

U Capital Morning Brief

5 October 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	792.37	-2.10	-0.26%	-6.07%	7.17	0.74	7.4%
U Capital GCC 50 Index	1,283.86	-5.96	-0.46%	-7.38%	20.55	2.21	4.1%
U Capital MENA 200 Index	1,009.17	-4.60	-0.45%	-7.48%	14.02	1.75	4.6%
MSCI GCC Countries Index	517.41	-2.50	-0.48%	-9.18%	18.53	1.76	3.3%
Muscat Securities Market	3,595.11	-19.53	-0.54%	-9.70%	10.68	0.73	6.8%
Saudi Stock Exchange	8,177.76	-117.29	-1.41%	-2.52%	29.77	1.99	2.4%
Kuwait Stock Exchange	6,727.80	178.96	2.73%	-7.26%	30.05	1.41	3.5%
Qatar Exchange	9,953.51	-52.39	-0.52%	-4.53%	16.07	1.50	4.0%
Bahrain Stock Exchange	1,436.29	3.83	0.27%	-10.80%	13.37	0.90	4.7%
Dubai Financial Market	2,244.63	-21.07	-0.93%	-18.82%	8.49	0.79	4.3%
Abu Dhabi Exchange	4,492.90	0.87	0.02%	-11.48%	16.40	1.30	5.4%
Tunis Se Index	6,567.83	-11.19	-0.17%	-7.78%	19.60	2.17	0.7%
EGX 30 Index	11,071.46	20.16	0.18%	-20.70%	11.37	1.51	2.8%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	5,902.1	0.39%	-21.75%
DAX	Germany	12,689.0	-0.33%	-4.23%
CAC 40	France	4,824.9	0.02%	-19.29%
United States				
DJIA	USA	27,682.8	-0.48%	-3.00%
S&P 500	USA	3,348.4	-0.96%	3.64%
NASDAQ	USA	11,075.0	-2.22%	23.43%
Asia Pacific				
NIKKEI 225	Japan	23,311.6	1.22%	-1.46%
HANG SENG	Hongkong	23,802.0	1.46%	-15.57%
KSE 100 Index	Pakistan	39,488.9	-1.45%	-3.06%
NSE Nifty 50	India	11,527.9	0.97%	-5.26%
SHANGHAI COMPOSITE	China	3,218.1	-0.20%	5.51%
SHANGHAI SHENZHEN CSI 300	China	4,587.4	-0.10%	11.98%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.718	1.393
British Pound (GBP)	1.293	0.773
Canadian Dollar (CAD)	0.753	1.328
Chinese Renminbi (CNH)	0.148	6.747
Egyptian Pound (EGP)	0.064	15.755
Euro (EUR)	1.173	0.853
Indian Rupee (INR)	0.014	73.229
Japanese Yen (JPY)	0.009	105.570
New Zealand Dollar (NZD)	0.665	1.505
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.607	164.454
Russian Ruble (RUB)	0.013	78.192
Singapore Dollar (SGD)	0.734	1.363
Turkish Lira (TRY)	0.129	7.758

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	40.1	2.11%	-34.50%
WTI Crude (per bbl)	38.0	2.51%	-37.82%
Oman Crude Oil (Last Closing)	38.6	-4.32%	-42.81%
OPEC (per bbl)	39.9	-1.75%	-41.23%
Precious Metals			
Gold 100 OZ (per oz)	1,892.5	-0.38%	24.73%
Silver (per oz)	23.8	0.21%	33.23%
Platinum (per oz)	877.3	-0.44%	-9.23%
Other Metals			
Copper, MT	6,553	2.60%	6.14%
Aluminium, MT	1,768	1.64%	-2.32%
Lead, MT	1,772	-1.99%	-8.07%
Zinc, MT	2,327	0.02%	2.42%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.40	-81.7%
Saudi Arabia	0.87	-61.1%
Kuwait	1.63	-40.9%
Oman	2.67	-5.1%
Qatar	1.02	-54.9%
Bahrain	2.25	-15.6%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.40
UAE	16/04/2030	1.73
QATAR	16/04/2030	1.85
SAUDI ARABIA	22/10/2030	2.16
OMAN	01/08/2029	7.09
BAHRAIN	14/05/2030	5.91

Midswaps	Price	YTM %
3 year	99.89	0.2
5 year	99.83	0.3
10 year	99.23	0.7
30 year	96.95	1.5

USD Libor	Rate (%)	YTD
1m	0.14	-92.1%
3m	0.23	-87.8%
6m	0.24	-87.2%
1 year	0.36	-82.1%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

New minimum wage policy bodes well for Omani job growth

Oman's revamped Minimum Wage policy, which does away with the tiered structure of base salaries linked to educational qualifications, has the potential to spur job growth targeted at Omanis, place a greater premium on experience and skills development, and incentivise businesses to invest in local talent, according to a well-known Omani economist.

Source: [Oman Observer](#)

Oman implements successful model of economic diversification

The Sultanate of Oman is executing a successful model of economic diversification, notably the country's trade liberalisation in goods and services, says a new report published by Hong Kong Trade Development Council (HKTDC). The report pointed out that the Sultanate pursued an active plan of development that focuses on diversification, manufacturing and privatisation to diminish the contribution of the oil sector to the Gross Domestic Product to 9 per cent. It noted that tourism and hydrocarbon industries have become the main components of the government's economic diversification strategy.

Source: [Times of Oman](#)

Muscat Gases sells entire 30 per cent stake in UIGC

Muscat Gases Company is selling its entire 30 per cent stake in United Industrial Gases Company (UIGC) to Mohsin Haider Darwish Investment LLC. In an extraordinary general meeting (EGM) on Wednesday, Muscat Gases Company's shareholders approved the sale of the company's entire 30 per cent shareholding in United Industrial Gases Company to Mohsin Haider Darwish Investment LLC for an amount of RO2.05mn, according to a disclosure submitted to the Muscat Securities Market.

Source: [Muscat Daily](#)

Ministry of Commerce, Industry and Investment Promotion to receive investors

The Ministry of Commerce, Industry and Investment Promotion will start receiving investors at its headquarters, starting from Tuesday, October 6. The ministry said, "The ministry will begin receiving customer transactions through the investor services halls in the ministry's general building and its directorates and departments in the governorates, starting on Tuesday, October 6, 2020, based on the decision of the Supreme Committee of dealing with COVID-19, and the ministry will take a number of precautionary measures to ensure the safety of employees and investors.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Property deal tax to curb speculations, revive sector: analysts

Saudi Arabia's decision to exempt all sales of real estate supplies from a 15% value-added tax (VAT) and impose a 5% real estate transaction tax will curb speculations and stimulate real estate supply, analysts surveyed by Argaam said. Property deals are likely to double, reviving the sector after the recession witnessed following the application of a 15% VAT.

Source: [Argaam](#)

Kuwait market rebounds on reopening after Emir's death

Kuwait's stock market rebounded on Sunday, with financial shares leading broad-based gains as it reopened after a two session break following the death of the country's Emir, while most Gulf markets retreated in response to Friday's oil price slide. Kuwait's 91-year old Emir Sheikh Sabah al-Ahmad al-Sabah died on Tuesday, plunging his country into mourning. Kuwait's benchmark premier index .BKP jumped 3.1%, its biggest intraday gain since mid-April, as all the stocks on the index ended in higher.

Source: [Reuters](#)

Saudi non-oil private sector back to growth for first time since Feb – PMI

Saudi Arabia's non-oil private sector returned to growth in September for the first time in seven months, a survey showed on Monday, amid stronger demand after a loosening of lockdown measures imposed to stem the spread of the coronavirus. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) rose to 50.7 from 48.8 in August, going above the 50 mark that separates growth from contraction for the first time since February, prior to the pandemic.

Source: [Reuters](#)

UAE non-oil sector sees weak rebound in September – PMI

The United Arab Emirates' non-oil private sector swung back to growth in September, a survey showed on Monday, but firms continued to shed jobs amid cash flow issues and concerns over renewed restrictions to contain the novel coronavirus. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, rose to 51.0

in September from 49.4 in August, going above the 50.0 mark that separates growth from contraction for the third time in four months.

Source: [Reuters](#)

Covid hit to drag GCC countries' tax revenues 20% lower

GCC countries could lose up to 20 per cent of tax revenues this year due to the impact of coronavirus and the resulting lockdowns on their economies. However, a decline in tax revenues in Saudi Arabia, the region's largest economy, could be offset with the tripling of value-added tax (VAT) that began on July 1. GCC countries levy a corporate tax in the range of 15 per cent to 85 per cent on oil and gas companies.

Source: [Khaleej Times](#)

Saudi-Bahrain trade returns to pre-pandemic levels, witnesses hike

Trade between Saudi Arabia and Bahrain has returned to the pre-pandemic levels with new figures revealing \$1.48 billion in bilateral trade during the first half of the year. In the first six months of 2020, the figures were up 2 percent from the same period last year, in which a total of \$1.45 billion in trade was recorded between the two countries.

Source: [Arab News](#)

Interiors company Depa confirms \$22m Arabtec exposure

Interiors company Depa is awaiting clarity on the impact of Arabtec's shareholder vote to dissolve last week, although it has confirmed a \$22 million exposure to the construction company. In a statement to Nasdaq on Sunday, Depa PLC said it would not know the impact of Arabtec's decision on its own operations until discussions are complete or a liquidation application is made to the courts. However, it said it is undertaking a company-wide restructuring and non-core asset disposal.

Source: [Zawya](#)

Dubai villas see high demand as apartment prices face declines

A steady uptick in demand from end-users is expected to drive prices of villas and townhouses in Dubai as apartment prices face further declines on diminishing appeal in the wake of the pandemic outbreak, a research by a leading property consultancy said. Colliers International in its outlook for Dubai residential market said given the continuing strong level of demand from end users in the market and people wanting to purchase property for their own occupation, it not only anticipates that villa and townhouse prices would remain strong but also an increase in prices in some areas in the fourth quarter.

Source: [Khaleej Times](#)

NBK, KFH ink KWD 1bn credit facility agreement with KPC

The National Bank of Kuwait (NBK) and Kuwait Finance House (KFH) have signed a credit facility agreement worth KWD 1 billion with Kuwait Petroleum Corporation (KPC) to fund the KPC's capital expenditure. Under the agreement, the KFH is in charge of the Islamic tranche worth KWD 400 million and its syndication and the Islamic investment agent, according to the disclosures of KFH and NBK to Boursa Kuwait on Sunday. Meanwhile, the KFH will contribute KWD 304 million in financing.

Source: [Mubasher](#)

Saudi gov't, KAEC team up to attract qualitative investments

The Saudi Ministry of Investment and King Abdullah Economic City (KAEC) signed a memorandum of understanding (MoU) to boost mutual efforts to attract qualitative investments while marketing investment opportunities and advantages that KAEC provide. Under the MoU, the two bodies will bolster investments in various sectors in a bid to achieve the goals of the Kingdom's Vision 2030, Saudi Press Agency (SPA) reported on Sunday.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

U.S. House Speaker Pelosi says making progress on coronavirus relief legislation

U.S. House Speaker Nancy Pelosi on Sunday said progress was being made on coronavirus relief legislation to respond to the economic fallout from a pandemic that has killed more than 207,000 Americans and thrown millions out of work. "We're making progress," Pelosi told CBS. Pelosi, a Democrat, and Treasury Secretary Steven Mnuchin talked every day last week and met in person on Wednesday in an effort to negotiate a new bipartisan aid package.

Source: [Reuters](#)

Dow futures rise 200 points in overnight trading as investors monitor Trump's health

Stock futures rose in overnight trading on Sunday as investors brace for another volatile week with President Donald Trump's hospitalization adding more uncertainty to the market outlook ahead of Election Day. Futures on the Dow Jones Industrial Average climbed about 200 points. The S&P 500 futures and the Nasdaq 100 futures both rose about 0.7%.

Source: [CNBC](#)

COVID-19 and no-deal Brexit could cost UK \$174 billion a year: Baker & McKenzie

The combination of COVID-19 and a failure to secure a post-Brexit trade deal with the European Union could cost the United Kingdom around 134 billion pounds (\$174 billion) each year in lost GDP for a decade, research by law firm Baker & McKenzie showed. Prime Minister Boris Johnson has set Oct. 15 as a deadline for clinching a post-Brexit trade deal which would kick in when the United Kingdom leaves informal EU membership at the end of this year.

Source: [Reuters](#)

European markets head for higher open as investors track reports of Trump's improving health

European stocks are expected to open higher Monday as global markets are calmed by reports of President Trump's improving health as he's treated for Covid-19. London's FTSE is seen opening 52 points higher at 5,941, Germany's DAX up 101 points at 12,775, France's CAC 40 up 46 points at 4,861 and Italy's FTSE MIB 172 points higher at 19,138, according to IG.

Source: [CNBC](#)

Japan's September service sector activity shrinks at slowest pace since pandemic's start

Activity in Japan's services sector contracted for the eighth straight month in September but at the slowest pace since the coronavirus pandemic started wreaking havoc on the economy, a private business survey showed on Monday, in a sign that demand is starting to steady.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices claw back 2% after upbeat signals from Trump doctors

Oil prices rose about 2% on Monday, lifted by comments from doctors for U.S. President Donald Trump suggesting he could be discharged from hospital as soon as Monday, just a few days after his positive test for COVID-19 sparked widespread alarm.

Source: [CNBC](#)

Gold holds steady as market eyes Trump's health

Gold prices were little changed on Monday, as investors sought more clarity on developments in U.S. President Donald Trump's health after he tested positive for COVID-19 last week. Spot gold was nearly flat at \$1,896.21 per ounce by 0328 GMT. U.S. gold futures were down 0.3% at \$1,902.

Source: [CNBC](#)