

PRE-MARKET REPORT

4 August 2021

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FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

- Fitch Affirms Bahrain's Ahli United Bank at 'BB+'; Outlook Stable
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CHART / TABLE OF THE DAY

- GCC net foreign flows in July at USD 74mn; YTD inflows at USD 5.36bn

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	692.4	3.72	0.54%	21.54%	22.46	2.18	2.4%
Muscat Stock Exchange	3,998.8	-0.52	-0.01%	9.29%	12.60	0.80	3.9%
Saudi Stock Exchange	11,208.8	51.74	0.46%	28.99%	33.61	2.48	2.1%
Kuwait Stock Exchange	6,550.7	2.83	0.04%	18.11%	36.47	1.65	1.8%
Qatar Exchange	10,843.1	26.50	0.24%	3.90%	18.00	1.60	2.7%
Bahrain Stock Exchange	1,611.4	11.46	0.72%	8.17%	11.50	0.82	3.4%
Dubai Financial Market	2,807.9	12.22	0.44%	12.68%	20.89	0.97	2.8%
Abu Dhabi Exchange	7,437.0	3.63	0.05%	47.40%	23.66	2.16	2.9%
Palestine Stock Exchange	576.7	2.14	0.37%	22.38%	18.84	1.36	2.2%
Tunis Se Index	7,289.3	-6.22	-0.09%	5.87%	23.96	2.41	2.2%
EGX 30 Index	10,726.3	-95.55	-0.88%	-1.10%	10.82	1.55	1.5%
Amman General Index	2,066.3	6.09	0.30%	24.69%	24.48	0.88	3.6%

World Markets	Country	Value	D/D	YTD
Europe			%	%
FTSE 100	UK	7,105.7	0.34%	9.99%
DAX	Germany	15,555.1	-0.09%	13.39%
CAC 40	France	6,723.8	0.72%	21.12%
United States				
DJIA	USA	35,116.4	0.80%	14.74%
S&P 500	USA	4,423.2	0.82%	17.76%
NASDAQ	USA	14,761.3	0.55%	14.53%
Asia Pacific				
NIKKEI 225	Japan	27,586.4	-0.21%	0.52%
HANG SENG	Hongkong	26,452.0	0.98%	-2.86%
KSE 100 Index	Pakistan	47,765.7	0.02%	9.17%
NSE Nifty 50	India	16,249.0	0.73%	16.22%
SHANGHAI COMPOSITE	China	3,471.8	0.69%	-0.04%
SHANGHAI SHENZHEN CSI 300	China	4,964.2	0.60%	-4.74%

Currency Cross Rates	Units/1 USD	YTD %
Currency		
Australian Dollar (AUD)	1.352	4.00%
British Pound (GBP)	0.718	-1.87%
Canadian Dollar (CAD)	1.253	1.55%
Chinese Renm. (CNH)	6.458	0.70%
Egyptian Pound (EGP)	15.706	0.13%
Euro (EUR)	0.842	2.90%
Indian Rupee (INR)	74.138	-1.45%
Japanese Yen (JPY)	109.060	-5.33%
Swiss Franc (CHF)	0.904	-2.04%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	163.625	-2.32%
Russian Ruble (RUB)	72.962	1.99%
Singapore Dollar (SGD)	1.349	-2.02%
Turkish Lira (TRY)	8.392	-11.34%

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	72.4	-0.07%	41.74%
WTI Crude (per bbl)	70.4	-0.30%	44.99%
Oman Crude Oil (Last Closing)	71.3	-0.28%	39.64%
OPEC (per bbl)	73.9	-1.45%	47.07%
Precious Metals			
Gold100 OZ (per oz)	1,813.5	0.16%	-4.47%
Silver (per oz)	25.6	0.49%	-2.85%
Platinum (per oz)	1,051.1	-0.05%	-1.96%
Other Metals			
Copper, MT	9,542	-1.64%	22.86%
Aluminium, MT	2,586	-1.11%	30.64%
Lead, MT	2,398	-0.17%	20.26%
Zinc, MT	2,970	-2.66%	7.94%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.39	-24.3%
Saudi Arabia	0.79	-2.8%
Kuwait	1.50	4.3%
Oman	2.10	-21.3%
Qatar	0.98	-12.3%
Bahrain	1.58	-30.0%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.25
UAE	16/04/2030	1.87
QATAR	16/04/2030	1.96
SAUDI ARABIA	22/10/2030	2.19
OMAN	25/01/2031	5.07
BAHRAIN	30/09/2031	5.58

Midswaps	Price	YTM %
3 year	100.17	0.3
5 year	99.87	0.7
10 year	104.14	1.2
30 year	112.03	1.8

USD Libor	Rate (%)	YTD
1m	0.09	-37.7%
3m	0.12	-48.1%
6m	0.16	-39.2%
1 year	0.23	-32.0%

Source: Bloomberg

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

OMAN

Sohar International announces right issue of 555.5mn shares @ OMR 0.090/share

- Sohar International BANK SAOG ("Sohar International" or the "Bank") is pleased to announce that it has obtained the regulatory approvals from the Central Bank of Oman and the Capital Market Authority for the Rights Issue of 555,555,555 shares at a price of Baiza 92 per share (with a share price of Baiza 90 per share plus issue expenses of Baiza 2 per share).
- Subscription for the Rights Issue is open to the Shareholders whose names appear in the Bank's shareholder register with the MCDC as on the Record Date. Persons who purchase the rights on the MSX within the trading period of the Rights Issue are also eligible to subscribe for the Offer Shares before the Rights Issue closes.

SAUDI ARABIA

Burgerizzr announces details of share offering on Nomu

- Mataam Bayt AlShatira Lilwajbat Alsariya (Burgerizzr) announced, Aug. 3, the prospectus on offering 29% of its capital, or 725,000 shares, on the Nomu-Parallel Market. In June, the Capital Market Authority (CMA) approved the application submitted by Burgerizzr to offer shares on the parallel market. According to the prospectus, the subscription for the qualified categories will start from Sunday, Aug. 15, until Monday, Aug. 23.
- Company Profile:
 - The company was established as a sole proprietorship by its owner, Muhammad Al-Ruwaigh, in Riyadh in 2009. It was converted into a limited liability company with SAR 1 million capital in 2013. In 2019, Burgerizzr's capital increased by SAR 24 million by capitalizing the increase from retained earnings as of Dec. 31, 2018, to bring the company's capital to SAR 25 million. It was converted into a closed joint stock company, as per a resolution from the Ministry of Commerce. Burgerizzr runs fast-food restaurants, specifically burgers. Its business also includes selecting branch locations, supply chain and branch operations.

Saudi Advanced Industries Co. Announces an update on that it has received a letter from some shareholders who own shares representing 5.06% of the company's capital.

- Saudi Advanced Industries Company would like to announce to its valued shareholders that the above-mentioned shareholders' request is no longer valid as stipulated in the regulations with a decrease in the ownership percentage below 5% as one of the applicants who has sold all his shares, which according to article 90 of the Companies Law,
- The company's board of directors confirms that the company's doors are open to shareholders and listen to their comments and views of what contributes to develop of the company and to promote of its investments and would like to thank the Capital Market Authority for its duties to protect listed companies and the investors.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
SASCO	12.08	4.44	172.07	12.01	0.58
BAHRI	38.91	760.61	-94.88	43.56	-10.67
NAJRAN CEMENT	32.7	32.9	-0.75	60.7	-46.2
EXTRA	100.5	90.38	11.197	81.2	23.768
NADEC	-17.35	131.63	-	6.37	-
SAUDI BRITISH BANK	919	-6,867	-	970	-5.257
SAVOLA	200	409.6	-51.171	153.8	30.04

SASCO net income up 172% YoY and 0.6% QoQ in 2Q21

- YoY: The reason for the increase in net profit during the current quarter compared to the same quarter of the previous year is due to an increase in revenues by 221%, in addition to the inclusion of the same quarter of the previous year the provision for expected credit losses. In spite of the increase in marketing expenses, general and administrative expenses, financing costs and zakat expense and a decrease in other revenues.

- QoQ: The reason for the increase in net profit during the current quarter compared to the previous quarter is due to an increase in revenues by 27% and a decrease in general and administrative expenses, despite the increase in marketing expenses, financing costs, zakat expense and a decrease in other revenues.

National Shipping net income down both YoY and QoQ in 2Q21

- The main reason for the decrease in net profit during the current quarter compared to the same quarter of last year, was because of the significant decrease in revenues from the oil sector by (74%), due to the significant decline in global shipping rates in addition to the decline in shipping operations. Nevertheless, the decrease in zakat and income tax and financing expenses as well as the increase in bunker subsidy and other income, contributed to reduce the impact of the decline in net profit during current quarter compared to the same quarter last year.
- The main reason for the decrease in net profit in the current quarter compared to the previous quarter is mainly due to reduction in profits from the group's share of investments in associate companies by 94%, which represents about SAR 46 million, in addition to the increase in the provision on trade receivables and contract assets during the current quarter.

Najran Cement net income down 0.75% YoY and 46% QoQ in 2Q21

- YoY: The decrease in net profit for current quarter compared to same quarter of the previous year is attributable to the increase in cost of sales per ton despite the increase in sales and the decrease in finance expenses.
- QoQ: The decrease in net profit for current quarter compared to previous quarter is attributable to cyclical trend of lower cement demand due to Ramadan season and Eid Al Fitr.

United Electronics (eXtra) net income up both YoY and QoQ in 2Q21

- The Company Achieved net profit of SR 100.5m vs. 90.4m for same quarter last year, despite of drop in the revenues vs. same quarter last year by 14.3% due to significant increase in last year's demand in consumer electronics because of the full curfew in Apr 2020, and before adoption of VAT hike decrees in July last year. But, with a support of consumer finance sector growth, the gross profit of Q2 grew by 5% vs. same quarter last year, to book a gross profit of SR 289.8m vs. 276 for same quarter last year, In addition to the increase in other revenues, that impacted the net profit growth by 11.2% vs. same quarter last year despite of increase in SG&A. it's worth noting that United Company for Financial Services achieved a net profit of SR 25.4m vs. SR 4.3m for same quarter last year.

NADEC reports loss in 2Q21

- The decrease in the Company's net profit in the current quarter compared to the similar quarter last year by SAR 148.98 million was due to:
- During the similar quarter last year, the Company received a letter from Ministry of Environment, Water and Agriculture granting the ownership for the revived area of land in Hail, Wadi Al Dawasir and Al Jouf. Net gain of SAR 111.81 million was recognized in the statement of profit and loss under other income and expenses (net) on account of differential land received as compared to the land already accounted in books but no such items in the current quarter.
- Finance cost decreased in the current quarter compared to the similar quarter last year by 24.07% due to the decrease in the interest rates and reduction in the loans and borrowings compared to the similar quarter last year.
- The Impairment losses on trade receivables was decreased by SAR 3.57 million during the current quarter when compared to similar quarter last year.

Saudi British Bank net down 5.2% QoQ in 2Q21

- Net income before Zakat and income tax was marginally lower by 1% driven by lower total operating income and share in earnings of associates, as well as higher provision for expected credit losses. This was partially offset by a decrease in total operating expenses mainly driven by a decrease in salaries and employee-related expenses, depreciation and amortization and rent and premises-related expenses resulting from continued success in efficiency creation in terms of cost reduction.

Savola net income down YoY but higher QoQ in 2Q21

- The decrease in the net profit for the 2nd quarter, 2021 compared with same quarter last year is attributed mainly to the following:
 - Decrease in the gross profit is mainly due to the lower sales and margins in retail and frozen foods sectors;
 - Lower share of profit from associates;
 - Higher net financial charges.

QATAR

GWC would like to disclose the incorporation of Docusafe Solutions W.L.L

- GWC would like to disclose the incorporation of Docusafe Solutions W.L.L, owned by GWC 100%, for the purpose of software, data storage and documents.

UAE

UAE's TAQA, Emirates Steel partner for MENA's first green steel manufacturing

- TAQA has inked a partnership with Emirates Steel to develop a green hydrogen project that will produce the first green steel in the MENA region.
- Based on the new MoU, TAQA and Emirates Steel will use green hydrogen to optimize clean steel production level. This will enable green and low-carbon steel manufacturing, saving energy while creating a sustainable and clean manufacturing process, according to a statement from TAQA.
- Green hydrogen will form a valuable part of TAQA's 2030 strategy for growth, which includes growing its gross power capacity from 18 GW to 30 GW in the UAE and adding up to 15 GW internationally.
- TAQA and Abu Dhabi Ports recently announced an MoU for the development of an industrial scale green ammonia manufacturing and export facility.

Corporate Results

AED MN	1H20	1H21	%CHANGE
RAK CERAMICS	14.1	148.5	953%
ABU DHABI AVIATION	76.2	106.9	40%

Abu Dhabi aviation net income up 40% YoY in 1H21

- Abu Dhabi aviation net income was up 40% to AED 106.9mn compared to AED 76.2mn in same period last year.
- Revenue during the period was down 20% to AED 716mn.

RAK Ceramics net income up 953% YoY in 1H21

- The company's Q2 net profit stands at AED94.9 million (\$25.84 million), compared to a loss of AED19.8 million in Q2 2020, after considering a one-time net gain from the sale of assets in China and after writing-off excess rent from a leased hotel.
- RAK Ceramics total gross profit margin reached an all-time high in Q2 2021 increasing by 9.6% year on year to 38.1%.
- Operations across all of RAK Ceramics' core markets continued to improve, leading to a revenue increase of 70.4% in Q2 2021 to AED700.8 million when compared to Q2 2020.
- Total revenue for Q2 2021 surpassed pre-pandemic levels, increasing by 5% when compared to Q2 2019 driven by growth in all core markets.
- Q2 2021 net profit is 29.3% higher than pre-pandemic levels of profit in Q2 2019, indicating steady growth of the business.

KUWAIT

CGC's unit wins AED 195m tender for project in UAE

- A subsidiary of Combined Group Contracting (CGC) has won a tender to develop and raise the efficiency of Sharjah E88 federal road in the UAE at a total value of AED 194.8 million (KWD 15.965 million).
- The project will take 730 days to be accomplished, according to a bourse filing on Monday.
- The company will achieve operating profits from the contract, which will be registered in its financials in the upcoming years.
- It is noteworthy to mention that during the first quarter (Q1) of 2021, CGC has turned into profitability to record around KWD 659,180, against net losses of KWD 3.42 million in the same quarter of 2020.

Kuwait Corporate Results

KWD MN	1H20	1H21	%CHANGE
BOURSE KUWAIT	5.63	7.83	39%
KUWAIT FINANCE HOUSE	56.9	102.2	79.5%
MAZAYA KUWAIT	-4.9	0.084	-

Bourse Kuwait net income jumps 39% in 1H21

- Boursa Kuwait reported a net profit of 7.8 million dinars (\$26 million) for the six-month period ended June 30, 2021, a 39 percent increase compared to the year-earlier period.
- The rise in net profit was partly due to the consolidation of the Kuwait Clearing Company since the third quarter of 2020. Other factors that led to the higher net profit include a rise in the total traded value by over 53 percent, and a doubling of trading volume over the prior period.
- The group's total assets came in at approximately 106.5 million dinars compared to 41.7 million dinars in the year-ago period.

Kuwait Finance House net income up 79.5% YoY in 1H21

- Kuwait Finance House (KFH) Hamad Abdulmohsen Al-Marzouq said that KFH has, by the grace of Allah, reported net profit of KD 102.2 Million for the first half of 2021 for KFH shareholders; an increase of 79.5% compared to the same period last year.
- Net financing income for the first half of the year reached KD 291.8 Million; a decrease of 1.3% compared to the same period last year.
- Total operating expenses for the first half of the year stabilized to reach 152.1 Million at the same level for the comparative period.
- Net operating income reached KD 248.0 Million; a decrease of 7.3% compared to the same period last year, affected by the decrease in investment income compared to the same period last year.

Mazaya Kuwait reports profit in 1H21 compared to loss last year

- Mazaya Kuwait reports profit in 1H21 compared to loss last year. Company profit stood at KWD 84k compared to loss of KWD 4.9mn last year.
- Increase in net income was largely due to decline in finance cost and also because of no losses arising change in fair value of investment properties and impairment on properties.

ECONOMIC & GENERAL NEWS

OMAN

Oman's financial wealth grows to \$64 bn despite pandemic

Oman's financial wealth grew by a Compound Annual Growth Rate (CAGR) of 3.8 per cent annually from 2015 to reach a high of \$64 billion in 2020 — 49 per cent of which is investable wealth — as the Sultanate's market showed resilience in the face of the protracted COVID-19 pandemic, according to a new report by Boston Consulting Group (BCG). The report, titled 'Global Wealth 2021: When Clients Take the Lead', reveals that despite the pandemic's enduring financial impact, global prosperity and wealth grew significantly throughout the crisis and are likely to continue to expand significantly over the next five years, in line with the emerging economic recovery.

[Source](#)

Panel to study potential for pharma industries hub in Salalah FZ

Proximity to maritime gateway, raw materials and temperature-controlled warehouses, as well as connectivity with global markets offer competitive advantages to investors: OPAZ The Public Authority for Special Economic Zones and Free Zones (OPAZ) has commissioned a panel of experts to explore the potential for a hub to be established within Salalah Free Zone dedicated to pharmaceutical-related investments and activities. The panel, representing officials from OPAZ, Ministry of Health, Oman Investment Authority (OIA) and Salalah Free Zone, has been tasked with evaluating the free zone's appeal as an investment destination for the manufacturing of all kinds of pharmaceuticals, hospital consumables, and medical devices catering to the domestic, regional and global markets.

[Source](#)

CBO issues treasury bills worth OMR192 million

Oman's central bank raised OMR192 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from August 4 until September 1, 2021. Treasury bills are short-term highly secured financial instruments issued by the Ministry of Finance, and they provide licensed commercial banks the opportunity to invest their surplus funds. The Central Bank of Oman (CBO) acts as the Issue Manager and provides the added advantage of ready liquidity through discounting and repurchase facilities (Repo). The average accepted price reached 99.951 for every OMR100, and the minimum accepted price arrived at 99.950 per OMR100. The average discount rate and the average yield reached 0.64160 per cent and 0.64192 per cent, respectively.

[Source](#)

Oman Oil Price Declines 1.42 US Dollar

Oman oil price (October Delivery 2021) today reached 71.80 US Dollars, comprising a decline by 1.42 Dollars, compared to the price of yesterday (Monday) which stood at 73.22 US Dollars. The average price of Oman oil (August Delivery 2021) has stabilized at 71.66 US Dollars, thus 5.26 US Dollars per barrel higher than July Delivery 2021.

[Source](#)

MIDDLE EAST

Mideast Stocks: Saudi leads major Gulf markets higher

Major stock markets in the Gulf ended higher on Tuesday, with the Saudi index gaining for a twelfth consecutive session, Saudi Arabia's benchmark index reversed early losses to close 0.5% higher, Dubai's main share index added 0.2%, In Abu Dhabi, the index gained 0.4%, The Qatari benchmark finished 0.2% higher.

[Source](#)

Qatar's non-oil business economy improves in July – PMI

Business conditions in Qatar have improved at the start of the second half of 2021, marked with gains in both new business and total activity, alongside rising backlogs and higher employment, according to the IHS Markit PMI survey. The PMI rose for the second month running from June's 54.6 to 55.9 in July, signalling the strongest overall improving in operating conditions for nearly a year. Moreover, it was the fourth-highest figure on record, with only October 2017 and July-August 2020 registering stronger readings. Trevor Balchin, Economics Director at IHS Markit, said: "The PMI signalled stronger underlying growth in the non-energy private sector economy in July, rising for the second straight month to 55.9, the fourth-highest ever reading since the survey began in April 2017."

[Source](#)

Saudi: Industry Ministry official says increase in licenses reflects attractive investment climate

The industrial licenses witnessed an increase during the first half of 2021, which reflect the sector's remarkable and continuous growth, Al-Ekhbariya TV channel reported, citing Ministry of Industry and Mineral Resources' official spokesman Jarrah bin Mohammed Al-Jarrah. He added that the records indicate an "appropriate and attractive" investment environment for capital and new projects. Al-Jarrah attributed the positive and promising numbers to growing interest in the sector and the ease in obtaining industrial licenses. The Ministry of Industry and Mineral Resources announced, on Aug. 3, a total of 529 new factories were licensed in Saudi Arabia in H1 2021, with investments exceeding SAR 20 billion.

[Source](#)

Dubai's trade with Korea reaches \$882mln in Q1 2021

Dubai's external trade with Korea reached AED3.238 billion (\$882 million) in Q1 this year. Imports had the lion's share at AED2.551 billion, followed by exports at AED549.782 million, and re-exports at AED137.473 million, Ahmed Mahboob Musabih, Director General of Dubai Customs said. "Boosting cooperation with the Korean diplomatic missions is very important to us. These efforts will help in developing trade between Dubai and Korea. We received Moon Byung-iun, Consul General of the Republic of Korea and discussed with him means to augment volume and value of mutual trade," Musabih said.

[Source](#)

Saudi Arabia's financial wealth exceeds \$1tn as next generation takes over

Saudi Arabia's financial wealth is expected to grow by 4.2 percent annually over the next five years, hitting \$1.2 trillion in 2025 as the Kingdom sees more young people take over ventures, according to a study by Boston Consultancy Group (BCG). The Kingdom's wealth grew by 4.1 percent on annual basis from 2015 to hit \$1 trillion in 2020, 84 percent of which is investable wealth, the report said, noting the Kingdom's resilience in the face of the protracted COVID-19 pandemic. Last year, Saudi Arabia represented 45 percent of the Gulf Cooperation Council's (GCC) \$2.2 trillion in 2020 of financial wealth, which is forecast to reach \$2.7 trillion in 2025, BCG said.

[Source](#)

Gulf states to accelerate asset sales on rebound in crude prices

Saudi Aramco and other Gulf oil producers are following in the footsteps of Abu Dhabi with plans to raise tens of billions of dollars through sales of stakes in energy assets, capitalizing on a rebound in crude prices to attract foreign investors. The moves, in a region traditionally possessive of its refineries, power plants and pipelines, highlight the pressure on petrostates to raise funds to diversify their sources of revenue and to bolster national finances hit by a recent slump in oil prices and the coronavirus pandemic. After selling a significant minority stake in its oil pipelines to foreign investors for \$12.4 billion in June, Saudi Aramco is weighing selling both downstream and upstream assets, two people familiar with the matter said.

[Source](#)

INTERNATIONAL

Asian shares near 1-wk highs but Delta woes mount

Asian shares advanced to one-week highs on Wednesday, led largely by strong U.S. corporate earnings, although the mood remained cautious as the rapidly spreading Delta variant of the coronavirus clouds the global economic outlook. MSCI's broadest index of Asia-Pacific shares outside Japan climbed 0.1% to the highest since July 26. Japan's Nikkei was in the red as were Chinese shares with the blue-chip index off 0.2%. Australian shares were a touch firmer but sentiment was marred by an unabating rise in Delta infections in Sydney, the country's biggest city. Stronger-than-expected profits from U.S. companies in recent weeks have ratcheted up already high Wall Street forecasts on how second-quarter earnings growth will look versus last year.

[Source](#)

Southeast Asia's factory powerhouses hit by vaccination woes, Delta

Fresh outbreaks of the Delta coronavirus variant in Southeast Asia have crippled its factory sector, disrupting global supplies of goods such as rubber gloves, semiconductors and SUVs and threatening the \$3 trillion region's recovery. A series of factory surveys this week showed business activity across most Southeast Asian economies fell sharply in July, a contrast to more resilient manufacturing economies in Northeast Asia and the West, where business growth has slowed but remained in expansion.

[Source](#)

Solid U.S. factory orders, business spending on equipment point to enduring manufacturing strength

New orders for U.S.-made goods increased more than expected in June, while business spending on equipment was solid, pointing to sustained strength in manufacturing even as spending is shifting away from goods to services. The Commerce Department said on Tuesday that factory orders rose 1.5% in June after advancing 2.3% in May. Economists polled by Reuters had forecast factory orders increasing 1.0%. Orders soared 18.4% on a year-on-year basis. Demand pivoted towards goods during the COVID-19 pandemic as millions of Americans were cooped up at home, boosting manufacturing, which accounts for 11.9% of the U.S. economy. But the surge in demand is straining the supply chain.

[Source](#)

Growth in China's July services activity speeds up, but risks loom - Caixin PMI

Growth in China's services sector accelerated in July, a private survey showed on Wednesday, although the spread of the COVID-19 Delta variant across the country threatens to undercut the recovery in the world's second-biggest economy. The Caixin/Markit services Purchasing Managers' Index (PMI) rose to 54.9 in July, the highest since May and up from 50.3 the previous month. The 50-point mark separates growth from contraction on a monthly basis. The better readings in the private survey, which focuses more on smaller firms in coastal regions, stood in contrast with findings in an official survey on Saturday which showed growth in the services sector retreat slightly in July.

[Source](#)

Slow slog in U.S. Senate for \$1 trillion infrastructure bill

The U.S. Senate made gradual progress on Tuesday on a \$1 trillion infrastructure investment bill to upgrade roads, bridges, mass transit and broadband services as the Democratic and Republican leaders squabbled over debate on amendments. The legislation here, which is backed by President Joe Biden, marked a rare bipartisan effort in a Senate that is split 50-50 between the two parties. Two days into the debate, Senate Majority Leader Chuck Schumer and Republican Leader Mitch McConnell clashed over the pace of progress on the bill, which appeared headed toward passage but which is still open to amendments. Senators "must work efficiently," Schumer told reporters.

[Source](#)

Japan signals it may roll back Covid policy that limited hospitalization to serious cases

Japan's health minister on Wednesday signaled the government may consider rolling back a controversial new policy asking Covid-19 patients with less serious symptoms isolate at home rather than going to the hospital. The comment, which came amid rising criticism over the policy, underscores Tokyo's struggle in dealing with a spike in delta variants that is overshadowing the Olympic Games. Prime Minister Yoshihide Suga announced on Monday only Covid-19 patients who are seriously ill and those at risk of becoming so will be hospitalized, while others isolate at home, a shift in policy some fear may lead to an increase in deaths.

[Source](#)

COMMODITIES

Oil drops for third day on concerns COVID-19 variant spread to cut demand

Oil prices fell for a third day on Wednesday on mounting concerns that the increasing spread of the Delta variant of the coronavirus in top consuming countries will cut fuel demand. Brent crude oil futures slid 22 cents, or 0.3%, to \$72.19 a barrel, as of 0129 GMT. U.S. West Texas Intermediate (WTI) crude fell 33 cents, or 0.5%, to \$70.23 a barrel. Both futures fell on Tuesday to their lowest since July 21 before regaining some ground by the close.

[Source](#)

Gold flat as investors await direction from U.S. jobs data

Gold prices were flat in early Asian trade on Wednesday, with investors awaiting signals from U.S. jobs data on the labor market recovery that could influence the Federal Reserve's tapering plans. Spot gold was flat at \$1,809.21 per ounce by 0114 GMT, while U.S. gold futures fell 0.1% to \$1,812.50.

[Source](#)

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

BAHRAIN

Fitch Affirms Bahrain's Ahli United Bank at 'BB+'; Outlook Stable

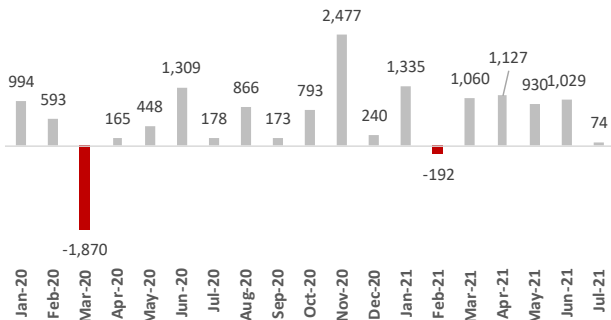
- Fitch Ratings has affirmed Ahli United Bank B.S.C's (AUB) Long-Term Issuer Default Rating (IDR) at 'BB+' with a Stable Outlook and Viability Rating (VR) at 'bb'. A full list of rating actions is below.
- AUB's Long-Term IDR, Support Rating (SR) and Support Rating Floor (SRF) reflect a moderate probability of support from the Kuwaiti authorities if needed (despite the bank being licensed and headquartered in Bahrain and taking into account transfer and convertibility risks), and the IDR is above the Bahraini sovereign rating (B+/Stable).
- In Fitch's view, the Kuwait authorities would have a high propensity to provide support to AUB. The Public Institution for Social Security (PIFSS), an arm of the Kuwaiti state (AA/Negative), holds an 18.9% stake in AUB. AUB has strong links with PIFSS and AUB and substantial exposure to Kuwait (33.1% of credit risk exposures at end-2020) through its subsidiary AUB (Kuwait).

CHART / TABLE OF THE DAY

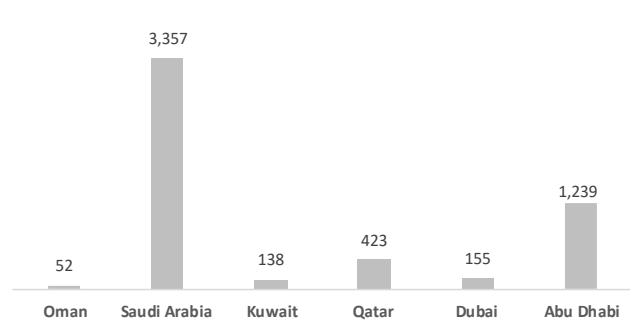
GCC net foreign flows in July at USD 74mn; YTD inflows at USD 5.36bn

- GCC records net foreign flows of USD 74mn in July 2021 compared to net foreign flows of USD 1.02bn in June and USD 177.9mn in July 2020.
- YTD all GCC countries have positive net foreign flows.
- Saudi continues to enjoy the highest net flows at USD 3.35bn followed by USD 1.24bn in Abu Dhabi.

GCC Monthly Net Foreign Flows (USD mn)

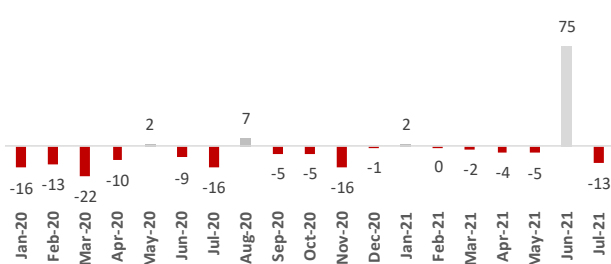


GCC Country Wise Net Foreign Flow (USD mn) - 7M-2021

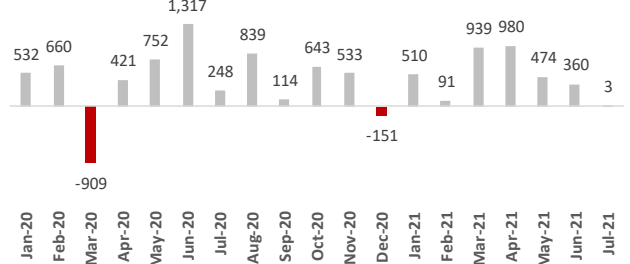


COUNTRY WISE - NET FOREIGN FLOWS - 2020/21

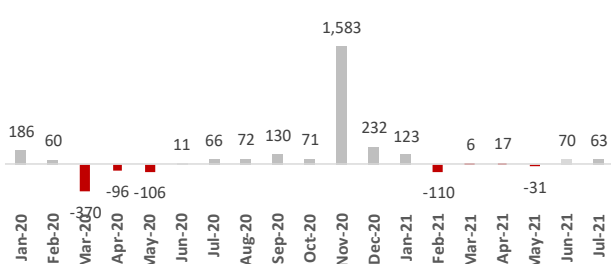
Oman (USD mn)



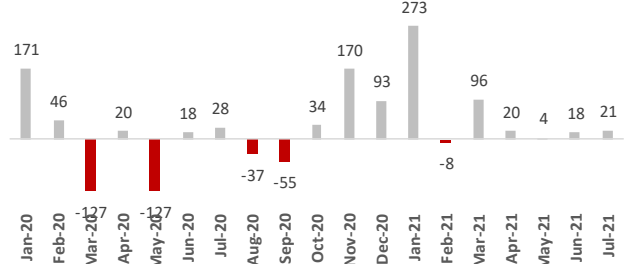
Saudi Arabia (USD mn)



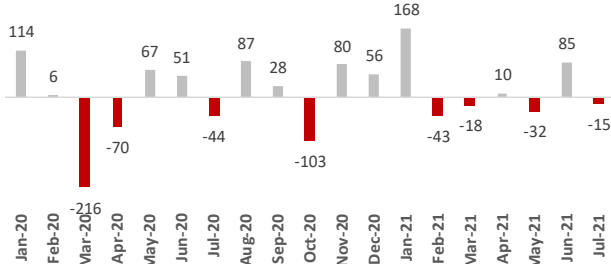
Kuwait (USD mn)



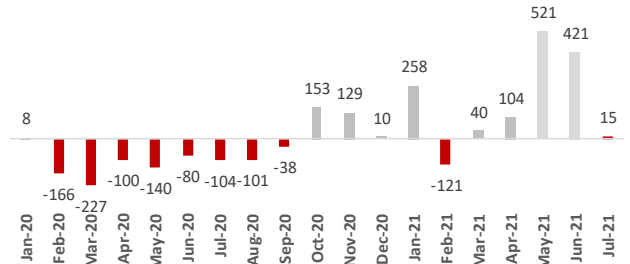
Qatar (USD mn)



Dubai (USD mn)



Abu Dhabi (USD mn)



Source: Bourse Websites



Uthar 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

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