

U Capital Morning Brief

9 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	938.97	-3.62	-0.39%	-3.63%	-	-	-
U Capital GCC 50 Index	1,312.95	-2.92	-0.22%	14.70%	-	-	-
U Capital MENA 200 Index	1,050.73	-1.98	-0.19%	5.59%	-	-	-
MSCI GCC Countries Index	541.98	0.01	0.00%	12.97%	14.26	1.77	4.0%
Muscat Securities Market	4,548.72	-3.58	-0.08%	-10.80%	10.72	0.81	5.7%
Saudi Stock Exchange	7,848.98	-34.65	-0.44%	8.62%	16.95	1.75	3.5%
Kuwait Stock Exchange	5,186.90	33.21	0.64%	NA	15.51	1.26	3.8%
Qatar Exchange	10,598.40	8.42	0.08%	24.35%	15.67	1.58	4.1%
Bahrain Stock Exchange	1,320.04	-2.24	-0.17%	-0.88%	8.93	0.83	6.2%
Dubai Financial Market	2,580.27	-51.88	-1.97%	-23.44%	8.70	0.95	6.8%
Abu Dhabi Exchange	4,876.68	46.30	0.96%	10.87%	13.23	1.41	4.9%
Beirut Stock Exchange	959.87	0.00	0.00%	-16.43%	4.92	0.59	9.5%
Palestine Stock Exchange	525.30	1.46	0.28%	-8.58%	12.80	1.22	4.5%
Tunis Se Index	7,398.88	24.64	0.33%	17.78%	19.23	2.63	1.9%
EGX 30 Index	12,387.58	-199.16	-1.58%	-17.52%	11.39	1.40	2.4%
Amman General Index	1,854.34	-10.05	-0.54%	-12.81%	13.27	0.92	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	6,778.1	1.10%	-11.8%	Australian Dollar (AUD)	0.721	1.389
DAX	Germany	10,788.1	-0.21%	-16.5%	British Pound (GBP)	1.273	0.786
CAC 40	France	4,813.1	0.68%	-9.4%	Canadian Dollar (CAD)	0.751	1.332
United States							
DJIA	USA	24,389.0	-2.24%	-1.3%	Chinese Renminbi (CNH)	0.145	6.885
S&P 500	USA	2,633.1	-2.33%	-1.5%	Egyptian Pound (EGP)	0.056	17.916
NASDAQ	USA	6,969.3	-3.05%	1.0%	Euro (EUR)	1.138	0.878
Asia Pacific							
NIKKEI 225	Japan	21,678.7	0.82%	-4.8%	Indian Rupee (INR)	0.014	70.811
HANG SENG	Hongkong	26,063.8	-0.35%	-12.9%	Japanese Yen (JPY)	0.009	112.690
KSE 100 Index	Pakistan	38,562.1	0.68%	-4.7%	New Zealand Dollar (NZD)	0.687	1.457
NSE Nifty 50	India	10,693.7	0.87%	1.5%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,605.9	0.03%	-21.2%	Pakistani Rupee (PKR)	0.715	138.895
KOSPI Index	South Korea	2,075.8	0.34%	-15.9%	Russian Ruble (RUB)	0.015	66.402
					Singapore Dollar (SGD)	0.730	1.370
					Turkish Lira (TRY)	0.189	5.303

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	
	USD	%	%			
Oil						
Brent Crude (per bbl)	61.7	2.68%	-2.1%	UAE	2.79	
WTI Crude (per bbl)	52.6	2.18%	-12.9%	Saudi Arabia	2.86	
Oman Crude Oil (Last Closing)	60.6	2.14%	-5.3%	Kuwait	2.06	
OPEC (per bbl)	58.8	-2.15%	-8.8%	Oman	2.78	
				Qatar	2.79	
				Bahrain	3.80	
Precious Metals						
Gold100 OZ (per oz)	1,248.4	0.86%	-4.2%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.6	1.02%	-13.7%		Maturity date	YTM, %
Platinum (per oz)	793.4	0.37%	-14.7%	Kuwait	3/20/2027	3.76
Other Metals						
Copper, MT	6,145	1.24%	-15.2%	Abu Dhabi	10/11/2027	3.89
Aluminium, MT	1,955	0.98%	-13.8%	Qatar	6/2/2026	3.88
Lead, MT	1,995	0.55%	-19.8%	Saudi Arabia	3/4/2028	4.39
Zinc, MT	2,587	-0.23%	-22.1%	Oman	1/17/2028	6.47
				Bahrain	10/12/2028	7.00

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.45	2.72	1m	2.40
5 year	100.86	2.69	3m	2.77
10 year	102.41	2.85	6m	2.89
30 year	104.53	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: Best weekly performance in more than two and half years

The MSM30 index posted its best performance since late March 2016 due to increased local institutional support to leading stocks such as telecoms and some banks in addition to the strategic moves of the fund managers ahead of year-end. MSM30 closed the week up by 3.1 per cent at 4,548.72. All sub-indices closed up led by the Financial Index (2.81 per cent) followed by the Industrial Index (1.49 per cent) and then the Services Index (1.17 per cent). The MSM Shariah Index also closed up by 2.57 per cent w-o-w.

Source: [Oman Observer](#)

Ithraa, credit Oman ink deal to boost exports

The Public Authority for Investment Promotion and Export Development (Ithraa) and Oman's Export Credit Guarantee Agency (Credit Oman) have signed a programme for joint cooperation to boost the sultanate's exports, explore potential markets for Omani products and enhancing growth of the national economy. Ithraa and Credit Oman will share information and support related investments in the sultanate by facilitating procedures for the companies interested to do business in Oman. They will provide training for staff, share studies, research and reports related to the targeted sectors and potential markets. The two parties will also join hands in attracting investments and carrying out marketing and promotional activities inside and outside the sultanate.

Source: [Muscat Daily](#)

Oman's inflation rises to 1.1% in November

Oman's annual inflation, which is based on consumer price index (CPI), increased to 1.11 per cent in November compared to the same month of 2017, according to the latest statistics released by the National Centre for Statistics and Information (NSCI). However, inflation rate in November slightly decreased by 0.06 per cent compared with the inflation rate in the previous month. The increase in annual inflation in November was driven mainly by higher costs of transportation, fuels and education segments compared to a year ago.

Source: [Muscat Daily](#)

Oman Cement plans \$212m project in Duqm SEZ

Oman Cement Company (OCC) — the Sultanate's first cement manufacturing firm — has announced that it plans to go ahead with the establishment of an integrated cement project in the Duqm Special Economic Zone (SEZ) with an investment of around \$212 million (equivalent to around RO 84 million). This follows Board approval for the venture, the partly state-owned listed company said in a filing to the Capital Market Authority (CMA) on Thursday.

Source: [Oman Observer](#)

Consumer prices up in November

The inflation rate in the Sultanate, calculated in terms of the consumer price index (CPI), increased by 1.11 per cent in November 2018 compared to the same period in 2017, according to the latest data released by the National Centre for Statistics and information (NCSI) on CPI. It also stated that the inflation rate fell by 0.06 per cent compared to October 2018.

Source: [Times of Oman](#)

Oman's banking sector outlook remains positive

The Central Bank of Oman (CBO) continued to pursue monetary and banking policies supportive of growth in the country, while the outlook of the banking sector continued to remain positive in 2018. The total outstanding credit extended by other depository corporations stood at OMR24.8 billion as of the end of September 2018, a rise of 7.5 per cent over the level witnessed a year ago. Credit to the private sector increased by 5.6 per cent to OMR22 billion as of the end of September 2018.

Source: [Times of Oman](#)

Telecom firms upbeat on revenue after nine-month results

Telecommunication companies operating in the Sultanate are optimistic about the future of the sector and the expected revenue in the coming years due to the good results posted in the first nine months of 2018. The unaudited financial statements of the Oman Telecommunications Company "Omantel" and the Omani-Qatari Telecommunications Company "Ooredoo" showed a positive performance. Omantel's revenues during the first nine months of 2018 increased to OMR1.5 billion—including revenues from Zain Group of Kuwait in which Omantel owns a controlling share of 21.9 per cent—compared to OMR406.7 million during the corresponding period in 2017.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Dubai suffers real estate slide, other markets steady

Dubai's stock market fell sharply on Thursday, as real estate stocks fell further following a property price slide, while most major Middle Eastern markets remained steady. Trading in other markets was tepid in the countdown to an OPEC-meeting expected to result in a supply cut, but the Dubai index slipped 1.3 percent, after falling to its lowest in nearly three years in the previous trading session.

Source: [Reuters](#)

Almarai ups prices to absorb rising costs from fodder imports: CEO

Saudi Almarai Co. hiked the selling prices of its products last July to absorb rising costs from halting production of Alfalfa and green fodder inside the Kingdom, chief executive officer Georges P. Schorderet told Argam in an exclusive interview. "Though the decision to

halt cultivation of Alfalfa maintains sustainability of water resources, it will impact dairy producers as they willfully import their needs of green fodder. Therefore, Almarai raised its selling prices,” Schorderet said.

Source: [Argaam](#)

Saudi Sipchem, Sahara sign binding deal for merger

Saudi International Petrochemical Company (Sipchem) on Thursday announced that it has entered into a legally binding agreement with Sahara Petrochemical Company to implement a proposed business merger of equals. Sipchem made a recommended offer to acquire all of the issued shares in Sahara in exchange for the issue of new shares in Sipchem, according to a statement to the Saudi Stock Exchange.

Source: [Zawya](#)

GCC: Trade and Foreign Investment—Keys to Diversification and Growth in the GCC

Diversification of the GCC economies, supported by greater openness to trade and higher foreign investment, can have a large impact on growth. Such measures can support higher, sustained, and more inclusive growth by improving the allocation of resources across sectors and producers, creating jobs, triggering technology spillovers, promoting knowledge, creating a more competitive business environment, and enhancing productivity.

Source: [IMF](#)

GCC: How Developed and Inclusive are Financial Systems in the GCC?

Financial systems in the GCC have developed significantly over the last couple of decades, but there appears to be further room for progress. The development of bank and equity markets has been supported by a combination of buoyant economic activity, a booming Islamic finance sector, and financial sector reforms. As a result, financial systems have deepened and, overall, the level of financial development compares well with emerging markets. However, it still lags advanced economies and, other than for Saudi Arabia, appears to be lower than would be expected given economic fundamentals, such as income levels.

Source: [IMF](#)

Ernst & Young calls on GCC states to automatize taxes and to train staff

Ernst & Young (EY) Senior Tax Partner for the Middle East and North Africa region (MENA), Sherif El-Kilany, said Thursday that the GCC countries must look into means to lay the ground for automatizing taxes. El-Kilany told KUNA that it was important to train staff and develop human resources to face the upcoming economic challenges facing the region through technological means.

Source: [Zawya](#)

Middle East carriers record 4.4% growth in October

Middle East carriers experienced a 4.4 per cent rise in demand in October compared to last year, which is the slowest among the regions for the seventh time in 12 months, as global passenger traffic rose 6.3 per cent. The International Air Transport Association (Iata) said October traffic in the region, however, marked an increase over the 3.3 per cent rise in September.

Source: [Zawya](#)

MARKA announces the decrease of its capital to extinguish AED 450 million of accumulated losses

Marka PJSC (DFM: MARKA) issues a correction to resolutions at the General Assembly held in November, in the presence of its shareholders, most notably the decrease of its capital to extinguish AED 450 million of accumulated losses. The panel comprised Chairman Mr Khalid bin Kalban, Vice Chairman HE Jamal Al Hai, and Board Members HE Khaled Mohammed Alkamda, Mr Mohammed Saif Al Ketbi, and Mr Abdulla Hamad Al Awani.

Source: [DFM](#)

Promoting Boursa Kuwait as EM late 2019 – S&P

S&P Global Ratings announced that the promotion of Boursa Kuwait as an emerging market will be starting from September 2019, CNBC Arabia said in its official account on Twitter on Thursday. Boursa Kuwait will remain under supervision and monitoring until the index gets promoted as an emerging market in September next year, capital market analyst Ibrahim Al Filkawy told Mubasher.

Source: [Mubasher](#)

Dubai targets 1 million cruise tourists by 2020

Dubai expects the growth in cruise tourism to continue in the coming years. The emirate expects the number of cruise tourists to touch 1 million by 2020 as it has made multiple-entry visas available for the crew of ships docking at local ports, said a senior official on Saturday. Jamal Humaid Al Falasi, director, Dubai Cruise Tourism, expects over 13 per cent growth in cruise tourists this year to reach 725,000 in the current season as compared to last year's 625,000.

Source: [Zawya](#)

SPARK: Megaproject designed to position KSA as global energy hub

As a business strategy, localization can be right on the money, delivering reliability plus cost and time efficiencies to the bottom line. But the real power of local content development lies in its ability to add value beyond corporate borders, with a competitive boost to local and regional economies. Spurring a ripple effect of job creation, workforce development, technology transfer and local manufacturing, it can even be transformative. That's all part of the plan for Saudi Aramco's supply chain initiative, the In-Kingdom Total Value Add program. In a real sense, IKTV aligns with the community engagement that the oil, gas and chemicals giant has manifested for more than 80 years.

Source: [Saudi Gazette](#)

DP World closes acquisition of 100% shares of Unifeeder

GLOBAL trade enabler DP World announced the successful closing of the acquisition of 100% of the Unifeeder Group, an integrated logistics company with the largest and best-connected feeder and growing shortsea network in Northern Europe with connectivity to approximately 100 ports.

Source: [Saudi Gazette](#)

Dubai's Slide Goes Deeper as Stocks Drop to Lowest Since 2013

Shares listed in the biggest city of the United Arab Emirates tumbled 2 percent Thursday to the lowest in more than five years as a slump in real estate stocks showed no signs of abating. Dubai's DFM General Index has fallen 23 percent this year, making the gauge the worst performer globally, with Emaar Properties PJSC, Damac Properties PJSC and Union Properties PJSC losing at least 40 percent of their market value.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Uber makes confidential filing for long-awaited IPO

Uber Technologies Inc has filed paperwork for an initial public offering, according to three people with knowledge of the matter, taking a step closer to a key milestone for one of the most closely watched and controversial companies in Silicon Valley. The ride-hailing company filed the confidential paperwork on Thursday, one of the sources said, in lock-step with its smaller U.S. rival, Lyft Inc, which also announced on Thursday it had filed for an IPO.

Source: [Zawya](#)

US consumer sentiment stabilises in early December

Preliminary estimates released by the University of Michigan indicated that the US consumer confidence remained unchanged in early December. The consumer sentiment index stabilised at 97.5 points in early December, from October, a survey report by Michigan University said on Friday. "As noted in last month's report, as long as job and income growth remain strong, rising prices and interest rates will not cause substantial cutbacks in spending," survey senior economist Richard Curtin said.

Source: [Mubasher](#)

China's November export, import growth shrinks, showing weak demand

China reported far weaker than expected November exports and imports, showing slower global and domestic demand and raising the possibility authorities will take more measures to keep the country's growth rate from slipping too much. November exports only rose 5.4 percent from a year earlier, Chinese customs data showed on Saturday, the weakest performance since a 3 percent contraction in March, and well short of the 10 percent forecast in a Reuters poll.

Source: [CNBC](#)

UK PM May expected to delay Brexit vote, demand better deal - Sunday Times

Britain's Prime Minister Theresa May is expected to delay Tuesday's key parliamentary vote on her Brexit deal and head to Brussels next week to demand better terms from the European Union, the Sunday Times newspaper reported. The newspaper cited "ministers and aides" who said they expected her to announce on Sunday that she was delaying the vote. It is widely expected she will lose and ministers are concerned that the scale of defeat would be such it could bring down her government.

Source: [Reuters](#)

COMMODITIES NEWS

Gold records biggest weekly gain since August

Gold prices rose on Friday to its highest level since July, recording its biggest weekly gain since August. A number of economic data a negatively affected the US dollar and the treasury yields, thus increasing demand on the precious metal as a safe haven. Gold futures for February delivery rose \$9, or 0.7%, and settled at \$1,252.60 per ounce. This means that the yellow metal has registered weekly gains of 2.2%, the biggest since a 2.5% rise in the week ended 24 August.

Source: [Mubasher](#)

Oil scores 2nd weekly rise in row

Oil prices rose on Friday, to record its second consecutive weekly gain. Crude prices were supported by the announcement of the Organization of the Petroleum Exporting Countries (OPEC) to cut production by 800,000 barrels a day from October's levels. Data showed on Friday reported a decline in active rigs drilling for oil in the United States by 10 to 877 this week.

Source: [Mubasher](#)

OPEC Agrees on Larger-Than-Expected Cut After Marathon Talks

OPEC finally broke an impasse over production curbs, agreeing on a larger-than-expected cut with allies after two days of fractious negotiations in Vienna. The cartel and its partners agreed to remove 1.2 million barrels a day from the market, with OPEC itself shouldering 800,000 barrels of the burden. Iran emerged as a winner from the contentious talks, saying it's secured an exemption from cuts as it suffers the effects of U.S. sanctions.

Source: [Bloomberg](#)

China's Copper Imports Slump as Economy Slows and Trade Stalls

China's monthly copper imports dropped for the first time this year as demand wanes due to slowing growth in the world's biggest consumer of commodities amid a simmering trade row with the U.S. Oft cited as a market indicator for economic health, the metal has been under pressure since the summer, threatening to unwind a three-year rally. Goldman Sachs Group Inc. warned in a note this week that conversations with copper investors revealed increasing worries over China's economy

Source: **Bloomberg**

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