

SHUAA Securities Morning Report

22 March 2020

# Market Stats					
Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	3,686	8.4%	-27.4%	-27.6%	-27.4%
DFM	1,819	2.8%	-33.3%	-34.3%	-31.1%
TASI	6,268	1.8%	-21.3%	-24.4%	-27.6%
BHSEASI	1,409	2.4%	-15.4%	-11.1%	-0.8%
EGX	9,206	5.1%	-32.8%	-33.5%	-37.1%
Dow Jones	19,174	-4.5%	-34.4%	-32.6%	-25.5%
S&P 500	2,305	-4.3%	-31.7%	-28.4%	-18.4%
Nasdaq	6,880	-3.8%	-29.4%	-22.9%	-11.0%
FTSE 100	5,191	0.8%	-30.2%	-31.5%	-28.8%
DAX	8,929	3.7%	-34.7%	-33.0%	-23.1%
CAC40	4,049	5.0%	-33.2%	-32.8%	-24.8%
Nikkei225	16,553	-1.0%	-29.3%	-30.6%	-23.2%
HIS	22,805	5.0%	-17.4%	-18.2%	-22.2%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	258	258	-
Local	60%	48%	12%
Foreign	40%	52%	-12%
Institution	65%	57%	7%
Retail	35%	43%	-7%
DFM	380	380	-
Local	53%	47%	6%
Foreign	47%	53%	-6%
Institution	29%	41%	-12%
Retail	71%	59%	12%
Total	638	638	-
Local	56%	47%	8%
Foreign	44%	53%	-8%

Upcoming Corporate Actions & Events

Date	Company	Event
22-Mar	WAHA	AGM
23-Mar	GFH	AGM
23-Mar		FTSE Index IQ20 Review Effective
24-Mar	ETISALAT	AGM
24-Mar	DXBE	AGM
25-Mar	AIR ARABIA	BoD/General
25-Mar	KHCB	AGM/EGM
25-Mar	DFM	AGM
26-Mar	ESHRAQ	AGM
29-Mar	ADIB	AGM
30-Mar	CBI	AGM
30-Mar	REEM	AGM
30-Mar	RAKBANK	AGM
30-Mar	CBI	AGM
31-Mar	ADNOC	AGM
07-Apr	ARMX	AGM
13-Apr	UAB	AGM
23-Apr	DP World	AGM

KEY STORIES

First Abu Dhabi Bank will defer payments on mortgage, personal loans and car loans for up to three months for customers who may be struggling as a result of the economic fallout of the coronavirus outbreak. The lender also said it will defer instalments "for all loan types" for SME customers

Emirates NBD, Dubai Islamic, Mashreqbank and Commercial Bank of Dubai take measures to ease economic pressures on customers due to coronavirus from April 1 to June 30. Measures include option to reschedule loans, delaying loans, or reducing loan instalments if needed, granting grace period of up to three months to customers who obtained retail loans and were placed on unpaid leave and scrapping or reducing fees

Fitch says UAE banks' credit profiles face deterioration due to economic effects of coronavirus & slump in oil prices. Challenges persist, wave of mergers & acquisitions could follow, particularly among UAE banks with weaker franchises

The United Arab Emirates is shutting beaches, parks, pools, cinemas and gyms from Sunday for two weeks over coronavirus concerns

Dubai has received commitments from a group of 10 banks for USD 9bn in loans to take full control of port operator DP World and refinance debt of Dubai World

Al-Futtaim Group announces USD 27.2mn fund to provide financial support for its mall tenants across UAE

Adnoc delays plans to launch new benchmark for its murban crude in H1 2020 until oil market conditions improve

BlackRock, KKR and Italian infrastructure operator Snam are among suitors that made initial bids for a stake in Adnoc's natural gas pipelines, which could be valued at about USD 15bn

UAE foreign ministry says UAE suspends entry of citizens of Gulf Cooperation Council states until the approval of the pre-examination mechanism, starting at midnight today

Thirteen new cases of COVID-19 were reported on Saturday in the UAE, bringing the total number of cases to 153 - WAM

Governments must urgently consider providing aid to airlines in the Middle East to help them cope with a liquidity crisis due the coronavirus outbreak. Middle East airlines were facing rising revenue losses as people stopped travelling – IATA

Saudi Arabia announced measures exceeding SAR 120bn (USD 31.93bn) to mitigate the impact of the coronavirus outbreak on the economy

Saudi Arabia's budget deficit this year could expand to up to 9% of GDP due to plummeting oil prices and the impact from the coronavirus outbreak – Finance Minister

Saudi Arabia is suspending domestic flights, trains, buses and taxis for 14 days in a heightened effort to stop the spread of the COVID-19, the Saudi Press Agency (SPA) said on Friday

Fitch says Fed rate cuts add pressure on Saudi banks. Saudi Banks could see rising funding costs and stressed liquidity if Saudi Govt withdraws deposits to fund a widening deficit

Kuwait has decided to extend a suspension of schools and universities until Aug. 4 due to the coronavirus outbreak

Bahrain is in talks with banks for a loan of about USD 1bn after the Gulf state's plans to issue international bonds were suspended due to bad market conditions

Oman Air plans to cut jobs as the coronavirus pandemic took its toll on the Gulf carrier's flight schedule, according to an internal memo

Fitch says Covid-19 poses downside risks to Egyptian banks. Fitch says do not see immediate pressure on Egyptian banks' ratings but material weakening in asset quality could lead to negative rating actions

Key Global Trends/ Market Clues

Wall Street retreated on Friday after New York ordered residents to stay home, rattling investors who had welcomed this week's fiscal and monetary measures to counter the coronavirus shock and help revive the safe-haven appeal of bonds and gold. On Wall Street, the Dow Jones Industrial Average fell 913.21 points, or 4.55%, to 19,173.98. The S&P 500 lost 104.47 points, or 4.34%, to 2,304.92 and the Nasdaq Composite dropped 271.06 points, or 3.79%, to 6,879.52. MSCI's U.S.-centric gauge of stocks across the globe shed 1.84%, while emerging market stocks rose 4.58%.

China's economy is beginning to show some signs of normalisation after the full-blown shock caused by the coronavirus but stark risks remain, the International Monetary Fund said on the economic impact of the pandemic. Larger Chinese companies have reopened and many local staff have returned to work but infections could rise again as national and international travel resumes, the IMF officials said.

U.S. crude tumbled 10.7% on Friday and posted its biggest weekly decline since the 1991 Gulf War as the coronavirus epidemic dried up global demand and as officials in Washington said an envoy would head to Saudi Arabia to deal with fallout of a Saudi-Russia oil price war. U.S. On Friday, Brent crude futures fell USD 1.49, or 5.2%, to settle at USD 26.98 a barrel.

The Trump administration plans to send a special energy envoy to Saudi Arabia to work with the kingdom on stabilizing the global oil market, officials said on Friday, as the U.S. scrambles to deal with a price crash so deep that regulators in Texas considered curbing production there for the first time in nearly 50 years.

OPEC Secretary General Mohammed Barkindo said Friday that he spoke with a Texas oil regulator about the oil market's current conditions and the "possibility of future cooperation." Barkindo said that the two spoke via teleconference, saying that he and Texas Railroad Commissioner Ryan Sitton were "both concerned with current market developments, including its impact on the security of supply."

UAE Stories

First Abu Dhabi Bank (FAB), said it will defer payments on mortgage, personal loans and car loans for up to three months for customers who may be struggling as a result of the economic fallout of the coronavirus outbreak. The lender also said it will defer instalments "for all loan types" for SME customers and was already working with firms to assess the impact the virus outbreak was having on cash flows with a view to supporting potential loan restructurings.

Emirates NBD, Dubai Islamic, Mashreqbank and Commercial Bank of Dubai take measures to ease economic pressures on customers due to coronavirus from April 1 to June 30. Priority in granting support measures for main sectors that contribute to state economy, including healthcare, aviation, hospitality, retail, event management, consumer goods and education. Measures for the above sectors include option to reschedule loans, delaying loans, or reducing loan instalments if needed. Measures also include granting grace period of up to three months to customers who obtained retail loans and were placed on unpaid leave. Other measures include scrapping or reducing fees, including some real estate and foreign exchange fees.

Fitch says UAE banks' credit profiles face deterioration due to economic effects of coronavirus & slump in oil prices. Challenges persist, wave of mergers & acquisitions could follow, particularly among UAE banks with weaker franchises.

Dubai has received commitments from a group of 10 banks for USD 9bn in loans to take full control of port operator DP World and refinance debt of state investment vehicle Dubai World, two sources told Reuters. The debt transaction is one of the few deals keeping investment bankers busy in the Gulf as the global coronavirus outbreak slams the brakes on capital markets activity.

Al-Futtaim Group announces USD 27.2mn fund to provide financial support for its mall tenants across UAE.

Adnoc delays plans to launch new benchmark for its murban crude in H1 2020 until oil market conditions improve.

BlackRock, KKR and Italian infrastructure operator Snam are among suitors that made initial bids for a stake in Adnoc's natural gas pipelines, which could be valued at about USD 15bn.

UAE foreign ministry says UAE suspends entry of citizens of Gulf Cooperation Council states until the approval of the pre-examination mechanism, starting at midnight today.

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GCC/ MENA

IATA says middle east airlines have lost USD 7.2bn in revenue as of March 11 due to Coronavirus. Bahrain coronavirus has cost USD 200mln base revenue, could result in 5,000 job losses. Kuwait close to 20,000 aviation jobs could be lost due to coronavirus. Qatar there are 33,000 aviation jobs at risk because of coronavirus. Saudi Arabia could lose 16mln passengers and USD 3.1bn in base revenue and over 140,000 aviation jobs at risk because of coronavirus. In UAE, 13.6mln passengers could be lost and USD 2.8bn in base revenue lost, and about 163,000 aviation jobs at risk because of coronavirus. Egypt coronavirus could result in 6.3mln passengers not travelling and a loss of about USD 1bn in base revenue, 138,000 jobs at risk. Middle east airlines are facing a liquidity crisis. IATA VP says proposing direct financial support by governments to middle east airlines.

Saudi Arabia announced on Friday measures exceeding SAR 120bn (USD 31.93bn) to mitigate the impact of the coronavirus outbreak on the economy, state TV said. The package includes SAR 50bn to support banks, financial institutions and small and medium enterprises, it said, citing Finance Minister Muhammad Al-Jadaan. The package also includes other initiatives to support the economy exceeding SAR 70bn riyals.

Saudi Arabia's budget deficit this year could expand to up to 9% of gross domestic product, from around 6.4% previously forecast, due to plummeting oil prices and the impact from the coronavirus outbreak, the kingdom's finance minister said on Friday. Mohammed al-Jadaan said in a news conference broadcast on state television that the government has a contingency plan and flexibility through a mixture of spending cuts, borrowing and tapping reserves.

Saudi Arabia is suspending domestic flights, trains, buses and taxis for 14 days in a heightened effort to stop the spread of the COVID-19, the Saudi Press Agency (SPA) said on Friday.

Fitch says Fed rate cuts add pressure on Saudi banks. Saudi Banks could see rising funding costs and stressed liquidity if Saudi Govt withdraws deposits to fund a widening deficit. Rate cuts will mean lower interest income for Saudi banks in 2020. Expect problem loans and impairment charges for Saudi banks to increase.

Kuwait has decided to extend a suspension of schools and universities until Aug. 4 due to the coronavirus outbreak, the state news agency KUNA said on Thursday. The Gulf Arab country is the first among its neighbours to impose such lengthy school and university holidays in efforts to limit the spread of the sometimes deadly disease.

Bahrain is in talks with banks for a loan of about USD 1bn after the Gulf state's plans to issue international bonds were suspended due to bad market conditions, sources told Reuters.

Oman Air plans to cut jobs as the coronavirus pandemic took its toll on the Gulf carrier's flight schedule, according to an internal memo seen by Bloomberg News. The state-owned carrier had to reduce flights, suspend routes and park planes "in a way we've never had before," Chief Executive Officer Abdulaziz Al Raisi

said in an email sent to employees, adding that the airline can no longer sustain the current level of employment.

Fitch says Covid-19 poses downside risks to Egyptian banks. Fitch says do not see immediate pressure on Egyptian banks' ratings but material weakening in asset quality could lead to negative rating actions.

(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 (%)^	1M%	3M%	6M%	12M%
ADCB	35,343	5.08	10.26	4.33	7.04	0.64	9.1%	(34.0)	(37.1)	(37.2)	(46.2)
ADIB	14,455	3.98	5.85	3.60	6.29	0.76	6.8%	(30.5)	(26.8)	(20.4)	(13.9)
ADNIC	1,388	3.70	3.70	2.60	7.39	0.92	8.1%	-	32.1	32.1	-
ADNOC Dist	31,874	2.55	3.20	2.00	14.37	8.50	8.2%	(16.4)	(12.7)	0.9	15.9
Agthia	1,680	2.80	4.15	2.59	12.26	0.86	5.4%	(12.8)	(21.1)	(18.8)	(26.3)
Air Arabia	4,713	1.01	1.61	0.91	4.76	0.85	NA	(30.4)	(28.6)	(9.8)	12.0
Ajman Bank	1,134	0.54	0.98	0.50	13.85	0.45	6.5%	(36.6)	(39.9)	(41.0)	(35.9)
Al Waha Capital	1,554	0.80	1.33	0.72	NA	0.52	NA	(10.2)	(13.2)	(20.9)	(37.6)
Aldar Properties	13,052	1.66	2.37	1.35	6.58	0.53	8.4%	(25.6)	(22.8)	(23.9)	(13.5)
Amanat Holdings	1,490	0.60	1.06	0.59	24.82	0.58	2.5%	(26.0)	(31.1)	(31.8)	(38.0)
Amlak Finance	345	0.23	0.64	0.20	NA	0.30	0.0%	(49.5)	(54.4)	(25.8)	(30.3)
Arabtec	709	0.47	2.28	0.44	NA	0.60	10.6%	(41.2)	(65.2)	(71.0)	(78.1)
Aramex	3,148	2.15	4.85	2.05	6.33	1.20	7.7%	(38.6)	(40.3)	(46.8)	(55.8)
Bank of Sharjah	1,449	0.69	1.00	0.65	NA	0.38	0.0%	(13.9)	(13.2)	(18.0)	(26.4)
DAMAC Properties	2,517	0.42	1.46	0.36	13.13	0.18	NA	(36.1)	(44.2)	(54.3)	(70.9)
Dana Gas	3,931	0.56	1.10	0.54	6.80	0.41	9.8%	(38.2)	(39.8)	(40.7)	(38.8)
Deyaar Development	1,208	0.21	0.43	0.18	16.88	0.27	0.0%	(37.8)	(43.1)	(35.3)	(39.9)
Dubai Financial Market	4,160	0.52	1.00	0.50	34.46	0.53	0.0%	(41.0)	(46.6)	(39.5)	(31.6)
Dubai Investment	4,635	1.09	1.63	0.98	7.05	0.39	NA	(18.0)	(16.2)	(13.5)	(23.2)
Dubai Islamic Bank	29,831	4.12	5.86	3.92	5.96	0.85	8.5%	(27.7)	(23.7)	(20.6)	(15.9)
DXB Entertainments	840	0.11	0.27	0.09	NA	0.29	0.0%	(44.4)	(47.0)	(49.8)	(56.3)
Emaar Dev	9,200	2.30	4.91	2.07	2.65	1.03	22.6%	(41.0)	(41.3)	(44.8)	(41.0)
Emaar Malls	13,404	1.03	2.17	0.98	5.86	0.75	9.7%	(39.4)	(44.0)	(46.4)	(43.4)
Emaar Properties	15,966	2.23	5.53	1.90	2.58	0.30	6.7%	(42.8)	(45.5)	(54.0)	(53.7)
Emirates Integrated Tele	22,664	5.00	6.35	4.33	13.09	2.62	7.0%	(18.3)	(10.9)	(12.9)	(3.8)
Emirates NBD	46,552	7.37	13.93	6.89	3.02	0.57	5.4%	(39.1)	(39.8)	(38.5)	(22.8)
Eshraq Investments	421	0.18	0.55	0.17	NA	0.30	NA	(45.8)	(46.8)	(56.2)	(58.6)
Etisalat	117,925	13.56	17.80	11.02	13.57	2.53	5.9%	(16.5)	(17.3)	(19.2)	(19.1)
First Abu Dhabi Bank	102,536	9.39	16.96	7.78	8.57	0.95	7.9%	(33.0)	(35.2)	(35.1)	(36.8)
GFH	1,825	0.52	1.11	0.45	5.80	0.45	6.2%	(42.1)	(42.4)	(42.1)	(47.0)
Gulf Navigation Holding	392	0.39	1.00	0.30	NA	0.45	0.0%	(15.4)	(38.2)	(49.9)	(50.3)
IHC	24,589	13.50	14.00	0.87	NM	24.00	NA	(2.3)	125.0	170.0	1,254.1
Julphar	927	0.80	1.58	0.77	NA	1.33	0.0%	(14.4)	(5.9)	(33.3)	(50.0)
Mashreqbank	12,782	72.00	86.80	66.00	6.19	0.59	5.6%	-	(11.5)	(2.7)	(10.0)
National Bank of Fujairah	9,232	4.99	4.99	3.88	NA	NA	1.3%	NA	NA	NA	NA
Tabreed	4,752	1.75	2.14	1.44	10.05	0.96	5.4%	(15.5)	(10.3)	0.6	10.1
RAK Bank	6,453	3.85	5.00	3.75	5.89	0.83	7.8%	(20.6)	(16.1)	(17.9)	(8.3)
RAK Properties	726	0.36	0.50	0.35	7.21	0.19	0.0%	(19.5)	(15.4)	(17.7)	(16.9)
RAK Ceramics	1,421	1.43	1.81	1.33	8.23	0.56	10.0%	(10.7)	3.9	4.5	(22.3)
SALAMA	440	0.36	0.71	0.30	19.65	0.58	NA	(38.3)	(38.3)	(43.8)	(19.6)
Sharjah Islamic Bank	3,082	1.00	1.29	0.95	5.65	0.41	8.0%	(16.6)	(11.2)	(9.0)	(4.5)
SHUAA Capital	1,078	0.43	1.05	0.41	708.33	0.74	NA	(48.8)	(57.5)	(56.0)	(33.6)
Takaful Emarat Insurance	210	1.40	1.62	0.97	NA	1.77	5.0%	6.1	29.6	0.7	(5.4)
TAQA	3,488	0.58	0.94	0.40	14.91	0.84	0.0%	(20.7)	(8.7)	(25.2)	(38.8)
Union Properties	909	0.21	0.44	0.15	NA	0.31	0.0%	0.0	(27.6)	(33.1)	(40.1)
United Arab Bank	1,848	0.90	1.25	0.81	NA	0.86	0.0%	NA	(9.5)	(10.4)	(31.1)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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