

# U Capital Morning Brief

5 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	944.54	22.42	2.37%	-3.05%	-	-	-
U Capital GCC 50 Index	1,322.28	5.76	0.44%	15.52%	-	-	-
U Capital MENA 200 Index	1,057.54	7.00	0.66%	6.27%	-	-	-
MSCI GCC Countries Index	545.65	2.61	0.48%	13.73%	14.36	1.78	4.0%
Muscat Securities Market	4,534.63	84.44	1.90%	-11.07%	10.69	0.81	5.7%
Saudi Stock Exchange	7,905.12	-11.67	-0.15%	9.39%	17.07	1.77	3.5%
Kuwait Stock Exchange	5,140.97	25.24	0.49%	NA	15.38	1.25	3.8%
Qatar Exchange	10,602.84	151.51	1.45%	24.40%	15.67	1.58	4.1%
Bahrain Stock Exchange	1,325.93	0.00	0.00%	-0.43%	8.97	0.83	6.2%
Dubai Financial Market	2,675.87	7.21	0.27%	-20.60%	9.02	0.98	6.6%
Abu Dhabi Exchange	4,898.16	128.07	2.68%	11.36%	13.29	1.42	4.9%
Beirut Stock Exchange	971.86	-3.11	-0.32%	-15.39%	4.98	0.59	9.3%
Palestine Stock Exchange	524.75	-0.35	-0.07%	-8.67%	12.79	1.22	4.6%
Tunis Se Index	7,409.58	34.13	0.46%	17.95%	19.25	2.63	1.9%
EGX 30 Index	12,624.74	-309.70	-2.39%	-15.94%	11.73	1.43	2.4%
Amman General Index	1,869.87	2.10	0.11%	-12.08%	13.38	0.93	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
Europe			%	%	Currency		
FTSE 100	UK	7,022.8	-0.56%	-8.7%	Australian Dollar (AUD)	0.728	1.373
DAX	Germany	11,335.3	-1.14%	-12.2%	British Pound (GBP)	1.269	0.788
CAC 40	France	5,012.7	-0.82%	-5.6%	Canadian Dollar (CAD)	0.752	1.329
United States					Chinese Renminbi (CNH)	0.146	6.870
DJIA	USA	25,027.1	-3.10%	1.2%	Egyptian Pound (EGP)	0.056	17.916
S&P 500	USA	2,700.1	-3.24%	1.0%	Euro (EUR)	1.132	0.884
NASDAQ	USA	7,158.4	-3.80%	3.7%	Indian Rupee (INR)	0.014	70.674
Asia Pacific					Japanese Yen (JPY)	0.009	112.990
NIKKEI 225	Japan	21,942.5	-0.42%	-3.6%	New Zealand Dollar (NZD)	0.691	1.447
HANG SENG	Hongkong	26,840.1	-1.54%	-10.3%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	39,491.1	-0.28%	-2.4%	Pakistani Rupee (PKR)	0.723	138.400
NSE Nifty 50	India	10,801.4	-0.63%	2.6%	Russian Ruble (RUB)	0.015	66.837
SHANGHAI Composite	China	2,660.2	-0.21%	-19.6%	Singapore Dollar (SGD)	0.731	1.368
KOSPI Index	South Korea	2,097.8	-0.78%	-15.0%	Turkish Lira (TRY)	0.186	5.385

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
Oil				UAE	2.80
Brent Crude (per bbl)	60.9	-1.88%	-3.3%	Saudi Arabia	2.84
WTI Crude (per bbl)	52.3	-1.73%	-13.4%	Kuwait	2.13
Oman Crude Oil (Last Closing)	61.4	0.23%	-4.0%	Oman	2.78
OPEC (per bbl)	60.6	3.96%	-5.9%	Qatar	2.80
				Bahrain	3.75

Precious Metals	Price	D/D	YTD	GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Gold100 OZ (per oz)	1,234.4	-0.33%	-5.3%	Kuwait	3/20/2027	3.84
Silver (per oz)	14.4	-0.65%	-14.8%	Abu Dhabi	10/11/2027	3.92
Platinum (per oz)	794.3	-1.28%	-14.6%	Qatar	6/2/2026	3.92
Other Metals				Saudi Arabia	3/4/2028	4.35
Copper, MT	6,209	-1.37%	-14.3%	Oman	1/17/2028	6.41
Aluminium, MT	1,974	0.00%	-13.0%	Bahrain	10/12/2028	7.05
Lead, MT	2,007	2.16%	-19.3%			
Zinc, MT	2,589	0.23%	-22.0%			

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.20	2.81	1m	2.38
5 year	100.41	2.79	3m	2.75
10 year	101.81	2.91	6m	2.90
30 year	103.89	3.17	1 year	3.14

Source: Bloomberg

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

---

## OMAN ECONOMIC & CORPORATE NEWS

### 'Oman Oil, Orpic merger to help cut cost, maximise revenue'

The aim of the merger between Oman Oil Company and Oman Refineries and Petroleum Industries Company (Orpic) is to ensure integration among the state-owned companies, reduce the cost and maximise revenues, said Nasser bin Khamis Al Jashmi, Undersecretary of the Ministry of Finance. Al Jashmi said this while attending the 1st Sustainability Conference which was opened at Oman Convention and Exhibition Centre on Tuesday.

Source: [Times of Oman](#)

### GALFAR WINS RO5.4MN DUQM CONTRACT

Galfar Engineering and Contracting Company has been awarded a RO5.37mn subcontract by Saipem SPA for the site preparation works at Ras Markaz - Duqm Refinery project. 'Galfar has received a letter of award on Friday from Saipem SPA, Oman branch on subcontract for site preparation works at Ras Markaz - Duqm Refinery package 3 offsite facilities', the company said in a filing to the Muscat Securities Market on Monday.

Source: [Muscat Daily](#)

### 98% drinking water coverage by 2040

Ninety-eight per cent of the Sultanate's population will receive high quality drinking water by 2040, said the Public Authority for Electricity and Water (DIAM) on Tuesday. Ibrahim al Hasani, Senior Project Manager at DIAM, told the Observer that the 2040 goal will be achieved through well-designed strategic measures, some of which are already in place. Speaking on the sidelines of the community interaction programme held at Ibri under the auspices of Shaikh Saif bin Humair al Shehhi, Governor of Al Dhahirah Governorate, at the Oman Chamber of Commerce and Industry (OCCI),

Source: [Oman Observer](#)

### Raysut Cement eyes ambitious expansion

The Sultanate's largest cement manufacturer, Raysut Cement Company, is reported to be eyeing the acquisition of ARM Cement of Kenya as part of the company's aggressive strategy to expand in East and Central Africa.

Source: [Oman Observer](#)

### Bank Sohar: Invitation to EGM

EGM will be held on December 18 to approve issuance of OMR 100 Additional Tier 1 capital instruments and further agenda as described in the disclosure.

Source: [MSM](#)

---

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast Stocks: Egypt hits 18-month low, FAB lifts Abu Dhabi

Egypt's blue-chip index slumped to an 18-month low on Tuesday, weighed down by Commercial International Bank (COMI) and concern over a proposed law on taxation of Treasury holdings, while Abu Dhabi rose on banking sector gains. The Egyptian index dropped 2.4 percent, with 26 of 30 stocks falling. The country's biggest lender, COMI, fell for a third straight day, losing 2.5 percent.

Source: [Zawya](#)

### MSCI, FTSE inclusion to drive foreign investment in Saudi REITs: Interview

Foreign fund inflows into Saudi real estate investment trusts (REITs) are slated to pick up from its current levels following Saudi Stock Exchange's (Tadawul) inclusion in MSCI and FTSE Russell indices, Raya Majdalani, Research Manager, Knight Frank, told Argaam.

Source: [Argaam](#)

### UAE on track for higher growth in 2019

The UAE's real growth showed 3.1 per cent year-on-year increase in the third quarter of 2018, driven by both oil and non-oil sectors, according to Central Bank of the UAE's report on Tuesday. Real oil GDP increased 2.7 per cent year-on-year basis in third quarter of 2018 while non-oil real GDP remained robust and growth stood at 3.3 per cent year-on-year basis in same quarter this year.

Source: [Zawya](#)

### UAE Central Bank increased capital protection to 2.5%

The Central Bank of the United Arab Emirates has asked local banks across the country to increase their capital protection reserves from 1.875% in 2018 to 2.5% in 2019. The UAE central bank explained the new measurements as per the new selective policies to apply the Basel III Countercyclical Capital Buffer, with the aim of supporting banks' financial positions.

Source: [Mubasher](#)

### Saudi Electricity to tender SAR 100 bln projects in 5-year plan

Saudi Electricity Co. (SEC) is planning to tender projects worth SAR 100 billion over the next five years, the Saudi Press Agency reported on Tuesday, citing operations development analyst Muhannad Al-Malki. The new investments cover the supply, transmission and distribution sectors.

Source: [Argaam](#)

---

**Saudi CMA OKs IPO of Al Rajhi Capital's fund**

Al Rajhi Capital on Tuesday said that the Capital Market Authority (CMA) approved its request to implement an initial public offering (IPO) for its newly-launched Al Rajhi MSCI Saudi Multi Factor Index Fund in the next period. "An investment decision without reading the Terms and Conditions carefully or fully reviewing its content may involve high risk," the CMA's statement indicated.

Source: [Mubasher](#)

**Saudi Arabia's key takeaways from the G20 Summit**

Saudi Crown Prince Mohammed Bin Salman headed the Kingdom's delegation at the G20 Summit in Argentina this year. He met with several world leaders throughout the two-day event, discussing trade relations, oil markets, sustainable development and infrastructure growth.

Source: [Argaam](#)

**Dubai property prices sink 7.4% as jobs growth slows: UAE central bank**

Prices for Dubai's residential real estate sank 7.4 per cent in the third quarter of 2018 from a year earlier, with the drop accelerating from a 5.8 per cent fall in the second quarter, the United Arab Emirates central bank said in a report on Tuesday. Prices have been falling quarter-on-quarter almost continually since the start of 2017 because of a worsening supply/demand balance. The central bank quoted the REIDIN residential sales price index, which showed prices fell 2.5 per cent from the previous quarter in July-September.

Source: [Business Standard](#)

**UAE Banks stable on resilient profitability, solid funding**

Underpinned by a steadily recovering economy, strong capital base, resilient profitability and solid funding, the outlook for the UAE banking system remains stable, according to a global ratings agency. While a recovering economy continues to stimulate credit growth, SMEs will benefit through increased loan availability with higher oil prices continuing to support solid funding and liquidity, Moody's said in its Banking System Outlook report.

Source: [Khaleej Times](#)

**Oil Clouds Bahrain's Outlook Even as Bonds Outperform on Bailout**

Bahrain went from being a bond-market pariah to a darling this year after its Gulf neighbors came to its rescue to ward off any default. But falling oil prices have brought the island kingdom's finances into focus again.

Source: [Bloomberg](#)

**INTERNATIONAL ECONOMIC & CORPORATE NEWS****Stocks drop as falling U.S. yields, trade worries hit mood**

Asian stocks slid on Wednesday, dragged down by Wall Street's tumble as sharp declines in long-term U.S. Treasury yields and resurgent trade concerns stoked investor worries about global economic growth.

Source: [Reuters](#)

**China confident it can clinch U.S. trade pact as Trump demands 'real deal'**

China expressed confidence on Wednesday that it can reach a trade deal with the United States, despite fresh warnings from President Donald Trump that he would revert to more tariffs if the two sides cannot resolve their differences.

Source: [Reuters](#)

**Dow plunges nearly 800 points on rising fears of an economic slowdown**

Stocks fell sharply on Tuesday in the biggest decline since the October rout as investors worried about a bond-market phenomenon signaling a possible economic slowdown. Lingering worries around U.S.-China trade also added to jitters on Wall Street.

Source: [CNBC](#)

**As markets turn, Fed says it is not fazed**

U.S. Federal Reserve officials convinced the massive U.S. bond market has fundamentally changed in the last decade are about to test their commitment to that idea against investors who have begun betting against the U.S. central bank's ability to continue raising interest rates.

Source: [Reuters](#)

**COMMODITIES NEWS****Saudi Minister Says Premature to Say If OPEC+ to Cut Output**

Three days after Russian President Vladimir Putin and Saudi Crown Prince Mohammed bin Salman sent crude prices surging with an agreement to extend cooperation on oil, the kingdom's top energy official made clear that the terms of a deal remain unresolved.

Source: [Bloomberg](#)

**Oil prices skid with global stock markets; U.S. supply swells**

Oil prices slumped by around 2 percent on Wednesday, pulled down by swelling U.S. inventories and a plunge in global stock markets as China's government warned of increasing economic headwinds.

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](mailto:research@u-capital.net)

Website: [www.u-capital.net](http://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.