

U Capital Morning Brief

5 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	868.87	-5.91	-0.68%	-1.85%	-	-	-
U Capital GCC 50 Index	1,398.32	-6.79	-0.49%	8.09%	-	-	-
U Capital MENA 200 Index	1,106.96	-1.53	-0.14%	7.13%	-	-	-
MSCI GCC Countries Index	576.88	1.19	0.21%	7.25%	15.01	1.87	3.7%
Muscat Securities Market	4,166.30	19.19	0.46%	-3.64%	8.31	0.74	6.2%
Saudi Stock Exchange	8,520.64	-6.07	-0.07%	8.87%	18.21	1.89	3.3%
Kuwait Stock Exchange	5,205.82	19.66	0.38%	2.49%	15.36	1.25	3.8%
Qatar Exchange	10,727.53	38.36	0.36%	4.16%	15.70	1.60	4.1%
Bahrain Stock Exchange	1,397.55	1.45	0.10%	4.51%	9.05	0.87	5.8%
Dubai Financial Market	2,529.18	-11.07	-0.44%	-0.02%	7.63	0.92	5.5%
Abu Dhabi Exchange	5,128.09	52.40	1.03%	4.33%	13.51	1.47	4.7%
Beirut Stock Exchange	949.06	2.50	0.26%	-2.83%	4.75	0.56	9.6%
Palestine Stock Exchange	532.94	-0.65	-0.12%	0.68%	13.13	1.24	4.5%
Tunis Se Index	7,237.33	3.02	0.04%	-0.47%	18.68	2.55	2.0%
EGX 30 Index	14,366.06	122.25	0.86%	10.20%	14.00	1.45	2.1%
Amman General Index	1,962.11	1.52	0.08%	2.79%	13.81	0.97	4.9%

* 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					Australian Dollar (AUD)	0.726	1.378
FTSE 100	UK	7,034.1	0.20%	4.5%	British Pound (GBP)	1.304	0.767
DAX	Germany	11,176.6	-0.04%	5.8%	Canadian Dollar (CAD)	0.763	1.311
CAC 40	France	5,000.2	-0.38%	5.7%	Chinese Renminbi (CNH)	0.148	6.755
United States					Egyptian Pound (EGP)	0.057	17.671
DJIA	USA	25,239.4	0.70%	8.2%	Euro (EUR)	1.143	0.875
S&P 500	USA	2,724.9	0.68%	8.7%	Indian Rupee (INR)	0.014	71.778
NASDAQ	USA	7,347.5	1.15%	10.7%	Japanese Yen (JPY)	0.009	109.930
Asia Pacific					New Zealand Dollar (NZD)	0.689	1.451
NIKKEI 225	Japan	20,877.9	-0.03%	4.3%	Omani Rial (OMR)	2.598	0.385
HANG SENG	Hongkong	27,990.2	0.21%	8.3%	Pakistani Rupee (PKR)	0.723	138.288
KSE 100 Index	Pakistan	41,614.4	1.22%	12.3%	Russian Ruble (RUB)	0.015	65.593
NSE Nifty 50	India	10,903.8	-0.08%	0.4%	Singapore Dollar (SGD)	0.740	1.351
SHANGHAI Composite	China	2,618.2	1.30%	5.0%	Turkish Lira (TRY)	0.192	5.212
KOSPI Index	South Korea	2,203.5	-0.06%	8.0%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
Oil				UAE	2.88
Brent Crude (per bbl)	62.8	0.45%	16.2%	Saudi Arabia	2.97
WTI Crude (per bbl)	54.8	0.51%	20.8%	Kuwait	2.56
Oman Crude Oil (Last Closing)	62.9	-0.38%	17.6%	Oman	2.84
OPEC (per bbl)	60.9	-0.42%	18.2%	Qatar	2.92
Precious Metals				Bahrain	3.95
Gold100 OZ (per oz)	1,314.6	0.17%	2.5%		
Silver (per oz)	15.9	0.25%	2.7%	GCC Latest 10-Yr Government Bond Yields	
Platinum (per oz)	822.8	0.23%	3.4%		
Other Metals					
Copper, MT	6,168	0.47%	3.4%		
Aluminium, MT	1,919	1.91%	4.0%		
Lead, MT	2,128	0.05%	5.3%		
Zinc, MT	2,801	0.86%	13.5%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	99.95	2.52	1m	2.51
5 year	99.88	2.53	3m	2.73
10 year	103.48	2.72	6m	2.79
30 year	106.30	3.05	1 year	2.96

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

TOTAL BANK CREDIT HITS RO25BN MARK

Banking sector activities in Oman gained further traction last year in line with a pickup in overall economic activities. The combined balance-sheet of the conventional and Islamic banks showed that total outstanding bank credit in the sultanate rose 6.5 per cent year-on-year in November 2018 to reach RO25.1bn.

Source: [Muscat Daily](#)

OMAN CRUDE OIL PRICE JUMPS 3.5%

Oman crude oil price on Monday surged 3.5 per cent to reach US\$63.34 per barrel, according to a statement issued by the Dubai Merchantile Exchange. The price of the Oman crude contract for April delivery rose by US\$2.15 on Monday from US\$61.19 per barrel on Friday.

Source: [Muscat Daily](#)

JV to support value addition from Million Date Palms Project

Nakheel Oman, a 50:50 joint venture between the Diwan of Royal Court and Oman National Investments Development Company SAOC (Tanmia), will invest in a range of activities designed to unlock the full commercial potential of the government's landmark Million Date Palm Plantations Project. The JV, set up with a total equity of RO 28.2 million, will be the main offtaker of the date fruit, as well as the palm waste harvested from the Million Date Palm Plantations Project.

Source: [Oman Observer](#)

High-level French biz team visits Duqm SEZ

Yahya bin Saeed al Jabri, Chairman of the Special Economic Zone Authority at Duqm (SEZAD), received a 21-member, high-level delegation representing leading French public and private sector organisations. The mission was headed by French Ambassador to Oman, Renaud Salins. The visit marks the culmination of talks held last February resulting in the establishment of a Business Syndicate of French companies that included four major French investors and technology providers, to explore investment opportunities in Duqm.

Source: [Oman Observer](#)

Muscat Fund's merger with Oryx Fund approved

The unit holders of Muscat Fund have approved the merger of Muscat Fund with Bank Muscat Oryx Fund. The Oryx Fund shareholders also approved the merger. The two Funds convened Extra Ordinary General meetings (EGM) at Bank Muscat Head Office to facilitate the merger approval. The Oryx Fund is regulated by the Capital Market Authority (CMA), Oman and is an open ended fund. The Oryx Fund has a long and successful track record, in fact the longest in the entire Gulf Cooperation Council (GCC) region since it was established in 1994. The Fund invests primarily in the GCC markets.

Source: [Times of Oman](#)

Tourism: The Sultanate's next chapter

Oman's tourism industry appears to be closely linked to the country's long-term vision for economic growth and development—particularly in the wake of a national diversification programme. According to the recently announced State Budget 2019, non-oil revenue is showing an increased contribution to Gross Domestic Product (GDP) and tourism's contribution to GDP is forecast to increase from 2.6 per cent in 2017 to 6 per cent by 2040.

Source: [Times of Oman](#)

Moody's team discusses Oman economy at State Council

A delegation from Moody's Investors Service visited the State Council on Monday. This was in the context of the Foundation's programme to assess the credit status of the Sultanate annually. The delegation was received by Dr. Said Mubarak Said Al Muharrami, Member of the Economic Committee of the Council, and Altaf bint Omar Al Marhoon, Assistant Secretary General for the Information and Research Centre.

Source: [Times of Oman](#)

Oman Refco proposed dividends

The Board of Directors of Oman Refreshment Co (Oman REFCO) has proposed a 75% cash dividend for the year ended 31st Dec 2018.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Gigaprojects, higher govt spending to boost Saudi property market: JLL

Increased government spending and progress on mega-project developments provide a catalyst for future investment opportunities in Saudi Arabia, outlines JLL's 2018 Year in Review report. With stronger oil revenues and progress on new social reforms, GDP growth levels are expected to register 2.4% in 2018 according to Oxford Economics, up from -0.9% in 2017. 2019 is expected to witness ongoing activity on the back of the Kingdom's largest ever expansionary budget (SAR 1 trillion in spending), and commitment to driving economic growth in line with Vision 2030's objectives.

Source: [MENA Herald](#)

Almarai acquires Premier Foods at SAR 108m

Saudi Arabia's Almarai Co on Monday announced signing an agreement with Almar Foods to acquire a 100% stake of in Premier Foods at a value of SAR 108 million. The transaction will enhance Almarai's ability to largely expand, especially in providing food services, the food and beverage firm said in a statement to the Saudi Stock Exchange (Tadawul).

Source: [Mubasher](#)

Ministry of transport inks contracts of 88 projects worth over SAR 5 bln

Saudi minister of transport, Nabil Al Amoudi, has signed on Monday 88 road contracts with contractors with a value over SAR 5.1 billion, the ministry said in a statement. The projects are distributed all over the Kingdom of which 15 projects are intended to be in Riyadh at a cost of SAR 604 million, 15 in Makkah valued at SAR 984 million and 13 in Asir with a budget of SAR 822 million.

Source: [Argaam](#)

Al Rajhi Bank gets CMA approval for 53.8% capital hike

Saudi Arabia's Capital Market Authority (CMA) on Monday approved Al Rajhi Bank's request to increase its capital to SAR 25 billion from SAR 16.25 billion, through issuance of seven bonus share for every 13 existing shares owned by the shareholders. The capital hike will be financed by transferring SAR 8.75 billion from retained earnings to the company's capital, the CMA said in a statement.

Source: [Argaam](#)

Bahrain's budget deficit down 35% in 2018 year/year

Bahrain's budget deficit dropped 35 percent in 2018 compared to a year earlier, the finance minister said on Monday. Bahrain's finances have been hit hard by a slump in oil prices in 2014 and it has been struggling to cut government spending while avoiding public anger over austerity measures. Bahrain released a 33-page fiscal plan last year after signing an agreement with its Gulf neighbours to fix its debt-burdened finances and abolish its budget deficit by 2022. Manama had projected a \$3.5 billion budget deficit in 2018.

Source: [Zawya](#)

Record Foreign Buying of Saudi Stocks as Khashoggi Woes Fade

Foreigners made their highest net purchases of Saudi shares on record last month as the inclusion of local stocks in major benchmarks outweighed concerns sparked by the killing of Jamal Khashoggi. Investors from outside the country and the Gulf were net buyers of around 4.4 billion riyals (\$1.17 billion) of Saudi-listed stocks in January, the most for a single month since data became available in 2015.

Source: [Bloomberg](#)

Emaar Misr Denies Talks Over Acquisition of MNHD

Cairo-based Emaar Misr for Development has denied news regarding negotiations with Madinet Nasr Housing and Development (MNHD) over an acquisition, Invest-Gate reports. Emaar Misr's announcement came after some newspapers published that the developer was intending to acquire MNHD, according to the former company's bourse filing on Feb 3.

Source: [Invest-gate](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Fed Chair Powell and Trump met Monday to discuss economy: Fed

U.S. President Donald Trump and Fed Chairman Jerome Powell dined at the White House on Monday in their first meeting after months in which Trump lambasted the central bank for raising interest rates and, in the president's view, endangering the economy's growth.

Source: [Reuters](#)

Stocks Mixed in Holiday-Hit Trading; Dollar Steady: Markets Wrap

Stocks in Asia traded mixed Tuesday, with many markets closed for the Lunar New Year. The dollar and Treasury yields stabilized after gains. Australian shares were poised for their biggest climb in more than two years as financials rallied after the results of a yearlong inquiry into misconduct in the financial services sector published Monday were not as harsh as had been anticipated.

Source: [Bloomberg](#)

Alphabet drops after revealing declining advertising prices and rising costs

Traffic acquisition costs as a percent of advertising revenue came in at 23 percent, matching analyst estimates and falling right in line with previous quarters. Meanwhile, Google continues to grow its "other revenues" segment, which includes its cloud business and hardware sales. Alphabet's "Other Bets" category, which houses Alphabet's other companies, like health venture Verily and self-driving start-up Waymo, came in shy of revenue estimates.

Source: [CNBC](#)

Boeing shares hit another record, bucking China slowdown concerns: 'Things are just heating up'

Boeing is ramping production to fulfill its backlog of 5,900 aircraft orders, which "equates to about seven years of production at current rates," CEO Dennis Muilenburg said last week. Sales to China plays a key role in Boeing's future and Muilenburg said sees "strong demand in China overall." The International Air Transport Association forecasts that China will add one billion new passengers over the next 20 years.

Source: [CNBC](#)

COMMODITIES NEWS

U.S. oil prices edge up as market eyes tighter supply

U.S. oil prices inched up on Tuesday, buoyed by expectations of tightening global supply due to U.S. sanctions on Venezuela and production cuts led by OPEC. U.S. West Texas Intermediate (WTI) crude futures were at \$54.77 per barrel at 0223 GMT, up 21 cents or 0.4 percent. They closed down 1.3 percent on Monday, after earlier touching their highest since Nov. 21 at \$55.75 a barrel.

Source: [Reuters](#)

Ubhar Capital SAOC (U Capital)

Ominvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Website: www.u-capital.net



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.