

U Capital Morning Brief

19 January 2020

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	841.34	0.00	0.00%	-0.26%	8.33	0.80	7.4%
U Capital GCC 50 Index	1,396.71	5.97	0.43%	0.77%	16.56	2.18	4.0%
U Capital MENA 200 Index	1,102.03	3.67	0.33%	1.04%	15.52	1.88	4.6%
MSCI GCC Countries Index	576.22	-0.03	0.00%	1.14%	16.53	1.86	3.8%
Muscat Securities Market	 4,060.55	21.18	0.52%	1.99%	7.08	0.75	7.4%
Saudi Stock Exchange	 8,459.80	27.24	0.32%	0.84%	22.80	1.89	3.2%
Kuwait Stock Exchange	 7,337.04	-0.50	-0.01%	1.13%	15.63	1.48	3.4%
Qatar Exchange	 10,698.31	63.29	0.60%	2.62%	15.53	1.58	4.0%
Bahrain Stock Exchange	 1,639.70	3.49	0.21%	1.83%	13.05	1.01	4.8%
Dubai Financial Market	 2,828.28	10.29	0.37%	2.29%	11.23	1.01	4.1%
Abu Dhabi Exchange	 5,179.12	5.07	0.10%	2.04%	15.85	1.45	4.8%
Beirut Stock Exchange	 726.40	-2.00	-0.28%	-7.53%	3.84	0.43	12.7%
Palestine Stock Exchange	 526.63	0.72	0.14%	0.13%	12.42	1.20	4.5%
Tunis Se Index	 6,903.63	-13.96	-0.20%	-3.07%	19.62	2.43	2.1%
EGX 30 Index	 13,824.16	54.52	0.40%	-0.98%	11.74	1.83	2.5%
Amman General Index	 1,865.59	12.48	0.67%	2.78%	11.73	0.91	5.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,674.6	0.85%	1.8%
DAX	Germany	13,526.1	0.72%	2.1%
CAC 40	France	6,100.7	1.02%	2.1%
United States				
DJIA	USA	29,348.1	0.17%	2.8%
S&P 500	USA	3,329.6	0.39%	3.1%
NASDAQ	USA	9,388.9	0.34%	4.6%
Asia Pacific				
NIKKEI 225	Japan	24,041.3	0.45%	1.6%
HANG SENG	Hongkong	29,056.4	0.60%	3.1%
KSE 100 Index	Pakistan	43,167.8	0.24%	6.0%
NSE Nifty 50	India	12,352.4	-0.03%	1.5%
SHANGHAI COMPOSITE	China	3,075.5	0.05%	0.8%
SHANGHAI SHENZHEN CSI 300	China	4,154.9	0.14%	1.4%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Currency		
Australian Dollar (AUD)	0.688	1.455
British Pound (GBP)	1.302	0.769
Canadian Dollar (CAD)	0.765	1.307
Chinese Renminbi (CNH)	0.146	6.867
Egyptian Pound (EGP)	0.063	15.850
Euro (EUR)	1.109	0.902
Indian Rupee (INR)	0.014	61.570
Japanese Yen (JPY)	0.009	110.140
New Zealand Dollar (NZD)	0.662	1.513
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.647	154.605
Russian Ruble (RUB)	0.016	71.083
Singapore Dollar (SGD)	0.742	1.347
Turkish Lira (TRY)	0.170	5.886

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	64.9	0.36%	-1.7%
WTI Crude (per bbl)	58.5	0.03%	-4.1%
Oman Crude Oil (Last Closing)	65.3	-0.20%	-3.1%
OPEC (per bbl)	65.6	0.46%	-3.4%
Precious Metals			
Gold100 OZ (per oz)	1,557.2	0.30%	2.6%
Silver (per oz)	18.0	0.55%	1.1%
Platinum (per oz)	1,022.7	1.77%	5.8%
Other Metals			
Copper, MT	6,273	-0.07%	1.6%
Aluminium, MT	1,805	-0.39%	-0.3%
Lead, MT	1,976	-1.30%	2.5%
Zinc, MT	2,430	0.31%	6.9%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.06	-6.6%
Saudi Arabia	2.22	-0.4%
Kuwait	2.75	0.0%
Oman	2.80	-0.4%
Qatar	2.30	2.2%
Bahrain	2.67	0.0%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
Kuwait	20/03/2027	2.3
Abu Dhabi	11/10/2027	2.4
Qatar	02/06/2026	2.4
Saudi Arabia	04/03/2028	2.8
Oman	17/01/2028	5.0
Bahrain	12/10/2028	4.5

Midswaps	Price	YTM %
3 year	99.80	1.6
5 year	100.62	1.6
10 year	99.36	1.8
30 year	102.03	2.3

USD Libor	Rate (%)	YTD
1m	1.65	-6.1%
3m	1.82	-4.7%
6m	1.84	-3.5%
1 year	1.92	-3.7%

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: Trading activity on MSM buoyant

The MSM 30 Index rose last week on improved trading activity as most of the corporate financial results for FY19 poured in. Furthermore, the de-escalation in regional geopolitical tensions also helped in supporting the market. Omanis and GCC investors were net buyers of \$3.1m worth of securities in the two trading days for the week, absorbing selling pressure from foreign and Arab investors.

Source: [Oman Observer](#)

KPMG seminar proposes measures to drive fiscal sustainability, growth

Continued government spending in specified areas along with the active role of the private sector is expected to help achieve fiscal stability and drive economic growth in the Sultanate, KPMG Lower Gulf representatives said at a seminar held in Muscat. Following the publication of Oman's Budget for 2020, KPMG Lower Gulf provided analysis and discussed its implications for corporates with several Oman's business leaders.

Source: [Times of Oman](#)

Alizz Islamic Bank board approves swap for proposed merger with OAB

Alizz Islamic Bank has approved the swap ratio proposed by Oman Arab Bank (OAB) in a potential merger between the two banks. The swap ratio of around 81 per cent / 19 per cent for the shareholders of OAB and Alizz was green-lighted by the latter's Board of Directors and recommended to the shareholders for their approvals, said Alizz in a filing to the Capital Market Authority (CMA) on Thursday.

Source: [Oman Observer](#)

Oman insurer hit by ransomware attack

Oman United Insurance Co SAOG, one of the largest insurers in the Sultanate, revealed on Thursday that it has successfully emerged from a New Year's Day ransomware attack. The listed company said in a filing to the Capital Market Authority that alleged cyber criminals mounted the attack on the company's data centre on the evening of January 1, 2020. "The main server was hit and some data was also infected and encrypted. The company lost some data relating to the period from December 10, 2019 to January 1, 2020. The online operation was suspended only for one day (Thursday, January 2, 2020). However, the server is operating and we recovered the lost data," said a company spokesperson.

Source: [Oman Observer](#)

Rezayat Logistics Group invests in Port of Duqm

Rezayat Logistics Group is a Saudi based, closely held family-owned business group serving the international investment, and IT & telecommunications. Rezayat leases 4 ha land at a very prime location within the Port of Duqm's logistics land. With the arrival of the first shipment of modern and premium brand mobile cranes, the group announced the opening of Rezayat Logistics Oman, Duqm branch.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

GCC support to drive global sukuk issuances to \$170 bln in 2020: S&P

GCC countries and core Islamic finance markets are expected to drive growth in global sukuk issuances this year, rating agency S&P said in a report. Total sukuk issuance is set to witness a 5% increase year-on-year to \$160 billion and \$170 billion in 2020, from \$162 billion in 2019, it added. The 2019 issuances were supported by Saudi Arabia's higher issuances of local currency-denominated government sukuk under its unlimited program. The Debt Management Office (DMO) also completed the first 15-year public sukuk issuance, setting a new benchmark for potential government and private sector issuers.

Source: [Argaam](#)

Al Benyan expects decision on SABIC-Aramco's COTC complex in Q2 2020

Saudi Basic Industries Corp. (SABIC) and its partner Saudi Arabian Oil Co. (Saudi Aramco) expect to announce whether they will proceed with their joint crude oil to chemicals (COTC) project in the second quarter of 2020, SABIC's CEO Yousef Al-Benyan said. The partners are currently studying the project, evaluating market risks, technical capabilities and costs, he added. SABIC is looking for acquisitions but hasn't reached a deal yet, Al Benyan said, adding that the company does not have immediate plans to raise funds.

Source: [Argaam](#)

Saudi ministry aims to raise private education's market share to 25%, says official

The Saudi Ministry of Education targets to raise the market share of private education from 17.6% to 25% of the sector, Hanan Al-Omar, Undersecretary of the Ministry of Education for Private Education said in an interview with CNBC Arabia. The size of investment in the public education sector is considerable compared to previous years, amid increased number of schools with good educational output and educational buildings of internationally-recognized standards, she added.

Source: [Argaam](#)

Real estate stabilisation, broad money growth to support GCC recovery

GCC economies will see a modest recovery in 2020 and 2021, thanks to stabilisation in the real estate sector, as well as broad money growth, according to the UN's latest report. "The GCC economies are expected to experience a modest recovery during 2020 and 2021 as the real estate sector stabilises. In Saudi Arabia and the UAE, in particular, broad money growth is projected to recover in line with a moderately accelerating expansion of domestic demand. Ongoing reform efforts by the government to facilitate economic diversification should also contribute to the recovery," according to the UN Conference on Trade and Development (UNCTAD).

Source: [Mena FN](#)

With the Expo, Dubai takes a big leap forward

Sheikh Rashid Tower and the Dubai World Trade Center have helped the emirate find a firm footing in the world of trade and commerce. These structures have emerged as major centres of commercial activity in the Middle East. A Greek philosopher had said, it doesn't matter how long it takes to complete a project, but what matters more is how well you do it. For in the end, one is judged on the mastery and quality of the work and not assessed on the time taken.

Source: [Khaleej Times](#)

S&P affirms Kuwait's credit rating at 'AA'; Outlook stable

Standard and Poor's (S&P) has affirmed Kuwait's credit rating at (AA) with a stable outlook, the Kuwait News Agency reported on Saturday. The rating agency said that the Kuwaiti economy is still dependent on oil returns, which accounts for 90% of exports. Therefore, the extension of OPEC+ output cut agreement will weigh on the GCC country's economic growth.

Source: [Zawya](#)

NBB acquires 78.8% stake in Bahrain Islamic Bank

The National Bank of Bahrain (NBB) on Saturday announced that its offer to acquire up to 100% of the paid-up ordinary shares of the Bahrain Islamic Bank (BisB) resulted in the control of a 78.8% stake in the Islamic bank, according to the Bahrain News Agency. The offer was initially opened on 18 December 2019 by the NBB as part of its efforts to develop further its Islamic Banking activities and to offer to its client base a full range of banking services both conventional and Islamic. "Increasing our shareholding in BisB will allow us to become more effective in certain markets, especially where Sharia-compliant businesses play a vital role in," NBB's chairman Farouk Al Moayyed commented.

Source: [Decypha](#)

DEWA to operate MBR Solar Park 3rd phase in April 2020

The third phase of the Mohammed bin Rashid Al Maktoum Solar Park (MBR Solar Park) in Dubai is set to be operational in April 2020, the Dubai Electricity and Water Authority (DEWA) said on Saturday, according to the Emirates News Agency. DEWA is building the 800-megawatt photovoltaic third phase of the solar park in three stages, in partnership with a consortium led by Abu Dhabi Future Energy Company (Masdar) and EDF Énergies Nouvelles, a subsidiary of France's EDF Group.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China's state planner says approved projects in 2019 worth \$195 billion

China's state planner said on Sunday that it had approved 157 fixed-asset investment projects in 2019, worth a total 1.33 trillion yuan (\$195 billion). National Development and Reform Commission spokeswoman Meng Wei told a news conference that China's economy has the foundations to continue to operate stably in 2020.

Source: [Reuters](#)

U.S. housing starts at 13-year high, factory output gains

U.S. homebuilding surged to a 13-year high in December as activity increased across the board, suggesting the housing market recovery was back on track amid low mortgage rates, and could help support the longest economic expansion on record.

Source: [Reuters](#)

The yield curve's still weird. Fed's Bullard is okay with that

It was more than a year ago when St. Louis Federal Reserve bank President James Bullard started raising the alarm about a U.S. bond market where interest rates seemed to show investors losing faith in the economy, a risky environment for the Fed to carry out planned rate increases.

Source: [One News](#)

In the stock market, it's become Apple, Microsoft and Alphabet vs everyone else

Does a relative shortage of stocks combined with somewhat mechanical sources of buying explain the Dow rising to 29,000? What's truly scarce are big, reliable cash flows that investors believe will endure economic wobbles and constant technological disruption. This has created a vastly bifurcated market, and an unusually wide spread between the valuation of the most expensive stocks and the cheapest ones.

Source: [CNBC](#)

COMMODITIES NEWS

OPEC secretary general says oil demand has 'upside potential'

OPEC Secretary General Mohammed Barkindo said Friday to CNBC that worldwide oil demand could surprise to the upside over the course of 2020. "By and large what we see from our side is an upside potential of growth from the demand side of the equation, which will effect the total balance for the rest of the year," he said.

Source: [CNBC](#)