

PRE-MARKET REPORT

1 August 2021

HEADLINES

MARKET INDICATORS

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

- Al Anwar Ceramics announces that UAE too has started to implement the antidumping duty on Ceramics
- Oman Ceramic outlines reasons for drop in revenue and net loss in 1H21
- Saudi Real Estate Co. Announces an update on Establishing Alinma Real Estate Fund
- Saudi Automotive Services announces the latest developments of the options study of sell and leaseback some of its owned sites
- Batic Investments extends MoU to form alliance for project competition
- National Company for Learning and Education announcement with regards to signing a building lease Contract with YAMAMI Company- Related Party
- Wafa Insurance announces that the appointed bankruptcy trustee has submitted a request to terminate the financial reorganization procedure
- Al Inma Bank net income up YoY and QoQ in 2Q21
- Riyadh Bank net income up 42% YoY and 11.7% QoQ in 2Q21
- SACO net income down YoY and QoQ in 2Q21
- UACC net income down both YoY and QoQ in 2Q21
- DFM net income down 51% YoY in 1H21
- RAK properties net income up 349% in 1H21
- Commercial Bank International reports loss of AED 68.2mn in 1H21
- Etisalat net income up 4% YoY in 1H21
- Agility to invest in Swvl, Queen's Gambit combined public company
- Judgement Issued against BisB in favor of the Official Committee of Unsecured Creditors of Arcapita Bank B.S.C.
- Batelco net income up 4.6% YoY in 1H21

ECONOMIC, GENERAL & COMMODITIES NEWS

- U CAPITAL: MSX ends the week 1.10 per cent lower, dragged by all sub-indices
- Oman's commercial activities see 30% increase in first quarter of 2021
- Homeowners weigh solar PV to offset rising bills
- Middle Eastern airlines post 79.4% demand drop in June: IATA
- Intensified competition to weigh on GCC insurers' earnings: S&P
- Kingdom seeks to establish new smart cities based on artificial intelligence: minister
- Saudi Arabia's economy likely to grow in 2021 and 2022, says report
- U.S. Senate in rare Saturday session on \$1 trln infrastructure bill
- Bitcoin Rallies Past Key \$40,000 Level to Highest Since Mid-May
- China's factory activity in July grows at slowest pace since Feb 2020
- China new home price growth slows in July - private survey
- U.S. Oil Rig Count Slips Amid Drop In U.S. Oil Output
- China Doubles Down On Coal Despite Global Push To Go Green

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

- X-S&PGR Assigns Al Rajhi Bank 'gcAA+' GCC Regional Scale Rating

CHART / TABLE OF THE DAY

- All GCC markets continue to remain positive; Abu Dhabi Best Performing market in GCC followed by Tadawul YTD
- Saudi Banks aggregate profit up 71% YoY in 1H21

MARKET INDICATORS

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
MSCI GCC Index	679.2	0.01	0.00%	19.21%	22.94	2.14	2.5%
Muscat Stock Exchange	4,030.4	12.63	0.31%	10.16%	12.71	0.80	3.8%
Saudi Stock Exchange	11,012.7	78.98	0.72%	26.74%	34.81	2.43	2.1%
Kuwait Stock Exchange	6,581.0	38.23	0.58%	18.66%	38.04	1.67	1.8%
Qatar Exchange	10,753.3	44.91	0.42%	3.04%	17.86	1.58	2.7%
Bahrain Stock Exchange	1,597.0	2.29	0.14%	7.20%	13.30	0.82	3.5%
Dubai Financial Market	2,765.7	14.01	0.51%	10.98%	20.56	0.95	2.9%
Abu Dhabi Exchange	7,318.2	74.40	1.03%	45.05%	0.00	0.00	3.0%
Palestine Stock Exchange	578.2	0.95	0.16%	22.68%	18.89	1.36	2.2%
Tunis Se Index	7,304.5	18.76	0.26%	6.09%	24.01	2.42	2.2%
EGX 30 Index	10,742.2	-26.99	-0.25%	-0.95%	10.47	1.48	1.6%
Amman General Index	2,087.6	-5.26	-0.25%	25.97%	24.85	0.88	3.6%

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,032.3	-0.65%	8.85%
DAX	Germany	15,544.4	-0.61%	13.31%
CAC 40	France	6,612.8	-0.32%	19.12%
United States				
DJIA	USA	34,935.5	-0.42%	14.14%
S&P 500	USA	4,395.3	-0.54%	17.02%
NASDAQ	USA	14,672.7	-0.71%	13.85%
Asia Pacific				
NIKKEI 225	Japan	27,283.6	-1.80%	-0.59%
HANG SENG	Hongkong	25,961.0	-1.35%	-4.66%
KSE 100 Index	Pakistan	47,055.3	-0.54%	7.54%
NSE Nifty 50	India	15,763.1	-0.10%	12.74%
SHANGHAI COMPOSITE	China	3,397.4	-0.42%	-2.18%
SHANGHAI SHENZHEN CSI 300	China	4,811.2	-0.81%	-7.68%

Currency Cross Rates	Units/1 USD	YTD %
Australian Dollar (AUD)	1.362	4.74%
British Pound (GBP)	0.719	-1.71%
Canadian Dollar (CAD)	1.248	2.00%
Chinese Renm. (CNH)	6.463	0.61%
Egyptian Pound (EGP)	15.706	0.13%
Euro (EUR)	0.843	2.94%
Indian Rupee (INR)	74.418	-1.82%
Japanese Yen (JPY)	109.720	-5.90%
Swiss Franc (CHF)	0.906	-2.29%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	162.425	-1.60%
Russian Ruble (RUB)	73.147	1.73%
Singapore Dollar (SGD)	1.354	-2.38%
Turkish Lira (TRY)	8.454	-11.99%

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	75.4	0.41%	47.72%
WTI Crude (per bbl)	74.0	0.45%	52.41%
Oman Crude Oil (Last Closing)	73.9	0.26%	44.75%
OPEC (per bbl)	74.4	1.16%	48.13%
Precious Metals			
Gold100 OZ (per oz)	1,814.2	-0.77%	-4.43%
Silver (per oz)	25.5	-0.09%	-3.45%
Platinum (per oz)	1,051.5	-1.14%	-1.92%
Other Metals			
Copper, MT	9,728	-0.97%	25.26%
Aluminium, MT	2,590	-0.06%	30.84%
Lead, MT	2,382	0.70%	19.46%
Zinc, MT	3,027	0.97%	10.03%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.37	-27.8%
Saudi Arabia	0.79	-2.8%
Kuwait	1.50	4.3%
Oman	2.10	-21.4%
Qatar	0.95	-15.2%
Bahrain	1.59	-29.3%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.28
UAE	16/04/2030	1.89
QATAR	16/04/2030	2.00
SAUDI ARABIA	22/10/2030	2.23
OMAN	25/01/2031	5.13
BAHRAIN	30/09/2031	5.58

Midswaps	Price	YTM %
3 year	100.11	0.3
5 year	99.68	0.7
10 year	103.70	1.2
30 year	110.95	1.9

USD Libor	Rate (%)	YTD
1m	0.09	-37.1%
3m	0.12	-50.6%
6m	0.15	-40.6%
1 year	0.24	-31.2%

Source: Bloomberg

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

OMAN

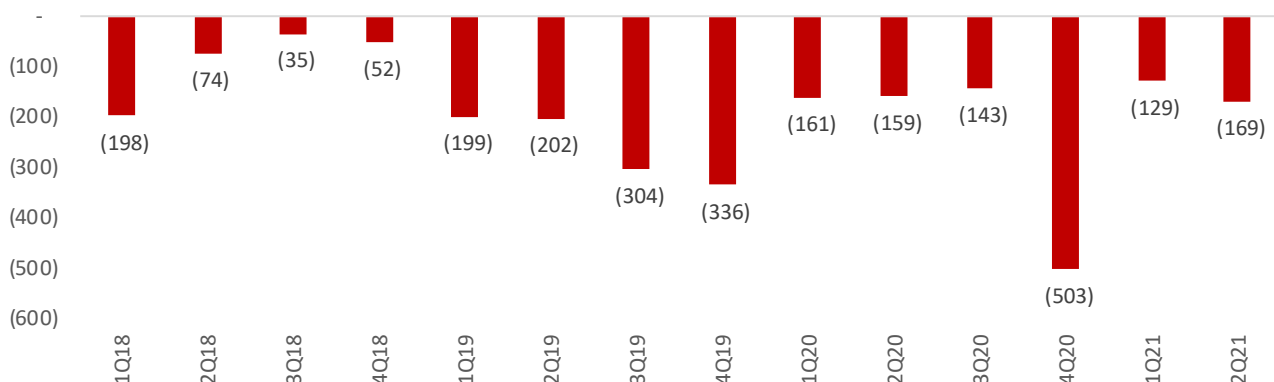
Al Anwar Ceramics announces that UAE too has started to implement the antidumping duty on Ceramics

- AACT announced earnings of OMR 1.48mn for 2Q21, higher by 143.6% YoY but lower on QoQ basis by 26.4%. Lower earnings were largely as a result of higher cost which dropped the net margins of the Company to 21% in 2Q21 from 28.4% in 1Q21. For the half year the earnings of the Company stood at OMR 3.5mn compared to OMR 1.37mn, growth of 154%.
- Company revenue was recorded at OMR 7.09mn compared to OMR 7.1mn in 1Q21 and OMR 5.26mn in 2Q20. Overall for 1H-2021, revenue of the Company stood at OMR 14.2mn compared to OMR 11.15mn in 1H-2020.
- The Company recently announced its expansion plans. Company plans to increase capacity from 16 mn sq mt per annum to around 23 mn sq mt per annum. The additional 7mn sq mt will be in 2 phases. The first phase of about 3.5mn sq mt will commence immediately and expected to be completed in 4Q21, followed by phase two.
- Commenting on the expansion plan, company said that is on track to be completed by the end of this year. Company believes that the timing is correct as the markets can absorb the additional output. This expanded capacity will help the Company to both reduce costs by way of better amortization of fixed costs and improve realizations by the introduction of new sizes at higher price points. Company's medium-term outlook continues to be encouraging.
- Company stated in its recent half yearly report that the imposition of the antidumping duty in KSA resulted in strong order flows and that UAE too has started to implement the antidumping duty meaning they expect an increase in its business there as well whereas it continues to be market leader in its home market Oman.

Oman Ceramic outlines reasons for drop in revenue and net loss in 1H21

- Oman Ceramic revenue dropped in 1H21 by 5.4% YoY while the Company reported net loss of OMR 298k in 1H21 compared to net loss of OMR 319.7k in same period last year. In 2Q21, Company loss stood at OMR 169k.
- This was Oman Ceramics 14th continued quarterly loss. Company has been reporting loss every quarter since 2018.
- Company outlines following reason for dismal performance in 1H21:
 - Due to restrictions on international travel, we were unable to develop any new OEM market outside Oman since 2020 and export was limited only to existing customers.
 - Manpower was also a constraint due to flight ban with Asian countries.
 - Lower demand of the sanitary ware products in the local market has impacted the local sales during this COVID -19 Pandemic period.
 - Demand continues to shrink due to lower construction activities, serious cash flow issues and ongoing COVID -19 Pandemic challenges.

Profitability (OMR 000)



Source: Company Filings

SAUDI ARABIA

Saudi Real Estate Co. Announces an update on Establishing Alinma Real Estate Fund

- Saudi Real Estate Company would like to notify its shareholders that it has reached the final stage to finalize all the regulatory procedures to terminate, liquidate and transfer the ownership of the previously invested lands in Alinma Fund by Alakaria (As in kind investment) for its benefit. In addition, return back the cash investment (Subscription) amount of (40 M SR), and it is expected to be completed within two month, it's worth to mention that the company have signed the termination agreement on 20/10/2020 & the agreement's appendix on 24/6/2021 and issued the financial statements to complete the closing process.

Saudi Automotive Services Co. (SASCO) announces the latest developments of the options study of sell and leaseback some of its owned sites

- SASCO refers to its announcement at Tadawul website on May 02, 2021, concerning latest developments of studying options for sell and leaseback some of its owned sites, in this matter, SASCO reports that on July 29, 2021, the non-binding memorandum of understanding with Falcom Financial Services Company has been extended for a period of three months as of the date of signature and SASCO will announce any further developments in this regard.

Batic Investments extends MoU to form alliance for project competition

- BATC Investment and Logistics Company announces the extension of a memorandum of understanding with ALMARSHAD GROUP HOLDING and Smart Cities Solutions Company to form an alliance for the purpose of applying for qualification to enter the competition for the construction and management of parking in the Olaya district in Riyadh for a period of three months ending on 29/10/ 2021 G.
- Batic Investments and Logistics Co. Announces an update on the signing of a memorandum of understanding to form an alliance for the purpose of applying for qualification to enter the competition for the construction and management of parking in the Olaya district in Riyadh.

National Company for Learning and Education (NCLE) announcement with regards to signing a building lease Contract with YAMAMI Company- Related Party

- NCLE announces that a lease agreement was signed with YAMAMI Company (related party) to lease an educational complex building in Al-Arid district- Riyadh City.
- Contract Value: An amount of 7,950,000 Saudi riyals annually, with an increase of one million Saudi riyals on the annual rent value every five years. (Including extension period).
- The agreed lease payment as per the contract is around 25% below the average lease payment obtained from three independent valutors licensed by the Saudi Authority for Accredited Valuers, whereby the cap rate at the beginning of the contract is around 4.9% based on the average property valuation obtained from the same valutors.
- This contract was concluded within the normal course of business and did not include any preferential benefits. This contract will be presented to the next General Assembly in accordance with the relevant regulations.

Saudi Indian Company for Cooperative Insurance (Wafa Insurance) announces that the appointed bankruptcy trustee has submitted a request to terminate the financial reorganization procedure

- The Saudi Indian Company for Cooperative Insurance (Wafa Insurance) announces to its shareholders that the bankruptcy trustee appointed by the Commercial Court in Riyadh, Mr. Waleed bin Muhammad Subhi, declared his submission to the Commercial Court in Riyadh with a request to terminate the procedure for the financial reorganization of the Saudi Indian Company for Cooperative Insurance (Wafa Insurance) because the plan could not be implemented.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
ALINMA BANK	710.3	572.5	24.069	641.8	10.673
RIYAD BANK	1,512	1,063	42.238	1,354	11.669
SACO	14.44	33.14	-56.427	15.63	-7.613
UACC	18.4	20.97	-12.2	31.03	-40.6

Al Inma Bank net income up YoY and QoQ in 2Q21

- Net income increased due to the increase in total operating income by 24.2%, mainly due to the increase in net financing and investment income, FVIS investment income, fee income, and other operating income.
- In the other hand, the total operating expenses increased by 3.9% due to the increase in general and administrative expenses and salaries expenses, partly offset by the decrease in the depreciation expense.

Riyad Bank net income up 42% YoY and 11.7% QoQ in 2Q21

- Net income increased by 42.2% mainly due to higher total operating income coupled with lower total operating expenses. Total operating income was higher by 9.9% mainly due to higher fee and commission income, net gains on disposal of non-trading investments, net and net special commission income, partially offset by lower exchange income, net. The total operating expenses were lower by 16.4% due to lower impairment charge for credit losses and other financial assets, net, partially offset by higher other general and administrative expenses and salaries and employee-related expenses.

SACO net income down YoY and QoQ in 2Q21

- SACO net income dropped both YoY and QoQ in 2Q21 to SAR 14.4mn.
- Decrease in sales during this quarter compared to the sales of the same quarter of the previous year which were accompanied by an increase in demand on the most company's products due to the issuance of new decree increasing the VAT rate, in addition to the delay in receiving imported goods due to the current global shipping shortages.
- Increase in the S&M expenses.

UACC net income down both YoY and QoQ in 2Q21

- The reason for the decrease in net profit during the current quarter of 2021 AD compared with the same quarter of the previous year is due to the increase in the cost of sales and the increase in selling and marketing expenses, general and administrative expenses and Zakat expense for the current quarter compared to In the same quarter of the previous year, despite the decrease in financing costs during the current quarter compared to the same quarter of the previous year.

UAE

UAE Corporate Results

AED MN	1H20	1H21	%CHANGE
DFM	78.9	38.7	-51%
RAK PROPERTIES	26.7	119.8	349%
COMMERCIAL BANK INTERNATIONAL	15.7	-68.2	-
ETISALAT	5,064	5,641	11%

DFM net income down 51% YoY in 1H21

- Dubai Financial Market announced its consolidated financial results for the first half of the year ending 30 June 2021, registering a net profit of AED 38.8mn compared to AED 78.9mn during the corresponding period of 2020. The net profit of the second quarter of 2021 reached AED 15.3 million compared to Q2- 2020's level of AED 44.2 million.
- The Company's total consolidated revenue reached AED 136.6 million in H1-2021 compared to AED 181.1 million during H1-2020. The revenue comprised of AED 87.9 million of operating income and AED 48.7 million of investment income & others.
- The Company's expenses reached AED 97.8 million compared to AED 102.2 million recorded during H1-2020. During the second quarter of 2021, the Company's revenue reached AED 63.2 million compared to AED 92.9 million in the second quarter of 2020, while expenses amounted at AED 47.9 million compared to AED 48.7 million during Q2-2020.

RAK properties net income up 349% in 1H21

- Revenue increased by 121% to AED 265mn in 2Q21 compared to AED 120mn in 2Q20.
- Net income increased by 349% YoY in 1H21 to AED 119.8mn compared to AED 26.7mn.
- The total sales backlog is AED 131mn to be recognized over the period of construction based on construction percentage.

Commercial Bank International reports loss of AED 68.2mn in 1H21

- Commercial Bank International reports loss in 1H21 of AED 68.2mn compared to profit in similar period last year.
- Net profit of AED 27 million was delivered in Q2 2021, compared to a net loss of AED 97 million in Q1 2021.
- Net operating income increased by 3% from AED 129 million to AED 133 million.
- Net operating expenses decreased by 6% from AED 79 million to AED 74 million.
- Operating profit increased by 17.5% from AED 50 million to AED 59 million.
- Impairment charges decreased from AED 137 million to AED 27 million.
- Capital adequacy ratio remains strong, at 14.7%.

Etisalat net income up 4% YoY in 1H21

- Aggregate subscriber base reached 156 million, representing a year over year increase of 7%;
- Consolidated revenues for the first half of 2021 amounted to AED 26.4 billion, representing an increase of 3.2% year over year;
- Consolidated EBITDA for the first half of 2021 amounted to AED 13.4 billion, representing an increase of 1.3% year over year and resulting in an EBITDA margin of 51%, 1 percentage point lower than the prior year;
- Consolidated net profit after Federal Royalty amounted to AED 4.7 billion, representing a 3.9% increase year over year and resulting in a net profit margin of 18%;
- Consolidated capital spending increased by 3.5% to AED 2.7 billion, representing 10% of the consolidated revenue;
- Operating free cash flow amounted to AED 10.7 billion, representing an increase of 1% year over year; and
- Etisalat Group's Board of Directors approved interim dividends of 40 fils per share for the first half of 2021.

KUWAIT

Agility to invest in Swvl, Queen's Gambit combined public company

- Agility Public Warehousing will invest in the newly formed business combination between Dubai-based Swvl and Nasdaq-listed Queen's Gambit Growth Capital, the first special purpose acquisition company led by women.
- Agility will be subscribing for \$20 million (KWD 6 million) for two million shares and \$10 million (KWD 3 million) in a convertible note, according to the company's disclosure to the Dubai Financial Market (DFM) on Thursday.
- The transaction does not have a material financial impact on Agility at the moment.
- On 31 January 2021, Agility announced an investment of around \$35 million (KWD 11 million) for a direct and indirect minority stake in the initial public offering (IPO) of the special purpose acquisition companies (SPAC), Queen's Gambit Growth Capital and its sponsor Queen's Gambit Holdings.
- It is noteworthy to mention that Swvl and Queen's Gambit Growth Capital have entered into a definitive agreement for a business combination, which will result in Swvl being the first \$1.5 billion unicorn in the Middle East to list on Nasdaq.

BAHRAIN

Judgement Issued against BisB in favor of the Official Committee Of Unsecured Creditors Of Arcapita Bank B.S.C.

- A judgment dated April 2021 was issued by the US Bankruptcy Court of the Southern District of New York, in favor of the Official Committee Of Unsecured Creditors Of Arcapita Bank B.S.C. (c) ("Claimant") against BisB, by which the Claimant was awarded an amount equal to USD9.8m plus a pre-judgement interest at 9% and legal costs. The case relates to a historic set-off transaction which took place in 2012 based on BisB's entitlement to the disputed amount, pursuant to the investment relation concluded with Arcapita Bank, noting that BisB has exercised the disputed set-off pursuant to a Bahrain Law opinion obtained at the time.
- BisB disputed the awarded legal interest at the New York statutory rate of 9% and requested that the Federal Rate of 0.738% applies instead which would be equivalent to approximately USD 0.7m.

Bahrain Corporate Results

BHD MN	1H20	1H21	%CHANGE
BATELCO	35.9	37.5	4.6%

Batelco net income up 4.6% YoY in 1H21

- Batelco announced its financial results for the second quarter of 2021, the three months ended 30 June 2021 (Q2), and for the first six months of 2021 (H1), the period ended 30 June 2021.
- For the second quarter of 2021, the three months ended 30 June 2021 (Q2), Batelco reported a 3% increase in net profit attributable to equity holders of the company of BD17.8M (US\$47.2M) compared to BD17.3M (US\$45.9M) for Q2 2020. Likewise, net profits attributable to equity holders of the company for H1 2021 of BD37.5M (US\$99.5M) increased by 5% from BD35.9M (US\$95.2M) for the corresponding period of 2020. The increase in net profit is mainly attributable to steady increases in revenues for the first six months of the year. Earnings per share (EPS) are 10.7 fils for the second quarter of 2021 compared to 10.4 fils in Q2 2020 resulting in an EPS of 22.7 fils for the period compared to an EPS of 21.7 for H1 2020.

ECONOMIC & GENERAL NEWS

OMAN ECONOMIC & CORPORATE NEWS

U CAPITAL: MSX ends the week 1.10 per cent lower, dragged by all sub-indices

MSX30 Index ended the week lower by 1.10 per cent. All sub-indices ended in red. Financial sector fell by 1.00 per cent while Services went down by 1.71 per cent. Industrial sector closed down by 0.54 per cent. MSX Shariah Index closed down by 0.86 per cent. National Life and General Insurance has tied up with Omantel to provide motor insurance through Omantel self-service machines at various locations across Oman. Omantel is the topmost telecom company and NLG, the market leader and largest insurance company in Oman is also the number 1 in motor insurance based on total premium in 2020.

[Source](#)

Oman's commercial activities see 30% increase in first quarter of 2021

There was at least 30 per cent increase in the total number of commercial activities recorded in the first quarter of 2021 across the Sultanate's Governorates. The Ministry of Commerce, Industry and Investment Promotion (MoCIIP) said: "The number of commercial activities registered at MoCIIP during the first quarter of 2021 across the Sultanate's governorates reached (5,811), compared to (4,433) activities in the same period in 2020, up by 31.09 per cent, according to the Statistics Department at MoCIIP."

[Source](#)

Homeowners weigh solar PV to offset rising bills

With air-conditioning systems operating at full throttle amid Oman's peak summer season, the impact on electricity bills stripped of subsidy is driving many homeowners to consider solar photovoltaic (PV) installations to offset their rising electricity costs. With effect from January 1, 2021, electricity costs have soared by as much as 50 per cent for certain categories of consumers, including non-Omani residential customers and others with a monthly consumption above certain thresholds specified by the government.

[Source](#)

Oman Oil Price Rises 72 Cents

Oman oil price (September Delivery 2021) today reached 73.43 US Dollars, comprising an increase by 72 Cents from the price of yesterday (Wednesday), which was 72.71 US Dollars. The average price of Oman oil (July Delivery 2021) has stabilized at 66.40 US Dollars, thus 3.30 US Dollar per barrel Higher than June Delivery 2021.

[Source](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Middle Eastern airlines post 79.4% demand drop in June: IATA

Middle Eastern airlines posted a 79.4 per cent demand drop in June compared to June 2019, with capacity declining by 65.3 per cent and load factor deteriorating by 31.1 percentage points to 45.3 per cent, according to the latest data from IATA. The International Air Transport Association (IATA) said that Asia-Pacific airlines' June international traffic fell 94.6 per cent compared to June 2019, unchanged from the 94.5 per cent decline in May 2021 versus May 2019.

[Source](#)

Intensified competition to weigh on GCC insurers' earnings: S&P

The 'very high' competition in the overcrowded GCC insurance market will continue to weigh on earnings of the insurance firms in 2021, S&P Global Ratings has said. In a report released on Thursday, S&P said that unlike in the corporate sector, where the pandemic led to widespread downgrades in 2020, its credit ratings on Islamic (takaful) and conventional insurers in the GCC have remained broadly stable over the past 18 months, supported by relatively strong capital buffers. 'Indeed, we have taken several positive rating actions on takaful companies so far this year.

[Source](#)

Kingdom seeks to establish new smart cities based on artificial intelligence: minister

Saudi Minister of Housing Majid Al Hogail highlighted the contributions of the Fourth Industrial Revolution to the Saudi infrastructure and acceleration of the achievement process. The ministry seeks to create new smart cities based on artificial intelligence and the Internet of things (IoT) through the digitization of municipal services, Al Hogail said in his speech to the first Saudi Forum for the Fourth Industrial Revolution. He added that the Fourth Industrial Revolution contributed to creating new concepts about lifestyle and doing business, which pushes the ministry towards building innovative and sustainable work models to manage these new smart cities that also depend on high-speed means of communication and unification of central data.

[Source](#)

Saudi Arabia's economy likely to grow in 2021 and 2022, says report

Saudi Arabia's economy is poised to grow from 2.2 percent to 4.8 percent in 2021 and from 4.1 percent to 6.3 percent in 2022, said a Capital Economics report. The new forecasts are further evidence that the Saudi economic recovery has taken off in 2021. At the start of the year, the Kingdom's Ministry of Finance said that it expected 3.2 percent growth this year — reversing the pandemic-driven downturn of 2020. The International Monetary Fund forecast just 2.1 percent growth two months ago. The Saudi economy is expected to maintain growth in the second half of the year. The expansion is also backed by higher oil output amid an OPEC+ agreement. The Kingdom's finance, insurance, real estate, and business sectors are likely to expand by 9 percent annually and their relative share to overall economic activity will grow by 12.7 percent.

[Source](#)

INTERNATIONAL

U.S. Senate in rare Saturday session on \$1 trln infrastructure bill

The U.S. Senate in a rare Saturday session worked on a bill that would spend \$1 trillion on roads, rail lines and other infrastructure, as lawmakers from both parties sought to advance President Joe Biden's top legislative priority. The ambitious plan has the backing of Democrats and Republicans alike and has already cleared two hurdles by broad margins in the closely divided Senate. But so far lawmakers have not seen the final text of the bill, which includes about \$550 billion in new spending and was still being written on Saturday. Earlier votes were for a shell bill that will incorporate the actual legislation once it is complete.

[Source](#)

Bitcoin Rallies Past Key \$40,000 Level to Highest Since Mid-May

Bitcoin hit its highest level since mid-May and continues to build momentum. The largest cryptocurrency is gaining for a 10th day in the past 11 and traded up to \$42,390 on Saturday, its highest level since May 20. Market watchers have pointed to \$40,000 as an important inflection point. "A run like this certainly suggests some flow backing," said Jonathan Cheesman, head of over-the-counter and institutional sales at crypto derivatives exchange FTX, in a note Saturday. "Of course, it now needs to stabilize here -- and above the high from May 20 would be further confirmation."

[Source](#)

China's factory activity in July grows at slowest pace since Feb 2020

China's factory activity expanded in July at the slowest pace in 17 months as higher raw material costs, equipment maintenance and extreme weather weighed on business activity, adding to concerns about a slowdown in the world's second-biggest economy. The official manufacturing Purchasing Manager's Index (PMI) eased to 50.4 in July from 50.9 in June, data from the National Bureau of Statistics (NBS) showed on Saturday, but remained above the 50-point mark that separates growth from contraction. Analysts had expected it to slip to 50.8. It was the lowest figure since the index slumped to 35.7 in February 2020, after China began lockdowns to control the coronavirus pandemic.

[Source](#)

China new home price growth slows in July - private survey

China's growth in new home prices slowed in July for the first time in five months, with smaller cities especially weighed down by higher mortgage rates, price caps on resale homes and other steps to cool speculation, a private-sector survey showed on Sunday. New home prices in 100 cities rose 0.35% in July from a month earlier, versus 0.36% growth in June, according to data from China Index Academy, one of the country's largest independent real estate research firms. This year Chinese authorities have implemented measures to rein in the red-hot real estate market, including caps on developers' borrowing and strict bans on illegal flows of funds into the sector.

[Source](#)

COMMODITIES

U.S. Oil Rig Count Slips Amid Drop In U.S. Oil Output

The number of oil and gas rigs in the United States fell by 3 this week, according to Baker Hughes, which reported the total rig count as 488, up 237 from the same time last year, but down sharply from the 790 active rigs prior to the pandemic. The U.S. oil rig count fell 2 this week to 385. The number of gas rigs slipped 1 to land at 103. The number of miscellaneous rigs also stayed the same. The EIA's estimate for oil production in the United States for the week ending July 23 slipped by 200,000 bpd for the week to an average of 11.2 million barrels per day. Production is still nearly 2 million bpd shy of where it was before the pandemic.

Source

China Doubles Down On Coal Despite Global Push To Go Green

Despite global expectations to move away from coal, demand in China is still strong, as rising global temperatures causing heat waves are driving up electricity demand and coal prices. Thermal coal futures reached record highs in July as a heatwave in China sent electricity use soaring. In industrial areas of the country such as Zhejiang near Shanghai, electricity use exceeded 100 million kilowatts per hour as temperatures rose to 37 degrees Celsius. In response to the high energy usage across the country, coal prices exceeded 900 yuan (almost \$140) a tonne in mid-July. This follows record prices for Asian coal in May, after an initially pessimistic outlook following the IEA report encouraging countries to move away from fossil fuels towards renewable alternatives.

Source

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

SAUDI ARABIA

X-S&PGR Assigns Al Rajhi Bank 'gcAA+' GCC Regional Scale Rating

- S&P Global Ratings today assigned its 'gcAA+' Gulf Cooperation Council (GCC) regional scale rating to Saudi Arabia-based Al Rajhi Bank (ARB).
- The 'gcAA+' GCC regional scale rating on ARB reflects our 'BBB+' long-term issuer credit rating on the bank. ARB has been one of the main beneficiaries of Saudi Arabia's efforts to promote home ownership via housing finance, and the bank will keep expanding over the next few years. We believe that this growth will be balanced and support ARB's earning generation capacity, which is already superior to most rated banks in GCC countries. We expect the bank's capital adequacy may come under pressure owing to rapid growth, but we anticipate resilience, with a risk-adjusted capital ratio of 10.0%-10.5%.
- We do not assign outlooks to regional scale ratings, including those on entities based in GCC countries.

CHART / TABLE OF THE DAY

All GCC markets continue to remain positive; Abu Dhabi Best Performing market in GCC followed by Tadawul YTD

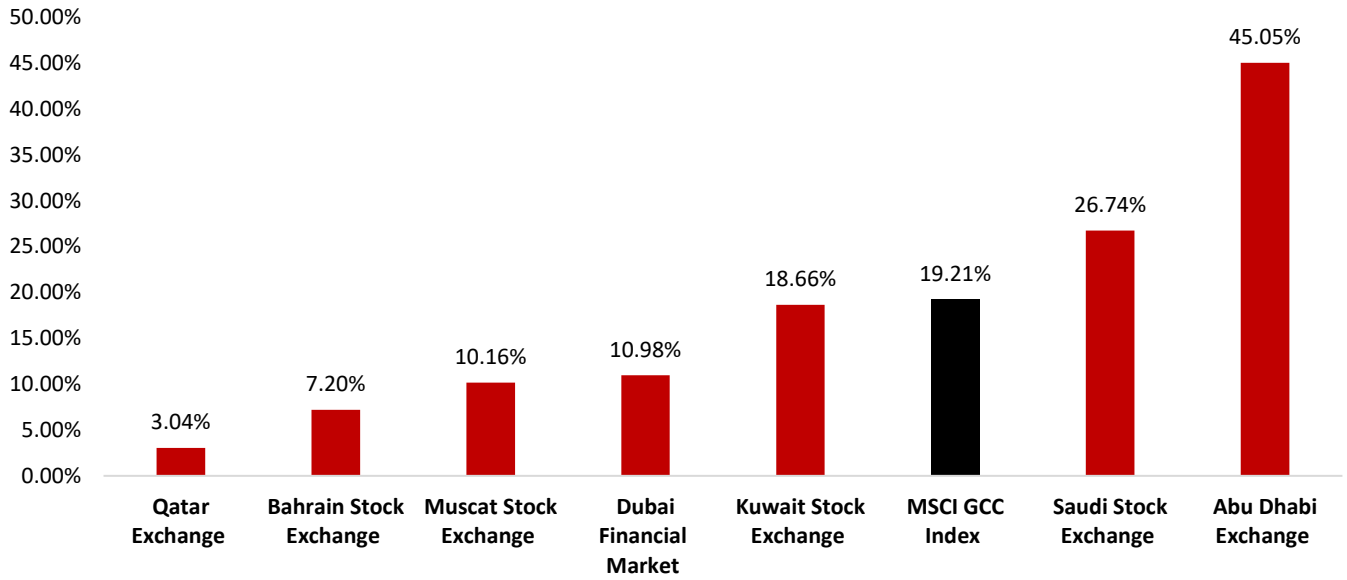
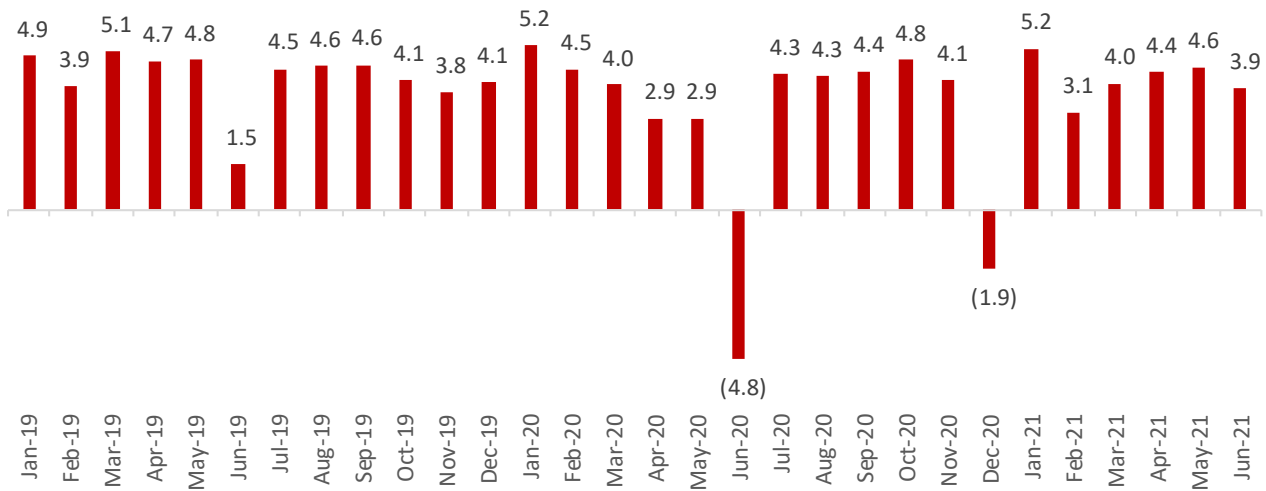


CHART / TABLE OF THE DAY

Saudi Banks aggregate profit up 71% YoY in 1H21

- As per SCB, Saudi banking sector reported net profit of SAR 25.1bn compared to SAR 14.7bn in 1H20, growth of 71% YoY.
- The banks reported a rise in aggregate net profit before Zakat and tax to SAR 3.87 billion in June 2021, against a loss of SAR 4.79 billion a year earlier.
- Banks' aggregate assets grew by 10% year-on-year (YoY) to SAR 3.114 trillion in June.
- Combined deposits grew by 10% YoY to SAR 2.30 trillion in the same month.
- Loans to the private sector saw an increase of 15.6% YoY to around SAR 1.933 trillion by the end of June.

Saudi Banking Sector Profit (SAR bn)



Source: SAMA



Ubhar Capital SAOC (U Capital)
Ominvest Business Centre

Building no. 95
Way no. 501
Airport Heights
Tel: +968 2494 9000
Fax: +968 2494 9099
Email: research@u-capital.net
Website: www.u-capital.net

Name	Role	Email	Phone Number
Abdul Aziz Al Saadi	Chief Executive Officer	abdulaziz.alsaadi@u-capital.net	00968-2494-9001
Yasmin Abdullah	Chief Operating Officer	y.abdullah@u-capital.net	00968-2494-9020
Rohit Chaudhary	Acting Chief Investment Officer	rohit@u-capital.net	00968-2494-9058
Mohammed Al Rahbi	Head of Asset Management	m.alrahbi@u-capital.net	00968-2494-9028
Talal Balushi	Head of Brokerage	talal@u-capital.net	00968-2494-9051
Hettish Karmani	Head of Research	h.karmani@u-capital.net	00968-2494-9034
Madabusi Sundarajan	Head of Corporate Finance	m.sundararajan@u-capital.net	00968-2494-9006
Abhishek Mathur	Head of Wealth Management	a.mathur@u-capital.net	00968-2494-9026

Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.