

U Capital Morning Brief

2 February 2021

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	836.40	3.43	0.41%	0.66%	9.92	0.82	6.8%
U Capital GCC 50 Index	1,428.92	-7.22	-0.50%	0.58%	20.47	2.30	3.2%
U Capital MENA 200 Index	1,121.55	-2.44	-0.22%	2.83%	17.87	2.02	4.0%
MSCI GCC Countries Index	556.83	-1.96	-0.35%	1.45%	21.79	1.85	3.0%
Muscat Securities Market	3,650.19	-3.03	-0.08%	-0.23%	13.16	0.70	6.9%
Saudi Stock Exchange	8,648.43	-54.12	-0.62%	-0.47%	33.51	2.07	2.4%
Kuwait Stock Exchange	5,758.95	-21.08	-0.36%	3.84%	37.85	1.42	3.4%
Qatar Exchange	10,473.59	0.09	0.00%	0.36%	18.24	1.51	3.6%
Bahrain Stock Exchange	1,466.37	3.76	0.26%	-1.57%	14.24	0.97	4.6%
Dubai Financial Market	2,696.40	42.34	1.60%	8.20%	13.25	0.93	3.6%
Abu Dhabi Exchange	5,634.76	41.28	0.74%	11.68%	22.24	1.55	4.3%
Palestine Stock Exchange	493.24	1.17	0.24%	4.66%	19.29	1.17	4.1%
Tunis Se Index	6,635.20	-22.63	-0.34%	-3.63%	20.03	2.18	0.6%
EGX 30 Index	11,589.34	43.19	0.37%	6.86%	12.88	1.72	2.5%
Amman General Index	1,725.75	-1.07	-0.06%	4.14%	34.66	0.76	3.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	6,466.4	0.92%	0.09%
DAX	Germany	13,622.0	1.41%	-0.71%
CAC 40	France	5,461.7	1.16%	-1.62%
United States				
DJIA	USA	30,211.9	0.76%	-1.29%
S&P 500	USA	3,773.9	1.61%	0.47%
NASDAQ	USA	13,403.4	2.55%	4.00%
Asia Pacific				
NIKKEI 225	Japan	28,334.7	0.86%	3.24%
HANG SENG	Hongkong	29,408.3	1.79%	8.00%
KSE 100 Index	Pakistan	46,248.5	0.00%	5.70%
NSE Nifty 50	India	14,579.8	2.09%	4.28%
SHANGHAI COMPOSITE	China	3,524.4	0.55%	1.48%
SHANGHAI SHENZHEN CSI 300	China	5,477.4	1.10%	5.11%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.763	1.311
British Pound (GBP)	1.369	0.730
Canadian Dollar (CAD)	0.779	1.283
Chinese Renminbi (CNH)	0.155	6.466
Egyptian Pound (EGP)	0.064	15.730
Euro (EUR)	1.208	0.828
Indian Rupee (INR)	0.014	73.028
Japanese Yen (JPY)	0.010	104.940
New Zealand Dollar (NZD)	0.717	1.395
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.624	160.211
Russian Ruble (RUB)	0.013	76.146
Singapore Dollar (SGD)	0.751	1.331
Turkish Lira (TRY)	0.139	7.185

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	56.9	0.98%	9.80%
WTI Crude (per bbl)	54.1	1.10%	11.58%
Oman Crude Oil (Last Closing)	55.8	2.50%	9.32%
OPEC (per bbl)	54.4	0.09%	8.30%
Precious Metals			
Gold100 OZ (per oz)	1,856.1	-0.23%	-2.23%
Silver (per oz)	28.4	-2.15%	7.62%
Platinum (per oz)	1,115.2	-1.53%	4.02%
Other Metals			
Copper, MT	7,799	-0.73%	0.42%
Aluminium, MT	1,969	-0.43%	-0.53%
Lead, MT	2,037	0.62%	2.13%
Zinc, MT	2,571	-0.35%	-6.56%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	0.37	-27.9%
Saudi Arabia	0.82	-0.3%
Kuwait	1.44	0.0%
Oman	2.67	-0.3%
Qatar	1.06	-5.4%
Bahrain	2.20	-2.2%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
KUWAIT	20/03/2027	1.27
UAE	16/04/2030	1.75
QATAR	16/04/2030	1.81
SAUDI ARABIA	22/10/2030	2.20
OMAN	01/08/2029	5.19
BAHRAIN	14/05/2030	5.12

Midswaps	Price	YTM %
3 year	99.87	0.2
5 year	99.77	0.4
10 year	98.11	1.1
30 year	94.77	1.9

USD Libor	Rate (%)	YTD
1m	0.12	-16.9%
3m	0.20	-15.3%
6m	0.22	-13.3%
1 year	0.31	-9.0%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

BP to sell stake in Oman's Block 61 to PTTEP for \$2.6bn

Energy major BP has agreed to sell a 20 per cent participating interest in Oman's Block 61 to PTT Exploration and Production Public Company Limited (PTTEP) of Thailand for a total consideration of \$2.6 billion. Following completion of the sale, BP will remain operator of the block, holding a 40 per cent interest, the energy giant said in a press statement. Subject to approval from the Sultanate of Oman and partners, the deal is expected to complete during 2021. The agreed total consideration of \$2.590 billion comprises \$2.450 billion payable on completion (subject to final adjustments) and \$140 million payable contingent on pre-agreed future conditions, it noted.

Source: [Oman Observer](#)

Oman's share index ends marginally lower

The MSM index closed at 3,650.193 points, down 0.08 per cent from the previous close. The Sharia Index ended down 0.17 per cent at 530.45 points. Phoenix Power, up 6.0 per cent, was the top gainer while Dhofar Cattle, down 5.10 per cent, was the top loser. Shares of Al Madina Takaful was the most active in terms of the number of shares traded and also was the most active in terms of turnover. A total number of 317 trades were executed during the day's trading session, generating a turnover of OMR0.583 million, with more than 4.82 million shares changing hands. Out of 37 traded stocks, 6 advanced, 12 declined and 19 remained unchanged. At the session close, local investors were net sellers for OMR48,000 while foreign investors were net buyers for OMR38,000 followed by GCC & Arab investors for OMR10,000 worth of shares.

Source: [Times of Oman](#)

Pandemic, economic crunch dampen power demand growth in Oman

Power production in the Sultanate, which been growing at an annual rate of around 5 per cent, declined last year as consumption trends were impacted by the economic slowdown compounded by the coronavirus pandemic. According to figures released by the National Centre for Statistics and Information (NCSI), total electricity dipped 2.6 per cent to 35,540.9 gigawatt-hours (GWh) during the first 11 months of 2020, versus 36,506.5 GWh for the corresponding period of 2019. Potable water production on the other hand climbed 6.5 per cent to reach 396.83 million cubic metres during the first 10 months of the year, compared to 372.57 million cubic metres during the same period of 2019. But some governorates of the Sultanate registered a slight uptick in power output.

Source: [Oman Observer](#)

Second well starts production in Oman's Masirah Block

Ramping up efforts to unlock the hydrocarbon potential of Block 50 — the first producing block off Oman's east coast, Masirah Oil Limited (MOL) brought a second development well targeting the Yumna Field into production, the latter announced on Monday. Yumna-2 began producing on January 23, less than six weeks after it was spudded by Shelf Drilling's Tenacious jack-up rig last December. Output from the development well averages 9,000 barrels/day of dry oil, supplementing flows from Yumna-1 which was producing at the rate 8,000 bpd (as reported by the company last July).

Source: [Oman Observer](#)

New bunker terminal set for Q2 launch at Port of Duqm

Oman Oil Marketing Company (OOMCO), the domestic fuel marketing subsidiary of OQ Group, says it plans to commission its new bunker terminal at the Port of Duqm before the second quarter of this year. Playing an active role in the bunker business since 1994, OOMCO is currently building a bunker terminal bunker barge to be permanently located at the port. The facility will serve as the central hub for bunkering services in other ports in Oman, offering 30,000 cubic metres of storage capacity. The terminal will also benefit from being next door to Duqm Refinery, which is planned to be commissioned in the first half of 2022, in addition to Oman Dry Dock, Ras Markaz Crude Oil Park, and a growing number of industries in the Special Economic Zone (SEZ).

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

NCB, Samba to merge under Saudi National Bank brand

National Commercial Bank (NCB) announced today, Feb. 1 that it is planning to change the name of the merged entity after completing the planned merger with Samba Financial Group to Saudi National Bank upon the merger effective date, both banks said in separate bourse filings. The bank also noted that the merger remains subject to obtaining the required regulatory approvals and the approvals of both banks' shareholders. NCB and Samba will maintain their operations and customer services independently until the shareholders vote on the merger. All legal requirements and regulatory approvals will be fulfilled, as the merger is expected to be completed in H1 2021.

Source: [Argaam](#)

Consumer spending in Saudi Arabia fell 4% in 2020

Consumer spending in Saudi Arabia, as measured by point-of-sales transactions and cash withdrawals, declined by 4 percent in 2020 compared to the previous year, marking the first annual decline since 2017. In a new report, Jadwa Investment said that while POS transactions rose by 24 percent year-on-year in 2020, cash withdrawals—the larger component of total consumption—declined by 15 percent year-on-year, leading to the overall drop. Meanwhile, in the industrial sector, the monthly volume of licensed investments in new factories stood at 2.15 billion riyals in December, ending the year with a total of 23.5 billion riyals of newly licensed investments, the report said citing data from the Ministry of Industry and Mineral Resources.

Source: [Zawya](#)

Nationalisation rate in Saudi private sector rises to 21.81% in Q4

The localisation rate in Saudi Arabia's private sector entities rose to 21.81% in the fourth quarter (Q4) of 2020, compared with 20.90% in the same quarter in 2019, Saudi Press Agency (SPA) reported on Monday citing data from the National Labor Observatory (NLO). The number of privately-employed Saudis subscribing in social insurance amounted to 1.749 million persons in Q4-20, 65.6% of which are males and 34.4% are females, according to the NLO. The Eastern Province topped the list of the regions with the highest job localisation at 25.3%, followed by Riyadh, Makkah, and Madinah with 22.5%, 21.4%, and 19.2%, respectively.

Source: [Mubasher](#)

Dubai residential property prices down 4.4pc in Q4 2020

The average residential property prices in Dubai registered a 4.4 per cent decline over the 12-month period from Q4 2019 to Q4 2020 but grew 1.2 per cent on a quarterly basis, according to Cavendish Maxwell, a leading property consultancy and chartered surveying firm providing services in the Middle East and Africa. Average apartment rents declined 16% over the 12-month period from Q4 2019 to Q4 2020 and 4% on a quarterly basis while villa/townhouse rents were lower by 1.7% on a yearly basis but higher by 3.4% from the previous quarter, stated Cavendish Maxwell in its Q4 2020 UAE Property Market Report, containing key data and trends for Dubai, Abu Dhabi and the northern emirates.

Source: [Trade Arabia](#)

Bahrain-origin exports up 4% to hit \$6.3bn in 2020

The value of Bahrain's exports of national origin increased by 4% to BD2.387 billion (\$6.3 billion) during year 2020, compared to BD2.298 billion for the previous year, said the Information & eGovernment Authority (iGA) in its foreign trade report. The top 10 countries in terms of the value of exports of national origin purchased from Bahrain accounted for 74% of the total value, with the remaining countries accounting for 26%. The Kingdom of Saudi Arabia ranked first among countries receiving Bahraini exports of national origin, importing BD536 million from Bahrain. Meanwhile, the United Arab Emirates was second with BD207 million and the US third with BD201 million.

Source: [Trade Arabia](#)

Utico announces AED3bn primary listing in 2021

Utico, the Middle East's leading full service utility and the only private water and power company in the UAE, today said it intends to list the company this year through an IPO. In a statement, Utico said its advisors were in negotiations to list the company through an AED3 billion (\$816.73 million) valuation IPO in Dubai later this year. "It is a coincidence that the government's decree that all private joint stock companies and international private companies which derive greater than 50% of their profits from the UAE to be listed in the local securities exchanges, and our own intent to list in the UAE is pleasantly in line with the vision of the country's leadership," said Richard Menezes, CEO of Utico.

Source: [Trade Arabia](#)

Big changes ahead for the Saudi office market in 2021 post-COVID

The slowdown in the Kingdom's real estate sector as a result of the coronavirus pandemic will see a backlog of supply coming on to the market this year, while landlords will also see demand for co-working spaces as employees continue to adopt a hybrid working arrangement. According to a report from real estate consultancy service JLL, only 150,000 square meters of gross leasable area was completed within the office market in 2020, representing a 67 percent decline from the average seen over the last three years.

Source: [Arab News](#)

Saudi Arabia's asset management industry resilient, says report

Saudi Arabia's asset management industry reported favourable results over the past 12 months amid continued bullish trend on the Saudi Stock Exchange (Tadawul), and a domestic focus of affluent investors, according to KPMG, a leading provider of audit, tax and advisory services in Saudi Arabia. The inclusion of Saudi Arabian equities in global indices such as MSCI and

FTSE in mid-2019, coupled with the mega Saudi Aramco IPO listing on Tadawul in Q4 2019, profoundly impacted global and local investor sentiments, sated KPMG in its debut edition of the Asset management review, which analyses the industry's financial performance through the lens of twelve large asset management firms regulated by the Capital Market Authority (CMA).

Source: [Trade Arabia](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Fed policy makers, like lawmakers, split on need for more fiscal aid

As the White House and Congressional Democrats press for a \$1.9 trillion pandemic relief package that many Republicans say is more than what the country needs or can afford, Federal Reserve policymakers are also split on the issue. "We are still in the teeth of this pandemic - and we are not out of the woods yet," Dallas Fed President Robert Kaplan told the Chicago Council on Global Affairs in an online event Monday. He forecast, as vaccines get rolled out and more businesses can reopen, the U.S. economy will likely grow about 5% this year, enough to push unemployment down to 4.5%, from 6.7% in December.

Source: [Reuters](#)

U.S. housing market immune to COVID-19 pandemic: Reuters poll

U.S. house prices will continue to race ahead over the next two years, according to a Reuters poll of analysts who said any COVID-19 resurgence was unlikely to knock housing market activity off its current upward course. Last year, most of the world's largest economies were brought to their knees by the pandemic but record low interest rates and pent-up demand for homes pushed U.S. house prices to levels not seen in more than half a decade. Despite the U.S. economy on average contracting last year at its sharpest pace since the Second World War, it had little bearing on housing market activity, an immunity the sector was expected to carry this year.

Source: [Reuters](#)

Top Chinese diplomat calls for China and U.S. to mend relations

China's top diplomat called on Tuesday for Beijing and Washington to put relations back on a predictable and constructive path, saying the United States should stop meddling in China's internal affairs, like Hong Kong and Tibet. Yang Jiechi, director of the Central Foreign Affairs Commission of the Chinese Communist Party, is the highest-ranking Chinese leader to speak on China-U.S. relations since President Joe Biden took office

Source: [CNBC](#)

Australia's central bank holds rates near zero, expands bond buying program by \$76 billion

Australia's central bank held rates at near-zero in a widely expected decision on Tuesday and said it would expand its bond buying program by A\$100 billion (\$76.4 billion) from mid-April to help support jobs and boost inflation. At its first policy meeting of the year, the Reserve Bank of Australia (RBA) left its cash rate and the three-year government bond yield target at 0.1% while reiterating its commitment to not raise rates until actual inflation is within its 2-3% target range.

Source: [CNBC](#)

SEC could set short interest caps, hike trading taxes to combat wild moves, analysts say

The Securities and Exchange Commission could consider a wide range of new regulations to help prevent future volatility and eye-popping short squeezes like those in GameStop and AMC Entertainment that enthralled Wall Street last week. The agency that oversees U.S. markets could pursue a litany of rules, ranging from a cap on the level of short interest on a specific security to aggressive taxes on short-term trading, according to Bank of America Merrill Lynch.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices rise as producers commit to output restraint

Oil prices rose around 1% on Tuesday after major producers showed they were cutting crude output in line with their commitments on restraint, supporting a market thrown out of kilter by weak demand during the coronavirus pandemic. Brent crude was up 51 cents, or 0.9%, at \$56.86 a barrel by 0134 GMT, while U.S. oil gained 53 cents, or 1%, to \$54.08 a barrel. Both contracts rose more than 2% in the previous session.

Source: [Reuters](#)

Biden to keep tariffs on aluminum imports from UAE, reversing Trump

-U.S. President Joe Biden will maintain a tariff of 10% on aluminum imports from the United Arab Emirates, reversing Donald Trump's move to end the levies on his last day as president, the White House said on Monday. The Republican president had announced on Jan. 20 that he would exempt the UAE from the tariff on most aluminum imports, saying the

two countries had reached a quota agreement that would restrict them. The exemption was due to take effect on Wednesday.

Source: [Reuters](#)

Silver slips from 8-year peak as investors book profits

Silver prices fell more than 2% on Tuesday as investors booked profits following a rally of as much as 11.2% to a near eight-year peak in the previous session. The U.S. Commodity Futures Trading Commission (CFTC) is “closely monitoring” recent activity in silver markets, the agency’s acting chairman said on Monday, as last week’s volatility in securities markets spilled into trading of the precious metal.

Source: [CNBC](#)

Ubar 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



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