the global survey results that show many organisations are investing in new technologies across everyday operations to enhance employee and customer experiences,” said Sergio Maccotta, Senior Vice President, SAP Middle East South. “Across the Sultanate, organisations that digitally transform into Intelligent Enterprises can become more resilient, and both sustainably profitable and profitably sustainable.”

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

SIIG, Petrochem begin study to evaluate possible merger

The board of the National Petrochemical Company (Petrochem) approved to begin initial talks with the Saudi Industrial Investment Group (SIIG) to study the economic feasibility of merging the two companies. No agreement has been reached so far on the final structure of the potential deal, according to a stock exchange filing on Sunday. SIIG owns 50% of Petrochem. The entry into these discussions does not necessarily mean that the potential deal will take place, Petrochem said, noting that reaching a final agreement will be subject to the conditions and approvals of relevant bodies and the extraordinary general meetings (EGMs) of both firms. Further details will be announced in due course, the statement concluded.

Source: [Mubasher](#)

Salama says accumulated losses down 19.59% of capital

Salama Cooperative Insurance Co. said its accumulated losses decreased to 19.59% of the capital, equivalent to SAR 48.98 million, on June 30, 2020. The company achieved net income attributable to shareholders for H1 2020 of SAR 3.4 million, which led to a decrease in accumulated losses by 6.5% compared to Dec. 31, 2019, the insurer said in a bourse statement.

Source: [Argaam](#)

Saudi National Building's USD 53mn German Saudi Industrial Stake Acquisition Deal Faces Delay

Riyadh-based, National Building & Marketing Co (NBM) announced to extend the MOU to acquire a 50% stake in Dammam-based German Saudi Industrial Co (GSI), for further three months until 7 December, citing disruption caused by the pandemic. The legal requirements for the potential transaction are completed without any change in the terms and conditions, said NBM in a bourse statement on Sunday.

Source: [AM](#)

SPIMACO signs MoU with Johnson & Johnson subsidiary to transfer, nationalize pharma technology

Saudi Pharmaceutical Industries and Medical Appliances Corp. (SPIMACO) signed today in Riyadh, a memorandum of understanding (MoU) with Janssen Pharmaceutical Co., a subsidiary of Johnson & Johnson Group, represented by Johnson & Johnson Middle East. The MoU aims at nationalizing and transferring the technologies not limited to producing two pharmaceutical products. One of these products is used to treat some common cancer tumors, while the other is used in the treatment of pulmonary hypertension, which is available at SPIMACO's cancerous medical production plant in Al-Qassim.

Source: [Argaam](#)

Alkhabeer REIT's new units to start trading tomorrow

The Saudi Stock Exchange (Tadawul) announced that the new units of Alkhabeer REIT Fund will start trading tomorrow, Sept. 21, 2020. In July, unit holders approved increasing the total asset value of the fund by SAR 722.8 million through issuing additional units and securing extra Shariah-compliant financing. The fund received the Capital Market Authority's nod in June to increase the fund's total assets by SAR 722.8 million to acquire three assets in Riyadh, Argaam reported.

Source: [Argaam](#)

UAE, Saudi gamers spend \$256mln as COVID-19 fuels growth in hardware market

A spike in demand from stay-at-home customers during Covid-19 lockdowns has fueled growth in the gaming hardware market in the UAE and Saudi Arabia. Data company GfK Point of Sales said gaming has been one of the few sectors positively impacted by the pandemic, as users stocked up on new consoles, devices and gaming notebooks. The first six months of 2020 generated \$256 million in revenues, a 29 percent increase on the same period in 2019. Sales of gaming notebooks grew by 32 percent, consoles by 31 percent and leisure devices by 17 percent, contributing a combined total of \$207 million in revenues.

Source: [WC](#)

UAE consumer spending is back where cashless is king

Hotels in the UAE and Saudi Arabia will rebound faster from the coronavirus pandemic than their peers in the Middle East and North Africa (MENA) region, according to a new analysis. Occupancy levels in hotels across the region dropped by more than half in recent months due to the global lockdowns and ongoing coronavirus restrictions.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

'FinCEN' documents reportedly show banks moved illicit funds - BuzzFeed, ICIJ

Several global banks moved large sums of allegedly illicit funds over a period of nearly two decades, despite red flags about the origins of the money, BuzzFeed and other media reported on Sunday, citing confidential documents submitted by banks to the U.S. government.

Source: [Reuters](#)

HSBC HK Shares Drop to Lowest Since 1995, StanChart Falls After 'FinCEN' Leak

HSBC and Standard Chartered's Hong Kong shares dropped on Monday after media reports that they and other banks moved large sums of allegedly illicit funds over nearly two decades despite red flags about the origins of the money. BuzzFeed and other media reports were based on leaked suspicious activity reports (SARs) filed by banks and other financial firms with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCen).

Source: [US Money](#)

China keeps lending benchmark lending rate steady for 5th straight month

China kept its benchmark lending rate for corporate and household loans steady for the fifth straight month at its September fixing on Monday, as expected. The one-year loan prime rate (LPR) was kept unchanged at 3.85%, while the five-year LPR remained at 4.65%. Most new and outstanding loans are based on the LPR, while the five-year rate influences the pricing of mortgages.

Source: [CNBC](#)

China's ByteDance says TikTok will be its subsidiary under deal with Trump

China's ByteDance said on Monday that TikTok's global business will become its subsidiary, even as Oracle Corp and Walmart Inc said over the weekend that they and U.S. investors would own the majority of the video app following a deal with U.S. President Donald Trump's administration.

Source: [Reuters](#)

China's yuan is rallying sharply against the dollar — and analysts say there's room to run

The offshore yuan has jumped more than 1% since last Friday, from levels above 6.83 to as much as 6.74 on Friday. The currency hit its strongest level against the dollar since May 2019. Analysts say recent strength in the yuan is due to a weakening dollar, which has slumped significantly this year, as well as China's economic recovery after the worst of the coronavirus hit. In fact, there's more room for the currency to gain against the greenback, they say.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices steady as third storm in month takes aim at U.S.

Oil prices edged higher on Monday as a tropical storm took aim for the U.S. Gulf of Mexico region halting some production, though price gains were capped by the potential return of oil output in Libya and a continued rise in coronavirus cases. Brent crude was up 9 cents, or 0.2%, at \$43.24 a barrel by 0230 GMT, while U.S. crude was up 10 cents, or 0.2%, to \$42.21 a barrel. Royal Dutch Shell Plc halted some oil production and began evacuating workers from a U.S. Gulf of Mexico platform, the company said on Saturday.

Source: [Reuters](#)

Oil refiners' worldwide struggle with weak demand, inventory glut

Global oil refiners reeling from months of lackluster demand and an abundance of inventories are cutting fuel production into the autumn because the recovery in demand from the impact of coronavirus has stalled, according to executives, refinery workers and industry analysts.

Source: [Reuters](#)