

SHUAA Securities Morning Report

07 October 2020

Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,483	-0.1%	-0.9%	3.8%	-11.0%
DFM	2,226	0.0%	-1.5%	6.6%	-20.0%
TASI	8,369	1.4%	4.3%	13.2%	5.1%
BHSEASI	1,445	0.3%	3.0%	13.2%	-4.4%
EGX	11,008	-0.6%	-1.5%	0.4%	-22.6%
Dow Jones	27,773	-1.3%	-1.3%	5.7%	4.5%
S&P 500	3,361	-1.4%	-1.9%	5.7%	13.9%
Nasdaq	11,155	-1.6%	-1.4%	6.9%	39.7%
FTSE 100	5,950	0.1%	2.6%	-5.3%	-16.8%
DAX	12,906	0.6%	0.5%	1.4%	7.4%
CAC40	4,895	0.5%	-1.4%	-3.7%	-10.8%
Nikkei225	23,434	0.5%	1.0%	3.2%	9.5%
HIS	23,981	0.9%	-2.9%	-9.0%	-7.1%
US Futures	3,354	0.0%	-1.9%	6.0%	16.0%
Europe Future	3,213	-0.4%	-2.5%	-1.4%	-5.8%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	316	316	-
Local	48%	65%	-17%
Foreign	52%	35%	17%
Institution	84%	83%	1%
Retail	16%	17%	-1%
DFM	171	171	-
Local	47%	51%	-3%
Foreign	53%	49%	3%
Institution	36%	36%	-1%
Retail	64%	64%	1%
Total	487	487	-
Local	48%	60%	-12%
Foreign	52%	40%	12%

Upcoming Corporate Actions & Events

Date	Company	Event
08-Oct	ARTC	BoD/Dissolution
10-Oct	RAK Properties	BoD/General
14-Oct	SALAMA	General Assembly
14-Oct	SHUAA	General Assembly
20-Oct	FAB	General Assembly/Stake Acquisition
12-Nov	GFH	BoD/Results
12-Nov	ITHMAAR	BoD/Results

KEY STORIES

UAE on October 06 reported 1,061 new cases of the Covid-19, along with 1,146 recoveries. Total cases in the country at 100,794 with 90,556 recoveries and 435 deaths

Tabreed's shareholders authorise board for a period of 12 months, to issue non-convertible (into shares) bonds and/or sukuk directly or through a special purpose vehicle with total value of up to USD 1bln (or equivalent) in aggregate and a tenor of up to 30 years

Amanat Holdings board to meet on 12 October 2020 to consider an investment opportunity

Air Arabia announces free global Covid-19 cover for all passengers traveling on Air Arabia flights from Sharjah and Abu Dhabi

Payments firm Finabl is in sale talks with Israeli company Prism Advance Solutions

Emirates Islamic lists USD 500mln sukuk on Nasdaq Dubai

AXA Green Crescent Insurance disclosed significant shares transactions, where Ras Al Khaimah Cement sold 9.15% stake (18.3mln shares) and Mr. Jassim Alseddiqi acquired 9.95% stake (AED 19.9mln shares) in the company.

Private equity firm Al Masah Capital has been placed into voluntary liquidation in the Cayman Islands months after the company and several of its employees were fined by the Dubai Financial Services Authority for misleading investors about fees charged

The government of Dubai has repaid USD 750mln in bonds that reached maturity on Oct. 5, the department of finance said in a statement

ADIA will invest INR 55.13bln (USD 751.13mln) in Reliance Industries' retail arm, for 1.20% equity stake on a fully diluted basis

The Abu Dhabi Investment Office and Israel Export Institute have signed an agreement to boost trade opportunities

Moody's says that the twin shocks of lower oil prices and the coronavirus fallout will speed up bank mergers in the Gulf, which said financial concerns will play a larger role in encouraging deals

IATA says global airlines are expected to burn through another USD 77bln of cash in 2H20. The average carrier now has 8.5 months' worth of cash left for operations

Saudi's Aramco raised its November OSP for its Arab Light crude to Asia by USD 0.10 a barrel, setting it at a minus USD 0.40 per barrel versus Oman/Dubai average

Saudi's SAFCO received the CMA approval to increase its capital to SAR 4.760bln from SAR 4.166bln to acquire SABIC Agri-Nutrients Investment Company

Saudi's Gulf Union Cooperative Insurance shareholders approve merger of Al-Ahlia Insurance into company

Saudi's Advanced Petrochemical quarterly estimated net profit after zakat and tax SAR 156mln, down 26.8% YoY

National Bank Of Kuwait Group CFO Jim Murphy resigns

Egypt's Industrial Engineering Company for Construction and Development board recommends to EGM to approve demerger of company

Key Global Trends/ Market Clues

Asian stock markets edged higher on Wednesday, brushing off Wall Street's weaker finish, which came after U.S. President Donald Trump abruptly broke off economic stimulus negotiations with lawmakers. Trump cancelled talks with Democrats in a Tweet saying that negotiations will stop until after the election, when he promises a major stimulus bill. That sent Wall Street tumbling and safe assets like the dollar and bonds higher. Investors in Asia, however, seemed less rattled, holding a view that stimulus would be delayed rather than derailed. MSCI's broadest index of Asia-Pacific shares outside Japan crept 0.2% higher to a fresh two-week peak, led by a 0.8% gain in Australia where an expansionary budget lifted stocks. Broad gains in Hong Kong lifted the Hang Seng 0.7% while Japan's Nikkei fell 0.2%. S&P 500 futures wobbled either side of flat, finding some support from Trump tweets seeming to promise backing for individual pieces of fiscal stimulus. The dollar was steady at its highest level for the week so far.

Oil prices slipped on Wednesday after U.S. President Donald Trump dashed hopes for a fourth stimulus package to boost the coronavirus-hit economy and on a larger-than-expected build-up in U.S. crude stocks. U.S. West Texas Intermediate (WTI) crude oil futures fell 87 cents, or 2.1%, to USD 39.80 a barrel by 0104 GMT while Brent crude futures fell by 74 cents, or 1.7%, to USD 41.91 a barrel. President Trump, still being treated for COVID-19, ended talks on Tuesday with Democrats on an economic aid package for his pandemic-hit country with the U.S. presidential election only weeks away. Prices were also pressured by data from the American Petroleum Institute showing U.S. crude oil stocks rose by 951,000 barrels last week - more than expected.

UAE Stories

The United Arab Emirates on October 06 announced 1,061 new COVID-19 cases, bringing the total confirmed cases in the country to 100,794. At the same time, 1,146 more patients have recovered from the virus, taking the tally of recoveries in the UAE to 90,556, UAE's Ministry of Health and Prevention said. It has reported 6 deaths from COVID-19 during the past 24 hours. The nationwide death toll stands at 435.

Tabreed's shareholders authorise board for a period of 12 months, to issue non-convertible (into shares) bonds and/or sukuk directly or through a special purpose vehicle with total value of up to USD 1bn (or equivalent) in aggregate and a tenor of up to 30 years.

Amanat Holdings board to meet on 12 October 2020 to consider an investment opportunity.

Air Arabia announces free global Covid-19 cover for all passengers traveling on Air Arabia flights from Sharjah and Abu Dhabi. Cover validity is for 31 days from day of departure on itinerary and also includes medical expenses and quarantine costs.

Payments firm Finabl is in sale talks with Israeli company Prism Advance Solutions, the company confirmed on Tuesday. Finabl, which has been in talks to find fresh funding for months, said the offer from the company has a number of key benefits, according to a statement to the London Stock Exchange, where the company's share used to trade. It will lead to a restructuring and settlement of all of the company's outstanding debts, a restructuring of its board and its subsidiary companies and it will provide necessary working capital. It will also look to complete a deal within a month. Finabl did not provide any details about the size of the bid.

Emirates Islamic Bank rang the bell to celebrate the listing of a USD 500m Sukuk on Nasdaq Dubai, according to a press release on Tuesday. The Sukuk issuance was 2.4 times oversubscribed, with a 1.827% profit which is the lowest rate for a Sukuk issued by a UAE bank for 10 years.

AXA Green Crescent Insurance disclosed significant shares transactions, where Ras Al Khaimah Cement sold 9.15% stake (18.3m shares) and Mr. Jassim Alseddqi acquired 9.95% stake (AED 19.9m shares) in the company.

Private equity firm Al Masah Capital has been placed into voluntary liquidation in the Cayman Islands months after the company and several of its employees were fined by the Dubai Financial Services Authority for misleading investors about fees charged.

The government of Dubai has repaid USD 750mln in bonds that reached maturity on Oct. 5, the department of finance said in a statement on Tuesday.

Abu Dhabi Investment Authority (ADIA) will invest INR 55.13bln (USD 751.13mln) in Reliance Industries' retail arm, giving the unit a pre-money equity value of INR 4.29trn rupees, the Indian conglomerate said on Tuesday. ADIA's investment will translate into a 1.20% equity stake in Reliance Retail on a fully diluted basis.

The Abu Dhabi Investment Office and Israel Export Institute have signed an agreement to boost trade opportunities, the Abu Dhabi Media office said in a tweet. The United Arab Emirates agreed a historic deal to normalise relations with Israel in August, and the Gulf state of Bahrain followed suit in September.

GCC/ MENA

Moody's says that the twin shocks of lower oil prices and the coronavirus fallout will speed up bank mergers in the Gulf, which said financial concerns will play a larger role in encouraging deals. "Merger deals will be increasingly motivated by purely financial considerations" as opposed to common shareholders that drove some of the combinations in the past years. Moody's also said the pandemic and lower oil will hit banks' profitability through slower credit growth, slimmer net interest margins and higher provisioning for bad loans. "The revenue shock will shift management attention to cost discipline and consolidation opportunities as main sources of bottom-line uplift," the ratings agency said. It added: "The current economic shock underscores how dependent GCC economies still are on hydrocarbon revenues, despite broad diversification agendas. "Many banks will need to increase scale if they are to play a full role in the region's economic transformation."

Global airlines are expected to burn through another USD 77bln of cash in the second half of 2020 as the decline in revenue outpaces cost savings and various government wage subsidy programmes start to expire. The average carrier now has 8.5 months worth of cash left for operations, the International Air Transport Association (IATA) said in an online media conference on Tuesday. In the second quarter of the year, airlines used up an estimated USD 51bn of cash reserves as the Covid-19 pandemic decimated air travel demand.

Saudi's Aramco raised its November official selling price (OSP) for its Arab Light crude to Asia by USD 0.10 a barrel, setting it at a minus USD 0.40 per barrel versus Oman/Dubai average, the company said on Tuesday. The company set the Arab Light OSP to Northwestern Europe at a discount of USD 2.00 a barrel over ICE Brent and to the United States at plus USD 1.05 per barrel over ASCI (Argus Sour Crude Index), both unchanged from October.

Saudi Arabian Fertilizer Company (SAFCO) received the Capital Market Authority's (CMA) approval to increase its capital to SAR 4.760bln from SAR 4.166bln to acquire SABIC Agri-Nutrients Investment Company (SANIC), fully-owned by the Saudi Basic Industries Corporation (SABIC). The transaction will be carried out through issuing 59.368mln ordinary shares for SABIC, according to a bourse disclosure on Tuesday.

Saudi's Gulf Union Cooperative Insurance shareholders approve merger of Al-Ahlia Insurance into company.

Saudi's Advanced Petrochemical quarterly estimated net profit after zakat and tax SAR 156mln, down 26.8%YoY. Quarterly sales SAR 545mln. Quarter saw reduction in polypropylene sales prices and sales volume by 12.5% and 3.8% respectively.

National Bank Of Kuwait Group CFO Jim Murphy resigns

Egypt's Industrial Engineering Company for Construction and Development board recommends to EGM to approve demerger of company. Board approves to continue listing of demerging company in Egyptian exchange. Demerging company will have equity of EGP 521.4mln and demerged company to be EGP 122.4mln.

UAE FOCUS LIST - COMPANY DATA

Company	MCAP (AEDm)	PRICE (AED)	HIGH - LOW		VALUATION		DIV YLD (%) [^]	HISTORICAL RETURN			
			52WH	52WL	TTM P/E	TTM P/B		1M%	3M%	6M%	12M%
ADCB	38,196	5.49	8.15	3.82	10.38	0.72	6.9%	(0.4)	8.5	43.7	(23.6)
ADIB	15,182	4.18	5.85	3.19	9.14	0.82	6.6%	4.0	10.6	29.2	(14.0)
ADNIC	2,058	3.61	4.00	2.70	5.79	0.94	8.3%	(6.2)	14.6	(2.4)	20.3
ADNOC Dist	43,750	3.50	3.57	2.40	22.38	12.71	5.5%	9.4	17.8	20.7	37.6
Agthia	2,400	4.00	4.20	2.50	25.20	1.26	3.8%	27.0	40.4	33.7	14.1
Air Arabia	5,087	1.09	1.61	0.87	10.13	1.24	8.3%	(6.8)	(10.7)	22.5	(8.7)
Ajman Bank	1,436	0.68	0.94	0.50	38.86	0.58	0.0%	(4.3)	14.0	24.8	(25.7)
Al Waha Capital	1,983	1.02	1.03	0.62	NA	0.67	NA	6.3	42.1	28.3	2.0
Aldar Properties	15,725	2.00	2.37	1.35	9.02	0.64	7.3%	(2.4)	9.9	36.1	3.3
Amanat Holdings	1,983	0.79	0.92	0.56	77.67	0.79	2.8%	(6.5)	(11.9)	27.3	(9.5)
Amlak Finance	447	0.30	0.64	0.20	NA	0.69	0.0%	(11.6)	7.2	25.7	(27.3)
Aramex	6,252	4.27	4.45	2.00	14.60	2.49	3.9%	18.6	27.8	73.2	10.5
Bank of Sharjah	1,113	0.53	0.83	0.53	NA	0.36	0.0%	NA	(13.8)	(18.5)	(36.1)
DAMAC Properties	5,445	0.90	0.98	0.36	NA	0.40	NA	3.2	19.8	88.3	(0.7)
Dana Gas	4,932	0.71	0.98	0.53	NA	0.54	7.8%	(3.7)	2.2	30.6	(20.3)
Deyaar Development	1,635	0.28	0.43	0.18	30.96	0.36	0.0%	(5.7)	0.4	32.9	(18.9)
Dubai Financial Market	6,496	0.81	1.00	0.50	48.30	0.85	3.1%	(4.5)	(1.0)	46.3	(3.5)
Dubai Investment	4,762	1.12	1.39	0.98	9.35	0.41	NA	(5.1)	(2.6)	10.9	(4.8)
Dubai Islamic Bank	30,411	4.20	5.86	3.04	7.35	0.83	8.3%	(1.2)	7.4	38.2	(13.5)
DXB Entertainments	936	0.12	0.23	0.09	NA	0.46	0.0%	(20.4)	(2.5)	(2.5)	(42.4)
Emaar Dev	9,480	2.37	4.16	1.79	4.03	0.89	0.0%	5.8	10.7	23.4	(42.1)
Emaar Malls	18,871	1.45	1.96	0.98	12.57	1.01	0.0%	3.6	(1.4)	38.1	(23.3)
Emaar Properties	19,260	2.69	4.70	1.90	3.78	0.35	0.0%	(8.2)	(2.2)	19.6	(40.1)
Emirates Integrated Tele	24,251	5.35	6.35	4.33	17.47	2.93	6.4%	2.9	7.2	6.5	2.5
Emirates NBD	66,324	10.50	13.90	6.33	5.83	0.81	3.8%	(1.9)	18.5	60.1	(12.4)
Eshraq Investments	679	0.29	0.46	0.16	NA	0.49	NA	(24.5)	31.5	36.4	(26.3)
Etisalat	145,236	16.70	17.00	11.02	16.48	3.20	4.8%	0.6	1.3	22.3	6.7
First Abu Dhabi Bank	121,212	11.10	15.92	7.78	11.55	1.24	6.7%	(3.1)	(0.9)	11.0	(22.8)
GFH	2,042	0.57	0.93	0.45	0.33	0.60	6.0%	(8.2)	(0.2)	10.8	(30.7)
Gulf Navigation Holding	431	0.42	0.73	0.28	NA	0.80	0.0%	(12.8)	(13.3)	45.9	(39.5)
IHC	70,125	38.50	40.90	5.00	NM	14.95	NA	4.1	30.6	163.7	670.0
Julphar	1,513	1.31	1.54	0.54	NA	1.40	0.0%	(0.8)	24.8	95.9	17.4
Mashreqbank	11,140	62.75	86.80	62.00	8.08	0.52	6.4%	(6.2)	(6.2)	(12.8)	(16.3)
National Bank of Fujairah	9,536	4.98	4.98	4.98	NA	NA	1.9%	NA	NA	NA	3.3
Tabreed	6,028	2.22	2.34	1.67	12.11	1.25	4.7%	5.7	16.2	11.0	14.4
RAK Bank	5,950	3.55	5.00	3.33	7.04	0.80	8.5%	1.4	(4.6)	(4.2)	(15.8)
RAK Properties	760	0.38	0.48	0.33	6.81	0.20	10.5%	(2.6)	6.1	14.1	(8.6)
RAK Ceramics	1,342	1.35	1.81	1.24	15.19	0.60	10.6%	(6.3)	0.0	6.3	(0.7)
SALAMA	1,016	0.84	0.88	0.30	14.97	1.31	NA	20.0	63.7	128.2	40.8
Sharjah Islamic Bank	3,636	1.18	1.29	0.95	7.18	0.48	4.0%	(0.8)	5.4	19.2	7.4
SHUAA Capital	1,519	0.60	1.03	0.40	21.35	1.15	NA	(13.3)	13.7	46.5	(38.4)
Takaful Emarat Insurance	215	1.43	1.46	0.97	NA	1.78	5.8%	(2.1)	6.7	7.5	5.1
TAQA	158,532	1.41	1.65	0.40	NA	5.01	0.0%	(3.4)	55.8	135.4	101.4
Union Properties	1,145	0.27	0.39	0.15	NA	0.45	0.0%	(11.6)	(10.7)	21.4	(13.9)
United Arab Bank	1,844	0.89	1.13	0.81	NA	NA	0.0%	NA	-	(0.2)	(18.7)

(Source: Bloomberg)

[^] current dividend yield based on last year dividend declaration

Disclaimer

This report was prepared by SHUAA Securities ("SS") in and for the United Arab Emirates ("U.A.E."). SS is a securities brokerage company regulated by the Emirates Securities and Commodities Authority (and neither an investment nor a financial advisory firm). The information contained in this report is given in summary and does not purport to be complete. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. Content of this report is provided solely for informational purposes and private circulation and should not be construed as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or any other financial product or instrument, or adopting any hedging or investment strategy and does not take into account your particular investment objectives, financial situation, tax implications or any other needs. Before acting on any information you should consider and confirm the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek professional financial advice. While based on information believed to be reliable, we do not guarantee and make no express or implied representation as to the accuracy of this report or complete description of the securities markets or developments referred to in this report. The information, contained in this report are as of the date indicated and are subject to change at any time without prior notice. This report may provide the addresses of, or contain hyperlinks to, websites. SS has not reviewed any such site and takes no responsibility for the content of the same. Such address or hyperlink is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or SS's website shall be at your own risk. The stated price of any securities mentioned in this report is as of the date indicated and is not a representation made by SS that any transaction can be effected at this price. This report is for UAE distribution and only under such circumstances as may be permitted by applicable law. The information contained in this report is not intended nor can it be construed as intended to be directed to any US persons (being any US Citizens, US Green Card Holders, or Resident Aliens subject to US income taxes for IRS purposes) unless stated otherwise. Neither SS nor its officers, directors or shareholders or other persons shall be liable for any direct, indirect, incidental or other damages including loss of profits arising in any way from the information contained in this report. This report is a mere update intended solely for the use by the intended recipients and the content of it may not be reproduced, redistributed or copied in whole or in part for any purpose without SS's prior express consent.