













U Capital Morning Brief

2 February 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	863.95	-0.76	-0.09%	2.42%	8.22	0.81	7.2%
U Capital GCC 50 Index	1,349.21	8.05	0.60%	-2.66%	16.37	2.07	4.2%
U Capital MENA 200 Index	1,077.01	1.83	0.17%	-1.26%	18.67	1.91	4.5%
MSCI GCC Countries Index	560.22	0.01	0.00%	-1.66%	16.13	1.79	3.9%
Muscat Securities Market	 4,079.29	-0.10	0.00%	2.46%	7.28	0.74	7.3%
Saudi Stock Exchange	 8,246.59	61.08	0.75%	-1.70%	22.05	1.84	3.3%
Kuwait Stock Exchange	 7,308.70	-22.77	-0.31%	0.74%	15.78	1.47	3.4%
Qatar Exchange	 10,442.01	1.28	0.01%	0.16%	15.05	1.53	4.1%
Bahrain Stock Exchange	 1,657.63	-1.45	-0.09%	2.95%	13.16	1.02	4.7%
Dubai Financial Market	 2,790.42	-15.11	-0.54%	0.92%	13.40	0.99	4.2%
Abu Dhabi Exchange	 5,156.19	-8.87	-0.17%	1.58%	15.98	1.42	4.8%
Beirut Stock Exchange	 704.29	7.66	1.10%	-10.35%	3.72	0.42	13.1%
Palestine Stock Exchange	 522.29	-0.94	-0.18%	-0.70%	12.34	1.19	4.5%
Tunis Se Index	 7,080.15	25.77	0.37%	-0.59%	20.17	2.42	2.1%
EGX 30 Index	 13,918.84	156.00	1.13%	-0.31%	11.81	1.84	2.5%
Amman General Index	 1,867.90	-0.10	-0.01%	2.90%	11.63	0.90	7.2%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,286.0	-1.30%	-3.4%
DAX	Germany	12,982.0	-1.33%	-2.0%
CAC 40	France	5,806.3	-1.11%	-2.9%
United States				
DJIA	USA	28,256.0	-2.09%	-1.0%
S&P 500	USA	3,225.5	-1.77%	-0.2%
NASDAQ	USA	9,150.9	-1.59%	2.0%
Asia Pacific				
NIKKEI 225	Japan	23,205.2	0.99%	-1.9%
HANG SENG	Hongkong	26,312.6	-0.52%	-6.7%
KSE 100 Index	Pakistan	41,630.9	-0.65%	2.2%
NSE Nifty 50	India	11,661.9	-2.51%	-4.2%
SHANGHAI COMPOSITE	China	2,976.5	-2.75%	-2.4%
SHANGHAI SHENZHEN CSI 300	China	4,003.9	-3.10%	-2.3%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.669	1.495
British Pound (GBP)	1.321	0.757
Canadian Dollar (CAD)	0.755	1.324
Chinese Renminbi (CNH)	0.143	6.998
Egyptian Pound (EGP)	0.063	15.804
Euro (EUR)	1.109	0.902
Indian Rupee (INR)	0.014	63.924
Japanese Yen (JPY)	0.009	108.350
New Zealand Dollar (NZD)	0.646	1.546
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.647	154.645
Russian Ruble (RUB)	0.016	71.353
Singapore Dollar (SGD)	0.733	1.365
Turkish Lira (TRY)	0.167	5.983

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	56.6	-1.24%	-13.3%
WTI Crude (per bbl)	51.6	-1.11%	-15.6%
Oman Crude Oil (Last Closing)	56.6	-1.75%	-16.1%
OPEC (per bbl)	58.8	-3.67%	-13.5%
Precious Metals			
Gold100 OZ (per oz)	1,589.2	0.94%	4.7%
Silver (per oz)	18.0	1.14%	1.1%
Platinum (per oz)	961.0	-1.88%	-0.6%
Other Metals			
Copper, MT	5,567	-0.37%	-9.8%
Aluminium, MT	1,722	-0.52%	-4.9%
Lead, MT	1,879	2.96%	-2.5%
Zinc, MT	2,200	0.55%	-3.2%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.07	-6.2%
Saudi Arabia	2.18	-2.4%
Kuwait	2.75	0.0%
Oman	2.78	-1.1%
Qatar	2.30	2.3%
Bahrain	2.67	0.0%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	20/03/2027	2.2
Abu Dhabi	11/10/2027	2.2
Qatar	02/06/2026	2.3
Saudi Arabia	04/03/2028	2.6
Oman	17/01/2028	5.1
Bahrain	12/10/2028	4.4

Midswaps	Price	YTM %
3 year	100.59	1.3
5 year	100.30	1.3
10 year	102.20	1.5
30 year	108.39	2.0

USD Libor	Rate (%)	YTD
1m	1.66	-5.7%
3m	1.75	-8.2%
6m	1.75	-8.7%
1 year	1.81	-9.5%

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: Dividend announcements push the market higher

Despite negative developments on the regional and global fronts, the MSM Index closed the week up on dividend announcements, mostly from financial sector companies. Trading activity in terms of total value traded declined marginally as compared to the previous week. Local and GCC investors were net buyers of \$7.6m worth of securities during the week. The MSM30 Index closed the week up by 0.24 per cent w-o-w. The sub-indices posted mixed performance; the Financial Index rose the most by 0.66 per cent w-o-w, distantly followed by the Services Index at 0.15 per cent w-o-w. The Industrial Index closed down by 0.28 per cent w-o-w. The MSM Shariah Index closed up by 0.68 per cent w-o-w.

Source: [Oman Observer](#)

Foreign Capital Investment Law creates new opportunities in Oman

A number of consultants and investors have said that the Foreign Capital Investment Law will create new investment avenues in the Sultanate of Oman. It will also drive the growth of direct and indirect job opportunities for Omanis, curb hidden trade and support the regulation of the labour market. Dr Ahmad bin Abdul Karim al Hooti, a member of the Board of Directors of the Oman Chamber of Commerce and Industry, said: "The Foreign Capital Investment Law is an important and necessary requirement to attract more investments in the Sultanate.

Source: [Oman Observer](#)

SEZAD attracts over \$14bn investments by end of 2019

The Special Economic Zone Authority at Duqm (SEZAD) has been able to attract total investments worth over US\$14bn till the end of 2019 in the Special Economic Zone in Duqm (SEZD). In the January 2020 issue of SEZAD's quarterly magazine, H E Yahya bin Said al Jabri, chairman of SEZAD, said, "We are very thrilled with the increased number of investments in SEZD despite the challenges of the global business environment."

Source: [Muscat Daily](#)

Shura march with thrust on growth

The Shura march, established by the His Majesty Sultan Qaboos, has evolved after decades of development. It began in the second decade of the renaissance march through the foundation of the State's Consultative Council in 1981, followed a decade later by the Majlis Ash'shura in 1991. The Shura march witnessed phases of successive developments before reaching its prime in the form of a bicameral institution known as the Council of Oman which comprises the State Council (of appointed members) and Majlis Ash'shura (of elected members), with each council enjoying a legal character and financial and administrative independence.

Source: [Oman Observer](#)

Fixed phone numbers up by 5.7% in December

Total fixed telephone lines rose by 5.7 per cent to 592,196 by the end of December 2019, from 560,326 subscribers until the end of December 2018, according to the latest data released by National Centre for Statistics and Information (NCSI). Analogue fixed telephone declined by 0.8 per cent to 321,501 during the period under review. According to the NCSI report, the number of subscriptions (IP) lines surged by 18.4 per cent to 213,320 subscribers until the end of December 2019.

Source: [Times of Oman](#)

Total deposits in Oman reach OMR23.2 billion

The total outstanding credit extended by other depository corporations stood at OMR25.8 billion at the end of November 2019, a rise of 3.0 per cent over the level witnessed a year ago, according to the report issued by the Central Bank of Oman (CBO). Credit to the private sector increased by 2.6 per cent to OMR22.8 billion at the end of November 2019. Of the total credit to the private sector, the non-financial corporate sector stood at 46.1 per cent followed by the household sector (mainly under personal loans) at 45.2 per cent, financial corporations at 5.4 per cent and other sectors the remaining 3.4 per cent.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi gov't maintains structural reforms to enable private sector, entrepreneurs: Al Jadaan

The Saudi government will maintain structural reforms to improve the ease of doing business, and enable the private sector and entrepreneurs, Finance Minister Mohammed Al-Jadaan, said in a speech during Biban Riyadh Forum 2020. "The Saudi government bets on young entrepreneurs to lead the Kingdom's economic growth going forward," Al Jadaan added.

Source: [Argaam](#)

E-commerce law regulations aim to protect consumer interest, says minister

Saudi Arabia's decision to issue the e-commerce law's executive regulations aims to protect the interest of consumers, Minister of Commerce and Investment Majid Al-Qasabi said on his Twitter account. The regulations aim to boost transparency, protect data, handle returns and cancelations, and ease the registration of online stores in the commercial register. The e-commerce executive regulations were issued yesterday, including 20 articles.

Source: [Argaam](#)

SAMA: Historic performance of mortgage loans in 2019

The monthly bulletin of The Saudi Arabian Monetary Authority (SAMA) announced that mortgage loans in 2019 increased 255% by 179,217 contracts offered to individuals by banks and financing institutions. Housing loans jumped 3.6 times worth a total of SR79 billion with 168% compared to 2018, which recorded 50,496 contracts with a value of about SR29.5 billion.

Source: [Saudi Gazette](#)

Kuwait unveils plan to construct over 160kms Metropolitan Rapid Transit System

The Public Authority for Roads and Transport (PART) of Kuwait recently unveiled the plan for constructing over 160 kms Metropolitan Rapid Transit System in over five phases. The plan includes the development of Metro Rail projects in Kuwait city. According to the plan, the Kuwait metro project is targeted to be built in order to provide a mass rapid transport system within metropolitan regions, which is due to start from the business center in downtown Kuwait City and head to different directions thereof.

Source: [Zawya](#)

SAMA launches licences for non-bank financial institutions

The Saudi Arabian Monetary Authority (SAMA) has launched licences for non-bank financial institutions (financial technology institutions) for the first time in the Kingdom, licencing an electronic wallet company and a payment services company. In a statement, SAMA said that the licencing of financial technology companies is aimed at opening financial services to non-banking actors and support the development of the national economy.

Source: [CPI Financial](#)

Vodafone stake sale needs Egyptian regulatory approval

Egypt's telecoms regulator will have to approve a sale by Vodafone of its 55% stake in its local operations to Saudi Telecom Co (STC), it said on Thursday. Both firms on Wednesday announced a non-binding deal proposal, valuing Vodafone Egypt at \$4.4 billion. Once finalised, the regulator would have to approve it, the body said in a statement.

Source: [Reuters](#)

Saudi international reserves record three-year high in 2019

Saudi Arabia's foreign reserves grew by 0.59% year-on-year in 2019, recording its highest level in three years. Saudi international reserves rose to \$499.54 billion in 2019, compared to \$496.59 billion in the year-ago period. It is worth noting that Saudi Arabia's general reserve declined by 4% year-on-year to SAR 469.6 billion in 2019.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

UK open to looser 'Australia-style' trade deal with EU: source

British Prime Minister Boris Johnson would consider a looser trade agreement with the European Union, similar to the bloc's ties with Australia, rather than follow EU rules to reach a closer deal, a government source said on Saturday. "There are only two likely outcomes in negotiation - a free trade deal like Canada or a looser arrangement like Australia - and we are happy to pursue both," the source said. Johnson is due to give a major speech on trade on Monday, following Britain's departure from the EU on Friday after nearly 50 years of membership.

Source: [Reuters](#)

INDUSTRY VIEWS-India budget focuses on tax cuts, farm spending to revive growth

Indian Finance Minister Nirmala Sitharaman on Saturday unveiled the budget for fiscal 2020/21, vowing to boost income of Indians and their purchasing power, in a bid to revive domestic economic growth. India estimates economic growth this fiscal year, which ends on March 31, will slip to 5% - its weakest pace since the global financial crisis of 2008-09.

Source: [Reuters](#)

Earnings volatility set to kick in as coronavirus worries mount

Concerns over the outbreak of coronavirus from China have largely overshadowed corporate results, but the back half of the earnings season could hold greater sway over the performance of individual stocks. Earnings-related stock moves have been smaller this season in comparison with the average over the past 12 quarters, according to data from options research company ORATS.

Source: [NASDAQ](#)

Markets are putting pressure on the Federal Reserve for at least one rate cut

With stocks tumbling and the coronavirus spreading, traders are pricing in a better than 50% of two rate cuts this year. Fed officials have indicated they are on hold, though Chairman Jerome Powell said he is “carefully monitoring” the virus outbreak. “The Fed won’t divorce itself from the human aspect of this. But it will be about growth and whether or not this affects growth,” said Quincy Krosby, chief market strategist at Prudential Financial.

Source: [CNBC](#)

Sterling extends gains after BoE keeps rates on hold

The British pound extended its rally on Friday for a second consecutive day following the Bank of England’s decision to keep interest rates steady on signs of a post-election pick-up in growth. But analysts said the rally may be short lived. The United Kingdom exits the European Union at 2300 GMT on Friday and faces negotiations on reaching a new trade and future relationship deal with the bloc by the end of 2020 -- something the EU has said will not be easy.

Source: [CNBC](#)

COMMODITIES NEWS

Oil Prices See Biggest January Loss In 30 Years

Crude oil prices slid a painful 15% in January—the biggest January slide since 1991—as the coronavirus claims the death of 213 souls and counting. After a couple weeks of continued slippage, the price of the Brent and WTI benchmarks were trading down 0.98% and 0.73% on the day, respectively, at 9:51 am as the World Health Organization declared a global health emergency.

Source: [Oil Price](#)

Gold eases back from highest level since 2013, but posts a second monthly climb

Gold settled lower Friday, pulling back from the more-than-six-year high it settled at a day earlier, but prices scored a second straight monthly climb. The precious metal ended at its highest weekly price settlement since March 2013—entirely erasing “that spring’s ugly crash,” and gold was “pretty much the only thing to catch a bid as January ends,” said Adrian Ash, director of research at BullionVault.

Source: [Market Watch](#)