

U Capital Morning Brief

16 December 2018

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	915.70	-11.05	-1.21%	-6.01%	-	-	-
U Capital GCC 50 Index	1,315.06	10.23	0.78%	14.89%	-	-	-
U Capital MENA 200 Index	1,051.41	7.62	0.72%	5.66%	-	-	-
MSCI GCC Countries Index	543.94	-0.04	-0.01%	13.38%	14.31	1.78	4.0%
Muscat Securities Market	4,448.11	-34.35	-0.77%	-12.77%	10.48	0.79	5.9%
Saudi Stock Exchange	7,914.29	24.20	0.31%	9.52%	17.07	1.77	3.5%
Kuwait Stock Exchange	5,149.67	-1.79	-0.03%	NA	15.40	1.25	3.8%
Qatar Exchange	10,456.14	22.58	0.22%	22.68%	15.46	1.56	4.2%
Bahrain Stock Exchange	1,319.32	-0.90	-0.07%	-0.93%	8.93	0.83	6.2%
Dubai Financial Market	2,599.05	25.60	0.99%	-22.88%	8.77	0.95	6.8%
Abu Dhabi Exchange	4,861.54	23.97	0.50%	10.53%	13.19	1.41	5.0%
Beirut Stock Exchange	962.64	0.00	0.00%	-16.19%	4.93	0.59	9.4%
Palestine Stock Exchange	524.71	0.32	0.06%	-8.68%	12.78	1.22	4.6%
Tunis Se Index	7,283.20	6.28	0.09%	15.94%	18.93	2.59	2.0%
EGX 30 Index	12,996.89	140.06	1.09%	-13.46%	11.95	1.47	2.3%
Amman General Index	1,829.20	18.00	0.99%	-13.99%	13.09	0.91	5.0%

* Kuwait YTD data is not available as the Index was reconstituted in April '18

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe							
FTSE 100	UK	6,845.2	-0.47%	-11.0%	Australian Dollar (AUD)	0.717	1.393
DAX	Germany	10,865.8	-0.54%	-15.9%	British Pound (GBP)	1.258	0.795
CAC 40	France	4,853.7	-0.88%	-8.6%	Canadian Dollar (CAD)	0.747	1.338
United States							
DJIA	USA	24,100.5	-2.02%	-2.5%	Chinese Renminbi (CNH)	0.145	6.902
S&P 500	USA	2,600.0	-1.91%	-2.8%	Egyptian Pound (EGP)	0.056	17.913
NASDAQ	USA	6,910.7	-2.26%	0.1%	Euro (EUR)	1.131	0.885
Asia Pacific							
NIKKEI 225	Japan	21,374.8	-2.02%	-6.1%	Indian Rupee (INR)	0.014	71.896
HANG SENG	Hongkong	26,094.8	-1.62%	-12.8%	Japanese Yen (JPY)	0.009	113.390
KSE 100 Index	Pakistan	38,585.7	1.51%	-4.7%	New Zealand Dollar (NZD)	0.680	1.471
NSE Nifty 50	India	10,805.5	0.13%	2.6%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,593.7	-1.53%	-21.6%	Pakistani Rupee (PKR)	0.720	138.898
KOSPI Index	South Korea	2,069.4	-1.25%	-16.1%	Russian Ruble (RUB)	0.015	66.747
					Singapore Dollar (SGD)	0.727	1.376
					Turkish Lira (TRY)	0.186	5.362

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
Oil					
Brent Crude (per bbl)	60.3	-1.90%	-4.3%	UAE	2.84
WTI Crude (per bbl)	51.2	-2.62%	-15.3%	Saudi Arabia	2.89
Oman Crude Oil (Last Closing)	59.3	-1.90%	-7.3%	Kuwait	2.13
OPEC (per bbl)	58.7	-0.90%	-9.0%	Oman	2.78
				Qatar	2.84
				Bahrain	3.80
Precious Metals					
Gold100 OZ (per oz)	1,238.5	-0.29%	-5.0%	GCC Latest 10-Yr Government Bond Yields	
Silver (per oz)	14.6	-1.22%	-14.0%		
Platinum (per oz)	787.5	-1.13%	-15.4%		
Other Metals					
Copper, MT	6,132	-0.38%	-15.4%		
Aluminium, MT	1,926	-0.31%	-15.1%		
Lead, MT	1,949	-0.03%	-21.7%		
Zinc, MT	2,543	-0.90%	-23.4%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	99.73	2.72	1m	2.46
5 year	100.66	2.73	3m	2.80
10 year	102.02	2.89	6m	2.90
30 year	104.47	3.14	1 year	3.10

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

U Capital: MSM30 declines due to foreign institutional selling pressures

Calm trades, some deals, shifting positions and entry of local individuals, were some of the key highlights of market trends over the previous week. MSM30 closed the week down by 2.21 per cent at 4,448.11. All sub-indices closed down led by the Financial Index (-2.44 per cent) followed by the Industrial Index (-1.54 per cent) and then the Services Index (-1.29 per cent). The MSM Shariah Index also closed down by 1.15 per cent w-o-w.

Source: [Oman Observer](#)

Oman's oil output tops 30mn in November

The Sultanate's production of crude oil and condensates in November 2018 amounted to 30.03 million, with a daily average of 1.14 million barrels, according to the monthly report issued by the Ministry of Oil and Gas. The total exported quantities of Omani crude oil during November 2018 reached 22,746,563 barrels, with a daily average of 758,219 barrels.

Source: [Times of Oman](#)

\$300m yarn project to anchor cotton industry

India's leading textile manufacturer, the ShriVallabh Pittie Group, says its high-tech yarn manufacturing plant in Sohar Freezone will ignite the growth of a full-fledged cotton industry in the Sultanate, encompassing potentially large-scale cotton cultivation, intermediate processing, and fabric manufacturing activities as well. According to Chirag Pittie, Managing Director — ShriVallabh Pittie Group, the conglomerate is weighing further investments in a major Textile Cluster that will be anchored by its \$300 million yarn manufacturing plant the first unit of which was inaugurated on Thursday. His Highness Sayyid Taimur bin Asaad al Said led a large gathering of government dignitaries, as well as executives representing S V Pittie Group, at the ceremony.

Source: [Oman Observer](#)

Assets of Oman's banks hit OMR29bn

A review of the activities of conventional banks showed that their total assets stood at OMR29.1 billion in September 2018, increasing by 4.3 per cent over that of December 2017 and 5.5 per cent over that of a year ago, according to the bulletin issued by the Central Bank of Oman (CBO). The total credit disbursement amounted to OMR21.4 billion at the end of the third quarter of 2018 and constituted 73.3 per cent of the total assets.

Source: [Times of Oman](#)

Oman to cut oil output by 2% for 6 months

Oman will be cutting oil output by 2 percent from January for an initial period of six months, according to a letter sent to customers of Omani oil by the country's oil and gas ministry, which was seen by Reuters. The output reduction is in implementation of an agreement by The Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC crude exporters to reduce global supply, the letter said. Oman is not a member of OPEC.

Source: [Zawya](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Emaar's leap lifts Dubai, banks boost Egypt

The Dubai stock market rose sharply on Wednesday, boosted by blue chip Emaar Properties, while Egypt gained for a third straight day on rebounding bank shares. In Dubai, which has been languishing at five-year lows partly because of weak real estate prices, the index added 1.5 percent, its biggest gain in 2-1/2 months.

Source: [Reuters](#)

Kuwait to allow foreign ownership in bank shares without caps-KUNA

Kuwait's ministry of commerce and industry will allow foreign ownership and trading in shares of Kuwaiti banks without caps, state news agency KUNA said on Saturday. Investors would need approval from the central bank of Kuwait if ownership exceeded five percent of the bank's capital, it said.

Source: [Zawya](#)

Norway sovereign wealth fund to increase Saudi investments in 2019

Norway's sovereign wealth fund (SWF) plans to increase its investments in Saudi Arabia in 2019 due to its significant economic growth, the Kingdom's embassy to Norway said on its Twitter account. The CEO of the world's largest SWF has said that Saudi Arabia is among the top Middle Eastern countries the fund invests in.

Source: [Argaam](#)

GCC corporate outlook stable despite cash flow pressure: Fitch

The outlook for the Gulf Cooperation Council (GCC) corporate sector remains stable backed by strong underlying fundamentals, supportive oil prices and favorable macroeconomic conditions, Fitch Ratings said in a recent report. However, external factors and new government reforms are likely to put pressure on companies' cash flows in 2019, it noted.

Source: [Argaam](#)

Qatar's private sector grew almost 6% in 2018 despite oil price volatility

Qatar's private sector grew by almost 6 percent in 2018 despite volatile oil prices, its finance minister said on Saturday. Last year the economy saw outflows, but 2018 was a good year with most of the growth coming from the private sector, Ali Sharif al-Emadi told the

Doha Forum on Saturday. Qatar's public sector institutions, including its sovereign wealth fund, had injected more \$40 billion into Qatari banks during the the initial months of its rift with Saudi Arabia and its allies to help the banking sector mitigate the impact of fund outflows.

Source: [Zawya](#)

Qatar says Gulf Arab bloc needs reform to give it teeth

Qatar said on Saturday it remained committed to the Gulf Cooperation Council (GCC) but the bloc needed to enforce its own rules better, signaling a reformed alliance could help end a row between Doha and some of its neighbors.

Source: [Reuters](#)

2019 budget reflects Qatar's commitment to sustainable development

Qatar's commitment to sustainable development continues to be reflected on the 2019 budget, which focuses on healthcare, education and transport sectors besides projects relating to FIFA World Cup 2022 that the country is hosting. The budget approved by His Highness the Amir Sheikh Tamim bin Hamad al-Thani envisages revenues of QR211bn and an expenditure of QR206.7bn, thereby generating a surplus of QR4.3bn.

Source: [Gulf Times](#)

BRIEF: Saudi's Riyadh Bank Board Proposes H2 Dividend

Riyad Bank Sjsc 1010.Se :

* Board Proposes Cash Per Share Dividend Of 0.40 Riyal After Deduction Of Zakat For H2, 2018

Source: [Zawya](#)

BRIEF: Dallah Healthcare Board Recommends Capital Increase

Dallah Healthcare Company 4004.Se :

* Board Recommends Increase In Capital Through Granting Bonus Shares

* Board Recommends To Increase Capital To 750 Million Riyals From 590 Million Riyals

* To Issue 0.2712 Bonus Share Per Existing Share

Source: [Zawya](#)

BRIEF: Saudi Enaya Cooperative Insurance Shareholders Approve Capital Increase

Saudi Enaya Cooperative Insurance Company 8311.Se :

* Shareholders Approve Capital Increase By 200 Million Riyals Through Rights Issue

Source: [Zawya](#)

Noor Financial to divest 5.96% stake in Meezan Bank

Noor Financial is in the initial stage of talks with foreign institutional buyers to divest 5.96% of its shareholding in Meezan Bank. In a notification sent to the Pakistan Stock Exchange (PSX) on Thursday, Meezan Bank said, "Noor Financial Investment Company (currently owning 462,182,362 ordinary shares in Meezan (representing approximately 39.53% of the issued and paid-up capital of Meezan) is in preliminary non-binding discussions with foreign institutional investors for a proposed divestment of 69,700,000 ordinary shares in Meezan, constituting a total of 5.96% of the total issued and paid-up capital of Meezan on such terms and conditions as may be mutually agreed between the parties."

Source: [Pakistan Today](#)

Egypt 5-year CDS rise to highest since August 2017 – Markit

The cost of insuring Egyptian government bonds using Credit Default Swaps hit its highest in 16 months on Friday, partly due to turbulence in global emerging markets and concerns around the Egyptian pound. Data from Markit showed 5-year CDS climbed to 379 basis points which was the highest since August 2017. "The deterioration in CDS rates is probably a combination of EM turbulence in general, the higher absolute value of debt over time, and fears of pressure on/depreciation of the EGP," said the head of research at Pharos Securities Brokerage, Radwa El-Swaify.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares surge as US-China trade thaw seen, sterling wobbles

Asian equity markets surged on Thursday on signs of easing Sino-U.S. trade tensions and expectations that China will step up efforts soon to support its cooling economy. After a quiet start, MSCI's broadest index of Asia-Pacific shares outside Japan was up more than 1 percent by midday, building on early gains made after British Prime Minister Theresa May survived a no-confidence vote.

Source: [Reuters](#)

Investors sell record \$39bln of stocks in past week: BAML

Investors cashed out of equity funds at a record pace over the past week, with redemptions hitting \$39 billion, Bank of America Merrill Lynch (BAML) said on Friday. Investment grade bond fund outflows also touched a record high of \$8.4 billion up to Wednesday, in what was a "capitulation out of stocks, investment grade (and) financials," according to BAML.

Source: [Zawya](#)

Wall Street tumbles on global growth worries, J&J decline

Wall Street's three major indexes tumbled on Friday and the Dow confirmed a correction as weak data from China and Europe stoked fears of a global economic slowdown, while Johnson & Johnson shares were the biggest drag after Reuters reported the company knew for decades that its Baby Powder contained asbestos. The S&P 600 small cap index confirmed it was in a bear market after closing 20.05 percent below its Aug. 31 peak, falling 1.6 percent on the day.

Source: [Money Control](#)

European shares end 2 days of gains as ECB, Brexit sap confidence

European shares fell on Thursday, snapping two days of gains, as worries about euro-zone growth and the UK's prolonged divorce from the European Union weighed, offsetting conciliatory signs in the U.S.-China trade war and Rome's budget compromise.

Source: [Reuters](#)

Pound at 20-month low

Sterling remains under pressure, having fallen sharply over the previous two sessions. The pound was trading below \$1.25 before news of the no confidence vote broke, amid speculation that one was imminent.

Source: [FT](#)

COMMODITIES NEWS

China Splurged on Mideast, African Oil in November Price Plunge

China bought huge amounts of Middle East and West African crude as oil prices were collapsing in November. Oil tankers loaded 6.5 million barrels a day from ports in the two regions for Chinese buyers in November, a 26 percent increase compared with the average over the prior 10 months, ship tracking compiled by Bloomberg shows. With deliveries taking between 25 and 40 days, many of the barrels will arrive this month or even in January.

Source: [Bloomberg](#)

Oil Loses Ground as U.S. Shale Growth Undermines OPEC+ Cuts

Oil settled below \$52 a barrel in New York, more than a \$1 lower than where it ended a week ago after OPEC and its allies announced output cuts, as traders weighed incremental U.S. shale growth against softer demand for 2019. Saudi Arabia's plan to slash exports to the U.S. next month is shoring up expectations that the Organization of Petroleum Exporting Countries and its partners will deliver on last week's promise to curb production by 1.2 million barrels a day.

Source: [Bloomberg](#)