

PRE-MARKET REPORT

5 August 2021

HEADLINES

MARKET INDICATORS

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

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- SIIG net income up significantly in 2Q21 on both YoY and QoQ basis
- Maaden reports 45% jump in net income in 2Q21 on YoY basis
- Petrochem net income up 94% YoY in 2Q21
- Bawan net income up both YoY and QoQ in 2Q21
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- Doha Insurance net income up 27% YoY in 1H21
- Salam International reports profit in 1H21 compared to loss in same period last year
- Al Khaleej Takaful net income up 54% YoY in 1H21

FINANCIAL RESULTS EXPECTED:

- Gulf International Services (GISS QD), Qatar Aluminium Manufacturing (QAMC QD), Industries Qatar (IQCD QD)

ECONOMIC, GENERAL & COMMODITIES NEWS

- Mideast Stocks: Dubai gains as UAE eases travel curbs; other markets mixed
- GCC wealth: Saudi, UAE top the list; Bahrain marks fastest growth
- Pact signed for first business hotel in Khazaen Oman
- Sohar Aluminium achieves 'positive bottom-line results' in pandemic-hit 2020
- Total investment at Salalah Free Zone reaches \$8.8bn
- Inflation in Saudi Arabia likely to decline in coming months`
- GCC economies expected to grow an aggregate 2.2% this year - World Bank
- Saudi property market adapts to new tax
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- Key Fed official sees rates lift-off in 2023 as policy debate heats up
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- U.S. Treasury's Yellen touts infrastructure bill as reducing economic inequality
- Yellen says new U.S. eviction moratorium buys time to speed rental aid funds
- Oil prices rise on Mideast tensions; crude stock build caps gains
- Gold eases on firm dollar, hawkish Fed official

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

- GCC economies expected to grow 2.2% this year, says World Bank

CHART / TABLE OF THE DAY

- Foreign holding in Kuwaiti banks; GBK, NBK & KFH continue to be investor favourite

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	690.8	-1.62	-0.23%	21.26%	21.27	2.17	2.4%
Muscat Stock Exchange	3,993.8	-5.53	-0.14%	9.16%	12.59	0.80	3.9%
Saudi Stock Exchange	11,162.4	-46.38	-0.41%	28.46%	30.08	2.47	2.1%
Kuwait Stock Exchange	6,542.5	-5.31	-0.08%	17.97%	36.24	1.65	1.8%
Qatar Exchange	10,858.4	15.32	0.14%	4.05%	18.03	1.60	2.7%
Bahrain Stock Exchange	1,610.2	-1.22	-0.08%	8.08%	11.43	0.82	3.4%
Dubai Financial Market	2,813.2	17.52	0.63%	12.89%	20.93	0.97	2.8%
Abu Dhabi Exchange	7,405.1	-28.29	-0.38%	46.77%	23.43	2.15	2.9%
Palestine Stock Exchange	579.8	3.06	0.53%	23.03%	18.94	1.37	2.2%
Tunis Se Index	7,274.2	-15.09	-0.21%	5.65%	23.91	2.41	2.2%
EGX 30 Index	10,718.9	-7.44	-0.07%	-1.17%	10.81	1.54	1.5%
Amman General Index	2,062.3	-4.05	-0.20%	24.44%	23.93	0.87	3.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,123.9	0.26%	10.27%
DAX	Germany	15,692.1	0.88%	14.38%
CAC 40	France	6,746.2	0.33%	21.52%
United States				
DJIA	USA	34,792.7	-0.92%	13.68%
S&P 500	USA	4,402.7	-0.46%	17.21%
NASDAQ	USA	14,780.5	0.13%	14.68%
Asia Pacific				
NIKKEI 225	Japan	27,698.8	0.41%	0.93%
HANG SENG	Hongkong	26,352.9	-0.27%	-3.22%
KSE 100 Index	Pakistan	47,835.4	0.10%	9.32%
NSE Nifty 50	India	16,241.7	-0.11%	16.16%
SHANGHAI COMPOSITE	China	3,481.0	0.11%	0.23%
SHANGHAI SHENZHEN CSI 300	China	4,975.3	-0.07%	-4.53%

Currency Cross Rates	Units/1 USD	YTD %
Australian Dollar (AUD)	1.353	4.05%
British Pound (GBP)	0.720	-1.64%
Canadian Dollar (CAD)	1.253	1.58%
Chinese Renm. (CNH)	6.463	0.62%
Egyptian Pound (EGP)	15.706	0.13%
Euro (EUR)	0.845	3.21%
Indian Rupee (INR)	74.209	-1.54%
Japanese Yen (JPY)	109.670	-5.85%
Swiss Franc (CHF)	0.907	-2.44%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	163.486	-2.23%
Russian Ruble (RUB)	73.178	1.69%
Singapore Dollar (SGD)	1.351	-2.15%
Turkish Lira (TRY)	8.492	-12.38%

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	70.6	0.27%	38.24%
WTI Crude (per bbl)	68.4	0.31%	40.89%
Oman Crude Oil (Last Closing)	69.3	-2.88%	35.62%
OPEC (per bbl)	72.7	-1.60%	44.73%
Precious Metals			
Gold100 OZ (per oz)	1,809.3	-0.14%	-4.69%
Silver (per oz)	25.4	0.01%	-3.84%
Platinum (per oz)	1,016.7	-1.07%	-5.17%
Other Metals			
Copper, MT	9,466	-0.79%	21.89%
Aluminium, MT	2,567	-0.75%	29.65%
Lead, MT	2,380	-0.75%	19.36%
Zinc, MT	2,974	0.13%	8.09%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.34	-33.5%
Saudi Arabia	0.79	-2.8%
Kuwait	1.50	4.3%
Oman	2.12	-20.6%
Qatar	0.98	-12.3%
Bahrain	1.58	-30.0%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.27
UAE	16/04/2030	1.87
QATAR	16/04/2030	1.94
SAUDI ARABIA	22/10/2030	2.20
OMAN	25/01/2031	5.04
BAHRAIN	30/09/2031	5.59

Midswaps	Price	YTM %
3 year	100.07	0.4
5 year	99.68	0.7
10 year	103.97	1.2
30 year	112.05	1.8

USD Libor	Rate (%)	YTD
1m	0.09	-37.2%
3m	0.12	-49.1%
6m	0.16	-39.8%
1 year	0.23	-32.1%

Source: Bloomberg

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

SAUDI ARABIA

Saudi Investment Bank Announces its Intention to Sell its Treasury Shares

- With reference to the authorization of the Board under the GA Approval to carry out all actions and procedures necessary for the sale of the Treasury Shares in accordance with paragraph (1) of the GA Approval (including that the Board shall have the authority to delegate to others its authorities set out in the GA Approval).
- The Bank hereby announces the issuance of the resolution of its Board on [25/12/1442H (corresponding to 4/8/2021G)] approving the launch the transaction for the sale of the Treasury Shares in accordance with the mechanism set out in the Circular. For these purposes, the Board has determined the eligibility date and the sale price for the Treasury Shares (each in accordance with the meanings ascribed to such phrases under the Circular) to be as follows:
 - Eligibility date: [3/1/1443H (corresponding to 11/8/2021G)]; and
 - Sale price: [13.50] Saudi Riyal per share.

SRMG, Taoq PR sign SAR 204mn contract to provide media consulting services

- Saudi Research & Media Group (SRMG) signed a SAR 204 million contract with its subsidiary, Taoq Public Relations Co., Aug. 4, 2021.
- The three-year term contract is expected to have a positive impact on Q3 2021 financials.
- The contract was signed with Taoq to provide media consulting services and specialized research services, in addition to produce digital and visual content.
- The contract reflects the extent of confidence enjoyed by the group and its subsidiaries with their expertise and reach at the local and global levels.

Maharah Human Resources Co. announces an update on the previously announced signature of the Sale and Purchase Agreement to acquire 90% in Spectra Support Services Company ("Spectra")

- Maharah's announcement on Tadawul website on 30-08-1442 H corresponding 12-04-2021 AD, regarding the signing of Sale and Purchase Agreement to acquire 90% of Spectra equity, and to the update announcement made on 20-11-1442H corresponding 30-06-2021 AD regarding the amendment to the agreement to extend the period allowed for conditions precedents.
- Maharah would like to announce the completion of the transaction and the transfer of 90% of Spectra shares to Maharah. Parties have also entered into a settlement agreement where selling parties have agreed to waive the full transaction considerations in exchange of Maharah agreement to capitalize, in Spectra paid-in capital, an equal amount from the debt owed by Spectra to Maharah.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
SABIC	7,640	-2,200	-	4,860	57.2
SIIG	505	-55	-	305	65.58
MAADEN	1,104	-434	-	761	45.1
PETROCHEM	603	-189	-	311	93.89
BAWAN	43.1	15.5	178.8	41.6	3.4
ANB	473	486	-2.67	582	-18.73

SABIC reports huge jump in profitability in 2Q21

- YoY: The achieved net income is mainly attributable to higher average selling prices and increase in the share of results of joint ventures and associates. Noting that in 2Q 2020, there was impairment provisions in certain capital assets amounted to SR 1.18 billion.
- QoQ: The increase in net income is mainly attributable to higher average selling prices of most products and higher sales volume in addition to the increase in share of results of joint ventures and associates.

SIIG net income up significantly in 2Q21 on both YoY and QoQ basis

- The reasons for the increase in net income during the current quarter compared to the same quarter of the previous year are due to:
 - SIIG's jointly managed projects have made a profit of SR 226 million in the current quarter, compared to a profit of SR 53 million in the same quarter of the previous year, due to an increase in products' prices.
 - SIIG's share of profit of the National Petrochemical Company (Petrochem) has increased in the current quarter to be SR 301 million in the current quarter compared to a loss of SR (95) million for the same quarter of the previous year. Due to an increase in products' prices. In addition to that, Petrochem had permanently shut down its Polystyrene unit and fully depreciated it during the same quarter of the previous year.
 - A decrease in the Zakat expenses as Petrochem has reverse zakat provisions relating to previous years during this quarter.

Maaden reports 45% jump in net income in 2Q21 on YoY basis

- The reason for the increase in net profit during the current quarter compared to the previous quarter is the increase in the average realized price of all products except industrial minerals, despite a decrease in the sales volume of all products except ammonium phosphate fertilizer and alumina. Also, income from time deposits and other income increased, while net profit attributable to Ma'aden share of joint ventures decreased.
- Moreover, general and administrative expenses decreased by 1% and finance cost decreased by 4%, while cost of sales increased by 1%, selling, marketing and logistic expenses increased by 40%, exploration and technical services expenses increased by 39% and zakat and income tax expense increased by 86%.

Petrochem net income up 94% YoY in 2Q21

- The main reasons for the increase in net profit during the current quarter compared with the same quarter of last year is due the following:
 - Increase in the average selling prices of products.
 - Depreciation of the Polystyrene unit value during the same quarter from last year.
 - Reducing the Zakat provision for previous years by SR 94 million.
 - Decrease in financial cost.
 - Increase in other income.

Bawan net income up both YoY and QoQ in 2Q21

The reason for the increase in net profit during the current quarter was due to the following:

- The increase in the revenues of the metal and wood industries sector due to the increase in the quantities sold and the average selling price have reflected positively in profit.
- The revenue and profit margin of the electrical industries sector increased which led to improving the results as compared to the same quarter of the previous year.
- The quantities sold of the plastic industries sector products increased which have reflected positively in profit.
- Decrease in finance costs due to the repayment of a portion of the loans.

Arab National Bank net income down both YoY and QoQ in 2Q21

- Net profit for the quarter decreased due to the decrease in total operating income by 6.1% resulting mainly from the decreases in net special commission income and Exchange income, offset by increases unrealized gain on FVIS financial instruments and decrease in impairment charges for credit losses and decrease in salaries and employees related expenses.
- Net profit for the quarter decreased due to the decrease in total operating income by 11.2% resulting mainly from the decreases in net special commission income and gain on sale of debt financial assets, offset by increases unrealized gain on FVIS financial instruments and decrease in impairment charges for credit losses and decrease in Other general and administrative expenses.

UAE

DIB increases Foreign Ownership to 40%

- Following all regulatory approvals received from UAE Central Bank and the Securities and Commodities Authority (SCA), DIB has today, through the Dubai Financial Market (DFM), successfully executed the increase in its foreign ownership limit (FOL) from the current level of 25% to the new enhanced one of 40%.
- The increase in FOL is driven primarily by strong investor demand from large foreign institutional investors and the rising confidence they have in the bank's growth ambitions.
- DIB is geared towards benefitting from the re-opening of the Dubai economy post the global pandemic, as global investors seek to shift their investments towards stronger and more stable financial markets.

TAQA nears deal to sell assets in Canada

- Abu Dhabi National Energy Company's (TAQA) is nearing a deal to sell some light oil and natural gas-producing assets in Alberta and British Columbia to Blue Sky Resources, three sources told Reuters.
- One of the sources said that TAQA has reached an agreement on the sale terms with Blue Sky, and the deal is now subject to approvals from the Alberta Energy Board.
- The sources warned that the Alberta regulator could reject the deal.
- "If and when any deal is finalized and approved by the relevant authorities, we will make an announcement in line with regulatory requirements," TAQA told Reuters.
- If the deal is finalized, TAQA's sale of the assets would make the company the second-largest international oil company to cut its holdings in Canada in recent months.

UAE Corporate Results

AED MN	1H20	1H21	%CHANGE
ARAMEX	151	101	33%
RAK CEMENT	-9.0	-7.2	-

Aramex net income down 33% YoY in 1H21

- In H1 2021, Revenues were up 23% YoY to AED 2,996 million, compared to AED 2,445 million in H1 2020.
- H1 2021 Net Profit decreased 33% to AED 101 million, compared to AED 151 million in H1 2020.
- Net Profit for Q2 2021 decreased 31% to AED 65.5 million compared to AED 94.4 million in Q2 2020 as the business continued to invest in its digital transformation to drive further operating efficiencies and adapt to evolving consumer and industry trends.
- Q2 2021 Operating Profit declined 21% to AED 99.6 million YoY on the back of the continued investments to build and secure capacity to accommodate for higher volumes and higher line haul costs caused by the disruptive impact of the COVID-19 pandemic on global supply chains. For the six-month period ending 30 June 2021, Operating Profit declined 21% YoY to AED 179 million.

RAK Cement losses drop in 1H21

- RAK Cement reported net loss of AED 7.2mn in 1H21 compared to net loss of AED 9.0mn in 1H20.
- Company was in profit at the gross level of AED 1.35mn compared to loss of AED 2.4mn last year.
- Revenue during the period was higher at AED 76.9mn compared to AED 72.8mn last year.

KUWAIT

Kuwait Corporate Results

KWD MN	1H20	1H21	%CHANGE
KUWAIT INTERNATIONAL BANK	0.10	2.21	2110%
AHLI UNITED BANK KUWAIT	90.3	89.9	-0.5%

Kuwait International Bank net income jumps significantly in 1H21

- Kuwait International Bank (KIB) announced a 2047% jump in earnings for the first half of 2021 to 2,217 million dinars, up from 103,246,000 dinars in the same period of 2020.
- The bank added in a statement to Boursa Kuwait that the increase in earnings was due to operating profit growth of 45.5% over the period to 14.82 million dinars, while operating revenues increased by 16% to 34, 82 million dinars.
- The data indicate the stability of operating costs and the increase in provisions of about 2.4 million dinars.
- In terms of results for the second quarter of 2021, the bank recorded a profitability of 1,206 million dinars, compared to a loss of 2.65 million dinars in the second quarter of 2020.

Ahli United Bank Kuwait net income almost flat in 1H21

- Ahli United Bank reported profit for the second quarter of \$138.9 million vs. \$122.0 million y/y.
- 2Q operating rev. \$261.2 million vs \$256.8 million.
- 2Q operating profit \$187.8 million vs \$185.8 million.
- Attributes rise in 1H profit to increase in net interest margins and lower provisions.

QATAR

Qatar Corporate Results

QAR MN	1H20	1H21	%CHANGE
DOHA INSURANCE	31.9	40.5	27%
SALAM INTERNATIONAL	-86.0	32.4	-
ALKHALEEJ TAKAFUL	21.4	33.0	54%

Doha Insurance net income up 27% YoY in 1H21

- Doha Insurance discloses the interim financial statement for the six-month period ending 30th June, 2021. The financial statements revealed a Net Profit of QR 40,456,335 in comparison to Net Profit QR 31,967,693 for the same period of the previous year.
- The Earnings per share (EPS) amounted to QR 0.08 as of 30th June, 2021 versus Earnings per share (EPS) QR 0.06 for the same period in 2020.

Salam International reports profit in 1H21 compared to loss in same period last year

- Salam International Investment Limited disclosed its Financial Statements for the period ending 30/06/2021. The financial statements revealed a Net Profits of QAR 32,383,379. Compared to Net Losses of QAR (86,000,466) for the same period in 2020.
- The Earning per share is QAR 0,028 for the fiscal period ending 30/06/2021, compared to Losses per share of QAR (0,075) attained in the same period in 2020.

Al Khaleej Takaful net income up 54% YoY in 1H21

- Alkhaleej Takaful Insurance discloses the interim financial statement for the six-month period ending 30th June , 2021 . The financial statements revealed a Net Profit of QR 33,027,449 in comparison to Net Profit QR 21,414,534 for the same period of the previous year.
- The Earnings per share(EPS) amounted to QR 0.129 as of 30th June , 2021 versus Earnings per share(EPS) QR 0.084 for the same period in 2020.

ECONOMIC & GENERAL NEWS

OMAN

Pact signed for first business hotel in Khazaen

Khazaen Economic City has announced the signing of a new investment agreement with Ibtina Trading and Contracting Company to establish the first businessmen hotel in Khazaen Economic City on a total area of 4,500 square metres. The hotel targets various segments of businessmen in the city and contains hotel rooms, a business center, meeting and workshop rooms, corporate administrative offices, as well as trade fairs and various restaurants. The agreement was signed by Eng Salim bin Sulaiman al Thuhli, CEO of Khazaen Economic City, and Ibrahim bin Khalfan al Amri, CEO of Ibtina Trading and Contracting Company.

[Source](#)

Sohar Aluminium achieves 'positive bottom-line results' in pandemic-hit 2020

Capex budget cut by 35 per cent as part of urgent measures to maintain cash-flow; Hotel metal production hits new record Sohar Aluminium (SA), owned 40 per cent by OQ – the Sultanate's integrated global energy group – said it closed pandemic-impacted 2020 with "positive bottom-line results" despite a collapse in global aluminium prices on the London Metal Exchange (LME) last year. The joint venture, which owns and operates a world-scale smelter in Suhar, described 2020 as an "abnormal year" that sent aluminium prices on the LME tumbling to below \$1500/ton in the second quarter of the year.

[Source](#)

Musandam governorate allocated OMR26.3mn for electricity sector

The total budget allocated to the electricity sector in the Musandam governorate for this year stood at OMR26.3 million, Eng. Muhammad Yousef Al Shehhi, Director of Tanweer Electricity Company (Tanweer) in Musandam Governorate, said on Wednesday. In a statement to the Oman News Agency (ONA), Al Shehhi said that Tanweer is currently studying alternatives for reserve power feedbacks in Musandam Governorate. Options unrolled so far include a proposal to set up a backup station in the Wilaya of Daba. The proposal will be submitted to the Authority for Public Services Regulation (APSR) before the end of this year because Musandam's electricity network is not linked to the Sultanate's power grid.

[Source](#)

Total investment at Salalah Free Zone reaches \$8.8bn

Salalah Free Zone (SFZ), one of the largest industrial areas in the sultanate, has attracted a total investment of more than US\$8.8bn since the inception. As per the latest statistics revealed by SFZ, the number of usufruct agreements signed by Salalah Free Zone until the beginning of 2021 reached 95 agreements with total investment volume of US\$8.8bn (around RO3.3bn). The increasing investment reflects local and international investors' interest in Salalah Free Zone which is home to many prominent companies and factories catering to regional and global markets.

MIDDLE EAST

Mideast Stocks: Dubai gains as UAE eases travel curbs; other markets mixed

Major bourses in the Gulf ended mixed on Wednesday, knocked by tensions in the region after the seizure of an oil product tanker, although an easing of UAE travel curbs boosted the Dubai index. On Tuesday, three maritime security sources claimed Iranian-backed forces seized an oil product tanker off the coast of the United Arab Emirates. Iran denied the reports. Saudi Arabia's benchmark index dropped 0.4%. In Abu Dhabi, the index lost 0.4%. The main share index in Dubai, the Middle East's travel and tourism hub, advanced 0.6%. The Gulf state, a major international travel hub, on Tuesday said it would lift a ban on transit flights, including from major market India. The Qatari benchmark added 0.1%.

[Source](#)

Inflation in Saudi Arabia likely to decline in coming months`

The inflation rate in Saudi Arabia is expected to be 3.2 percent and the rate would decline because of a higher base, Mazen Al-Sudairi, head of research at Al-Rajhi Capital, told Arab News. The cost of living index of Saudi Arabia remained in the positive trajectory and increased by 6.2 percent year-on-year in June 2021, mainly driven by a rise in value-added tax (VAT) from 5 percent to 15 percent in July 2020, according to Al-Rajhi Capital. Saudi spending in the local market, especially in the retail, food, and beverages, and health segments continues to support the economy, it added.

[Source](#)

GCC economies expected to grow an aggregate 2.2% this year - World Bank

Economies of the Gulf Cooperation Council (GCC) will likely grow at an aggregate 2.2% this year after a 4.8% contraction last year caused by the pandemic and lower oil prices, the World Bank said on Wednesday. "With recent progress made with the rollout of the COVID-19 vaccine globally and with the revival of production and trade worldwide, the prospects for an economic recovery are firmer now than at the end of last year," it said in a research report. "Although downside risks remain, the forecast stands for an aggregate GCC economic turnaround of 2.2% in 2021 and an annual average growth of 3.3% in 2022–23."

[Source](#)

Saudi property market adapts to new tax

The Saudi Zakat, Tax and Customs Authority registered over 543,000 transactions related to the Real Estate Transaction Tax (RETT) since its implementation in October 2020, the official Saudi Press Agency (SPA) reported. The highest number of tax transactions was reported in Riyadh with 125,110 followed by Jeddah (55,680), Buraidah (50,462), Makkah (18,955) and Madinah (18,557). "This gives a positive impression to the property market," Khaled Almobid, CEO of Riyadh-based Menassat Reality Co. told Arab News. He said many thought the new tax might contribute to a decline in the demand of property but "the market started to adapt to it," which is a positive sign for the Kingdom's real estate sector.

[Source](#)

GCC wealth: Saudi, UAE top the list; Bahrain marks fastest growth

Bahrain's wealth is a fraction of Saudi Arabia's \$1 trillion, but the smaller kingdom has seen the GCC's fastest wealth growth since 2015, according to a new report by Boston Consulting Group (BCG). Global wealth continued to grow in 2020 despite the pandemic, according to BCG, and the Middle East was no different, growing eight percent to \$11 trillion. Mustafa Bosca, managing director and partner at BCG said there were a number of factors involved in the region's wealth growth, including greater emphasis on savings as individuals stayed at home during the COVID-19 movement restrictions.

[Source](#)

INTERNATIONAL

Asian stocks hold gains, dollar strong on Fed official comments

Asian shares held on to recent gains in morning trading on Thursday, despite hawkish remarks from a senior official at the U.S. Federal Reserve, that boosted the dollar while weighing on risk appetite, and uncertainty about Chinese policy. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.22%, and Japan's Nikkei climbed 0.32%. Australia gained 0.18%, Chinese blue chips fell 0.28% and Hong Kong advanced 0.45%. This week the MSCI Asian regional benchmark has walked back most of the ground lost a week earlier, when a series of Chinese regulatory crackdowns in sectors from property to education squeezed Chinese stocks and overshadowed the region as a whole.

[Source](#)

Indonesia exits recession with 7% GDP growth in Q2, but virus clouds recovery

Indonesia pulled out of recession in the second quarter after reporting its strongest annual growth rate in more than a decade, but analysts warned its economic recovery will suffer a setback due to a recent surge in COVID-19 infections. Southeast Asia's largest economy grew 7.07% in the April-June quarter compared with a year earlier, its first expansion in five quarters, Statistics Indonesia reported on Thursday. The pace was stronger than the 6.57% growth expected in a Reuters survey of analysts, and the highest since the October-December quarter of 2004, according to Bank Mandiri data. The first quarter's contraction was revised to 0.71%.

[Source](#)

Key Fed official sees rates liftoff in 2023 as policy debate heats up

The contours of debate within the U.S. central bank over when to dial back support for the economy burst into the open on Wednesday as a key architect of the Federal Reserve's new policy strategy said he feels the conditions for raising interest rates could be met by the end of 2022. "Commencing policy normalization in 2023 would, under these conditions, be entirely consistent with our new flexible average inflation targeting framework," Federal Reserve Vice Chair Richard Clarida said in a webcast discussion hosted by the Peterson Institute for International Economics.

[Source](#)

U.S. services sector growth accelerates despite supply constraints

A measure of U.S. services industry activity jumped to a record high in July, boosted by the shift in spending to services from goods, but businesses continued to pay higher prices for inputs because of supply constraints. The Institute for Supply Management survey on Wednesday also showed a rebound in a gauge of services industry employment last month. That eased worries of a sharp slowdown in job growth, which had been stoked by the ADP Employment Report showing the smallest gain in private payrolls in five months in July.

[Source](#)

U.S. Treasury's Yellen touts infrastructure bill as reducing economic inequality

U.S. Treasury Secretary Janet Yellen on Wednesday traveled to Atlanta to call for passage of the \$1 trillion bipartisan infrastructure bill, saying it would help reverse wage and racial inequalities and start to mitigate climate change. Yellen, in excerpts of remarks to be delivered at the city of Atlanta's economic development authority, called the bill, now under debate in the U.S. Senate, the largest infrastructure investment since the construction of the interstate highway system began in the 1950s under the Eisenhower administration.

[Source](#)

Yellen says new U.S. eviction moratorium buys time to speed rental aid funds

U.S. Treasury Secretary Janet Yellen said on Wednesday her department will use a 60-day extension of a moratorium on residential evictions to try to accelerate the distribution of aid to struggling renters and landlords. Some \$46 billion in federal rental assistance funds from coronavirus relief bills passed in December and March has been slow to reach households in need, with just \$3 billion issued through June for rent, utilities and related expenses, according to Treasury data.

[Source](#)

COMMODITIES

Oil prices rise on Mideast tensions; crude stock build caps gains

Oil prices rose on Thursday, supported by tensions in the Middle East, but failed to recoup most of the previous day's losses after a surprise build in crude stockpiles in the United States, the world's top oil consumer. Brent crude oil futures rose by 19 cents, or 0.3%, to \$70.57 a barrel by 0438 GMT, while U.S. West Texas Intermediate (WTI) crude futures increased by 23 cents, or 0.3%, to \$68.38 a barrel. Both benchmarks fell by more than \$2 a barrel on Wednesday.

[Source](#)

Gold eases on firm dollar, hawkish Fed official

Gold prices eased on Thursday as the dollar held firm after remarks from a top U.S. Federal Reserve official signaled the possibility of bringing forward policy tightening. Spot gold fell 0.1% to \$1,809.96 per ounce by 0255 GMT, while U.S. gold futures were down 0.1% at \$1,812.80.

[Source](#)

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

GCC

GCC economies expected to grow 2.2% this year, says World Bank

- Economies of the Gulf Cooperation Council (GCC) will likely grow at an aggregate 2.2% this year after a 4.8% contraction last year caused by the pandemic and lower oil prices, the World Bank said on Wednesday.
- "With recent progress made with the rollout of the COVID-19 vaccine globally and with the revival of production and trade worldwide, the prospects for an economic recovery are firmer now than at the end of last year," it said in a research report.
- "Although downside risks remain, the forecast stands for an aggregate GCC economic turnaround of 2.2% in 2021 and an annual average growth of 3.3% in 2022-23."
- It remains vital for GCC countries - which include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates - to diversify their economies, the World Bank said, as oil revenues account for over 70% of total government revenues in most GCC countries.
- It said it expects Kuwait and Qatar to introduce a value-added tax this year, following the example of other GCC states that have implemented the revenue-diversifying measure in different phases over the last few years.

CHART / TABLE OF THE DAY

Foreign holding in Kuwaiti banks; GBK, NBK & KFH continue to be investor favorite

Kuwaiti Banks - Foreign Holding

	12/30/2020	1/27/2021	2/24/2021	3/31/2021	4/28/2021	5/26/2021	6/30/2021	7/28/2021	Change (Jul-Jun) PPS
NBK	19.83%	20.02%	19.66%	19.64%	19.80%	19.86%	19.97%	20.03%	0.06%
GBK	12.47%	12.48%	11.87%	11.87%	11.85%	11.45%	12.58%	12.92%	0.34%
KFH	10.14%	10.30%	10.30%	10.23%	10.25%	10.26%	10.53%	10.58%	0.05%
KIB	4.68%	4.69%	4.64%	4.56%	4.55%	4.60%	4.84%	4.66%	-0.18%
BOUBYAN	5.10%	5.07%	5.02%	5.02%	5.04%	5.02%	5.08%	5.04%	-0.04%
BURGAN	3.21%	3.09%	2.61%	2.63%	2.66%	2.67%	2.57%	2.55%	-0.02%
WARBA	3.80%	3.93%	4.00%	4.17%	4.19%	4.19%	4.07%	4.09%	0.02%
AHLI	0.95%	1.00%	1.07%	1.05%	1.07%	0.71%	0.42%	0.41%	-0.01%
AUB KW	0.27%	0.28%	0.31%	0.31%	0.33%	0.31%	0.34%	0.37%	0.03%
CBK	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.00%

Source: Kuwait Bourse

PPS - Percentage Points



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