

U Capital Morning Brief

13 February 2019

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	866.14	-1.78	-0.21%	-2.16%	-	-	-
U Capital GCC 50 Index	1,392.07	-18.13	-1.30%	7.61%	-	-	-
U Capital MENA 200 Index	1,099.06	-15.24	-1.39%	6.37%	-	-	-
MSCI GCC Countries Index	573.75	2.50	0.44%	6.67%	14.78	1.87	3.7%
Muscat Securities Market	4,124.79	-16.75	-0.40%	-4.60%	8.38	0.73	6.3%
Saudi Stock Exchange	8,600.32	56.93	0.67%	9.88%	18.19	1.93	3.3%
Kuwait Stock Exchange	5,253.71	39.45	0.76%	3.43%	15.24	1.25	3.8%
Qatar Exchange	10,302.41	-138.80	-1.33%	0.03%	14.58	1.53	4.2%
Bahrain Stock Exchange	1,389.45	-9.20	-0.66%	3.90%	9.43	0.86	5.9%
Dubai Financial Market	2,484.80	-11.55	-0.46%	-1.78%	7.61	0.91	5.6%
Abu Dhabi Exchange	5,024.50	-21.97	-0.44%	2.23%	13.60	1.44	4.8%
Beirut Stock Exchange	939.62	3.11	0.33%	-3.80%	4.74	0.55	9.7%
Palestine Stock Exchange	536.99	0.22	0.04%	1.44%	13.23	1.25	4.4%
Tunis Se Index	7,098.30	-43.50	-0.61%	-2.38%	18.28	2.50	2.0%
EGX 30 Index	14,927.64	142.82	0.97%	14.51%	14.28	1.47	2.0%
Amman General Index	1,989.13	14.97	0.76%	4.21%	14.17	1.00	4.8%

* 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
Europe			%	%	Currency		
FTSE 100	UK	7,133.1	0.06%	6.0%	Australian Dollar (AUD)	0.713	1.402
DAX	Germany	11,126.1	1.01%	5.4%	British Pound (GBP)	1.290	0.775
CAC 40	France	5,056.4	0.84%	6.9%	Canadian Dollar (CAD)	0.757	1.321
United States					Chinese Renminbi (CNH)	0.148	6.763
DJIA	USA	25,425.8	1.49%	9.0%	Egyptian Pound (EGP)	0.057	17.620
S&P 500	USA	2,744.7	1.29%	9.5%	Euro (EUR)	1.134	0.882
NASDAQ	USA	7,414.6	1.46%	11.7%	Indian Rupee (INR)	0.014	70.481
Asia Pacific					Japanese Yen (JPY)	0.009	110.590
NIKKEI 225	Japan	21,167.7	1.46%	5.8%	New Zealand Dollar (NZD)	0.685	1.461
HANG SENG	Hongkong	28,397.2	0.80%	9.9%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	40,596.3	0.00%	9.5%	Pakistani Rupee (PKR)	0.720	138.923
NSE Nifty 50	India	10,859.2	0.26%	0.0%	Russian Ruble (RUB)	0.015	65.875
SHANGHAI Composite	China	2,697.1	0.94%	8.1%	Singapore Dollar (SGD)	0.738	1.355
KOSPI Index	South Korea	2,198.6	0.37%	7.7%	Turkish Lira (TRY)	0.191	5.247

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
Oil				UAE	2.84
Brent Crude (per bbl)	63.1	1.03%	16.7%	Saudi Arabia	2.95
WTI Crude (per bbl)	53.6	1.02%	18.1%	Kuwait	2.63
Oman Crude Oil (Last Closing)	62.9	1.73%	17.6%	Oman	2.84
OPEC (per bbl)	61.4	0.05%	19.1%	Qatar	2.89
Precious Metals				Bahrain	3.95
Gold100 OZ (per oz)	1,313.3	0.19%	2.4%		
Silver (per oz)	15.7	0.22%	1.6%		
Platinum (per oz)	791.0	-0.04%	-0.6%		
Other Metals					
Copper, MT	6,106	-0.72%	2.4%		
Aluminium, MT	1,861	-1.01%	0.8%		
Lead, MT	2,035	-0.51%	0.7%		
Zinc, MT	2,608	-1.36%	5.7%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.01	2.50	1m	2.50
5 year	99.99	2.50	3m	2.69
10 year	99.41	2.69	6m	2.73
30 year	99.45	3.03	1 year	2.92

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Duqm Refinery wins major recognition

Duqm Refinery's financing of US\$4.6 billion is considered a major project deal in the Gulf region. The Refinery project was recognised by Project Finance International (PFI) at a gala awards ceremony held in London last week where it won the "Middle East Petrochemical deal of the year".

Source: [Times of Oman](#)

OMAN AVIATION GROUP ENABLES NATIONAL ECONOMIC DIVERSIFICATION

Established in 2018 to develop the sultanate's aviation sector, Oman Aviation Group is playing a critical role in advancing the economy, tapping into an industry valued at US\$821bn globally last year. In one year alone, Oman Aviation Group created more than 980 direct Omani jobs and contributed to supporting nearly 8,000 indirect jobs within the sultanate. These jobs support an industry that saw more than 1.3mn additional passengers and 215,000 tons more air cargo travel through Muscat alone.

Source: [Muscat Daily](#)

EY HOLDS SEMINAR ON AMENDMENTS IN TAX REGULATIONS

Global audit and advisory firm EY organised a seminar to explain the recently announced amendments and changes in Oman's income tax regulations to their clients. The executive regulations clarifying certain provisions of the income tax law were published in the official gazette on February 10 by the Ministry of Finance through the ministerial decision 14/2019, EY said in a report titled as 'Oman Tax Alert'.

Source: [Muscat Daily](#)

IMF sees no credit crunch in Oman, advises speedy fiscal reforms

Oman is not facing a credit crunch but the Gulf Arab oil producer should speed up implementation of fiscal reforms like the introduction of a value-added tax (VAT), an IMF official said. In December, rating agency Fitch downgraded Oman – among the hardest hit in the region by the drop in oil prices – to "junk" status, citing fiscal challenges from oil market volatility.

Source: [Gulf Business](#)

Rents in Oman Plummet by 60 Percent

Rents in Oman have dipped by as much as 60 per cent, according to experts, and the drop has prompted many families to move house. According to market experts, the hardest hit residential area has been Ruwi, Muscat, as families are moving to newer homes to take advantage of the lower rates.

Source: [Al Bawaba](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Oil prices weigh on most Gulf markets; Dubai, Qatar lead losses

Weak oil prices led to falls in most Gulf stock markets on Monday, while Qatar and Dubai were dragged lower by their blue-chip bank stocks. Qatar's index fell 1.3 percent as the Middle East's largest lender Qatar National Bank slid 5.2 percent, its biggest intraday loss since June 2017. The stock gained more than 65 percent last year after QNB announced plans to lift its foreign ownership ceiling to 49 percent from 25 percent.

Source: [Zawya](#)

Saudi Airlines Catering inks SAR 500 mln deal with Saudia

Saudi Airlines Catering Co. on Tuesday has signed a contract with Saudi Arabian Airlines (Saudia) to design, build and operate Alfursan International lounge at Jeddah's new King Abdulaziz International Airport. The ten-year contract will come into effect upon the lounge launch, Saudi Airlines Catering said in a bourse statement. The deal provisional value is estimated at SAR 500 million.

Source: [Argaam](#)

UAE banking outlook: Big four may struggle to match double-digit gains made in 2018

The four biggest banks in the United Arab Emirates – First Abu Dhabi, Emirates NBD, Abu Dhabi Commercial Bank and Dubai Islamic Bank – will struggle to repeat 2018's double-digit profit increases as loan defaults mount and rising interest rates fail to substantially improve loan margins.

Source: [Zawya](#)

No VAT on bank deposit interests and dividends, says UAE tax authority

The Federal Tax Authority (FTA) on Tuesday advised companies not to report interest income earned from bank deposits and dividends which are outside the scope of value-added tax (VAT). Citing an example, it said that if a retail business deposits its income into a bank account and earns interest on the deposited amount, and the said retail business does not do anything to earn this income aside from merely depositing the money in the account.

Source: [Zawya](#)

Banks reduce lending on trade war, Brexit worries: DP World chairman

The indecisiveness and concerns among financial institutions about the US-China trade war and uncertainty about Brexit is "creating problems for us," Sultan Ahmed bin Sulayem, chairman, DP World, said on Tuesday. He noted that banks are now reluctant to lend due to the looming cold war on trade and protectionist policies.

Source: [Khaleej Times](#)

Saudi Arabia would need oil at \$80-\$85 a barrel to balance budget: IMF official

A wave of privatisation deals in Saudi Arabia will raise \$10 billion by 2020 as the kingdom presses on with its economic transformation plan, according to a study by global law firm Hogan Lovells. Last year "was initially proposed to be the year when the first few key assets would come to market, however 2019 will see the process move into a new gear," the report by global law firm Hogan Lovells said.

Source: [Zawya](#)

Employment Growth Results In Increase In Qatar PMI

The latest Qatar Financial Centre (QFC) Purchasing Managers' Index (PMI) indicates a solid improvement in overall business conditions across the non-oil & gas private sector. The PMI was at 50.5 in January, up from 50.1 in December, said a press release from QFC on Monday. "Driving the improvement was a record increase in employment, while both short-term output and new business measures ebbed slightly. Businesses remained confident regarding expected activity at the start of 2019," the release added.

Source: [Al Bawaba](#)

UAE hotel rates 'out of sync' with global prices, says Dubai Properties

Hotels in the UAE have been overcharging guests as local rates have been 'out of sync' with global room prices, leading to increased discounts in the market, according to the vice president of hospitality asset management at Dubai Properties Group.

Source: [Arabian Business](#)

A Class of Funds in Saudi Arabia Is Almost Extinct as IPOs Fade

Betting on initial public offerings in Saudi Arabia in the past few years has proven to be a bad idea. Not too long ago, funds focused on buying IPO stocks boomed in the kingdom as regulators implemented reforms aiming at increasing institutional participation in the Arab world's biggest equities market. In 2015 alone, 16 such pools were created, with total assets approaching 4.9 billion riyals (\$1.3 billion). Most of them had a mandate to invest in new stocks sold locally in their first three years of trading.

Source: [Bloomberg](#)

Jadwa REIT Saudi plans dividend for Q4 2018

Jadwa REIT Saudi Fund will pay a 1.8 percent cash dividend for the fourth quarter of 2018, at SAR 0.18 per unit, amounting to SAR 28.44 million, fund manager Jadwa Investment said in a bourse statement. The dividend represents 1.63 percent from net assets based on the fair market value as of June 30, 2018, the fund manager added

Source: [Argaam](#)

Saudi Fransi Capital updates terms of Taleem REIT, Bonyan REIT

Saudi Fransi Capital updated the terms and conditions for both Taleem REIT and Bonyan REIT, the firm said in a bourse statement. The changes are as follows: Net asset value per unit to be declared within 40 days of the Fund Manager's valuation approval.

Source: [Argaam](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Dollar slips as trade progress boosts risk assets; kiwi soars

The dollar edged lower versus its peers on Wednesday, as rising hopes of a breakthrough in U.S.-China trade talks led investors to put money into the euro and Asian currencies. The euro gained 0.1 percent to \$1.1335, while the Aussie dollar, often considered a barometer for global risk appetite, rose 0.3 percent to \$0.7112.

Source: [Reuters](#)

Asian stocks touch four-month peak on U.S.-China trade deal hopes

Asian stocks edged up to a more than four-month high on Wednesday, lifted by optimism that the United States and China might be able to hammer out a deal to resolve their nearly year-long trade dispute. MSCI's broadest index of Asia-Pacific shares outside Japan rose as much as 0.5 percent to hit its highest level since early October.

Source: [Reuters](#)

The US trade deficit with China 'will reverse' in the long term, Alibaba co-founder says

Alibaba co-founder Joseph Tsai told CNBC on Tuesday that the "structural issue" of the United States' trade gap with China will reverse itself as the Chinese ramp up imports. The trade deficit will shrink once the Chinese government begins purchasing \$40 trillion worth of goods as promised over the next 15 years, he said. Even though President Donald Trump placed tariffs on imports in part to close the deficit, China's surplus topped \$323 billion in 2018, the highest since 2006.

Source: [CNBC](#)

Fed's Powell puts focus on spreading benefits of a strong economy

Fed Chairman Jerome Powell called the economy "strong" but noted pockets of weakness around the country. He pledged support for the Community Reinvestment Act and regulation that helps banks get funding to rural areas.

Source: [CNBC](#)

COMMODITIES NEWS

Oil rises 1 percent on deepening OPEC supply cuts, sanctions on Venezuela

Oil prices rose on Wednesday as producer club OPEC said it had cut supply deeply in January and as U.S. sanctions hit Venezuela's oil exports. U.S. West Texas Intermediate (WTI) crude oil futures were at \$53.70 per barrel at 0344 GMT, up 60 cents, or 1.1 percent, from their last close.

Source: [Reuters](#)

Goldman Sachs Says OPEC's 'Shock and Awe' Will Drive Oil Higher

Goldman Sachs Group Inc. is doubling down on its bullish outlook for oil. The bank still forecasts that global benchmark Brent crude will hit \$67.50 a barrel next quarter, driven by healthy demand and supply curbs by OPEC and its allies such as Russia, analysts including Damien Courvalin said in a Feb. 12 report. Goldman's estimate is around 7 percent higher than current price levels.

Source: [Bloomberg](#)