

PRE-MARKET REPORT

28 July 2021

HEADLINES

MARKET INDICATORS

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

- Oman plans countrywide passenger railway network; Infrastructure & Construction plays to be beneficiary
- MIS CEO expects better performance in H2 2021; new contract timings cut profit
- SABIC, ExxonMobil expect Gulf Coast JV to start operations in Q4 2021
- Zahrat Al-Waha Trading Company announces capital expansions during the first half of 2021.
- Saudi Catering's accumulated losses decrease to 28.8% of capital
- Petro Rabigh net income up significantly YoY and QoQ in 2Q21
- Saudi Ceramic net income up 865% YoY but down 10.4% QoQ
- FAB income up 12% YoY in 1H21
- Alpha Dhabi Holding profitability up 693% YoY in 1H21
- National Bank of Umm Al Quwain net income up 3% YoY in 1H21
- RAKBANK profit almost flat YoY in 1H21
- Commercial Bank recommends to Hold EGM to Increase the Foreign Ownership Threshold to 100%
- Doha Bank Q.P.S.C. enters into a Liquidity Provision Agreement
- Qatar Navigation Q.P.S.C (Milaha) Discloses Board of Directors Decision to Reduce its Share Capital
- Commercial Bank of Qatar net income up 47% YoY in 1H21
- Doha Bank net income up 23% YoY in 1H21
- Qatar National Cement net income up 38% YoY in 1H21
- Barwa Real Estate net income down 9% YoY in 1H21

FINANCIAL RESULTS EXPECTED TODAY

- Commercial Bank of Dubai (CBD UH), Alimtiaj (ALIMTIAZ KK), Abu Dhabi Islamic Bank (ADIB UH), Qatar National Cement (QNCD QD), Ooredoo (ORDS QD), United Development (UDCD QD)

ECONOMIC, GENERAL & COMMODITIES NEWS

- PDO commissions new ground-mounted solar PV project
- Sultanate's first 3D concrete printing facility opens in Ghala
- 3-5 Star Hotel Revenues Reach RO 37m till June 2021 in Oman
- Weaker demand and high competition to weigh on GCC takaful sector
- Saudi Central Bank steps up efforts to increase locals in financial sector
- New report reveals highest rise in Dubai's house prices since 2014
- Asia shares sit at 2021 lows ahead of Fed verdict
- Chinese stocks are now among Asia's worst-performing as Beijing crackdown spooks investors
- Chinese yuan and Hong Kong dollar sell off as regulatory fears spread
- China state-owned daily urges calm after market rout
- U.S. consumer confidence at 17-month high; business spending on equipment strong
- Oil rises on U.S. fuel drawdowns despite surging coronavirus cases
- Gold pinned near key \$1,800 level ahead of Fed policy decision

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

- Fitch revises Saudi Aramco's outlook to 'Stable', affirms rating at 'A'
- Qatari Islamic Banks See Growing Market Share; Mild Asset-Quality Deterioration; Fitch

COVID-19 / VACCINATION DEVELOPMENT

- **Kuwait bans unvaccinated citizens from traveling abroad**
- **Saudi Arabia threatens 3-year travel ban for citizens who visit "red list" states**

CHART / TABLE OF THE DAY

- **World Economic Outlook Projections - IMF**

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	672.6	1.06	0.16%	18.07%	22.73	2.13	2.5%
Muscat Stock Exchange	4,016.6	10.67	0.27%	9.78%	12.27	0.81	3.8%
Saudi Stock Exchange	10,916.7	18.80	0.17%	25.63%	34.56	2.41	2.2%
Kuwait Stock Exchange	6,531.3	6.49	0.10%	17.76%	38.60	1.67	1.8%
Qatar Exchange	10,668.4	-10.85	-0.10%	2.23%	17.10	1.57	2.7%
Bahrain Stock Exchange	1,594.4	-2.16	-0.14%	7.02%	13.26	0.83	3.5%
Dubai Financial Market	2,761.4	2.60	0.09%	10.81%	21.00	0.96	2.9%
Palestine Stock Exchange	578.0	1.69	0.29%	22.66%	18.88	1.36	2.2%
Tunis Se Index	7,258.7	22.77	0.31%	5.43%	23.86	2.40	2.2%
EGX 30 Index	10,763.3	65.94	0.62%	-0.76%	10.49	1.49	1.6%
Amman General Index	2,088.4	-13.68	-0.65%	26.02%	24.87	0.89	3.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	6,996.1	-0.42%	8.29%
DAX	Germany	15,519.1	-0.64%	13.12%
CAC 40	France	6,531.9	-0.71%	17.66%
United States				
DJIA	USA	35,058.5	-0.24%	14.55%
S&P 500	USA	4,401.5	-0.47%	17.18%
NASDAQ	USA	14,660.6	-1.21%	13.75%
Asia Pacific				
NIKKEI 225	Japan	27,555.9	-1.48%	0.41%
HANG SENG	Hongkong	25,027.2	-0.24%	-8.09%
KSE 100 Index	Pakistan	47,786.2	0.25%	9.21%
NSE Nifty 50	India	15,651.0	-0.61%	11.94%
SHANGHAI COMPOSITE	China	3,361.1	-0.59%	-3.22%
SHANGHAI SHENZHEN CSI 300	China	4,750.8	-0.01%	-8.84%

Currency Cross Rates		
Currency	Units/1 USD	YTD %
Australian Dollar (AUD)	1.358	4.50%
British Pound (GBP)	0.721	-1.53%
Canadian Dollar (CAD)	1.258	1.13%
Chinese Renm. (CNH)	6.516	-0.20%
Egyptian Pound (EGP)	15.681	0.29%
Euro (EUR)	0.846	3.32%
Indian Rupee (INR)	74.440	-1.85%
Japanese Yen (JPY)	109.780	-5.95%
Swiss Franc (CHF)	0.915	-3.23%
Omani Rial (OMR)	0.385	0.00%
Pakistan Rupee (PKR)	160.965	-0.70%
Russian Ruble (RUB)	73.750	0.90%
Singapore Dollar (SGD)	1.360	-2.76%
Turkish Lira (TRY)	8.559	-13.07%

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.8	0.47%	46.15%
WTI Crude (per bbl)	72.1	0.57%	48.52%
Oman Crude Oil (Last Closing)	72.5	-0.68%	42.05%
OPEC (per bbl)	72.7	-0.48%	44.67%
Precious Metals			
Gold100 OZ (per oz)	1,806.4	0.40%	-4.84%
Silver (per oz)	24.9	0.64%	-5.87%
Platinum (per oz)	1,064.9	0.97%	-0.68%
Other Metals			
Copper, MT	9,759	-0.52%	25.66%
Aluminium, MT	2,490	-1.15%	25.79%
Lead, MT	2,339	-1.43%	17.28%
Zinc, MT	2,983	-0.95%	8.42%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.38	-26.2%
Saudi Arabia	0.79	-2.8%
Kuwait	1.50	4.3%
Oman	2.10	-21.4%
Qatar	1.00	-10.8%
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	2.24
OMAN	25/01/2031	5.17
BAHRAIN	30/09/2031	5.56

Midswaps	Price	YTM %
3 year	100.04	0.4
5 year	100.85	0.7
10 year	103.56	1.2
30 year	111.05	1.9

USD Libor	Rate (%)	YTD
1m	0.09	-39.4%
3m	0.13	-44.8%
6m	0.16	-39.0%
1 year	0.24	-30.2%

Source: Bloomberg

GCC CORPORATE NEWS, ANNOUNCEMENTS & DISCLOSURES

OMAN

Oman plans countrywide passenger railway network

- Plans are being drawn up for a rail network connecting Seeb in Muscat to Sohar, to help boost connectivity between the two cities.
- The passenger railway is part of the Oman National Spatial Strategy (ONSS), a blueprint that looks at the planning of Oman's cities for the next 20 years.
- The strategy is a framework to control and direct urban growth, to improve connectivity between cities, and maximize opportunities to invest in the potential of governorates.
- The rail line will also feed directly into a metro, which has been planned for Muscat, where it is expected to ply from Muttrah to Seeb.
- The ONSS also looks at "allocating financial and regulatory incentives to certain sites that have specific economic functions, to attract investments and promote growth."
- Areas that could be subject to these incentives include commercial areas such as the airport zone and Ghala, research facilities in places such as Al Khoud and Halban, and industrial zones in Misfah and Rusayl.
- Around the various metro stations being built will be multi-use areas for developments such as offices, retail stores, and residential areas. Wadis in Muscat are also to be turned into pedestrian walkways and parks, to provide people in the city opportunities to lead healthier lives.

Comments:

If the plans materialize it will be a great development and growth opportunity for infrastructure and construction plays in Oman. Company like Galfar Engineering, Al Hassan Engineering, Jazeera Steel, Oman Cement & Raysut Cement could be the top beneficiary.

SAUDI ARABIA

MIS CEO expects better performance in H2 2021; new contract timings cut profit

- Al Moammar Information Systems Co. (MIS) is expected to show better performance in the second half of 2021, and maintain growth in its business and projects, CEO Ziad Mortaja told.
- He added that the new projects secured by the company in H1 2021 grew by 36% compared with the same period a year earlier. The main reason behind the decline in Q2 2021 profit was the timing of receiving and implementing some project contracts and the quality of products and services, that contributed to income generation during the current period compared with a year earlier.
- Mortaja further said the diversified services contribute differently to income generation, as each one of them has different profit margins. In addition, MIS allocated an amount against some uncollected bills and spent an amount on its commitment efforts to social responsibilities.

SABIC, ExxonMobil expect Gulf Coast JV to start operations in Q4 2021

- ExxonMobil said that their joint venture, Gulf Coast Growth Ventures with Saudi Basic Industries Corp. (SABIC), reached mechanical completion of a monoethylene glycol unit and two polyethylene units.
- The project startup is expected to begin ahead of schedule, likely in the fourth quarter of the year.
- In September 2019, SABIC and ExxonMobil announced the beginning of construction works at their joint petrochemicals complex, expecting operations to commence by 2022, Argaam reported.

Zahrat Al-Waha Trading Company announces capital expansions during the first half of 2021.

- According to the capital expansion plan that Zahrat Al Waha Trading Company aims at, during the first half of 2021, the company implemented the capital expansion plan by operating and purchasing assets that achieve its plan and which were self-financed from the company's cash, which was as follows:
 - Operating a new CAPs production line with accessories, which cost 7,093,153 SR
 - Purchase of land with cost value of 4,314.271 SR within the company's expansion plan in its industrial activities, whose construction with estimated cost 5,700,000 SR and is expected to be operated during the first quarter of 2022.
- The value of these capital expansions will reach a total of 17,107,424 SR, self-financing from the company's cash, as part of the company's plan to finance the capital expansions from the company's cash.

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.

Saudi Corporate Results

SAR MN	2Q21	2Q20	%CHANGE	1Q21	% CHANGE
PETRO RABIGH	717	-1,435	-	649	10.48
SAUDI CERAMIC	63.3	6.56	865%	70.7	-10.4

Petro Rabigh net income up significantly YoY and QoQ in 2Q21

- The reason for achieving the net profit during the current quarter compared to the net loss of same quarter of last year is due to the fact that the current quarter has witnessed improved margins on petrochemicals products, due to improvement in market conditions caused by the gradual recovery of the global economy from the impact of Corona pandemic. Additionally, plant operations have been stable for current quarter, compared to the same quarter of last year during which, Petro Rabigh complex witnessed planned total shutdown for periodic test & inspection for 30 days during the quarter coupled with lower demand due to the on-going Corona pandemic.
- The reason of the increase in the net profit during the current quarter compared to the previous quarter of current year is due to the fact that the current quarter has witnessed improved margins on petrochemicals products, due to improvement in market conditions caused by the gradual recovery of the global economy from the impact of Corona pandemic.

Saudi Ceramic net income up 865% YoY but down 10.4% QoQ

- The reason for improving performance and achieving an increase in net profit during the current quarter compared to the same quarter of the previous year is due to an improvement in profit margins. The current quarter also witnessed a decrease in financing costs compared to the same quarter of the previous year. Note that the same quarter of the previous year witnessed an increase in some provisions, which affected the performance of the quarter
- The reason for the decrease in net profit during the current quarter compared to the previous quarter is due to the quarter coinciding with the holy month of Ramadan and Eid Al Fitr, which affected the performance of some sales channels during the current quarter compared to the previous quarter. Noting that the current quarter's performance witnessed a decrease in administrative and general expenses and financing costs.

UAE

UAE Corporate Results

AED MN	1H20	1H21	%CHANGE
First Abu Dhabi Bank	4819.7	5385.5	12%
Alpha Dubai Holding	104.9	831.6	693%
NBQ	127.2	131.5	3%
RAKBANK	306.6	306	0%

FAB income up 12% YoY in 1H21

- Q2'21 net profit at AED 2.9 Billion, up 16% sequentially and 19% year-on-year driven by a double-digit growth in non-interest income.
- 1H21 net income up 12% YoY. H1'21 operating income at AED 9.6 Billion, up 2% year-on-year
- Impairment charges at AED 1.1 Billion, down 36% year-on-year, reflecting improving economic conditions, and adequate provision buffers
- Operating costs at AED 2.8 Billion, up 7% year-on-year reflecting ongoing investments in strategic and digital initiatives
- Customer deposits at AED 575 Billion, up 6% year-to-date and 1% sequentially
- Loans and advances at AED 399 Billion, up 3% year-to-date and 5% sequentially
- Strong liquidity position with Liquidity Coverage Ratio (LCR) at 119%

- NPL ratio at 3.9%, with provision coverage at 97%
- Common Equity Tier 1 (CET1) at 13.0% is comfortably above regulatory requirements

Alpha Dhabi Holding profitability up 693% YoY in 1H21

- Alpha Dhabi Holding profitability up 693% YoY in 1H21
- The group generated AED 5,499 million revenues during the first half of 2021, equivalent to 202% YOY growth.
- Gross profit was reported at AED 1,760 million, which improved by 1057% versus the 1st half of 2020 reflecting the impact of the acquisitions.

National Bank of Umm Al Quwain net income up 3% YoY in 1H21

- The National Bank of Umm Al Qaiwain (NBQ) reported a 3.34% rise in net profits to AED 131.48 million during the first half (H1) of 2021 from AED 127.236 million in the same period of 2020, according to the bank's consolidated interim financials for the six-month period ended 30 June 2021.
- During the second quarter (Q2) of 2021, the bank's net profits went up to AED 54.993 million from AED 54.42 million in the year-ago period.
- The bank's net interest income and net income from Islamic products amounted to AED 140.283 million in H1-21, down from AED 184.845 million in H1-20.
- The bank's total assets stood at AED 13.55 billion as of 30 June.

RAKBANK profit almost flat YoY in 1H21

- The Net Profit for the second quarter of 2021 amounted to AED 192.1 million, resulting in a 25.4% increase compared to the second quarter of 2020. This positive trajectory was also reflected in the Bank's Total Income for the second quarter of 2021, amounting to AED 831.8 million, which resulted in an increase of 3.9% compared to the first quarter of 2021. The Total Income for the first half of 2021 stood at AED 1.6 billion. As of 30 June 2021, Total Assets amounted to AED 54.3 billion up by 2.9% year-to-date and an increase of 2.0% compared to the first quarter of 2021.
- Q2 2021 Net Profit of AED 192.1 million is up by 68.5% compared to Q1 2021.
- H1 2021 Operating expenditures reduced by 4.7% year-on-year.
- Gross Loans & Advances increased by 3.1% year-to-date.
- Total Deposits at AED 37.0 billion, up by 5.6% year-on-year.
- Annualized Return on Assets and Return on Average Equity stood at 1.2% and 7.8% respectively.
- CAR at 17.8%.

QATAR

Commercial Bank recommends to Hold EGM to Increase the Foreign Ownership Threshold to 100%

- The Board of Directors of the Bank decided, during the meeting held on July 27th 2021, in accordance with the laws and decisions applicable to foreign investment ownership in Qatar shareholding companies, to make a recommendation to the shareholders to hold an extraordinary general assembly, on a day and time to be announced at a later stage, in order to amend the Articles of Association of the Bank to increase the foreign ownership threshold to 100%, subject to the approval of the concerned authorities and the extraordinary general assembly.

Doha Bank Q.P.S.C. enters into a Liquidity Provision Agreement

- Doha Bank Q.P.S.C. announces that it has entered into a liquidity provision agreement with QNB Financial Services after obtaining Qatar Financial Markets Authority (QFMA) approval and in accordance with the approved liquidity provisioning scheme.
- QNB Financial Services will commence the liquidity provisioning for Doha Bank effective Sunday, August 01, 2021.

Qatar Navigation Q.P.S.C (Milaha) Discloses Board of Directors Decision to Reduce its Share Capital

- Qatar Navigation Q.P.S.C. (Milaha) announces its Board of Directors decision number 5 taken during its meeting number (4/2021) held on July 15, 2021 to reduce its share capital by means of retiring Milaha treasury shares (9,087,250 shares) with a par value of Qatari Riyal (QAR) 1 per share.
- The new authorized and paid-up capital shall become QAR 1,136,164,750 with 1,136,164,750 outstanding shares at a par value of QAR 1 per share.

Qatar Corporate Results

QAR MN	1H20	1H21	%CHANGE
Commercial Bank of Qatar	901	1327	47%
Doha Bank	500	614.3	23%
Qatar National Cement	68.2	94.2	38%
Barwa Real Estate	586	532.6	-9%

Commercial Bank of Qatar net income up 47% YoY in 1H21

- Commercial Bank Group posted a half-yearly net profit of QR1.33bn, up 47.3% on the same period in 2020.
- The bank's total assets stood at QR162.1bn at the end of the first half that ended in June, up 12.8% on the same period last year.
- Customer loans and advances totaled QR100.6bn in H1, up 15.6% on the same period last year.
- Customer deposits increased by 6% to QR82.3bn in June, compared to QR77.7bn in H1, 2020.
- Low-cost deposits have increased by 23.1% due to the various cash management initiatives and digital products that the bank offers.
- The non-performing loan (NPL) ratio decreased to 4.1% in June compared to 5% in June 2020. The loan coverage ratio was at 112.1% in H1, up from 90% in June 2020.
- Commercial Bank Group's balance sheet increased by 12.8% in June with total assets at QR162.1bn, compared to QR143.7bn in June 2020. The increase was mainly due to loans and advances.

Doha Bank net income up 23% YoY in 1H21

- The bank achieved net profit for the first six months of 2021 at QAR 614 million as compared to QAR 501 million for the same period in 2020 showing an increase of 22.7%.
- The net interest income significantly grew by 18.4% as compared to last year to reach QR 1.3 billion and the net operating income stood at QR 1.6 billion showing a growth of 11.3% as compared to same period last year.
- The cost to income ratio to 27.8% from 31.4% showing bank's productive operational performance.
- Total assets increased by QAR 1.3 billion, registering a growth of 1.2%, from QAR 108.0 billion as at 30 June 2020 to QAR 109.3 billion as at 30 June 2021.
- Net loans and advances increased to QAR 72.2 billion as at 30 June 2021 from QAR 62.5 billion for the same period last year, registering a growth of 15.5%.
- Customer deposits showed a year on year increase of 5.5% from QAR 56.0 billion to QAR 59.1 billion as at 30 June 2021 which is evidence of the strong liquidity position of the Bank.

Qatar National Cement net income up 38% YoY in 1H21

- Qatar National Cement Co. discloses the interim financial statement for the six-month period ending 30th June , 2021 . The financial statements revealed a Net Profit of QR 94,279,000 in comparison to Net Profit QR 68,286,000 for the same period of the previous year.
- The Earnings per share (EPS) amounted to QR 0.144 as of 30th June , 2021 versus Earnings per share(EPS) QR 0.104 for the same period in 2020.

Barwa Real Estate net income down 9% YoY in 1H21

- Barwa Real Estate Company discloses the interim financial statement for the six-month period ending 30th June , 2021 . The financial statements revealed a Net Profit of QR 532,691,000 in comparison to Net Profit QR 586,080,000 for the same period of the previous year.
- The Earnings per share(EPS) amounted to QR 0.137 as of 30th June , 2021 versus Earnings per share(EPS) QR 0.151 for the same period in 2020.

ECONOMIC & GENERAL NEWS

OMAN

PDO commissions new ground-mounted solar PV project

Petroleum Development Oman (PDO), the Sultanate's largest oil and gas producer, has commissioned a new ground-mounted solar photovoltaic (PV) project at its Mina Al Fahal head office in Muscat. Dubbed 'Wahaj', it complements the company's existing solar PV panelled car park complex at Mina Al Fahal. According to a senior official, Wahaj is capable of generating around 1 megawatt-peak (1 MWp) of solar-powered electricity per day, which is enough to power around 50 residential homes. Equipped with sun-tracking technology, the plant's roughly 3,150 PV panels can track the sun throughout the day, thus optimising electricity generation from solar energy, Zahran al Abri, In-Country Value (ICV) Development Manager, said.

[Source](#)

CBO issues treasury bills worth OMR95 million

Oman's central bank raised OMR95 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 91 days, from July 28 until October 27, 2021. The average accepted price reached 99.806 for every OMR100, and the minimum accepted price arrived at 99.805 per OMR100. The average discount rate and the average yield reached 0.77687 per cent and 0.77837 per cent, respectively. The interest rate on the Repo operations with CBO is 0.5 per cent while the discount rate on the Treasury Bills Discounting Facility with CBO is 0.75 per cent.

[Source](#)

Sultanate's first 3D concrete printing facility opens in Ghala

The first industrial 3D concrete printing facility in Oman was officially opened by Petroleum Development Oman (PDO), InnoTech and Galfar Engineering and Contracting Company on Tuesday at Ghala Industrial Area. Announcing the inauguration of the new facility, PDO in a tweet said, '3D concrete printing is a step change in the construction sector, providing a sustainable alternative to traditional construction method. This technology will also speed up the construction process, reduce waste and empower skilled Omanis.' PDO said it is supporting the 3D printing initiative by providing its technical expertise, opportunity identification and project management.

[Source](#)

3-5 Star Hotel Revenues Reach RO 37m till June 2021 in Oman

The total revenues of Omani hotels in the (3-5) star category fell by 35.8% to RO 37,013,000 until the end of June 2021, compared to RO 57,670,000 during the same period of the previous year. Hotels occupancy rates increased by 3.7% to reach 34.0%, compared to 32.8% for the same period in 2020, according to the statistics released by the National Centre for Statistics and Information (NCSI). Meanwhile, the total number of guests in hotels went up by 22.6% to stand at 522,329 guests compared to 425,905 in June 2020. Among the nationalities, the Omani guests constituted the maximum number of visitors to stand at 369,666 guests compared to 139,798 during the same period of the previous year, comprising a surge by 164.4%. This was followed by 74,127 Asian guests compared to 42,722 in June 2020, comprising a rise by 73.5%.

[Source](#)

MIDDLE EAST

Weaker demand and high competition to weigh on GCC takaful sector

Very intense competition and the weak performance of some key sectors such as travel, hospitality, and retail will likely weigh on growth prospects and earnings of Islamic (takaful) insurers this year, according to S&P Global Ratings. While the ratings agency has a broadly stable outlook on the sector for the next 12 months, if the "risks related to the pandemic persist, we could take rating actions in the event of a sharp decline in asset prices, unexpected and severe technical losses, or governance and internal control failures."

[Source](#)

Saudi Central Bank steps up efforts to increase locals in financial sector

The Saudi Central Bank (SAMA) has signed an agreement with other government entities to increase the number of locals in the financial sector, a move that might lead to the creation of more than 200,000 jobs for nationals. SAMA signed a memorandum of understanding (MoU) with the Ministry of Human Resources and Social Development (HRSD), in partnership with the Human Resources Development Fund (Hadaf), SPA reported on Monday. "This MoU aims to increase localization, provide human competencies capable of meeting the requirements of the financial sector.

[Source](#)

Dubai's DFZ Council explores business accelerator initiatives and startups support

The Dubai Free Zones Council (DFZ Council) held its 18th meeting, headed by H.H. Sheikh Ahmed bin Saeed Al Maktoum, Chairman of the Dubai Free Zones Council, to discuss strategic initiatives that support Dubai-based startups and SMEs, in coordination with business accelerators, to boost Dubai's status as a preferred destination for foreign direct investment and innovation. Referencing their registered AED135 billion in foreign trade in Q1 2021, approximately 38 percent of Dubai's total foreign trade, Sheikh Ahmed lauded the role of Dubai's free zones in creating a refreshing trade corridor with global markets and attracting foreign direct investments to Dubai in battling with the COVID-19 implications.

[Source](#)

Pact signed to inject capital, boost global competitiveness of UAE industrial sector

The Ministry of Industry and Advanced Technology (MoIAT) and Etihad Credit Insurance (ECI) on Tuesday signed a Memorandum of Understanding (MoU) to inject capital into the UAE's industrial sector and support local industrialists, according to Emirates News Agency (WAM). The new MoIAT-ECI partnership offers a package of financial incentives to support UAE exports, offer financing facilities for manufacturers and advanced technology projects, guarantees for industrial loans, an umbrella insurance for small and medium enterprises (SMEs), and assistance in securing intellectual property rights for startups.

[Source](#)

New report reveals highest rise in Dubai's house prices since 2014

House prices in Dubai during the second quarter of 2021 accelerated at their fastest pace since 2014, global property consultancy firm Knight Frank revealed. The average transacted prices of Dubai properties in Q2 rose by about 1 per cent to AED 1,156 per sq.ft compared to Q1. Villas are reportedly seeing significant uptake compared to apartments and townhouses. "The confidence that has been injected into the economy by the government's phenomenal response to the pandemic has percolated across the economy; buyers feel more confident about life and are committing to home purchases in increasing numbers," Faisal Durrani, Partner – Head of Middle East Research, Knight Frank, said.

[Source](#)

Dubai property: 40% of all sales involved mortgage

Dubai's mortgage market is showing signs of recovery with the number of completed mortgages having doubled between H2 2020 and H1 2021, said consultancy firm Mortgage Finder. The consultancy firm, which is part of the Property Finder Group, said that 40 percent of all sales transactions in Dubai involved a mortgage. "The increase in activity in the market can definitely be attributed, in part, to the major reform in lending policy introduced by the Central bank of the UAE in early 2020, which allowed banks to lend 5 percent more, reducing the down payment requirement for first-time buyers from 25 percent to 20 percent. This change has made getting a mortgage more accessible for some people," said Ian Vaughan, a senior mortgage consultant at Mortgage Finder.

[Source](#)

INTERNATIONAL

Asia shares sit at 2021 lows ahead of Fed verdict

Asian shares stayed stuck at seven-month lows on Wednesday, as markets continued to digest a storm in Chinese equity markets, while the dollar rested with traders reluctant to place large bets ahead of the outcome of the Federal Reserve meeting. MSCI's broadest index of Asia-Pacific shares outside Japan (.MIAPJ0000PUS) dropped 0.35% in early trading, having fallen in each of the three previous sessions as regulatory crackdowns in China roiled stocks in the technology, property and education sectors, leaving international investors bruised.

[Source](#)

Chinese stocks are now among Asia's worst-performing as Beijing crackdown spooks investors

Days of heavy selling in Chinese stocks have left two major indexes in the country as the worst-performing markets of Asia-Pacific. At the close of regional markets on Tuesday, the CSI 300 — which tracks the largest stocks listed in mainland China — had plunged 8.83% so far this year. Hong Kong's Hang Seng index also suffered heavy losses, falling 7.88% in the same period. "There hasn't been a single two-day decline (for the Hang Seng index) since the Financial Crisis that has exceeded the magnitude of the last two days," analysts at Bespoke Investment Group wrote in a note.

[Source](#)

Chinese yuan and Hong Kong dollar sell off as regulatory fears spread

Investors are dumping the Chinese yuan and Hong Kong dollar as the selloff in China stocks continues, and those currencies slid on Tuesday to lows not seen since April. Regulatory fears are spreading to other parts of the Chinese market, after Beijing stepped up restrictions on its education sector late last week, and continued its crackdown on its internet companies. The offshore yuan — which trades outside mainland China — weakened by nearly 1% compared to last Friday, dropping to as low as 6.528 yuan against the dollar overnight.

[Source](#)

China state-owned daily urges calm after market rout

A Chinese state-owned securities newspaper urged calm on Wednesday after investors dumped mainland shares for a second day on worries over the impact of tighter government regulations. Regulatory moves aimed at the education, property and technology sectors sparked heavy selling this week in Chinese markets, and have left global investors bruised and uncertain over the outlook for investments in Chinese firms. In a front page commentary on Wednesday, the state-owned Securities Times said that systemic risks “do not exist in the A-share market overall.”

[Source](#)

U.S. consumer confidence at 17-month high; business spending on equipment strong

U.S. consumer confidence inched up to a 17-month high in July, with households' spending plans rising even as concerns about higher inflation lingered, suggesting the economy maintained its strong growth clip early in the third quarter. The economy's prospects were further brightened by other data on Tuesday showing a solid increase in new orders for manufactured capital goods in June despite supply constraints hampering production at some factories, indicating that business spending on equipment could remain strong for a while.

[Source](#)

COMMODITIES

Oil rises on U.S. fuel drawdowns despite surging coronavirus cases

Oil prices climbed on Wednesday after industry data showed U.S. crude and product inventories fell more sharply than expected last week, reinforcing expectations that demand will outstrip supply growth even amid a surge in COVID-19 cases. U.S. West Texas Intermediate (WTI) crude futures rose 43 cents, or 0.6%, to \$72.08 a barrel at 0119 GMT, reversing Tuesday's 0.4% decline.

[Source](#)

Gold pinned near key \$1,800 level ahead of Fed policy decision

Gold prices were flat on Wednesday, holding near the key psychological level of \$1,800 per ounce, as investors await the U.S. Federal Reserve's meeting for hints on policy tapering plans. Spot gold was flat at \$1,798.75 per ounce by 0106 GMT. U.S. gold futures fell 0.1% to \$1,798.20 per ounce.

[Source](#)

FIXED INCOME / RATING ACTION / RATING AGENCY OUTLOOK

SAUDI ARABIA

Fitch revises Saudi Aramco's outlook to 'Stable', affirms rating at 'A'

- Fitch Ratings said in a report issued today it has revised Saudi Arabian Oil Co.'s (Saudi Aramco) outlook to 'Stable' from 'Negative', while affirming the company's long-term issuer default rating (IDR) at 'A'.
- The revision of the company's outlook is driven by a similar action on the sovereign, said Fitch, adding that the company's IDR is constrained at that of its majority shareholder Saudi Arabia, given close links between the company and the sovereign.
- Saudi Aramco's liquids production is expected to gradually rebound throughout 2021-2022, especially with OPEC+ agreement, said the ratings agency. It added that Aramco has benefited from stabilized oil prices.
- Fitch also noted that Saudi Aramco's business profile is very strong. It explained that the company's lifting costs and upstream capex (estimated at about \$7 per barrel) are much lower than those of international integrated majors and some national oil companies - a significant advantage in times of volatile oil prices.
- It expects Aramco's business profile to benefit from a very large scale of production and long proved reserve life in excess of 50 years.

QATAR

Qatari Islamic Banks See Growing Market Share; Mild Asset-Quality Deterioration; Fitch

- Qatari Islamic banks are likely to see their market share grow further in 2021, particularly if the proposed merger of Masraf Al Rayan and Al Khalij Commercial Bank is completed, Fitch Ratings says. This follows their faster growth than conventional banks in 2020 (10.9% vs. 6.8%) to reach 24.2% of sector assets at year-end (end-2019: 23.5%).
- In 2021, Qatari Islamic banks' profitability will remain under pressure from lower profit rates, lower business volumes, and elevated financing impairment charges. Asset-quality metrics will also weaken once financing deferral programs and regulatory flexibility for banks to recognize impairments expire. Liquidity is expected to remain adequate and likely to benefit from government support if needed.

CHART / TABLE OF THE DAY

World Economic Outlook Projections – IMF

- Global output kept same for 2021 but revised higher by 0.5pps to 4.9%.
- Advanced economies growth outlook raised by 0.5 & 0.8 pps for 2021 and 2022, respectively.
- Oil price estimate raised to USD 56.6 per barrel compared to USD 41.7 per barrel earlier.
- Within GCC, Saudi Arabia's GDP growth was lowered by 0.5pps for 2021 to 2.4% but was raised by 0.8pps for 2022 to 4.8%

(Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
	2019	2020	Projections		Difference from April 2021 WEO Projections 1/		2020	Projections	
			2021	2022	2021	2022		2021	2022
World Output	2.8	-3.2	6.0	4.9	0.0	0.5	-0.5	4.8	3.9
Advanced Economies	1.6	-4.6	5.6	4.4	0.5	0.8	-3.0	5.9	2.6
United States	2.2	-3.5	7.0	4.9	0.6	1.4	-2.4	8.0	2.8
Euro Area	1.3	-6.5	4.6	4.3	0.2	0.5	-4.7	4.8	2.7
Germany	0.6	-4.8	3.6	4.1	0.0	0.7	-3.3	4.9	1.4
France	1.8	-8.0	5.8	4.2	0.0	0.0	-4.6	4.5	2.5
Italy	0.3	-8.9	4.9	4.2	0.7	0.6	-6.5	4.7	2.9
Spain	2.0	-10.8	6.2	5.8	-0.2	1.1	-8.9	7.4	2.8
Japan	0.0	-4.7	2.8	3.0	-0.5	0.5	-1.0	2.2	1.6
United Kingdom	1.4	-9.8	7.0	4.8	1.7	-0.3	-7.3	7.3	2.1
Canada	1.9	-5.3	6.3	4.5	1.3	-0.2	-3.1	5.4	3.6
Other Advanced Economies 3/	1.9	-2.0	4.9	3.6	0.5	0.2	-0.7	4.1	2.9
Emerging Market and Developing Economies	3.7	-2.1	6.3	5.2	-0.4	0.2	1.6	3.9	4.9
Emerging and Developing Asia	5.4	-0.9	7.5	6.4	-1.1	0.4	3.6	4.3	5.9
China	6.0	2.3	8.1	5.7	-0.3	0.1	6.3	4.2	6.2
India 4/	4.0	-7.3	9.5	8.5	-3.0	1.6	1.5	4.2	4.9
ASEAN-5 5/	4.9	-3.4	4.3	6.3	-0.6	0.2	-2.7	4.5	6.3
Emerging and Developing Europe	2.5	-2.0	4.9	3.6	0.5	-0.3	-0.2	3.4	3.5
Russia	2.0	-3.0	4.4	3.1	0.6	-0.7	-1.9	3.9	2.7
Latin America and the Caribbean	0.1	-7.0	5.8	3.2	1.2	0.1	-3.4	3.2	2.5
Brazil	1.4	-4.1	5.3	1.9	1.6	-0.7	-1.2	2.2	1.9
Mexico	-0.2	-8.3	6.3	4.2	1.3	1.2	-4.6	5.0	3.2
Middle East and Central Asia	1.4	-2.6	4.0	3.7	0.3	-0.1	...	...	...
Saudi Arabia	0.3	-4.1	2.4	4.8	-0.5	0.8	-3.9	4.8	3.5
Sub-Saharan Africa	3.2	-1.8	3.4	4.1	0.0	0.1	...	...	...
Nigeria	2.2	-1.8	2.5	2.6	0.0	0.3	-0.6	2.6	2.4
South Africa	0.2	-7.0	4.0	2.2	0.9	0.2	-4.2	1.2	3.1
<i>Memorandum</i>									
World Growth Based on Market Exchange Rates	2.4	-3.6	6.0	4.6	0.2	0.5	-1.2	5.2	3.5
European Union	1.8	-6.0	4.7	4.4	0.3	0.5	-4.4	5.1	2.8
Middle East and North Africa	0.8	-3.0	4.1	3.7	0.1	0.0	...	...	...
Emerging Market and Middle-Income Economies	3.5	-2.3	6.5	5.2	-0.4	0.2	1.6	3.9	4.9
Low-Income Developing Countries	5.3	0.2	3.9	5.5	-0.4	0.3	...	...	...
World Trade Volume (goods and services) 6/	0.9	-8.3	9.7	7.0	1.3	0.5	...	...	...
Advanced Economies	1.4	-9.2	8.9	7.1	0.4	0.7	...	...	...
Emerging Market and Developing Economies	-0.2	-6.7	11.1	6.9	2.8	0.2	...	...	...
Commodity Prices (US dollars)									
Oil 7/	-10.2	-32.7	56.6	-2.6	14.9	3.7	-27.6	50.8	-6.5
Nonfuel (average based on world commodity import weights)	0.8	6.7	26.5	-0.8	10.4	1.1	15.4	17.1	-2.3



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.