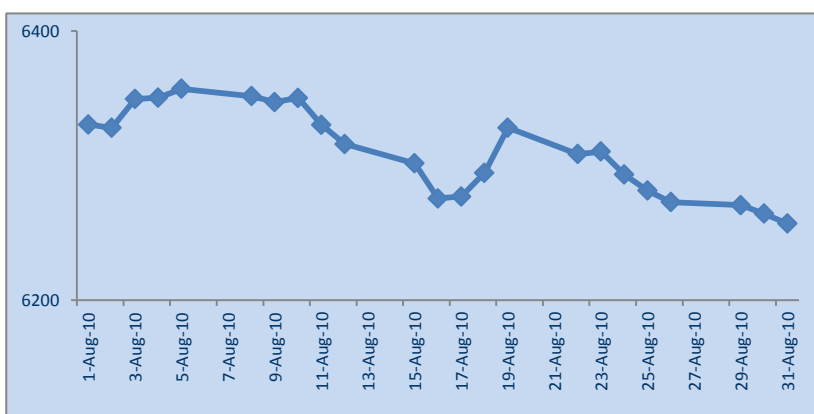


Index – Aug 2010	Closing as on			
	31 Aug 10	29 July 10	MTD (%)	YTD (%)
MSM30	6,256.8	6,294.6	-0.60%	-1.76%
Banks and Inv	8,455.1	8,788.1	-3.79%	-9.81%
Services and Ins	2,315.9	2,385.1	-2.90%	-14.29%
Industry	7,080.1	7,105.8	-0.36%	-4.92%

Source: MSM, GBCM Research

MSM 30 Index – Aug 2010



Source: MSM, GBCM Research

MSM Trading Activity - Total Turnover RO 81.530 million			
Fig. In RO	Buy	Sell	Net Buy / (Sell)
Omanis	54,761,988	59,090,566	(4,328,579)
GCC	15,555,200	13,703,282	1,851,918
Arabs	923,443	1,147,034	(223,591)
Others	10,289,371	7,589,628	2,699,743

Source: MSM, GBCM Research

Muted Performance...

After a dazzling performance during the month of July, the fears of a slowdown in global growth dragged down the global equities during August, with Oman being no exception. Apart from the above, the market activity remained mediocre in MSM with the onset of the Holy month of Ramadan. The local benchmark index (MSM30 Index) had a monotonous performance during August 2010 reporting a decline of about 0.6% for the month.

During the month, the Banking & Investment sector was the major loser among the sectoral indices declining by 3.8%, while the Service & Insurance sector and Industry sector closed the month with a decrease of 2.9% and 0.4% respectively. The first part of the month witnessed the announcement of Q2 corporate Earnings of Investment Holding companies and frontline companies such as Galfar, Omantel and Renaissance, which came out to be a mixed bag.

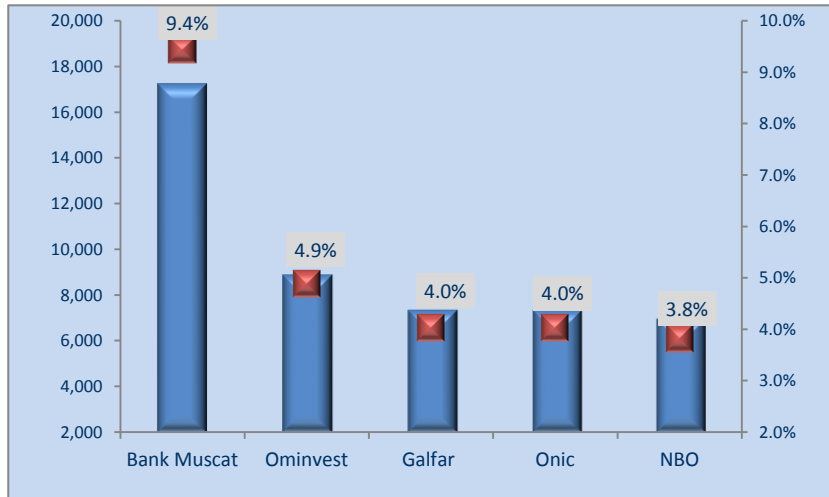
Market activity - August 2010: The market activity continued to remain subdued on back of low investor participation. The total traded volume for the month stood at 184.162 million, reporting an increase of 1.3% on a MoM basis. The overall market turnover stood at RO 81.530 million as against RO 76.826 million in July 2010.

With regards to market participation, GCC and foreign investors emerged as net buyers for the month to an extent of RO 1.851 million and RO 2.699 million respectively. On the contrary, Omani Investors emerged as net sellers to an extent of RO 4.328 million.

Equity Markets - Outlook for September 2010: GBCM research expects the global cues to remain negative on the back of weak global economic data. In the local market, Nawras has announced its initial public offering plans to raise around RO 200 million through an offer for sale. The book-building process for the sale starts Sept. 15 and would be open for subscription for a month. This may keep the market in check. However the new money that would come for the sake of the IPO is likely to remain in the market and provide much needed impetus post listing of the stock.

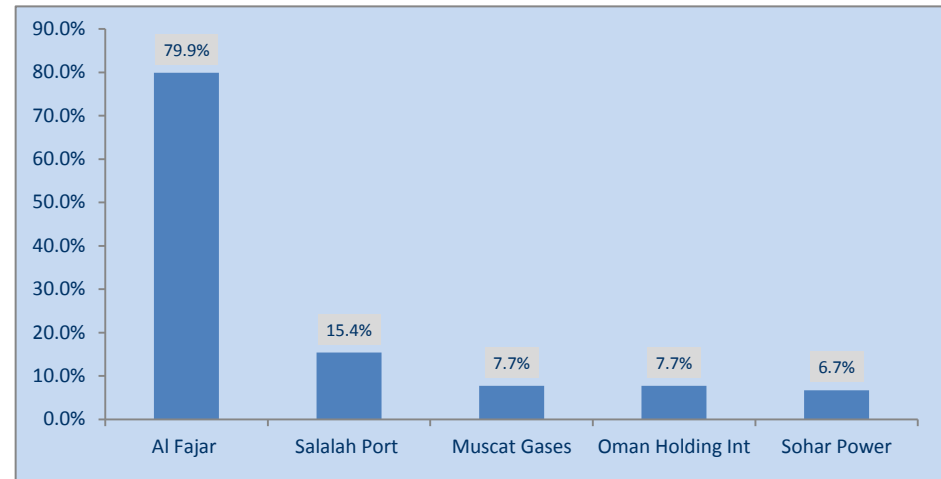
Apart from the above, we believe that the markets to see stock specific activity and Oman’s Oil Marketing Sector is our favourable pick as the sector provides much needed solace during the uncertain period. Investors are advised to have an eye on global triggers over the short to medium term as the market being more correlated to the global sentiments during the current times.

Volume Gainers for the Month



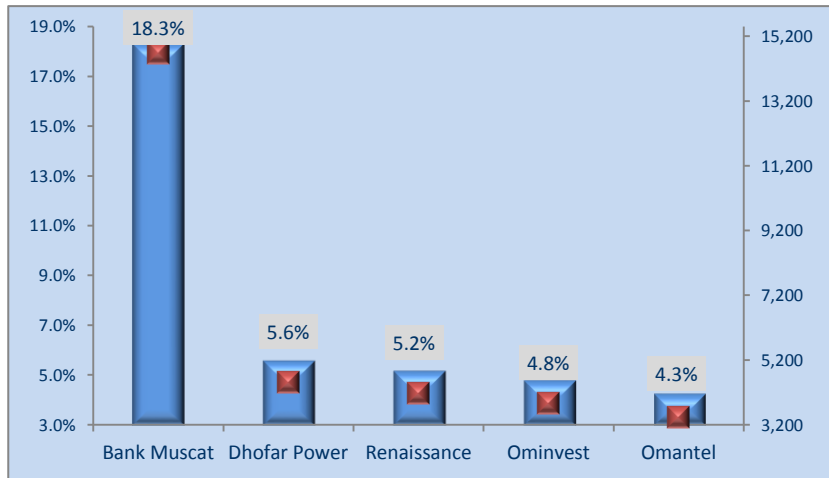
Source: MSM, GBCM Research

Gainers for the Month



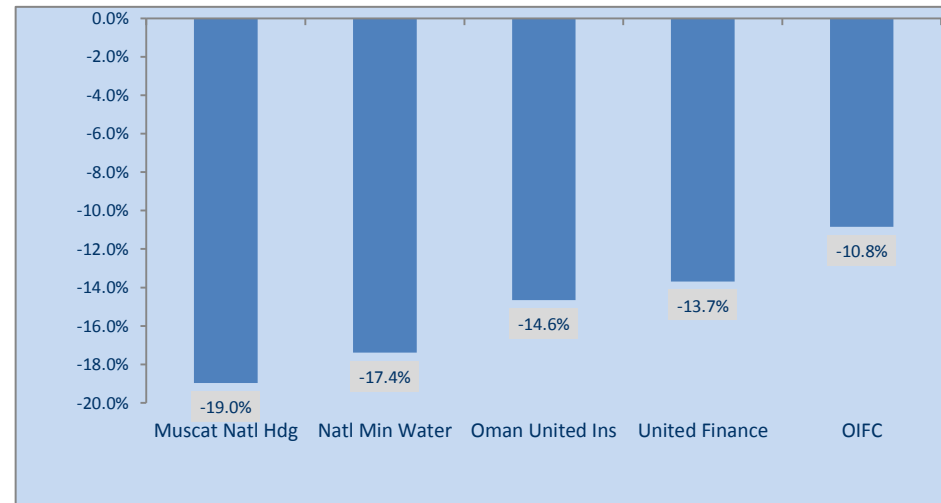
Source: MSM, GBCM Research

Value Gainers for the Month



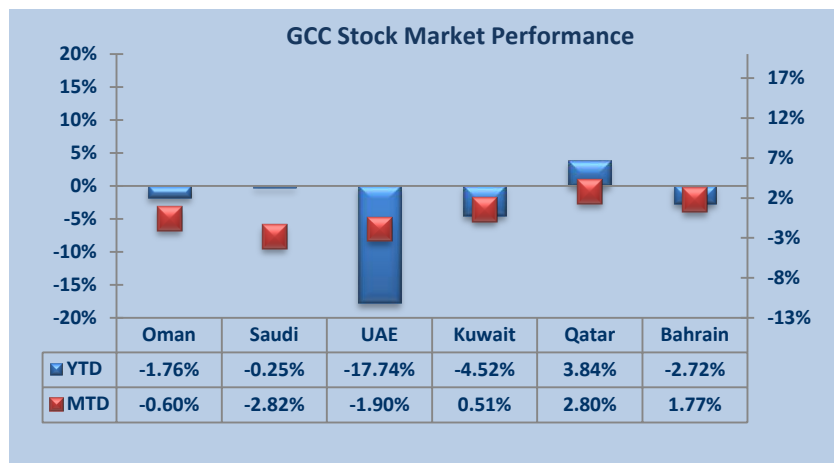
Source: MSM, GBCM Research

Losers for the Month



Source: MSM, GBCM Research

GCC Markets Performance



Source: Zawya, GBCM Research

Global Markets Performance

	End of Aug 10	End of Jul 10	MTD (%)
Americas			
S&P 500	1,049.3	1,101.6	-4.7%
Dow Jones	10,014.7	10,465.9	-4.3%
Nasdaq	2,114.0	2,254.7	-6.2%
Europe			
FTSE 100	5,225.2	5,258.0	-0.6%
CAC 40	3,490.8	3,643.1	-4.2%
DAX	5,925.2	6,148.0	-3.6%
Asia Pacific			
Nikkei	8,824.1	9,537.3	-7.5%
Hang Seng	20,536.5	21,029.8	-2.3%
Sensex	17,971.1	17,868.3	0.6%
Shanghai	2,638.8	2,637.5	0.0%

Source: Bloomberg, GBCM Research

GCC Markets – Mixed Performance...

In the month of August, the GCC Indices witnessed a mixed bag performance. The star performer of the month was Qatar. The Index outperformed its global as well as regional peers by gaining 2.8% as the country is considered as a safe haven in the region as Qatar’s economy is expected to remain unaffected by any jolts in the global economy due to its long-term gas contracts. The other gainers of the month are Bahrain and Kuwait which closed higher by 1.8% and 0.5% respectively.

Indices of Saudi, UAE and Oman witnessed a southward journey during August and were down by 2.8%, 1.9% and 0.6% respectively.

Global markets lose steam as Economic Woes depress markets ...

Global cues during the month of August were negative on the back of concerns over slowing economic growth in China, Euro debt worries and its impact on US economic growth. US markets ended lower as sour economic reports in the retail and consumer sectors, unemployment concerns, widening of the trade gap, a bearish outlook by the Fed and growth concerns weighed on stocks. S&P 500, Dow Jones and NASDAQ declined by 4.7%, 4.3% and 6.2% respectively.

Key European markets namely FTSE, CAC and DAX Index witnessed a decline during the month and closed down by 0.6%, 4.2% and 3.6% respectively.

Asian Markets closed on a mixed note...

Asian equities too closed on a mixed note during the last month. On the back of global negative cues Nikkei witnessed a strong fall to an extent of 7.5% followed by Hang Seng which fell around by 2.3%.

Indian and Chinese bench mark indices closed in a positive note. Sensex closed marginally by 0.6% on the back of strong auto sales in July 2010, good services sector data and revival of the monsoon in the crucial sowing month of July boosted the markets. Shanghai remained flat at the end of the month as the economic growth slowed in China.

Commodities Performance

	End of Aug 10	End of July 10	MTD (% Chg)
Crude			
NYMEX Crude	72.4	79.0	-8.2%
ICE Brent Crude	75.1	78.2	-3.9%
Crude Oil, Oman	73.3	72.6	1.0%
Metals			
Gold Spot	1,248.2	1,181.0	5.7%
Silver Spot	19.4	18.0	7.5%
LME Aluminium-Spot	2,042.3	2,162.8	-5.6%
LME Copper-Spot	7,440.0	7,273.5	2.3%

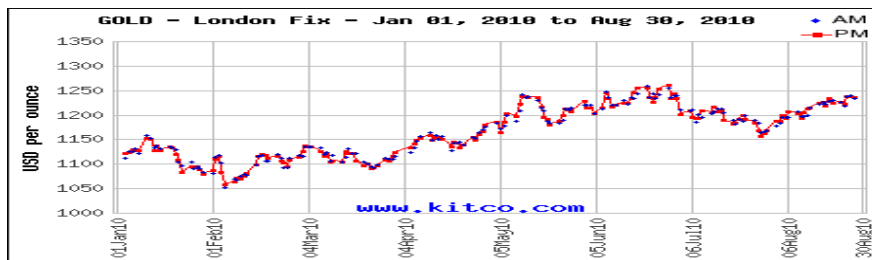
Source: Bloomberg, GBCM Research

Chart: Copper Spot prices (One year)



Source: KITCO, GBCM Research

Chart: Gold Spot prices (YTD)



Source: KITCO, GBCM Research

Commodities Performance – Aug 2010

Crude Oil

Crude oil lost 8.2% in August 2010 on the back of renewed worries about the ability of the global recovery to support oil demand. Lower U.S. economic growth means that unemployment will remain higher and factories will need less energy than predicted. While the Fed’s decision initially sparked a rally across several markets, downbeat comments from the Fed eventually weighed on investor optimism. It also fell as investors mulled over dismal economic news from China, a bearish forecast from the Federal Reserve and a stronger dollar.

Copper

Copper saw a moderate increase of 2.3% during the month as the copper demand continues to be healthy in overseas markets, especially China.

Benchmark copper on the London Metal Exchange closed at \$7,440 a tonne. The copper prices showed a continuous uptrend during the month with an increase of about 2.3% for the period. While the LME Aluminium spot prices decreased by 5.6% during the month.

Gold

Precious metals ended higher on Tuesday, 31 August 2010 at Comex. Concerns about economic recovery increased the appeal of precious metals as an alternate investment. Prices registered substantial gains for the month of August.

Gold for December delivery ended at \$1,250.3 an ounce, higher by \$11.9 (0.9%) on the New York Mercantile Exchange. It was highest close for gold in two months. Last week, gold ended higher by 0.7%, up for fourth consecutive week. Gold ended the month of August 2010 higher by 5.7% after ending July lower by 5%.



Maximising Your Assets

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