

PRE-MARKET REPORT

27 July 2021

HEADLINES

MARKET INDICATORS

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

- National Life & General Insurance to provide motor insurance at Omantel self-service machines
- National Fertilizer to debut on Nomu on July 28
- Saudi's Tanmiah IPO announces retail subscription date
- Sadr Logistics signs SAR 6.6mn automatic storage systems supply deal
- Saudi Catering's accumulated losses decrease to 28.8% of capital
- Taiba extends MoU with Shuaa to buy firms owning Centro hotels in Saudi Arabia
- Chemanol CEO expects continued demand for products to remain high
- Saudi Kayan net income up significantly YoY and QoQ in 2Q21
- Zahrat Al Waha net income up 145% YoY but down 20% QoQ
- CBUAE issues new guidance on implementation of targeted financial sanctions
- Du net income down 13% YoY in 1H21
- Qatar International Islamic Bank net income down 6% YoY in 1H21
- Merger of Solidarity Bahrain with T'azur BSC
- Bank of Bahrain and Kuwait to discuss setting up a technology arm for the Group in upcoming board meeting

FINANCIAL RESULTS EXPECTED TODAY

- First Abu Dhabi Bank (FAB UH), Dubai Islamic Bank (DIB UH), Doha Bank (DHBK QD), Barwa (BRES QD)

ECONOMIC, GENERAL & COMMODITIES NEWS

- Mideast Stocks: Abu Dhabi hits record high again; other major Gulf markets mixed
- Energy giant Halliburton wins major contract in the Sultanate
- Tethys Oil's June production in Oman reaches 342,446 barrels
- Cashless transactions mandatory at key outlets from January 1 2022 in Oman
- Gulf rebound set as Saudi Arabia, UAE seen topping 4% growth in 2022
- Saudi Arabia to introduce insurance on domestic labor contracts in 2022
- Saudi Arabia's tourism sector aims to bring 100mln visitors annually
- Kuwait central bank chief calls for reforms to ensure stability
- 40.5% rise in Sharjah's real estate transactions from January-June
- China jitters pull Asian stocks to seven-month low
- Global growth to stay strong but virus the top risk, say economists
- Fed now facing twin inflation, growth risks as virus jumps and supply chains falter
- U.S.-listed Chinese companies must disclose government interference risks -SEC official
- Oil inches up as tight supply, vaccinations outweigh virus concerns
- Gold holds below key \$1,800 level as investors eye Fed meeting

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

- Fitch revises outlook on 6 Saudi banks to 'Stable'

CHART / TABLE OF THE DAY

- Profit margins of Saudi Cement Companies; Qassim Leads followed by Al Jouf Cement

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	671.6	2.11	0.32%	17.88%	23.11	2.12	2.5%
Muscat Stock Exchange	4,005.9	-45.18	-1.12%	9.49%	12.27	0.81	3.9%
Saudi Stock Exchange	10,897.9	21.51	0.20%	25.41%	35.51	2.41	2.2%
Kuwait Stock Exchange	6,524.8	66.10	1.02%	17.65%	38.56	1.67	1.8%
Qatar Exchange	10,679.3	-98.41	-0.91%	2.33%	17.30	1.58	2.7%
Bahrain Stock Exchange	1,596.6	10.39	0.66%	7.17%	13.28	0.83	3.5%
Dubai Financial Market	2,758.8	-15.41	-0.56%	10.71%	20.98	0.96	2.9%
Palestine Stock Exchange	576.3	-2.02	-0.35%	22.30%	18.83	1.36	2.2%
Tunis Se Index	7,235.9	-48.98	-0.67%	5.10%	23.79	2.40	2.2%
EGX 30 Index	10,697.3	42.56	0.40%	-1.36%	10.43	1.48	1.6%
Amman General Index	2,102.1	-30.37	-1.42%	26.84%	25.03	0.89	3.5%

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,025.4	-0.03%	8.74%
DAX	Germany	15,619.0	-0.32%	13.85%
CAC 40	France	6,578.6	0.15%	18.50%
United States				
DJIA	USA	35,144.3	0.24%	14.83%
S&P 500	USA	4,422.3	0.24%	17.74%
NASDAQ	USA	14,840.7	0.03%	15.15%
Asia Pacific				
NIKKEI 225	Japan	27,997.5	0.59%	2.02%
HANG SENG	Hongkong	25,922.8	-1.03%	-4.80%
KSE 100 Index	Pakistan	47,768.1	0.20%	9.17%
NSE Nifty 50	India	15,874.9	0.32%	13.54%
SHANGHAI COMPOSITE	China	3,472.4	0.14%	-0.02%
SHANGHAI SHENZHEN CSI 300	China	4,907.1	-0.37%	-5.84%

Currency Cross Rates	Units/1 USD	YTD %
Australian Dollar (AUD)	1.355	4.27%
British Pound (GBP)	0.723	-1.18%
Canadian Dollar (CAD)	1.255	1.41%
Chinese Renm. (CNH)	6.480	0.35%
Egyptian Pound (EGP)	15.681	0.29%
Euro (EUR)	0.847	3.51%
Indian Rupee (INR)	74.378	-1.76%
Japanese Yen (JPY)	110.220	-6.32%
Swiss Franc (CHF)	0.916	-3.36%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	160.965	-0.70%
Russian Ruble (RUB)	73.662	1.02%
Singapore Dollar (SGD)	1.358	-2.67%
Turkish Lira (TRY)	8.560	-13.07%

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.9	0.47%	46.19%
WTI Crude (per bbl)	72.2	0.33%	48.72%
Oman Crude Oil (Last Closing)	73.0	-0.44%	43.03%
OPEC (per bbl)	73.0	1.30%	45.36%
Precious Metals			
Gold100 OZ (per oz)	1,797.8	0.01%	-5.30%
Silver (per oz)	25.2	0.03%	-4.55%
Platinum (per oz)	1,064.3	-0.43%	-0.73%
Other Metals			
Copper, MT	9,810	3.08%	26.31%
Aluminium, MT	2,519	0.66%	27.25%
Lead, MT	2,373	-0.11%	18.98%
Zinc, MT	3,011	1.62%	9.45%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.35	-31.2%
Saudi Arabia	0.79	-3.0%
Kuwait	1.50	4.3%
Oman	2.14	-19.9%
Qatar	0.90	-19.7%
Bahrain	1.59	-29.3%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
KUWAIT	20/03/2027	1.30
UAE	16/04/2030	1.92
QATAR	16/04/2030	2.00
SAUDI ARABIA	22/10/2030	2.25
OMAN	25/01/2031	5.18
BAHRAIN	30/09/2031	5.55

Midswaps	Price	YTM %
3 year	100.00	0.4
5 year	100.76	0.7
10 year	103.17	1.3
30 year	109.98	1.9

USD Libor	Rate (%)	YTD
1m	0.09	-40.1%
3m	0.13	-45.9%
6m	0.16	-38.5%
1 year	0.24	-29.4%

Source: Bloomberg

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

OMAN

National Life to provide motor insurance at Omantel self-service machines

- National Life and General Insurance Co. (NLG) has tied up with Omantel to provide motor insurance through Omantel self-service machines (kiosks) 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.
- This collaboration between the top companies in their respective sectors has been very well appreciated and is a pioneering step in providing collaborative technological solutions for adding value and provide better customer service. This is being viewed as a significant step in the insurance industry as such.
- Going forward both the companies are looking at working together to expand this facility to more locations across Oman and also look at enhancing product range offerings through kiosks.

SAUDI ARABIA

National Fertilizer to debut on Nomu on July 28

- The Saudi Exchange (Tadawul) announced that shares of National Fertilizer Co. (NAFCO) will be directly listed and start trading on Nomu Parallel Market as of Wednesday, July 28, 2021, with the symbol 9517 and ISIN Code SA15BG54KMH4.
- Daily price fluctuation limits will be set at +/- 30% while static price fluctuation limits will be +/- 10%.
- On March 31, the company received the approval of the Capital Market Authority (CMA) to register shares for direct listing in the parallel market.
- NAFCO's listing is the fourth on Nomu Parallel Market this year, after listing shares of Watani Iron Steel Co. in February, Fesh Fash Snack Food Production Co. in May and Mohammed Hasan AlNaqool Sons Co. in June.

Saudi's Tanmiah IPO announces retail subscription date

- Saudi Fransi Capital, the financial advisor, lead manager, bookrunner and underwriter for Tanmiah Food Company's (Tanmiah) Initial Public Offering (IPO) has announced that Tuesday, July 27, 2021, is the date for subscription by individual investors to the Retail Tranche of Tanmiah's IPO.
- The retail subscription period will last for one day only. Six million (6,000,000) Ordinary Shares, representing 30% of the total shares of Tanmiah Food Company, were offered to institutional investors during the book building process, and six hundred thousand (600,000) Ordinary Shares have been allocated to individual subscribers, representing 10% of the total offered shares, at a price of SR 67 per share.

Sadr Logistics signs SAR 6.6mn automatic storage systems supply deal

- Sadr Logistics Co. signed, on July 25, a services contract for supplying automatic storage systems with Advanced Storage Co. for a total value of SAR 6.64mn, including value-added tax (VAT).
- The company said in a bourse statement that the duration of the contract is five months, as the implementation of the contract works ends in the beginning of December 2021.
- The scope of the contract includes manufacturing, supply and installation of automatic storage shelves for cold and freezing stores.
- The financial impact of this contract will be reflected from the third quarter of 2021.
- There are no related parties in this contract.

Saudi Catering's accumulated losses decrease to 28.8% of capital

- Saudi Airlines Catering Co.'s (SACC) accumulated losses decreased to SAR 236.41mn, accounting for 28.8% of its capital.
- The reason for the decrease in accumulated losses is due to the transfer of the company's statutory reserve surplus, amounting to SAR 107.84 million, based on the approval of SACC's board of directors during the meeting held on May 4, 2021.
- The procedures and instructions of listed companies in the Saudi stock market, whose accumulated losses amounted to 20% or more of their capital, will continue to be applied.
- In May, SACC's board of directors approved the transfer of company's surplus statutory reserve, which exceeded 30% of the reserve amounting to SAR 107.84 million, to the accumulated losses account.

Taiba extends MoU with Shuaa to buy firms owning Centro hotels in Saudi Arabia

- Taiba Investments Co. extended the memorandum of understanding (MoU) with Shuaa Capital Saudi Arabia for the complete buyout of the two companies owning Centro Waha Hotel Riyadh and Centro Shaheen Hotel Jeddah for an additional 45 days, starting today, July 25.
- The company said in a bourse statement that the extension comes in order to complete and finalize the due diligence activities between the two parties.
- Taiba signed on May 26, 2021, a MoU with Shuaa Capital Saudi Arabia for the complete buyout of the two companies owning Centro Waha Hotel Riyadh and Centro Shaheen Hotel Jeddah - managed and operated by Rotana Hotel Management Corporation Ltd. – along with all assets and liabilities for SAR 328 million, including tax.

Chemanol CEO expects continued demand for products to remain high

- Demand for Methanol Chemicals Co's. (Chemanol) products are likely to remain high, especially for those used in pharmaceuticals and construction industries, Chief Executive Officer (CEO) Ali Al-Asiri told Argam in a telephone interview.
- Prices are forecast to stay steady near the current levels, he added.
- The average selling prices of Chemanol's products rose 135% year-on-year (YoY) in Q2 2021, while its plants' operating rate hit 92%, with a production capacity of nearly 314,000 metric tons in the first half of the year.
- Elsewhere, Al-Asiri attributed the second-quarter profit growth to Chemanol's focus on enhancing plants' operating efficiency and reliability, which, in turn, boosted production and sales.
- Moreover, an increase in selling prices following the steep declines witnessed during the COVID-19 pandemic, in addition to the company's efforts to slash costs, restructure loans and improve cash flows, contributed to this profit growth.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
SAUDI KAYAN	780.99	-398.19	-	492.89	58.45
ZAH RAT AL WAHA	16.2	6.62	145.8	20.3	-19.9

Saudi Kayan net income up significantly YoY and QoQ in 2Q21

- The reason for achieving the net profit is due to an increase in the average selling prices of products and a decrease in financing costs despite an increase in the average cost of feedstock and a decrease in the quantities produced and sold due to the scheduled periodic maintenance for olefins plant that was previously announced on December 24, 2020.
- The reason for the increase in net profit is due to an increase in the average selling prices of products and continuing to control operating and administrative expenses despite to a decrease in the quantities produced and sold due to the scheduled periodic maintenance for olefins plant that was previously announced on December 24, 2020.

Zahrat Al Waha net income up 145% YoY but down 20% QoQ

- Net profit for the current quarter compared to the previous quarter is being decreased due to:
 - Increase cost of goods sold
 - Increase general and administrative expenses
 - Decreased other income
 - Decreased profits from investments at fair value from the investment portfolio

UAE

CBUAE issues new guidance on implementation of targeted financial sanctions

- The Central Bank of the UAE (CBUAE) has issued new guidance for its licensed financial institutions (LFIs) regarding the implementation of targeted financial sanctions (TFS) to combat money laundering and financing of terrorism.
- This step completes the guidance on TFS for financial institutions and designated non-financial businesses and professions, issued in May 2021 by the Executive Office of the Committee for Goods and Materials Subject to Import and Export Control.
- The guidance, which was effective from 8 July 2021, will ensure the understanding and effective implementation by LFIs of their statutory anti-money laundering and combatting the financing of terrorism (AML/CFT) obligations.
- Under the new guidance, LFIs will set, implement and update a sanctions compliance program, with a risk assessment, screening process, and staff training program.

UAE Corporate Results

AED MN	1H20	1H21	%CHANGE
Du	570.4	496.9	-13%

Du net income down 13% YoY in 1H21

- Emirates Integrated Telecommunications Company (du) reported a decline in net profits to AED 496.9mn during the first half (H1) of 2021, compared to AED 570.411 million in the same half of 2020, as shown by the company's consolidated financials for the six-month period ended 30 June 2021.
- The company generated revenues of AED 5.738 billion in H1-21, up from AED 5.656 billion in H1-20.
- The basic and diluted earnings per share (EPS) settled at AED 0.11 in the January-June period of 2021, versus AED 0.13 in the corresponding period of the earlier year.
- During the second quarter (Q2) of 2021, du saw an 11.4% increase in net profits to AED 239.848 million from AED 215.294 million in the same quarter of the earlier year.
- Meanwhile, the earnings before interest, tax, depreciation, and amortization (EBITDA) rose by 7.3% year-on-year (YoY) to AED 1.13 billion in Q2-21.
- Meanwhile, the company's board approved an interim dividend distribution of AED 0.10 per share for H1-21.

QATAR

Qatar Corporate Results

QAR MN	1H20	1H21	%CHANGE
Qatar International Islamic Bank	512.6	543.9	6%

Qatar International Islamic Bank net income down 6% YoY in 1H21

- QIIB has posted a half yearly (H1) net profit of QR543.9mn, up 6.1% on the same period last year.
- The bank's total revenues reached QR1,264mn during the first half representing a growth rate of 4.3% compared to the same period of the previous year. QIIB's total assets increased to QR62.5bn compared to QR59.3bn at the end of the first half of 2020, with a growth rate of 5.3%.
- The bank's financing assets reached QR40.6bn in H1 and represent a growth rate of 16%, while the customers' deposits increased by 11.6% to reach QR38.8bn.
- The total equity at the end of the H1, 2021 amounted to QR8.3bn, while the bank's capital adequacy ratio under Basel III in H1 stood at 17.3%, which is higher than the regulatory requirements, thus confirming the bank's high solvency.

BAHRAIN

Merger of Solidarity Bahrain with T'azur BSC

- Solidarity would like to announce that pursuant to its submission of results of the due diligence study to T'azur Board of Directors on 23rd June 2021, both parties have held further discussions on mutually agreeable terms for the proposed merger including on valuation and swap ratio.
- Accordingly, the Board of Directors of Solidarity has resolved to submit to T'azur a Firm Intention to Make an Offer dated 18 July 2021.

Bank of Bahrain and Kuwait to discuss setting up a technology arm for the Group in upcoming board meeting

- Bahrain Bourse Bank of Bahrain and Kuwait would like to announce that its Board of Directors will meet on Tuesday 27/07/2021 at 10 am to discuss the following main agenda items:
 - Q2 2021 financials as announced earlier
 - Establishing a technology arm for the Group
 - Digitalization initiatives updates
 - Investment Portfolio Performance for the first half of 2021
 - Reviewing a number of Bank's policies

ECONOMIC & GENERAL NEWS

OMAN

Energy giant Halliburton wins major contract in the Sultanate

US energy giant Halliburton Company announced that it won a major contract to provide production chemicals and associated services for a large international oil company (IOC) in Oman. Under the seven-year contract, Halliburton will supply a full suite of customised products along with specialised services to support the in-field chemical treatments, the company said in a statement recently posted on its website. The statement, however, did not mention the name of the international oil company which has awarded the contract to Halliburton in the sultanate.

[Source](#)

Tethys Oil's June production in Oman reaches 342,446 barrels

Tethys Oil's share of the production, before government take, from Blocks 3&4 onshore the Sultanate of Oman amounted in June 2021 to 342,446 barrels of oil, corresponding to 11,415 barrels of oil per day. Oil production in Oman is currently subject to production limitations under the OPEC+ agreement. As a consequence, production from Blocks 3&4 is subject to limitations but is likely to fluctuate on a monthly basis. The Official Selling Price (OSP) for Oman Export Blend Crude Oil for June 2021 amounts to \$63.10 per barrel. The OSP, as published by the Sultanate of Oman's Ministry of Energy and Minerals, is the benchmark price for Tethys Oil's monthly oil sales excluding trading and quality adjustments.

[Source](#)

Cashless transactions mandatory at key outlets from January 1 2022 in Oman

With effect from January 1, 2022, all commercial transactions at select stores and business establishments will be cashless as part of the Omani government's drive to promote electronic channels as the principal mode of payment – a key objective of the Oman 2040 Vision. An announcement to this effect was made by the Ministry of Commerce, Industry and Investment Promotion on Monday. In a post on social media, the Ministry said the new cashless payment scheme will be rolled out in stages.

[Source](#)

Oman Oil Price Declines 72 Cents

Oman oil price (September Delivery 2021) today reached 71.99 US Dollars, comprising a decrease by 72 cents from the price of last (Friday), 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 Dollars per barrel Higher than June Delivery 2021.

[Source](#)

MSX index ends marginally lower

The MSX index closed at 4,005.91 points, down 1.12 per cent from the previous close. The Sharia Index down 0.97 per cent at 582.05 points. National Gas, up 0.71 per cent, was the top gainer while National Aluminum Product, down 9.63 per cent, was the top loser. Shares of Oman Investment & Financials were the most active in terms of the number of shares traded as well as in terms of turnover. A total number of 620 trades were executed during the day's trading session, generating a turnover of OMR3.2 million, with more than 13.8 million shares changing hands. Out of 49 traded stocks, 1 advanced, 32 declined and 16 remained unchanged.

[Source](#)

MIDDLE EAST

Mideast Stocks: Abu Dhabi hits record high again; other major Gulf markets mixed

Major stock markets in the Gulf ended mixed on Monday, a day after the bourses were in the black as they reopened after a long Eid break, with the Abu Dhabi index reaching a new record high. During holidays in the Gulf, traders typically cash in shares and are generally cautious of any developments in global markets while their bourses are closed. In Abu Dhabi, the index advanced 0.9%. Saudi Arabia's benchmark index edged up 0.2%. Dubai's main share index dropped 0.6%. The Qatari benchmark declined 0.9%.

[Source](#)

Gulf rebound set as Saudi Arabia, UAE seen topping 4% growth in 2022: poll

The six economies in the Gulf Cooperation Council (GCC) are set to rebound and grow 2% to nearly 3% this year while the region's two largest economies, Saudi Arabia and the UAE, are forecast to grow over 4% next year, a quarterly Reuters survey showed. That outlook follows steep declines last year following an oil price crash and the impact of the COVID-19 pandemic, while analysts expected Saudi Arabia, the UAE and Kuwait to benefit from an OPEC+ deal to boost oil production. Medians in the July 5-26 poll pegged Saudi Arabia's growth at 2.3% this year, down slightly from a forecast of 2.4% in a similar poll three months ago.

[Source](#)

Saudi Arabia to introduce insurance on domestic labor contracts in 2022

Saudi Ministry of Human Resource and Social Development is expected to start implementing insurance on the domestic labor contract early in 2022 in cooperation with the Saudi Central Bank (SAMA), Al Eqtisadia paper reported. This decision guarantees the rights and benefits of the employer and the worker, including compensating the employer for the expense of bringing in a replacement domestic worker in the event of death, inability to work, or suffering from chronic or critical diseases, according to the ministry.

[Source](#)

Saudi Arabia's tourism sector aims to bring 100mn visitors annually

Saudi Arabia has become a tourist destination for regional and international visitors and the Kingdom's tourism sector is accelerating the pace for the future by announcing several programs and initiatives. Saudi tourism offers geographical and historical diversity, highlighting natural resources, archaeological treasures and historical places that meet the aspirations of tourists. Prior to the COVID-19 pandemic, 450,000 tourist visas were issued, since the Kingdom's Tourism Authority launched the tourist visa program in 2019, by targeting 49 countries in the initial stage, and facilitated access to tourist visas electronically or through entry points to the Kingdom within specific regulatory controls.

[Source](#)

Kuwait central bank chief calls for reforms to ensure stability

Kuwait needs urgent reforms to put its finances on a more sustainable footing, as monetary tools are not sufficient to address structural challenges, the governor of the central bank said on Monday. "There is an urgent need for economic reforms, and all parties, especially the executive and legislative authority, must work to address all imbalances", Mohammad al-Hashel told a conference. He didn't mention any specific measures but said reforms should aim to reduce Kuwait's dependence on oil. The central bank last year introduced a wide range of stimulus measures to soften the impact of the COVID-19 pandemic, and record low oil prices, on the banking sector and the wider economy.

[Source](#)

40.5% rise in Sharjah's real estate transactions from January-June

The Sharjah Real Estate Registration Department recorded 40,346 real estate transactions worth AED12.2 billion, marking a 40.5 percent increase till June 2021 against the same period last year, according to the department's statistical report for the first half of 2021. Moreover, the total area covered in sales transactions was 75.2 million square feet. This showed a 96.1 percent increase in transactions as against the same period in 2020, thanks to the return of business after the relative decline of the COVID-19 pandemic. The economic facilitations and incentives launched by the Executive Board in November 2020 increased investors' confidence in the market. In addition, February witnessed an acquisition worth AED690 million between real estate developers operating in Sharjah for a luxurious residential project.

[Source](#)

INTERNATIONAL

China jitters pull Asian stocks to seven-month low

Asia's stock markets fell to fresh troughs on Tuesday led by a third straight session of heavy selling in Chinese internet giants, while bond and currency markets traded on edge ahead of the Federal Reserve policy meeting. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.25% to its lowest level since mid-December, extending a low set the day before. The Hong Kong benchmark fell 0.59%, its third day of declines, with the Hang Seng Tech index down 2% to its lowest since its inception in July 2020. It is down about 11% in three days and has lost 40% from a February peak.

[Source](#)

Global growth to stay strong but virus the top risk, say economists

Global economic growth prospects are holding strong for this year and next, despite a significant majority of economists in Reuters polls warning new variants of the coronavirus pose the biggest risk to that outlook. A global survey of nearly 500 economists taken this month also concluded recent rising inflation in key economies around the world would be transitory. The global economy was now forecast to expand a sizzling 6.0% this year, which would be its fastest in nearly half a century, followed by a still-robust 4.5% in 2022. Both were marginal increases from the April poll.

[Source](#)

Fed now facing twin inflation, growth risks as virus jumps and supply chains falter

A U.S. Federal Reserve divided over how to respond to fast-rising prices meets this week with the fresh complication of increased coronavirus infections and a global supply chain that, far from sorting out its problems, may be headed for more inflation-inducing trouble. Fed officials are likely to affirm after their two-day meeting that a strong U.S. recovery and their planning for an eventual policy shift both remain underway. But the new risks, threatening the twin ills of slowed growth and higher prices, mean the rosy future seen in June seems less assured.

[Source](#)

U.S. new home sales hit 14-month low amid supply constraints

Sales of new U.S. single-family homes tumbled to a 14-month low in June and sales in the prior month were weaker than initially estimated, the latest signs that expensive lumber and shortages of other building materials were hurting the housing market. The third straight monthly decline in sales reported by the Commerce Department on Monday followed news last week that permits for future homebuilding dropped to a nine-month low in June while home resales rebounded modestly.

[Source](#)

U.S.-listed Chinese companies must disclose government interference risks -SEC official

Chinese companies listed on U.S. stock exchanges must disclose the risks of the Chinese government interfering in their businesses as part of their regular reporting obligations, a top U.S. Securities and Exchange Commission official said on Monday. Democratic commissioner Allison Lee's comments are the first by an SEC official since Chinese regulators launched a massive cyber probe of ride-hailing giant Didi Global last week, just days after its \$4.4 billion New York listing, wiping 25% off its share price.

[Source](#)

Dollar stabilizes near recent peaks as traders await Fed

The U.S. dollar hovered below recent peaks on Tuesday, as investors turned to this week's Federal Reserve meeting for clues on the policy outlook, while cryptocurrencies pulled back sharply from an attempt to break out of a months long range. The dollar held at \$1.1809 per euro in Asia, finding support after a small dip on Monday. It bought 110.18 yen and the Australian and New Zealand dollars held onto small gains made Monday. The greenback has been rising broadly for more than a month as markets have become wary of the Fed starting to taper its monetary support.

[Source](#)

COMMODITIES

Oil inches up as tight supply, vaccinations outweigh virus concerns

Oil prices were steady on Tuesday with investors betting tight supply and rising vaccination rates will help offset any impact on demand due to surging COVID-19 cases worldwide. Brent crude futures climbed 13 cents, or 0.2%, to \$74.63 a barrel at 0128 GMT, extending a 0.5% gain on Monday. U.S. West Texas Intermediate (WTI) crude futures rose 4 cents to \$71.95 a barrel, after losing 16 cents on Monday.

[Source](#)

Gold holds below key \$1,800 level as investors eye Fed meeting

Gold prices were steady on Tuesday, pinned below the key \$1,800 per-ounce level, as investors turned cautious ahead of this week's U.S. Federal Reserve meeting outcome for clues on when the central bank might rein in its easy monetary policies. Spot gold was flat at \$1,798.61 per ounce, as of 0108 GMT. U.S. gold futures fell 0.1% to \$1,797.80 per ounce.

[Source](#)

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

SAUDI ARABIA

Fitch revises outlook on 6 Saudi banks to 'Stable'

- Fitch Ratings has revised the outlook on six of Saudi Arabia's banks to Stable from Negative and affirmed the foreign currency and local currency long-term Issuer Default Ratings (IDRs) at 'BBB+'.
- The banks are Arab National Bank, Banque Saudi Fransi, Alinma Bank, Saudi Investment Bank, Bank Aljazira and Gulf International Bank - Saudi Arabia.
- According to the agency, the rating actions follow a similar action on Saudi Arabia's sovereign rating earlier this month. All the six banks' long-term IDRs are linked to the Saudi sovereign's and driven by their Support Rating Floors (SRFs), Fitch said.
- The rating agency's assessment is based on the Saudi authorities' strong ability to support the banking system, given large, albeit reduced from their historical levels, external reserves.
- It also reflects a long record of support for Saudi banks, irrespective of their size, franchise, funding structure and level of government ownership. "We see high contagion risk among domestic banks given that the market is fairly small and interconnected. We believe this is an added incentive for the state to support any Saudi bank, if needed, to maintain market confidence and stability," said Fitch.

CHART / TABLE OF THE DAY

Profit margins of Saudi Cement Companies; Qassim Leads followed by Al Jouf Cement

	2020	2020	2020	2020	2021
	Q1	Q2	Q3	Q4	Q1
Qassim Cement	58%	54%	52%	46%	50%
Al Jouf Cement	40%	28%	27%	32%	47%
Umm Al-Qura	50%	49%	48%	44%	45%
City Cement	48%	41%	43%	46%	45%
Southern Cement	42%	45%	40%	38%	43%
Najran Cement	36%	41%	39%	44%	41%
Saudi Cement	45%	42%	42%	41%	40%
Yamama Cement	50%	46%	44%	38%	40%
Hail Cement	46%	43%	42%	44%	38%
Eastern Cement	40%	32%	33%	33%	34%
Northern Cement	30%	30%	28%	32%	33%
Arabian Cement	35%	22%	43%	33%	32%
Yanbu Cement	40%	36%	37%	32%	28%



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

Disclaimer: This report has been prepared by Uthar 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.