

# U Capital Morning Brief

23 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	882.91	-16.31	-1.85%	-9.38%	-	-	-
U Capital GCC 50 Index	1,307.30	-18.49	-1.41%	14.21%	-	-	-
U Capital MENA 200 Index	1,044.84	-12.84	-1.23%	5.00%	-	-	-
MSCI GCC Countries Index	535.74	-0.04	-0.01%	11.67%	14.09	1.75	4.1%
Muscat Securities Market	4,336.84	0.05	0.00%	-14.95%	10.22	0.77	6.0%
Saudi Stock Exchange	7,753.36	-106.99	-1.36%	7.29%	16.74	1.73	3.6%
Kuwait Stock Exchange	5,096.56	-43.28	-0.84%	NA	15.24	1.24	3.9%
Qatar Exchange	10,412.51	-83.89	-0.80%	22.16%	15.39	1.56	4.2%
Bahrain Stock Exchange	1,313.95	-0.57	-0.04%	-1.33%	8.89	0.82	6.2%
Dubai Financial Market	2,509.81	-34.31	-1.35%	-25.53%	8.46	0.92	7.0%
Abu Dhabi Exchange	4,855.94	-3.68	-0.08%	10.40%	13.18	1.40	5.0%
Beirut Stock Exchange	984.78	5.01	0.51%	-14.26%	5.04	0.60	9.2%
Palestine Stock Exchange	524.80	0.09	0.02%	-8.66%	12.79	1.22	4.6%
Tunis Se Index	7,206.36	2.95	0.04%	14.72%	18.72	2.56	2.0%
EGX 30 Index	13,137.58	59.38	0.45%	-12.53%	12.06	1.49	2.3%
Amman General Index	1,942.94	16.46	0.85%	-8.64%	13.91	0.97	4.7%

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

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
Europe			%	%	Currency	USD/1 Unit	Units/1 USD
FTSE 100	UK	6,721.2	0.14%	-12.6%	Australian Dollar (AUD)	0.704	1.421
DAX	Germany	10,633.8	0.21%	-17.7%	British Pound (GBP)	1.265	0.792
CAC 40	France	4,694.4	0.04%	-11.6%	Canadian Dollar (CAD)	0.735	1.360
United States					Chinese Renminbi (CNH)	0.144	6.924
DJIA	USA	22,445.4	-1.81%	-9.2%	Egyptian Pound (EGP)	0.056	17.920
S&P 500	USA	2,416.6	-2.06%	-9.6%	Euro (EUR)	1.137	0.879
NASDAQ	USA	6,333.0	-2.99%	-8.3%	Indian Rupee (INR)	0.014	70.174
Asia Pacific					Japanese Yen (JPY)	0.009	111.220
NIKKEI 225	Japan	20,166.2	-1.11%	-11.4%	New Zealand Dollar (NZD)	0.673	1.491
HANG SENG	Hongkong	25,753.4	0.51%	-13.9%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	38,251.0	0.04%	-5.5%	Pakistani Rupee (PKR)	0.720	138.949
NSE Nifty 50	India	10,754.0	-1.81%	2.1%	Russian Ruble (RUB)	0.014	68.855
SHANGHAI Composite	China	2,516.3	-0.79%	-23.9%	Singapore Dollar (SGD)	0.728	1.374
KOSPI Index	South Korea	2,061.5	0.07%	-16.5%	Turkish Lira (TRY)	0.188	5.315

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
<b>Oil</b>				UAE	2.89
Brent Crude (per bbl)	53.8	-0.98%	-14.5%	Saudi Arabia	2.95
WTI Crude (per bbl)	45.6	-0.63%	-24.5%	Kuwait	2.19
Oman Crude Oil (Last Closing)	53.8	-0.92%	-15.9%	Oman	2.81
OPEC (per bbl)	53.9	-2.19%	-16.4%	Qatar	2.88
				Bahrain	3.95

Precious Metals	Price	D/D	YTD	GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Gold100 OZ (per oz)	1,256.1	-0.31%	-3.6%	Kuwait	3/20/2027	3.55
Silver (per oz)	14.6	-0.91%	-13.6%	Abu Dhabi	10/11/2027	3.67
Platinum (per oz)	789.0	-0.79%	-15.2%	Qatar	6/2/2026	3.73
<b>Other Metals</b>				Saudi Arabia	3/4/2028	4.30
Copper, MT	5,991	-0.15%	-17.3%	Oman	1/17/2028	7.27
Aluminium, MT	1,909	-0.16%	-15.8%	Bahrain	10/12/2028	6.90
Lead, MT	1,965	-0.66%	-21.0%			
Zinc, MT	2,502	-1.50%	-24.6%			

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.02	2.62	1m	2.51
5 year	101.09	2.64	3m	2.82
10 year	102.88	2.79	6m	2.91
30 year	106.73	3.03	1 year	3.07

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: Decline continues despite good fundamentals

The MSM30 and the financial market are still under pressure from foreign investors, which can be attributed to factors such as cautious sentiment among investors due to lower oil prices, sovereign rating downgrade, the performance of some sectors and liquidity level. MSM30 closed the week down by 2.5 per cent at 4,336.84. All sub-indices closed down led by the Services Index (-2.21 per cent) followed by both the Financial Index and the Industrial Index (-1.36 per cent). The MSM Shariah Index also closed down by 1.94 per cent w-o-w. In an update to its previous disclosure on the MSM website about its Rights Issue, Bank Dhofar said that it received applications for a total of RO 61.2m against an issue size of RO 55m.

Source: [Oman Observer](#)

### Oman's budget deficit plunges 36.1%

The Oman government's budget deficit plunged 36.1 per cent to OMR2.04 billion during the January-October period of 2018 due to a surge in government revenue driven by high oil income. The budget deficit for the same period of 2017 was much higher at OMR3.19 billion, according to the latest data released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

### CMA approves regulations for mandatory health insurance

The board of directors of the Capital Market Authority (CMA) has adopted the executive regulations for Takaful insurance and the mandatory health insurance in the private sector at its fourth meeting this year under the chairmanship of Yahya bin Saeed al Jabri. The board adopted the draft executive regulations for the Takaful Insurance Law and the health insurance in the private sector after reviewing a number of experiences from countries, to help put in place the best practices for applying these laws.

Source: [Oman Observer](#)

### Bank Sohar to be renamed as Sohar International Bank

Bank Sohar is planning to change the name of the organisation to Sohar International Bank, according to a disclosure submitted by the bank to the Muscat Securities Market (MSM) on Wednesday. Bank Sohar on Tuesday convened an extraordinary general meeting (EGM) of its shareholders where shareholders passed the resolution to amend the Section (1) of the Articles of Association of the bank to change its name from 'Bank Sohar SAOG' to 'Sohar International Bank SAOG'.

Source: [Muscat Daily](#)

### THE COMMERCIAL BANK'S UPDATED DISCLOSURE RELATING TO NATIONAL BANK OF OMAN DISCUSSION ON THE POSSIBLE MERGER WITH BANK DHOFAR

The Commercial Bank holds 34.9% of the shares in National Bank of Oman. As previously disclosed the Board of Directors of National Bank of Oman commenced discussions with Bank Dhofar in July 2018 to explore the possibility of a merger between the two entities. Following careful consideration, as a major shareholder in NBO, CB confirms that they have advised NBO that CB does not support the merger.

Source: [Qatar Stock Exchange](#)

### Islamic banking entities financing hits OMR3.5 billion

Islamic banking entities provided financing to the extent of OMR3.5 billion at the end of September 2018, an increase of 20.7 per cent over OMR2.9 billion a year ago, according to the bulletin published by the Central Bank of Oman (CBO).

Source: [Times of Oman](#)

### Potential to double capacity of Barka waste-to-energy project

A first-ever Waste-to-Energy (WTE) project currently in the early stages of procurement and implementation at Barka in South Al Batinah Governorate could be potentially sized at 130-140 megawatts (MW) of capacity, up from the estimated 50 MW capacity presently envisaged by Oman Power & Water Procurement Company (OPWP) — the sole procurer of all new generation and water desalination capacity under the Sector Law. The higher capacity assessment has come from the Oman Environmental Services Holding Company (be'ah) — the Sultanate's solid waste management flagship — which will supply municipal solid waste as feedstock for the Barka plant.

Source: [Oman Observer](#)

### OPWP to look at energy storage options

The Oman Power and Water Procurement Company (OPWP) — the sole offtaker of electricity output under the sector law — has kicked off a landmark study aimed at examining options for energy storage, which is pivotal to the adoption of renewables as a source of power generation in the Sultanate. Energy storage enables the capture of electricity produced by renewable and nonrenewable resources for use when it is required — technologies that are being rapidly embraced by countries around the world as they make the transition from fossil-based power generation to renewables based on solar, wind and other sustainable resources.

Source: [Oman Observer](#)

### Deadline for reconciliation of commercial registrations set

The Ministry of Commerce and Industry has appealed to the owners of commercial registrations, whether individual, institutions or companies, to expedite the reconciliation of commercial registrations which were valid until December 31, 2016, or earlier. It said that the last date for reconciling is December 31, 2018.

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi Banks Reach \$4.5 Billion Settlement Over Islamic Taxes

Major banks in Saudi Arabia reached settlements worth a combined 16.7 billion riyals (\$4.5 billion) with the kingdom's tax authority over a religious levy the lenders had been kicking against. The deals come as the world's largest crude exporter predicts a budget shortfall of 131 billion riyals, or 4.2 percent of gross domestic product, for 2019. The deficit was worsened as the nation boosted spending and benefits for government employees worth billions of dollars. The tax authority had extended the 2.5 percent religious levy, known as the Zakat, by including items that were previously exempt, while eliminating some deductions.

Source: [Bloomberg](#)

### Saudi's Berain Water to build bottling plant in Al Ain

ZonesCorp, one of the largest developers of purpose-built economic zones in the UAE, said it has reached an agreement with Saudi Arabia's Berain Water to build a 36,000-sq-m water bottling plant at an investment of Dh138 million (\$37.5 million) in the food industry zone of Al Ain Industrial City. The food manufacturing sector in Abu Dhabi has witnessed remarkable growth over the past few years as a result of the booming domestic market and growing exports said a statement from ZonesCorp.

Source: [Trade Arabia](#)

### GCC 5G adoption to reach 16% by 2025

The number of 5G mobile connections in the MENA region will grow slowly in the first two or three years and will start gaining momentum in 2023, according to GSMA Intelligence. By 2025, there will be around 50 million 5G connections, with around 20 million in the GCC Arab States. The GCC Arab States will be slightly ahead of the global average by 2025, with 16% adoption (5G as a percentage of total mobile connections), compared to 15% globally.

Source: [Saudi Gazette](#)

### Saudi Arabia plans to issue SAR 120 bln bonds in 2019

Saudi Arabia intends to issue around SAR 120 billion (\$32 billion) of bonds next year to help finance its deficit, Finance Minister Mohammed Al-Jadaan told Bloomberg in an interview. The kingdom is considering US dollar bonds and other currencies, with plans to tap international markets in the first half, he said.

Source: [Argaam](#)

### Saudi: SMEs to get refunds on these 8 government fees

Saudi Arabia's ministerial committee in charge of implementing the private sector stimulus package has issued the internal regulations of paying the SAR 7 billion allocated to the small and medium enterprises (SMEs) as refunds on government fees until 2021.

Source: [Argaam](#)

### MENA projects pipeline valued at \$3.5 trillion

The Middle East and North Africa (MENA) region is home to some of the most exciting projects markets in the world. With an estimated \$3.5tn worth of projects planned across the region, the pipeline of future projects is vast. Data from MEED Projects show that construction, which covers private real estate and public buildings, represents the biggest segment of the MENA projects market valued at \$2.1tn. Transport is the second biggest segment with \$931.2bn of projects; followed by the oil & gas sector, with about \$662bn worth of projects planned or underway.

Source: [Oman Observer](#)

### UAE to deposit \$3 billion in State Bank of Pakistan

The UAE will deposit \$3 billion (Dh11 billion) in the State Bank of Pakistan to support the country's financial and monetary policy. The Abu Dhabi Fund for Development said it will deposit the money over the next few days to enhance liquidity and monetary reserves of foreign currency at the Bank, reported state news agency Wam.

Source: [The National](#)

### \$1.08bln Ajman 2019 budget focuses on infrastructure

His Highness Sheikh Humaid bin Rashid Al Nuaimi, Supreme Council Member and Ruler of Ajman, approved the Ajman government's general budget for 2019 to 2021. The budget amounts to Dh4.14 billion, a growth of 17 per cent. The general budget for the 2019 fiscal year was also approved, as part of a financial plan valued at Dh1.38 billion and without a deficit.

Source: [Zawya](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### U.S. third-quarter growth trimmed; business spending slowing

The U.S. economy slowed slightly more than previously estimated in the third quarter and momentum appears to have moderated further in the fourth quarter, with new orders and shipments of manufactured capital goods falling in November.

Source: [Reuters](#)

### China to cut taxes among measures to boost economy

At China's just-concluded annual Central Economic Work Conference, the top decision-makers released a report to show the direction of the country's economic development in 2019. Professor John Gong from the University of International Business and Economics breaks down the report, particularly on tax reductions and other measures to boost economic activity.

Source: [CGTN](#)

### Trump asked officials if he can legally fire Fed chair: reports

President Donald Trump has privately asked cabinet members if he has the authority to fire Fed Chair Jerome Powell after interest rates were increased and the stock market tanked, US media reported Saturday. CNN and Bloomberg, citing unnamed people familiar with the matter, said that Trump was furious when the Fed raised the key borrowing rate on Wednesday and signaled it will continue to hike rates next year.

Source: [i24 News](#)

### Dow dives 400 points to end its worst week in 10 years

Stocks plunged again on Friday, sending the Dow Jones Industrial Average to its worst week since the financial crisis in 2008, down nearly 7 percent. The Nasdaq Composite Index closed in a bear market and the S&P 500 was on the brink of one itself, down nearly 18 percent from its record earlier this year. The Federal Reserve's rate hike on Wednesday drove the losses this week and fears of an extended government shutdown only added to the pain on Friday.

Source: [CNBC](#)

### UK economy could fall from fifth to seventh in global rankings in 2019

India and France could overtake the UK economy in terms of size in 2019, according to report by PwC. US growth is expected to moderate from an estimated 2.8% in 2018 to around 2.3% in 2019. Labour markets in advanced economies expected to tighten, pushing up wages. The UK is set to fall in the rankings of the world's largest economies, according to new projections from PwC in its latest Global Economy Watch. Both India and France are likely to surpass the UK in 2019, knocking it from fifth to seventh place in the global table.

Source: [The Financial](#)

## COMMODITIES NEWS

### Saudi Aramco's Motiva eyes \$6.6B petrochemical expansions

The Houston subsidiary of Saudi Arabia's national oil company is considering some \$6.6 billion worth of investments in its Port Arthur refinery to expand into the petrochemical business. Motiva Enterprises LLC, owned by Saudi Aramco, is evaluating a new \$4.7 billion steam cracker to produce ethylene, a chemical used to produce the world's most common plastic, polyethylene, and other petrochemicals, according to documents filed with the Texas Comptroller's office.

Source: [Chron](#)