

PRE-MARKET REPORT

19 August 2021

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
MSCI GCC Index	708.98	-1.17	-0.16%	24.45%	20.61	2.16	2.5%
S&P GCC Comp PR USD	146.04	-0.29	-0.20%	28.02%	22.67	2.08	2.4%
Muscat Stock Exchange	3,990.84	-11.50	-0.29%	9.08%	12.73	0.79	3.9%
Saudi Stock Exchange	11,344.94	-47.89	-0.42%	30.56%	27.43	2.43	2.2%
Kuwait Stock Exchange	6,651.39	34.52	0.52%	19.93%	31.36	1.66	1.8%
Qatar Exchange	10,996.13	12.80	0.12%	5.37%	16.72	1.61	2.7%
Bahrain Stock Exchange	1,638.10	1.40	0.09%	9.96%	11.55	0.82	3.4%
Dubai Financial Market	2,862.01	24.67	0.87%	14.85%	21.14	0.98	2.7%
Abu Dhabi Exchange	7,694.59	-35.28	-0.46%	52.51%	23.64	2.20	3.0%
Palestine Stock Exchange	573.81	1.10	0.19%	21.76%	18.75	1.35	2.2%
Tunis Se Index	7,294.77	-8.46	-0.12%	5.95%	24.68	2.40	2.2%
EGX 30 Index	10,907.96	-29.73	-0.27%	0.58%	10.04	1.54	1.5%
Amman General Index	2,015.59	12.74	0.64%	21.62%	23.37	0.85	3.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,169.3	-0.16%	10.97%
DAX	Germany	15,966.0	0.28%	16.38%
CAC 40	France	6,770.1	-0.73%	21.95%
United States				
DJIA	USA	34,960.7	-1.08%	14.23%
S&P 500	USA	4,400.3	-1.07%	17.15%
NASDAQ	USA	14,525.9	-0.89%	12.71%
Asia Pacific				
NIKKEI 225	Japan	27,406.3	-0.69%	-0.17%
HANG SENG	Hongkong	25,425.3	-1.86%	-6.63%
KSE 100 Index	Pakistan	47,258.5	0.74%	8.01%
NSE Nifty 50	India	16,568.9	-0.28%	18.50%
SHANGHAI COMPOSITE	China	3,460.4	-0.71%	-0.37%
SHANGHAI SHENZHEN CSI 300	China	4,858.5	-0.73%	-6.77%

Currency Cross Rates	Units/1 USD	YTD %
Currency		
Australian Dollar (AUD)	1.390	6.91%
British Pound (GBP)	0.729	-0.41%
Canadian Dollar (CAD)	1.270	0.21%
Chinese Renm. (CNH)	6.501	0.03%
Egyptian Pound (EGP)	15.692	0.22%
Euro (EUR)	0.856	4.62%
Indian Rupee (INR)	74.248	-1.59%
Japanese Yen (JPY)	110.160	-6.27%
Swiss Franc (CHF)	0.920	-3.76%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	164.116	-2.61%
Russian Ruble (RUB)	73.833	0.78%
Singapore Dollar (SGD)	1.365	-3.11%
Turkish Lira (TRY)	8.491	-12.37%

Commodity Prices	Price	D/D	YTD
		USD	%
Oil			
Brent Crude (per bbl)	67.3	-1.23%	31.89%
WTI Crude (per bbl)	64.4	-1.57%	32.63%
Oman Crude Oil (Last Closing)	66.8	-0.89%	30.83%
OPEC (per bbl)	69.4	-0.36%	38.14%
Precious Metals			
Gold100 OZ (per oz)	1,779.0	-0.50%	-6.29%
Silver (per oz)	23.2	-1.27%	-12.08%
Platinum (per oz)	991.9	-0.74%	-7.49%
Other Metals			
Copper, MT	9,043	-2.22%	16.44%
Aluminium, MT	2,555	-1.71%	29.07%
Lead, MT	2,290	-1.44%	14.82%
Zinc, MT	2,985	-1.00%	8.51%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.36	-30.4%
Saudi Arabia	0.80	-2.7%
Kuwait	1.50	4.3%
Oman	2.12	-20.9%
Qatar	1.01	-9.8%
Bahrain	1.59	-29.3%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.24
UAE	16/04/2030	1.85
QATAR	16/04/2030	1.96
SAUDI ARABIA	22/10/2030	2.19
OMAN	25/01/2031	5.04
BAHRAIN	30/09/2031	5.71

Midswaps	Price	YTM %
3 year	99.84	0.4
5 year	99.30	0.8
10 year	99.91	1.3
30 year	102.23	1.9

USD Libor	Rate (%)	YTD
1m	0.09	-39.9%
3m	0.13	-46.6%
6m	0.16	-39.4%
1 year	0.24	-31.1%

GCC CORPORATE NEWS & DISCLOSURES

OMAN

Oman National Engineering (ONEIC) announces variation of order from Mazoon Electricity Company

- Mazoon Electricity issued a variation order for ONEIC for the sum of OMR 2.031mn and accordingly the total amount of the contract shall be OMR 2.84mn.
- Earlier, on the 13th of April, ONEIC had announced the contract sum of OMR 809 thousand.

Comment: This is good news for the company. ONEIC is expecting during the coming quarter that the CBO will issue initial approval to create electronic wallet, which will support the company through opening a new gateway for electronic payment and collection.

Furthermore, the company is currently in the process of diversification through (1) establishing integration with other major government and private customers across multiple business segments, substantial volumes are expected from the integration. (2) ONEIC collection services are live in Sanad offices, the number of active Sanad offices will increase in coming periods. (3) The company has launched mobile POS machines, which are provided to key locations across the region, which can do collection on ONEIC behalf through these devices. (4) ONEIC branches are now providing post offices services to its customers. (5) ONEIC has entered into agreement with Omantel to provide Omantel services from ONEIC branches. (6) The company is focusing on collections. (7) The company has participated in multiple BOO & other new tenders and favorable results are expected in the coming period.

Further, during 1H21, ONEIC was successfully able to operate Khasab Desalination Plant, which is BOO investment project that is expected to contribute to O&M department profits in the coming years.

US FED

Fed Minutes Show Most Officials See Taper Starting This Year

- Most participants saw standard on price stability achieved
- Fed releases minutes of its policy meeting held in late July
- Most Federal Reserve officials agreed last month they could start slowing the pace of bond purchases later this year, judging that enough progress had been made toward their inflation goal, while gains had been made toward their employment objective.
- U.S. central bankers next meet September 21-22. While the record shows that they don't yet have agreement on the timing or pace of tapering asset purchases, most had reached consensus on keeping the composition of any reduction in Treasury and mortgage-backed securities purchases proportional.
- Fed officials cut their benchmark lending rate to zero in March 2020 and announced they would buy \$200 billion of agency mortgage-backed securities and \$500 billion of Treasuries to support market functioning. By December 2020, they realigned their guidance saying they would purchase \$80 billion a month in Treasuries and \$40 billion a month on mortgage securities "until substantial further progress has been made toward its maximum employment and price stability goals."
- The asset purchases have lowered longer-term interest rates and helped fuel a rise in housing prices and other financial assets, with one-month gains in home price indices breaking records while stock indexes trade around record highs.

Comment: It is evident that there is still a divide between Fed officials on the timeline, speed, and structure, but tapering will begin sooner than expected in lieu of a faster improvement in economic indicators than expected.

SAUDI ARABIA

Saudi Ceramic Co. Announces Establishment of a new factory to produce porcelain tiles

- To implement the company's strategy and expansion plans, the Saudi Ceramic Company's board of directors approved by circulating a resolution on August 18-2021 the establishment of a new factory to produce porcelain tiles using the latest international technologies with a production capacity of 8.25 million square meters annually.
- Project Start Date: Fourth quarter of 2021
- Project Cost: 249.3 million Saudi Riyals
- Financing method for the project: Through borrowing and self-financing

- Expected completion date of the project: The second quarter of 2023
- The project is expected to have a positive impact on the Company's revenues, after the start of commercial operation in the second quarter of 2023

Comment: This expansion is perfectly timed, in our view, as Saudi construction market activity remains elevated. The company's performance has been very good recently with the stellar increase in demand for ceramic products as the construction industry booms. The company has recently reinstated its dividend earlier than expected and its dividend policy has been upgraded vs pre-2017 period.

Furthermore, anti-dumping duties against Chinese and other tile exporters will last for five years and rising energy costs will keep global ceramic tile cost curves elevated, which is a great operating & pricing environment for the company.

National Housing to build over 147,000 residential units in Riyadh

Saudi Arabia-based National Housing Co. (NHC) announced its plans to increase residential real estate supply in Riyadh, through constructing new integrated residential communities comprising more than 147,000 housing units that spread 83.5 million square meters (sqm), Saudi Press Agency reported.

The company plans to launch new communities spreading 40 million sqm in three Riyadh-based sites over the coming years. The move is part of the company's plan that contributes to achieving Riyadh Vision, which aims to make the Saudi capital one of the world's top 10 economic cities. NHC also plans to achieve the goals of the Kingdom's Vision 2030, which aims to increase home ownership in the Kingdom to 70% by 2030.

The current real estate supply in Riyadh reaches nearly 20 projects, of which 13 are implemented by NHC at Al-Gwan suburb. The company indicated that the number of units that will be built at Al-Gwan suburb exceeds 73,000 spreading 30 million sqm.

Comment: Saudi Arabian real estate activity continues to flourish, especially in Riyadh, with a strong pipeline of housing supply.

Qassim Cement board recommends 10% cash dividend for Q2 2021

- Qassim Cement Co.'s board of directors, in a meeting today, Aug. 18, recommended the distribution of cash dividends at SAR 1 per share, or 10% of capital, for the second quarter of 2021, according to a bourse filing.

Comment: This dividend is lower than the previous quarter's dividend of SAR 1.1 but is the same as that paid for the same period last year. Implies a dividend yield of 5.5%.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
Al-Babtain	15.53	22.51	-31%	15.47	0.4%
Zoujaj	10.30	-10.07	202.3%	8.92	15.5%
Maadaniyah	-7.38	-7.71	4.3%	-7.08	-4.2%
Watani Steel	-98	-172	-43.0	-131	-25.2
Al Kathiri Holding	3.1	-1.29	340%	4.2	-26%

Al-Babtain net profit falls 16% to SAR 31 mln in H1 2021

- Al-Babtain Power and Telecommunication Co. reported net profit after Zakat and tax of SAR 31 million in H1 2021, a decline of SAR 16%, from SAR 36.7 million in year-earlier period, driven by higher cost of sales.
- Q2 2021 net profit dropped by 31% year-on-year (YoY) to SAR 15.5 million, due to higher cost of sales, and increased marketing and distribution expenses.
- On a sequential basis, net profit increased by 0.4%.

Zoujaj turns to net profit of SAR 19.2 mln in H1 2021

- The National Company for Glass Industries (Zoujaj) swung to a net profit after Zakat and tax of SAR 19.2 million for the first half of 2021, against a net loss of SAR 7.7 million in the prior-year period.
- The positive results were backed by an increase in the company's profit share from associates operating in the float glass sector due to better performance.

- In Q2 2021, the company turned to a net profit after Zakat and tax of SAR 10.3 million, against a net loss of SAR 10.1 million a year earlier.
- When compared to the previous quarter, net profit after Zakat and tax jumped 15.7% from SAR 8.9 million.

Maadaniyah narrows losses to SAR 14.5 mln in H1 2021

- National Metal Manufacturing and Casting Co. (Maadaniyah) narrowed net loss after Zakat and tax to SAR 14.5 million in H1 2021, from SAR 15.2 million in the prior-year period.
- The company attributed **the decline in losses to the improvement in selling price, decrease in selling and distribution expenses, increase in other income, decrease in financial charges** and slight decrease in provision for Zakat.
- The company reported a net loss after Zakat and tax of SAR 7.4 million for Q2 2021, compared to SAR 7.7 million in the same quarter last year.
- On a sequential basis, the company widened its losses in Q2 2021 on lower sales, **higher general and administrative expenses and other expenses due to provision for doubtful accounts.**

Watani Steel's net profit jumps 64% to SAR 30 mln in H1 2021

- Watani Iron Steel Co. (Watani Steel) reported a net profit after Zakat and tax of SAR 30 million for H1 2021, a 64% increase, compared to SAR 18.3 million in the year-earlier period.
- The increase was attributed to higher sales volume and lower financing expenses despite a fall in profit margins. Seera Group recorded a 107% increase in revenue across its portfolio of business units, compared to Q2 2020 in the second quarter of 2021, which was a testament to the combined efforts of international governments and the travel ecosystem on the road to recovery post pandemic.
- In addition, the company reported an increase in general and administrative expenses and higher Zakat provision.

Al Kathiri Holding profit surges to SAR 7.3 mln in H1 2021

- Al Kathiri Holding Co. reported a net profit after Zakat and tax of SAR 7.3 million for the first half of 2021, increasing 213%, from SAR 2.3 million in the year-earlier period.
- **The higher profit was driven by increased revenue from sales growth and mitigating precautionary measures followed by the Kingdom.**
- Al Kathiri turned to a net profit after Zakat and tax of SAR 3.1 million in Q2 2021, compared to a net loss after Zakat and tax of SAR 1.3 in Q2 2020.
- When compared to the previous quarter, **profit fell 26% due to higher general and administrative expenses.**

Abdullah Al Othaim reported profit for the second quarter of 47.9 million riyals vs. 125.3 million riyals y/y.

- 2Q21 Profit 47.9 million riyals, -62% y/y
- 2Q21 Revenue 2.17 billion riyals, -16% y/y, estimate **2.33 billion (range 2.24 billion to 2.45 billion)** (Bloomberg Consensus) (3 estimates)
- Operating profit 55.4 million riyals, -63% y/y
- Gross margin dropped due to increase in promotions and change in consumers behavior on discounted products

Fawaz Abdulaziz 1Q Revenue Beats Estimates, 1Q REV. 1.70B RIYALS, EST. 995.5M (2 EST.)

- Fawaz Abdulaziz reported revenue for the first quarter that beat the average analyst estimate.
- 1Q21 Revenue 1.70 billion riyals vs. 564.9 million riyals y/y, estimate 995.5 million (Bloomberg Consensus) (2 estimates)
- Profit 45.7 million riyals vs. loss 535.6 million riyals y/y
- Operating profit 128.2 million riyals vs. loss 412.1 million riyals y/y
- **Cites return to pre-pandemic operations following the lifting of restrictions and despite ongoing capacity limitations in shopping malls**
- Selling, general and administrative expenses increased 56.1%
- Other operating income fell 71.6%

UAE

DP World Sets 2021 Capex at \$1.2b, Plans More Investments

- The Dubai-based port operator sets capital expenditure guidance for this year at about \$1.2 billion with investments planned in UAE, Canada, Jeddah (Saudi Arabia), Berbera (Somaliland), Sokhna (Egypt), Luanda (Angola), P&O Ferries, London Gateway (UK) and Callao (Peru).

- Capital expenditure of \$687 million in 1H
- Portfolio has delivered “strong performance” in 1H on higher consumer spend and rebound in global trade, Near-term outlook remains positive but expects growth rates to moderate
- Focused on delivering integrated supply chain solutions to cargo owners to drive growth and returns
- Says well-positioned to deliver on 2022 combined (DP World and PFZW) leverage target of less than 4x net debt to adjusted Ebitda (Pre IFRS16)
- The company’s recent acquisitions of Imperial Logistics and syncreon bring value-add capabilities in high growth verticals and markets, which will allow us to offer a more compelling set of supply chain solutions. By leveraging its infrastructure across inland logistics, ports and terminals, economic zones and marine logistics network, DP World aims to lower inefficiencies and provide improved connectivity in fast growing trade lanes such as Asia, Middle East & Africa.
- FIRST-HALF RESULTS
 - Profit attributable to owners of the company at \$475 million, +52% YoY
 - Profit \$585 million, +76% YoY
 - Revenue \$4.95 billion, +21% YoY
 - Adjusted Ebitda \$1.81 billion, +18% YoY

QATAR

Qatari Dairy Firm Baladna to Sign Ukraine MOU This Month

- Qatari dairy company Baladna will not pass on rising freight and raw-material costs to customers and will instead look to become more efficient, CEO Ramez al-Khayyat said in an interview with Bloomberg Television.
- Ukraine deal will be similar to company’s recent agreement to produce milk in Malaysia
- Business will get “better and better” this year
- Baladna has a five-year strategy to reduce plastics in its packaging

Comment: The company had recently announced signing of accord with Malaysia’s state-owned Felcra Berhad and FGV Holdings to produce dairy products in Malaysia, aiming to produce 100 million liters of fresh milk within first full year of operation, pending the completion of a feasibility study. Baladna will jointly invest in an integrated dairy farm in the town of Chuping in Perlis, with the initial focus is to establish a herd of 10,000 high yielding milking cows. Other potential areas include utilizing agricultural land in Malaysia to produce animal feed for dairy farming. Signing of a deal with Ukraine is another step towards achieving the company’s international expansion plans.

ECONOMIC & GENERAL NEWS

OMAN

MSX index ends marginally lower

The MSX index closed at 3,990.84 points, down 0.28 per cent from the previous close. The Sharia Index up 0.56 per cent at 595.63 points. SMN Power Holding, up 3.17 per cent, was the top gainer while Oman & Emirates Holding, down 5.56 per cent, was the top loser. Shares of Bank Muscat was the most active in terms of the number of shares traded as well as in terms of turnover.

[Source](#)

Compensation claims paid by insurance companies in Oman exceed OMR5mn

The total amount of compensation paid for the claims by insurance companies in Oman was OMR5.19 million in the second quarter of 2021, data issued by the Capital Market Authority (CMA) shows. This is an increase of 189 per cent compared to the same period of 2019. The total claims (paid claims and unsettled claims increased by 77 per cent this year to OMR23.31 million compared to the second quarter of 2020.

[Source](#)

CBO issues treasury bills worth OMR20mn

Mohsin Khamis al-Balushi, Advisor to the Ministry of Commerce, Industry and Investment Promotion and Commissioner-General of the Sultanate at Expo 2020 Dubai, officially received the National Pavilion of the Sultanate of Oman at "Expo 2020" Dubai from the main contracting company charged with the construction and preparation works of the pavilion

[Source](#)

Oman to launch electricity spot market by year-end

Oman Power and Water Procurement Company (OPWP) is preparing to launch the commercial operations of the Middle East's first electricity spot market by the end of 2021. The development phase of the Market Management System (MMS) required for the electricity spot market has been completed, OPWP said in its annual report. OPWP, a member of Nama Group, recently announced that it received the Authority for Public Services Regulation's (APSR) approval for the commencement of market trial phase of the electricity spot market.

[Source](#)

MIDDLE EAST

Saudi Arabia to use IATA Travel Pass for COVID-19 test results from September 30

Saudi Arabia will use the International Air Transport Association (IATA) Travel Pass to confirm pre-departure COVID-19 test results for departing and arriving passengers from September 30. Eventually, this acceptance will be expanded to vaccine certification, said IATA in a statement. Travel Pass is a personal secure digital wallet solution that helps travellers understand travel requirements and present their verified travel health credentials (vaccine or test certificates) to meet COVID-19 entry restrictions. More than 80 airlines have announced trials of the IATA Travel Pass and the app is accepted for entry by a number of governments including Singapore and Panama.

[Source](#)

Saudi foreign minister discusses strategic relations with American counterpart

Saudi Foreign Minister Prince Faisal bin Farhan Al Saud discussed in a phone call with U.S. Secretary of State Antony Blinken the strategic relations between the two countries and developments in Afghanistan, Saudi state news agency said on Wednesday.

[Source](#)

Saudi' SEDA pushes local companies to bid in international tenders

The Saudi Exports Development Authority (SEDA) will identify over 120 international tendering opportunities in a number of target countries, mainly covering construction and industrial supplies and infrastructure projects, SPA reported.

This comes in efforts to implement the Kingdom's vision 2030 goals of increasing the share of non-oil exports from 16 per cent to 50 per cent of the total non-oil GDP.

[Source](#)

INTERNATIONAL

Stocks slide, dollar climbs as taper and virus fears combine

Jeff Bezos' space company Blue Origin filed a complaint in federal court against NASA, continuing its protest that the agency wrongly awarded a lucrative contract to Elon Musk's SpaceX earlier this year.

[Source](#)

UK court sets scene for \$14 bln-plus class action against Mastercard

A London court on Wednesday approved a 10 billion pound-plus (\$14 billion-plus) class action against global payments processor Mastercard (MA.N) that claimants said could entitle 46 million British adults to roughly 300 pounds each if it is successful. The Competition Appeal Tribunal (CAT) had been expected to certify Britain's first mass consumer class action, brought by former financial ombudsman Walter Merricks, after the UK Supreme Court overruled objections to it in December

[Source](#)

China seen holding benchmark rate steady in Aug, but weak data fans rate cut talk

China is expected to keep its benchmark lending rate unchanged for the 16th straight month at its August fixing on Friday, but some traders and analysts believe a cut may be needed soon amid signs the country's economic recovery is losing steam, a Reuters survey showed. Twenty-five traders and analysts, or 78% of 32 participants, in the snap poll predicted no change in either the one-year Loan Prime Rate (LPR) or the five-year tenor .

[Source](#)

COMMODITIES

Oil skids for fifth day on COVID surge, worries about more supply

Crude prices fell for a fifth day on Wednesday, as investors remain worried about the outlook for fuel demand as COVID-19 cases surge worldwide just as more supply reaches the market from large global producers, including the United States. Oil benchmarks have been under pressure for the last few weeks due to the rise in infections caused by the Delta variant of the coronavirus worldwide. Several countries have re-introduced travel restrictions and air traffic has softened in recent weeks.

[Source](#)

CHART / TABLE OF THE DAY

Brent oil price has been under pressure since July and Fed's meeting minutes have put further pressure on it...

Brent Crude (CO1 Comdty) Price, USD/barrel



