

## SHUAA Securities Morning Report

04 September 2019

# Market Stats					
Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	5,105	-1.0%	-2.4%	2.0%	3.4%
DFM	2,876	-0.5%	-0.8%	9.8%	1.7%
TASI	7,924	-0.6%	-8.6%	-7.0%	-0.2%
BHSEASI	1,543	0.2%	-0.4%	7.6%	15.6%
EGX	15,000	-0.7%	10.9%	8.8%	-5.2%
Dow Jones	26,118	-1.1%	-1.4%	5.2%	0.6%
S&P 500	2,906	-0.7%	-0.9%	5.9%	0.2%
Nasdaq	7,874	-1.1%	-1.6%	7.4%	-2.9%
FTSE 100	7,268	-0.2%	-1.9%	1.2%	-3.2%
DAX	11,911	-0.4%	0.3%	1.0%	-3.5%
CAC40	5,466	-0.5%	2.0%	4.3%	1.0%
Nikkei225	20,625	0.0%	-2.2%	1.0%	-9.2%
HIS	25,528	-0.4%	-5.2%	-5.1%	-7.9%

## # UAE Trading Summary

AEDm	BUY	SELL	Net
<b>ADX</b>	<b>222</b>	<b>222</b>	<b>-</b>
Local	49%	45%	4%
Foreign	51%	55%	-4%
Institution	71%	65%	6%
Retail	29%	35%	-6%
<b>DFM</b>	<b>434</b>	<b>434</b>	<b>-</b>
Local	34%	72%	-38%
Foreign	66%	28%	38%
Institution	76%	67%	9%
Retail	24%	33%	-9%
<b>Total</b>	<b>656</b>	<b>656</b>	<b>-</b>
Local	39%	63%	-24%
Foreign	61%	37%	24%

## # Upcoming Corporate Actions & Events

Date	Company	Event
05-Sep	SHUAA	BoD - Business update
08-Sep	DSI	BoD - General Matter
08-Sep	RAKBANK	BoD - General Matter
08-Sep	Julphar	BoD - Business update
11-Sep	SHUAA	General Assembly
18-Sep		FED Policy Meeting
18-Sep	AWTAD	General Assembly
23-Sep		FTSE 3Q19 Rebalancing Effective Date

## # KEY STORIES

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Dubai economy to grow by 2.4% in 2019 supported by economic activity - S&P

Arabtec and Trojan Holding are willing to explore possibility of entering into a cooperation agreement to collaborate in the construction sector

Manufacturing sector's contribution to the UAE's non-oil GDP grew 2.5pct to AED122bn in real prices in 2018 – FCSA

The Abu Dhabi Executive Council has approved regulations for District Cooling and District Cooling Applicability, making the UAE capital first in the Mena region to pass an integrated regulatory framework for District Cooling

Dubai Aerospace Enterprise (DAE) has announced that its engineering division and Jordan-based MRO Joramco has obtained the EASA Part-145 approval for Boeing 777

Indian retailer Dabur plans Middle East expansion

Passenger traffic in Asia-Pacific and the Middle East recorded growth in June at +2.1pct and +8.1pct respectively - ACI

Saudi Aramco set to finalise bank selections for IPO soon

Saudi transport minister appointed to Aramco board; energy minister Falih loses seat on board

Remittances in Saudi Arabia for July fell by 5.86pct to SAR11.46bln (USD3bln), compared to SAR12.17bln (USD3.2bln) in July 2018 - SAMA

Saudi Arabia is edging closer to allowing tourists access to the kingdom with a plan to open visa applications at the end of September

Saudi Automotive Services signed bank facility agreement with NCB for long-term financing of SAR100mln, SAR55mln short-term financing and SAR11.25mln hedge for finance buying new locations, building new fuel stations and developing existing stations

Saudi's Development Works Food posted Q2 net profit after zakat and tax SAR2.2mln vs SAR2.7mln year ago

Kuwait' Noor Financial Investment makes partial early payment of KWD3.0mln for loan taken from parent company

Oman's Raysut Cement board approved to establish a cement grinding unit in Duqm with production capacity of one million ton of cement per annum with estimated project cost of USD30mln

Egypt is targeting a budget deficit of 7.2% this fiscal year, and a deficit of 6.2% in the 2020/21 fiscal year - Finance Minister

Egypt's Delta Sugar says Egyptian Petrochemicals Holding will establish a company to produce ethanol from molasses and company to own 5% for USD2.0mn

Egypt's GB Auto shareholders approve merger with R.G. Investments

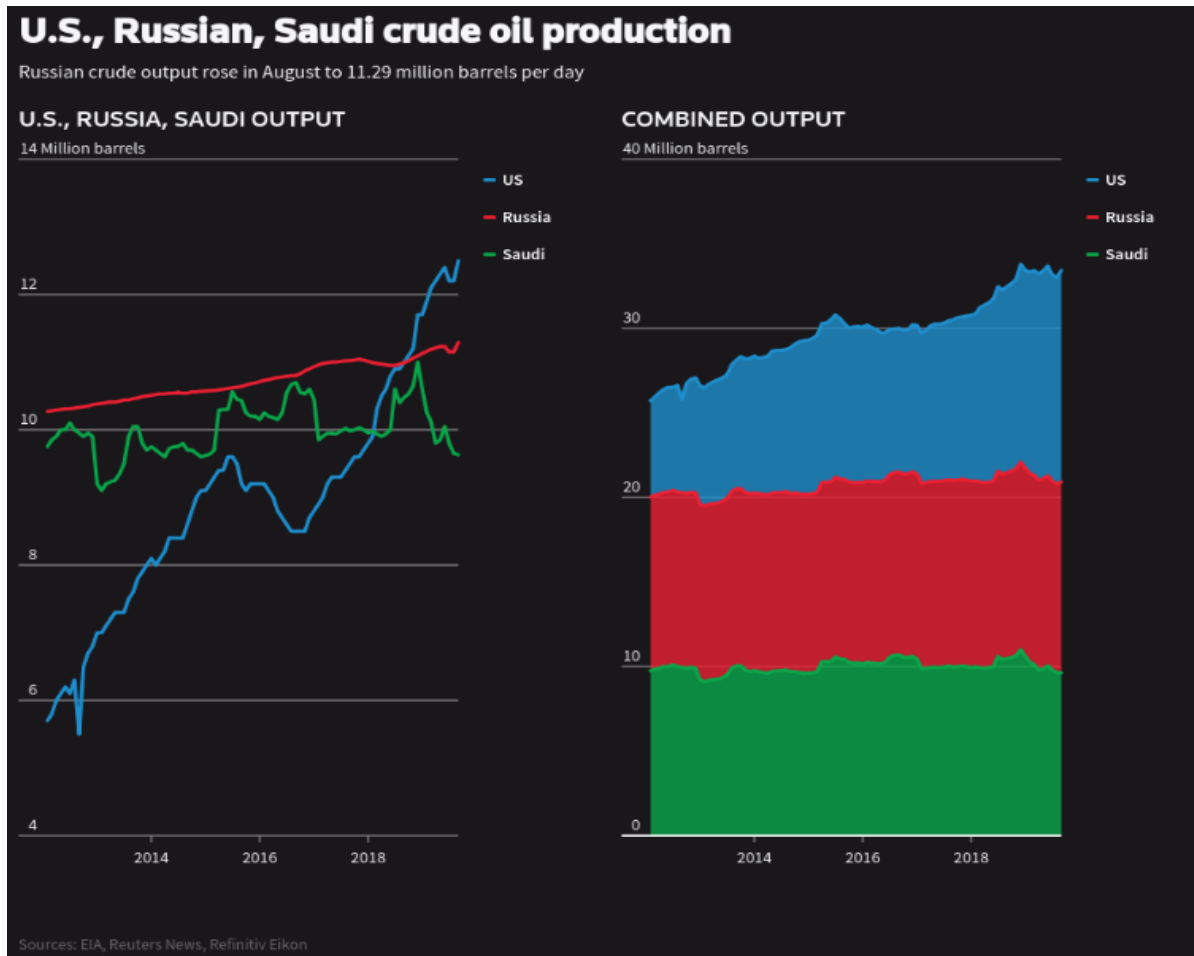
Egyptian Company for Construction Development board approves issued capital increase to EGP 56.1mln from EGP 34.1mln

# Key Global Trends/ Market Clues

Asian stocks dipped early Wednesday after poor U.S. economic data stoked global recession fears and further soured investor sentiment already hurt by heightened trade war concerns. Safe-haven government bonds fared well in the wake of risk aversion in the broader markets, with the benchmark U.S. Treasury yield touching its lowest level in three years. MSCI's broadest index of Asia-Pacific shares outside Japan was a shade lower after losing 0.85% the previous day. Australian stocks lost 0.8% and Japan's Nikkei fell 0.3%.

Oil prices fell on Tuesday, with U.S. crude futures down 2% after manufacturing data raised concerns about a weakening global economy, while the U.S.-China trade dispute continued to drag on investor sentiment. U.S. West Texas Intermediate (WTI) crude futures fell USD1.16, or 2.1%, to settle at USD53.94 a barrel. The session low was USD52.84 a barrel, the lowest since Aug. 9. Brent crude futures lost 40 cents, or 0.7%, to settle at USD58.26 a barrel. It sank as low as USD57.23 a barrel, also the weakest since Aug. 9.

Oil prices are likely to remain range-bound for the "foreseeable future" and there will be little spending growth in North American oil and gas fields in the near to medium term, Lorenzo Simonelli, chief executive of General Electric Co's Baker Hughes said.



A key U.S. factory gauge unexpectedly contracted for the first time since 2016, sending stocks and bond yields lower and boosting expectations for interest-rate cuts as global manufacturing woes deepen. The Institute for Supply Management's purchasing managers index fell to 49.1 in August, weaker than all forecasts in a Bloomberg survey of economists, data released Tuesday showed.

## # UAE Stories

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S&P Global Ratings said that it expects a marginal pick-up in economic growth of Dubai to 2.4 percent in 2019, with support coming largely from the construction and real estate sectors. The economy grew by 1.94 percent in 2018. The rating agency expects the GDP to grow averaging about 2.5 percent annually over 2019-2022, supported by increased economic activity associated with Expo 2020 Dubai and, after that, by traditional growth engines such as trade and transportation.

Arabtec and Trojan Holding are willing to explore possibility of entering into a cooperation agreement to collaborate in the construction sector.

The manufacturing sector's contribution to the UAE's non-oil GDP grew 2.5pct to AED122bn in real prices in 2018 from AED119.7bn in 2017, according to figures revealed by the Federal Competitiveness and Statistics Authority.

The Abu Dhabi Executive Council has approved regulations for District Cooling and District Cooling Applicability, making the UAE capital first in the Mena region to pass an integrated regulatory framework for District Cooling.

Dubai Aerospace Enterprise (DAE) has announced that its engineering division and Jordan-based MRO Joramco has obtained the EASA Part-145 approval for Boeing 777. This is the fourth EASA approval obtained by Joramco since its acquisition by DAE, following earlier EASA approvals for Boeing 737 MAX, Airbus A320neo and Boeing 787. Joramco currently holds 12 aircraft type approvals from EASA: 5 Airbus, 5 Boeing and 2 Embraer.

Dabur, the leading Indian FMCG company, is finalising an aggressive expansion plan for its business in the Middle East, which would see the company unveiling a major marketing campaign and online sales drive in that market, a top company executive has said.

## # GCC/ MENA

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Passenger traffic in Asia-Pacific and the Middle East recorded growth in June at +2.1 percent and +8.1 percent respectively, new data showed. According to a report by Airports Council International.

Saudi Aramco aims to select underwriters for its initial public offering as soon as this week, as the state energy giant accelerates preparations for the world's biggest share sale, people with knowledge of the matter said. Global investment banks are finishing up a week of pitches that started last Tuesday in Dhahran, the eastern Saudi city where Aramco is based, according to the people. Some firms seeking a role on the deal made presentations in Dubai or London, the people said. Aramco plans to tell banks later this week or early next week whether they got a role on the offering. Aramco is expected to choose about four or five banks to lead the IPO marketing as joint global coordinators, while a larger number will work on the deal in more junior capacities, the people said.

Saudi Arabian Energy Minister Khalid al-Falih is no longer on the board of directors of state oil giant Aramco. Saudi Arabia's transport minister, Nabeel al-Amudi, has been appointed to the board of Aramco. The move follows the appointment of Yasir al-Rumayyan, head of the kingdom's sovereign wealth fund, known as the PIF, as chairman of Aramco, replacing Falih.

Remittances in Saudi Arabia for July fell by 5.86pct to SAR11.46bln (USD3bln), compared to SAR12.17bln (USD3.2bln) in July 2018, according to the latest monthly report from the Saudi Arabian Monetary Authority (SAMA).

Saudi Arabia is edging closer to allowing tourists access to the kingdom with a plan to open visa applications at the end of September.

Saudi Automotive Services signed bank facility agreement (shariah-complaint) with NCB for long-term financing of SAR100mln, SAR55mln short-term financing and SAR11.25mln hedge for finance buying new locations, building new fuel stations and developing existing stations.

Saudi's Development Works Food posted Q2 net profit after zakat and tax SAR2.2mln vs SAR2.7mln year ago. Q2 sales SAR39.9mln vs SAR31.2mln year ago.

Kuwait' Noor Financial Investment makes partial early payment of KWD3.0mln for loan taken from parent company.

Oman's Raysut Cement board approved to establish a cement grinding unit in Duqm with production capacity of one million ton of cement per annum with estimated project cost of USD30mln. Project work is expected to start on 19 Sept 2019.

Egypt is targeting a budget deficit of 7.2% this fiscal year, and a deficit of 6.2% in the 2020/21 fiscal year, the finance minister said on Tuesday. The country is targeting a primary surplus of EGP124bln in the 2019/20 fiscal year, up from EGP104bln last fiscal year.

Egypt's GB Auto shareholders approve restructuring that will position key subsidiary GB Capital to pursue a range of potential strategic options. Shareholders approve resolution that empowers management to merge Egypt's GB Auto with R.G. Investments and transaction will take place at book value, will have no impact on consolidated financial figures of GB Auto.

Egypt's Delta Sugar says Egyptian Petrochemicals Holding will establish a company to produce ethanol from molasses and company to own 5% of project capital with capital contribution of USD2.0mn to be paid over two years period.

Egyptian Company for Construction Development board approves issued capital increase to EGP 56.1mln from EGP 34.1mln.

(Source: ADX, DFM, Bloomberg, Reuters, Gulf News, The National, Arabian Business)

## # UAE FOCUS LIST - COMPANY DATA

Company	MCAP	PRICE	HIGH - LOW		VALUATION		DIV	HISTORICAL RETURN			
	(AEDm)	(AED)	52WH	52WL	TTM P/E	TTM P/B	YLD (%) <sup>^</sup>	1M%	3M%	6M%	12M%
ADCB	60,807	8.74	10.26	7.37	10.29	1.16	5.3%	(1.9)	(2.7)	(2.5)	23.3
ADIB	18,668	5.14	5.18	3.46	8.48	1.08	5.3%	2.8	15.0	21.3	34.7
ADNIC	1,031	2.75	4.00	2.75	8.01	0.50	10.9%	NA	(19.1)	(19.6)	(28.6)
Agthia	2,076	3.46	5.00	3.17	11.19	1.09	4.3%	(3.9)	(3.9)	(3.6)	(28.8)
Air Arabia	5,553	1.19	1.23	0.90	NA	1.10	NA	4.4	15.5	26.6	17.8
Ajman Bank	1,974	0.94	1.00	0.82	10.27	0.78	3.7%	(2.0)	3.8	8.2	1.1
Al Waha Capital	1,983	1.02	2.02	0.89	NA	0.58	7.4%	1.0	6.4	(23.6)	(44.0)
Aldar Properties	17,141	2.18	2.37	1.43	9.85	0.73	6.4%	(5.6)	19.8	31.2	12.4
Amanat Holdings	2,175	0.87	1.24	0.86	43.35	0.86	1.7%	(12.1)	(11.2)	(13.0)	(30.4)
Amlak FiNAce	488	0.33	0.67	0.25	NA	0.41	0.0%	(1.8)	19.9	(11.0)	(49.4)
Arabtec	2,400	1.60	2.41	1.37	11.93	1.47	3.1%	(9.1)	3.9	(24.8)	(14.0)
Aramex	6,105	4.17	5.01	3.89	12.28	2.47	4.0%	(3.7)	(2.6)	1.5	(3.0)
Bank of Sharjah	1,806	0.86	1.14	0.79	22.78	0.47	0.0%	(7.5)	(7.1)	(12.2)	(19.6)
DAMAC Properties	5,808	0.96	2.18	0.84	15.64	0.41	NA	(3.5)	11.6	(34.2)	(53.6)
Dana Gas	6,737	0.96	1.21	0.73	NA	0.70	5.7%	(6.5)	(2.7)	16.7	(13.2)
Deyaar Development	1,849	0.32	0.48	0.29	15.63	0.41	0.0%	(7.0)	3.2	(11.4)	(19.2)
Dubai FiNAcial Market	7,320	0.92	0.98	0.65	69.85	0.94	0.0%	(2.2)	28.7	9.6	(2.5)
Dubai Investment	5,655	1.33	1.99	1.04	11.51	0.47	7.5%	(2.9)	3.9	8.4	(32.8)
Dubai Islamic Bank	34,529	5.24	5.41	4.66	7.25	1.13	6.7%	(1.3)	4.0	7.6	1.9
DXB Entertainments	1,824	0.23	0.39	0.17	NA	0.55	0.0%	(0.9)	14.0	(12.3)	(33.1)
Emaar Dev	16,360	4.09	5.28	3.26	4.72	1.98	12.7%	(14.3)	4.3	10.5	(18.8)
Emaar Malls	24,597	1.89	2.17	1.43	10.86	1.37	5.3%	(9.1)	(2.6)	12.5	(5.5)
Emirates Integrated Tele	25,747	5.68	5.80	4.88	15.24	3.23	6.2%	1.4	13.1	17.2	11.4
Emirates NBD	75,030	13.50	14.45	8.25	7.66	1.09	3.0%	13.9	21.6	42.1	46.9
Eshraq Investments	930	0.40	0.64	0.36	NA	0.64	NA	(6.1)	1.3	(9.1)	(30.1)
Etisalat	147,845	17.00	17.80	15.20	16.46	3.38	4.7%	1.7	6.8	5.2	1.7
First Abu Dhabi Bank	162,271	14.86	16.96	13.50	13.78	1.61	5.0%	(4.7)	0.0	3.1	2.1
GFH	3,367	0.92	1.45	0.73	9.47	0.83	3.5%	(1.0)	(0.1)	(1.9)	(31.7)
Gulf Navigation Holding	796	0.78	1.17	0.72	NA	0.88	0.0%	(2.3)	(0.5)	(1.0)	(12.2)
Julphar	1,448	1.25	2.20	1.00	NA	1.42	0.0%	(12.6)	(20.9)	(21.9)	(37.5)
Mashreqbank	12,960	73.00	80.00	67.50	6.11	0.63	5.5%	(2.7)	(2.1)	2.5	7.3
National Bank of Fujairah	9,232	4.99	4.99	2.49	14.84	1.72	1.3%	4.4	4.4	17.0	89.7
Tabreed	4,562	1.68	1.84	1.44	10.60	1.00	5.7%	(7.2)	7.0	8.7	0.6
RAK Bank	7,627	4.55	4.75	4.00	7.35	1.06	6.6%	(1.1)	(4.2)	13.6	9.4
RAK Properties	880	0.44	0.62	0.39	6.77	0.23	0.0%	(6.4)	2.3	(3.9)	(28.7)
RAK Ceramics	1,486	1.57	2.28	1.42	9.55	0.64	9.1%	(3.1)	1.3	(10.8)	(28.6)
SALAMA	799	0.66	0.76	0.39	37.08	1.05	NA	(4.6)	25.2	40.7	48.0
Sharjah Islamic Bank	3,581	1.22	1.28	1.05	6.91	0.65	6.6%	7.0	10.9	8.9	(0.8)
SHUAA Capital	2,513	0.99	1.11	0.60	NA	1.35	NA	(0.9)	10.1	43.6	(1.9)
Takaful Emarat Insurance	212	1.41	1.85	1.28	17.16	1.35	5.0%	(0.7)	(8.4)	(11.3)	(21.7)
TAQA	4,453	0.73	1.20	0.68	15.14	1.01	0.0%	(0.9)	(8.3)	(23.5)	(33.9)
Union Properties	1,420	0.33	0.74	0.28	NA	0.46	0.0%	(8.3)	0.9	(14.0)	(51.5)
United Arab Bank	2,060	1.00	1.30	0.95	50.84	0.79	0.0%	(11.6)	(19.4)	(16.8)	(16.1)

(Source: Bloomberg)

<sup>^</sup> current dividend yield based on last year dividend declaration

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