

# U Capital Morning Brief

17 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	865.64	-0.50	-0.06%	-1.44%	-	-	-
U Capital GCC 50 Index	1,387.27	-4.80	-0.35%	5.92%	-	-	-
U Capital MENA 200 Index	1,094.41	-4.65	-0.42%	4.72%	-	-	-
MSCI GCC Countries Index	571.28	-0.03	0.00%	6.21%	14.65	1.86	3.7%
Muscat Securities Market	4,109.34	-5.46	-0.13%	-4.96%	8.37	0.79	6.3%
Saudi Stock Exchange	8,626.28	9.06	0.11%	10.22%	18.30	1.94	3.3%
Kuwait Stock Exchange	5,197.38	-35.32	-0.67%	2.32%	14.78	1.24	3.8%
Qatar Exchange	9,941.50	-239.19	-2.35%	-3.47%	14.16	1.47	4.4%
Bahrain Stock Exchange	1,371.98	-2.09	-0.15%	2.60%	9.35	0.86	5.9%
Dubai Financial Market	2,533.61	41.03	1.65%	0.15%	8.00	0.93	5.5%
Abu Dhabi Exchange	5,036.42	9.76	0.19%	2.47%	14.14	1.44	4.8%
Beirut Stock Exchange	945.41	0.00	0.00%	-3.21%	4.77	0.56	9.6%
Palestine Stock Exchange	541.01	3.84	0.71%	2.20%	13.32	1.26	4.4%
Tunis Se Index	7,106.05	31.55	0.45%	-2.28%	18.29	2.50	2.0%
EGX 30 Index	14,984.46	35.39	0.24%	14.95%	14.33	1.48	2.0%
Amman General Index	1,982.04	-4.64	-0.23%	3.84%	14.12	0.99	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
			%	%	Currency		
<b>Europe</b>					<b>Currency Cross Rates</b>		
FTSE 100	UK	7,236.7	0.55%	7.6%	Australian Dollar (AUD)	0.714	1.400
DAX	Germany	11,299.8	1.89%	7.0%	British Pound (GBP)	1.289	0.776
CAC 40	France	5,153.2	1.79%	8.9%	Canadian Dollar (CAD)	0.755	1.324
<b>United States</b>					Chinese Renminbi (CNH)	0.148	6.771
DJIA	USA	25,883.3	1.74%	11.0%	Egyptian Pound (EGP)	0.057	17.552
S&P 500	USA	2,775.6	1.09%	10.7%	Euro (EUR)	1.130	0.885
NASDAQ	USA	7,472.4	0.61%	12.6%	Indian Rupee (INR)	0.014	71.228
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	110.470
NIKKEI 225	Japan	20,900.6	-1.13%	4.4%	New Zealand Dollar (NZD)	0.687	1.457
HANG SENG	Hongkong	27,900.8	-1.87%	8.0%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	40,486.7	-0.05%	9.2%	Pakistani Rupee (PKR)	0.722	138.855
NSE Nifty 50	India	10,724.4	-0.20%	-1.3%	Russian Ruble (RUB)	0.015	66.319
SHANGHAI Composite	China	2,682.4	-1.37%	7.6%	Singapore Dollar (SGD)	0.735	1.357
KOSPI Index	South Korea	2,196.1	-1.34%	7.6%	Turkish Lira (TRY)	0.189	5.284

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
<b>Oil</b>					
Brent Crude (per bbl)	66.3	2.60%	22.6%	UAE	2.84
WTI Crude (per bbl)	55.6	2.17%	22.4%	Saudi Arabia	2.94
Oman Crude Oil (Last Closing)	66.7	1.77%	24.7%	Kuwait	2.63
OPEC (per bbl)	64.3	2.13%	24.7%	Oman	2.84
<b>Precious Metals</b>					
Gold100 OZ (per oz)	1,321.6	0.68%	3.0%	Qatar	2.89
Silver (per oz)	15.8	1.08%	1.9%	Bahrain	3.95
Platinum (per oz)	808.0	2.55%	1.5%	<b>GCC Latest 10-Yr Government Bond Yields</b>	
<b>Other Metals</b>					
Copper, MT	6,188	0.83%	3.7%		
Aluminium, MT	1,859	0.49%	0.7%		
Lead, MT	2,078	2.01%	2.8%		
Zinc, MT	2,653	2.39%	7.5%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.03	2.49	1m	2.48
5 year	100.03	2.49	3m	2.68
10 year	99.67	2.66	6m	2.75
30 year	100.13	2.99	1 year	2.91

Source: Bloomberg

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

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## OMAN ECONOMIC & CORPORATE NEWS

### **U Capital: MSM declines despite good dividend announcements**

Calm trades have again dominated the market despite good dividend announcements and positive economic statements. Special deals have been observed and liquidity has been concentrated in few stocks, resulting in lower market depth. The MSM30 closed the week down by 1.03 per cent at 4,109.34.

Source: [Oman Observer](#)

### **Oman's conventional banks credit grows**

A review of the activities of conventional banks exhibits an annual growth in total outstanding credit of 4.7 per cent at the end of November 2018. Credit to the private sector increased by 3.8 per cent to reach OMR18.9 billion. Conventional banks' overall investment in securities stood at OMR3.1 billion. Investments in government development bonds and government sukuk increased by 13.2 per cent over the year to OMR1.4 billion, while their investment in treasury bills stood at OMR272.6 million.

Source: [Times of Oman](#)

### **Oman's January inflation rises 0.23%**

The inflation rate in the Sultanate, calculated in terms of the consumer price index (CPI), increased by 0.23 per cent in January 2019 compared to the same month in 2018, according to the latest data released by the National Centre for Statistics and information (NCSI) on the CPI. It also stated that the inflation rate fell by 0.41 per cent compared to December 2018.

Source: [Times of Oman](#)

### **158,609 businesses registered in 2018 third quarter**

The Ministry of Commerce and Industry (MoCI) said that the number of businesses registered in the various governorates of Oman reached 158,609 during the third quarter of 2018. This is an increase of 4.0 per cent over 152,539 registered during the same period in 2017.

Source: [Times of Oman](#)

### **Sultanate's biggest fishing harbour coming up in Duqm**

Al Wusta enjoys a diverse marine wealth and is rich in shrimp, abalone, Kingfish, Emperor, Grouper and Seabream because of its long coastline overlooking the Arabian Sea. It is key to fish production in the Sultanate. Many of the citizens in the coastal wilayats in the Governorate of Al Wusta work in fishing and related professions such as transport and sale.

Source: [Oman Observer](#)

### **Scope of payments subject to Withholding Tax widened in Oman**

New Executive Regulations issued by the Ministry of Finance last week, pursuant to amendments introduced to the Omani Income Tax Law, now expand the ambit of Withholding Tax to include a range of payments, according to tax experts. Withholding Tax is a tax levied on certain types of income that are realized in the Sultanate for any foreign person or entity that does not have a permanent local establishment.

Source: [Oman Observer](#)

### **Al Maha Petroleum Products' Board proposes dividend**

The company's Board has proposed 70% of paid-up capital as cash dividend for the year ended Dec 31<sup>st</sup> 2018, subject to regulatory and shareholder approvals.

Source: [MSM](#)

### **United Finance's Board proposes dividend**

The company's Board has proposed 125% of paid-up capital as cash dividend for the year ended Dec 31<sup>st</sup> 2018 for ordinary shareholders, and 135.45% for preferred shareholders, subject to regulatory and shareholder approvals.

Source: [MSM](#)

### **Salalah Port Services' Board proposes dividend**

The company's Board has proposed 15% of paid-up capital as cash dividend for the year ended Dec 31<sup>st</sup> 2018, subject to regulatory and shareholder approvals.

Source: [MSM](#)

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### **Dhofar Generating Co's Board proposes dividend**

The company's Board has proposed 9% of paid-up capital as cash dividend for the year ended Dec 31<sup>st</sup> 2018, subject to regulatory and shareholder approvals.

Source: [MSM](#)

## **MIDDLE EAST ECONOMIC & CORPORATE NEWS**

### **MIDEAST STOCKS-Dubai gains, led by Emaar; Qatar slips to four-month low**

Dubai stocks rose on Thursday as earnings at Emaar-linked companies lifted its battered real estate shares, while Qatar's market was pulled down to a four-month low by a sell-off in its blue-chip firms. In Dubai, the index rose 1.7 percent, helped by gains in the emirate's largest listed developer, Emaar Properties and its units, Emaar Development and Emaar Malls.

Source: [Reuters](#)

### **GCC is 'ideal' place to upskill future workforce: PwC**

The GCC is an ideal place for transforming, training and upskilling the workforce of the future, consultancy firm PwC said in a recent report. GCC's youth population is predicted to reach 65 million by 2030, it said, adding the region, however, faces a daunting shift in demographics, known as the "youth bulge", since around 60 percent of its citizens are under the age of 30.

Source: [Argaam](#)

### **RevPAR of Dubai hotels outperformed holiday homes in 2018: report**

Dubai hotels have outperformed holiday homes in the emirate, despite the number of listings increasing on Airbnb, Knight Frank said in a report. "In general, hotels outperform the holiday homes market with the exception being summer months during which they are either on par or holiday home outperform," the report noted.

Source: [Argaam](#)

### **Saudi women can now borrow property loans without beneficiaries: REDF**

The Real Estate Development Fund (REDF) is now offering Saudi women mortgages or property loans without requiring an original beneficiary, the Saudi Press Agency has reported. REDF's new regulations will allow Saudi women to borrow, even if they are not married or the sole provider in their homes.

Source: [Argaam](#)

### **UAE, Saudi companies sign landmark manufacturing deal**

Mubadala Investment Company announced a strategic collaboration with the Saudi Arabian Military Industries Company (Sami), the kingdom's aerospace and defence business. The announcement marks the first joint initiative between Saudi Arabia and the UAE in the field of advanced manufacturing. With Saudi Arabia and Abu Dhabi sharing ambitious plans for industrialisation, including strategies to develop and grow across the aerospace and defence value chain, the collaboration sets out the strategic framework for co-investment and long-term partnership.

Source: [Zawya](#)

### **Mubadala's venture capital unit to launch \$400 mln European fund – exec**

Mubadala Ventures, the venture capital arm of Abu Dhabi's state-owned Mubadala Investment Company, plans to launch a \$400 million European fund this year to focus on the technology sector, a company executive said on Wednesday. The venture capital unit is also working with international venture capital funds to invest in Abu Dhabi, Ibrahim Ajami, head of Mubadala Ventures, told reporters at a conference in the emirate.

Source: [Reuters](#)

### **Amaala, Red Sea projects to 'generate 57,000 jobs'**

A member of the Saudi Economic Association (SEA) has said the Red Sea Project will create 35,000 job opportunities, attract a million visitors annually and put the Kingdom on the international tourism map whereas the Amaala project will create over 22,000 job opportunities. The Red Sea Project will also reduce unemployment significantly as it falls in line with Vision 2030, said Dr. Abdullah Al-Maghlouth while speaking to Okaz/Saudi Gazette.

Source: [Saudi Gazette](#)

### **Kuwait bourse in deal to sell 44 pct stake, plans IPO later**

A consortium led by Kuwait's National Investment Co and including the Athens bourse won a tender to acquire 44 percent of the Kuwait stock exchange, NIC's chairman said on Thursday. "The winner is the private sector, the investors and the listed companies, all the ideas we said about developing the bourse will be implemented," Hamad al-Omairi told Reuters.

Source: [Reuters](#)

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### **Reforms and changing demographics bringing new dynamism in Saudi Arabia**

Most of the executives interviewed for the 2019 edition of the Business Barometer: KSA CEO Survey carried out by Oxford Business Group (OBG) were upbeat about the country's long-term economic prospects, although they also acknowledged the severity of the current challenging global conditions. As part of its survey on the economy, the global research and consultancy firm asked more than 100 C-suite executives from across Saudi Arabia's industries a wide-ranging series of questions on a face-to-face basis aimed at gauging business sentiment.

Source: [Saudi Gazette](#)

### **The Oil Crash Is Over, But Debt Is Still Piling Up in the Gulf**

The oil crash came and went but the debt pile it left across the Gulf is still growing, leaving the region's energy-dependent economies more vulnerable next time a crisis strikes. All but debt-free before crude prices nosedived in 2014, many Gulf governments tried to borrow their way through while making only cautious and halting efforts to cut spending and diversify their economies. Meanwhile, a Saudi-led blockade of Qatar has split the six-state Gulf Cooperation Council and complex regional dynamics mean it's no longer a foregone conclusion that the strong will bail out the weak with no strings attached.

Source: [Bloomberg](#)

### **Bahrain Alba accelerates Line 6 project ramp-up**

Aluminum Bahrain (Alba), soon to be the largest aluminum smelter in the world, said its flagship Line 6 Expansion Project was progressing as per schedule with the successful testing of 40 pots, which are now operational. One of the most remarkable achievements for Alba on this landmark project is the Extreme Ownership on Safety by Alba employees and contractors, it stated.

Source: [Trade Arabia](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Automakers brace for U.S. government report on import tariffs**

A confidential Commerce Department report due to be sent to Donald Trump on Sunday is widely expected to clear the way for the U.S. president to threaten tariffs on imported autos and auto parts by designating the imports a national security threat, auto industry officials said on Friday.

Source: [Reuters](#)

### **A big change in accounting will put \$3 trillion in liabilities on corporate balance sheets**

A big change in lease accounting rules effective Jan. 1 requires companies to record operating leases on their balance sheets. Operating leases include everything a company rents to run its business, from office space, equipment, factories to planes and cars. The accounting change will result in an increase in company leverage, a key measure when evaluating a company's risk.

Source: [CNBC](#)

### **How a No-Deal Brexit Is Shaping Up, From Banks to Food Supplies**

With just six weeks to go until Brexit day, U.K. Prime Minister Theresa May continues to wield the threat of walking away from talks as a negotiating tactic. Companies are taking it seriously, stockpiling food, drugs and manufacturing parts. Governments are also kicking into action, but what they can -- or want -- to do is limited. The most catastrophic effects such as a rupture in the multitrillion-dollar derivatives market or the grounding of planes have probably been avoided.

Source: [Bloomberg](#)

### **Progress in U.S.-China trade talks sparks world stock rally**

Progress in the U.S.-China trade talks helped send world stock markets broadly higher on Friday and pulled investors out of the safety of government bonds. Europe's broad Stoxx 600 index rallied 1.3 percent. In early trading on Wall Street, the Dow Jones Industrial Average rose 303.2 points, or 1.19 percent, to 25,742.59, the S&P 500 gained 22.14 points, or 0.81 percent, to 2,767.87 and the Nasdaq Composite added 31.40 points, or 0.42 percent, to 7,458.35 in morning trading.

Source: [KITCO News](#)

## **COMMODITIES NEWS**

### **Oil price rises over 2% to 2019 highs on tightening supplies**

Oil prices rose more than 2 percent to their highest this year on Friday after an outage at Saudi Arabia's offshore oilfield boosted expectations for tightening supply, while progressing U.S.-Sino trade talks strengthened demand sentiment. The international Brent crude benchmark rose \$1.68, or 2.6 percent, to settle at \$66.25 a barrel, its highest since November.

Source: [The Star](#)



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