













# U Capital Morning Brief

23 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  | 891.59  | 0.00   | 0.00%  | 5.69%   | 8.27              | 0.85          | 6.7%      |
| U Capital GCC 50 Index   | 1,296.67  | 5.64   | 0.44%  | -6.45%  | 16.12             | 1.94          | 4.3%      |
| U Capital MENA 200 Index | 1,044.59  | 4.17   | 0.40%  | -4.23%  | 16.68             | 1.88          | 4.2%      |
| MSCI GCC Countries Index | 542.03  | -0.01  | 0.00%  | -4.86%  | 15.92             | 1.71          | 4.0%      |
| Muscat Securities Market |  4,191.63  | 16.86  | 0.40%  | 5.29%   | 8.36              | 0.77          | 7.1%      |
| Saudi Stock Exchange     |  8,007.39  | 39.79  | 0.50%  | -4.55%  | 21.99             | 1.76          | 3.4%      |
| Kuwait Stock Exchange    |  7,150.80  | 83.60  | 1.18%  | -1.43%  | 15.71             | 1.42          | 3.5%      |
| Qatar Exchange           |  9,934.10  | 55.76  | 0.56%  | -4.71%  | 14.58             | 1.43          | 4.3%      |
| Bahrain Stock Exchange   |  1,668.58  | 4.40   | 0.26%  | 3.63%   | 12.38             | 1.00          | 4.3%      |
| Dubai Financial Market   |  2,737.51  | 9.46   | 0.35%  | -0.99%  | 9.90              | 0.97          | 4.3%      |
| Abu Dhabi Exchange       |  5,033.15  | -40.68 | -0.80% | -0.84%  | 14.83             | 1.38          | 5.0%      |
| Beirut Stock Exchange    |  614.91    | -5.77  | -0.93% | -21.72% | 3.24              | 0.37          | 15.0%     |
| Palestine Stock Exchange |  537.37    | 0.43   | 0.08%  | 2.17%   | 12.68             | 1.23          | 4.4%      |
| Tunis Se Index           |  7,168.03  | -0.40  | -0.01% | 0.65%   | 20.41             | 2.45          | 2.1%      |
| EGX 30 Index             |  13,720.65 | 25.66  | 0.19%  | -1.73%  | 11.39             | 1.79          | 2.2%      |
| Amman General Index      |  1,850.27  | -3.07  | -0.17% | 1.93%   | 11.69             | 0.89          | 7.3%      |

| World Markets             | Country  | Value    | D/D    | YTD   |
|---------------------------|----------|----------|--------|-------|
|                           |          |          | %      | %     |
| <b>Europe</b>             |          |          |        |       |
| FTSE 100                  | UK       | 7,403.9  | -0.44% | -1.8% |
| DAX                       | Germany  | 13,579.3 | -0.62% | 2.5%  |
| CAC 40                    | France   | 6,029.7  | -0.54% | 0.9%  |
| <b>United States</b>      |          |          |        |       |
| DJIA                      | USA      | 28,992.4 | -0.78% | 1.6%  |
| S&P 500                   | USA      | 3,337.8  | -1.05% | 3.3%  |
| NASDAQ                    | USA      | 9,576.6  | -1.79% | 6.7%  |
| <b>Asia Pacific</b>       |          |          |        |       |
| NIKKEI 225                | Japan    | 23,386.7 | -0.39% | -1.1% |
| HANG SENG                 | Hongkong | 27,308.8 | -1.09% | -3.1% |
| KSE 100 Index             | Pakistan | 40,249.2 | -0.57% | -1.2% |
| NSE Nifty 50              | India    | 12,080.9 | -0.37% | -0.7% |
| SHANGHAI COMPOSITE        | China    | 3,039.7  | 0.31%  | -0.3% |
| SHANGHAI SHENZHEN CSI 300 | China    | 4,149.5  | 0.12%  | 1.3%  |

| Currency Cross Rates     | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD)  | 0.663      | 1.509       |
| British Pound (GBP)      | 1.296      | 0.772       |
| Canadian Dollar (CAD)    | 0.756      | 1.323       |
| Chinese Renminbi (CNH)   | 0.142      | 7.037       |
| Egyptian Pound (EGP)     | 0.064      | 15.571      |
| Euro (EUR)               | 1.085      | 0.922       |
| Indian Rupee (INR)       | 0.014      | 64.058      |
| Japanese Yen (JPY)       | 0.009      | 111.610     |
| New Zealand Dollar (NZD) | 0.635      | 1.575       |
| Omani Rial (OMR)         | 2.597      | 0.385       |
| Pakistani Rupee (PKR)    | 0.649      | 154.213     |
| Russian Ruble (RUB)      | 0.016      | 71.643      |
| Singapore Dollar (SGD)   | 0.716      | 1.398       |
| Turkish Lira (TRY)       | 0.164      | 6.095       |

| Commodity Prices              | Price   | D/D    | YTD    |
|-------------------------------|---------|--------|--------|
|                               | USD     | %      | %      |
| <b>Oil</b>                    |         |        |        |
| Brent Crude (per bbl)         | 58.5    | -1.37% | -10.4% |
| WTI Crude (per bbl)           | 53.4    | -0.93% | -12.6% |
| Oman Crude Oil (Last Closing) | 57.4    | -1.12% | -14.9% |
| OPEC (per bbl)                | 58.9    | 1.01%  | -13.3% |
| <b>Precious Metals</b>        |         |        |        |
| Gold100 OZ (per oz)           | 1,643.4 | 1.47%  | 8.3%   |
| Silver (per oz)               | 18.5    | 0.67%  | 3.6%   |
| Platinum (per oz)             | 975.4   | -0.48% | 0.9%   |
| <b>Other Metals</b>           |         |        |        |
| Copper, MT                    | 5,765   | 0.65%  | -6.6%  |
| Aluminium, MT                 | 1,714   | 0.15%  | -5.3%  |
| Lead, MT                      | 1,831   | -1.95% | -5.0%  |
| Zinc, MT                      | 2,115   | 0.14%  | -6.9%  |

| GCC 3m Interbank Rates | Current Rate % | YTD %  |
|------------------------|----------------|--------|
| UAE                    | 1.88           | -15.0% |
| Saudi Arabia           | 2.14           | -4.3%  |
| Kuwait                 | 2.50           | -9.1%  |
| Oman                   | 2.73           | -3.2%  |
| Qatar                  | 2.27           | 1.1%   |
| Bahrain                | 2.57           | -3.8%  |

| GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|---|---------------|--------|
| Kuwait                                  | 20/03/2027    | 2.0    |
| Abu Dhabi                               | 11/10/2027    | 2.0    |
| Qatar                                   | 02/06/2026    | 2.1    |
| Saudi Arabia                            | 04/03/2028    | 2.5    |
| Oman                                    | 17/01/2028    | 4.7    |
| Bahrain                                 | 12/10/2028    | 4.3    |

| Midswaps | Price  | YTM % |
|----------|--------|-------|
| 3 year   | 100.16 | 1.3   |
| 5 year   | 100.25 | 1.3   |
| 10 year  | 100.27 | 1.5   |
| 30 year  | 101.94 | 1.9   |

| USD Libor | Rate (%) | YTD    |
|-----------|----------|--------|
| 1m        | 1.63     | -7.7%  |
| 3m        | 1.68     | -12.0% |
| 6m        | 1.67     | -12.4% |
| 1 year    | 1.73     | -13.4% |

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 season increases investor interest

The MSM30 Index closed the week up by 1.53 per cent. Sector wise, the Financial Index closed up by 1.43 per cent w-o-w, followed by the Services Index up by 0.54 per cent w-o-w. The Industrial Index was higher by 0.47 per cent w-o-w. The MSM Shariah Index however closed down by 0.34 per cent w-o-w. Foreigners continued to remain net sellers in the market with net foreign outflow of RO 1.18m (\$3.06m) last week. YTD foreign outflows amount to \$25bn. Port of Salalah said last week that it has reached a settlement with its insurer for a sum of \$67.75m as damages arising out of the destruction and disruption caused by Cyclone Mekunu when it struck the southern part of the Sultanate during May 2018.

Source: [Oman Observer](#)

### Real estate deals in Oman rise

The total value of property transactions in Oman until the end of December 2019 increased by 4.9 per cent to reach OMR2.77 billion from OMR2.64 billion for the same period of 2018, as indicated by the preliminary statistics issued by National Centre for Statistics and Information (NCSI). The number of title-deeds issued until the end of December 2019 stood at 211,191 which is a decline of 5.5 per cent from the end of December 2018, when 223,492 title-deeds were issued. Of the total traded value until the end of December 2019, OMR911.2 million worth transactions were sale contracts while OMR1.83 billion transactions were mortgage deals.

Source: [Times of Oman](#)

### Islamic banking entities provide financing of OMR4bn

Islamic banking entities provided financing to the extent of about OMR4 billion at the end of December 2019, recording a growth of 11 per cent over that a year ago, according to the bulletin issued by the Central Bank of Oman (CBO). Total deposits held with Islamic banks and windows also increased by 10.3 per cent to OMR3.6 billion. The total assets of Islamic banks and windows stood at OMR4.9 billion on end-December 2019 and constituted about 13.9 per cent of the banking system assets.

Source: [Times of Oman](#)

### CMA to host Middle East Health Insurance Conference

The Capital Market Authority (CMA), in collaboration with the Middle East Insurance Review, will host the 13th Middle East Health Insurance Conference, in Muscat on March 3 and 4, 2020. The conference, which will be held for the third time in the Sultanate, will be held under the theme 'Digital Transformation in Health Insurance and Investment Opportunities'. The conference will be attended by many participants from different countries to present their experiences in this field. The conference aims to present the Sultanate's experience in health insurance and the efforts exerted to improve the quality standards of health services, in addition to benefiting from global experiences and modern technologies of health insurance, as well as the future vision of the industry.

Source: [Times of Oman](#)

### 400 firms to take part in OPES

Oman's biggest oil and gas event Oman Petroleum & Energy Show (OPES), will take place at the Oman Convention & Exhibition Centre from March 9 to 11. It is considered one of the important oil and gas events in the entire Middle East. As per the organisers, Oman Petroleum & Energy Show, now an inclusive event, integrates the well-established 12th edition of Oil & Gas West Asia (OGWA), the high-profile Society of Petroleum Engineers (SPE) Conference, and the recently launched Gas & LNG Show, Offshore & Marine Show, Stainless Steel World Middle East Exhibition, and Digital Oil & Gas Zone.

Source: [Muscat Daily](#)

### Oman banks urged to do more to address woes of private firms

The Oman Chamber of Commerce and Industry (OCCI) exhorted banks and financial institutions in the Sultanate to show greater flexibility and consideration to the plight of private businesses, as well as small and medium enterprises (SMEs), weighed down by outstanding loans, liquidity challenges and steep funding costs.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi tourism and hotel sectors poised for growth: Knight Frank

The development of mega tourism projects in Saudi Arabia and the recent easing of tourist visa regulations are expected to drive up tourist arrivals to the Kingdom, thus providing support to its hospitality market, London-headquartered property consultancy Knight Frank noted in a recent report. The Public Investment Fund (PIF) launched several major tourism and hospitality projects including NEOM, The Red Sea Project, Amaala, Al Ula, Wadi Al Disah Development and Qiddiya, the report

said, adding that continued progress of such mega developments is a positive signal for the Kingdom's ability to attract new demand.

Source: [Argaam](#)

#### **Saudi Aramco announces regulatory approval of the development of Jafurah gas field**

Saudi Aramco announces regulatory approval of the development of the Jafurah unconventional gas field in the Eastern Province, the largest non-associated gas field in the Kingdom of Saudi Arabia to date. The field development plan is subject to the Company's usual governance process. The Chairman of Saudi Aramco's Board of Directors, His Excellency Yasser bin Othman Al-Rumayyan, expressed his thanks to His Royal Highness Prince Mohammad bin Salman bin Abdulaziz, Crown Prince, Deputy Prime Minister and Minister of Defense, Chairman of the Supreme Committee for Hydrocarbons Affairs. H.E. also noted that the development of Jafurah is expected to enhance the Company's position in the global energy sector, and help achieve its goal of being the world's pre-eminent integrated energy and chemicals company.

Source: [Aramco](#)

#### **Sulaiman Al Habib Group prices IPO at SAR 50 per share**

Dr. Sulaiman Al Habib Medical Group (HMG) successfully completed the book-building process for its initial public offering (IPO), financial advisers, Jadwa Investment and Riyad Capital, said in a statement to Argaam. The medical group priced its IPO at SAR 50 per share, the top of its indicative range. Institutional investors subscribed to 52.5 million shares, or 100% of offered shares, the statement added. On the other hand, up to 10% of the offering size (5.25 million shares) will be allocated to retail investors. The retail offering will run from Feb. 26 through March 3.

Source: [Argaam](#)

#### **Prince Mohammed says Jafurah field development to generate SAR 32 bln net income**

Saudi Arabia's Crown Prince Mohammed bin Salman directed that the priority of allocating Jafurah field's production of gas and related liquids shall be given to the local sectors operating in industry, electricity, water desalination, mining, and others in line with Saudi Vision 2030. The field development would over 22 years provide the Saudi government with an annual net income of SAR 32 billion (\$8.6 billion), Prince Mohammed said during the Higher Committee for Hydrocarbons meeting. It will also contribute SAR 75 billion (\$20 billion) to the Kingdom's gross domestic product (GDP) annually, and provide direct and indirect job opportunities for locals in those sectors, he added.

Source: [Argaam](#)

#### **Dubai Economy issues 4,692 Instant Licences since 2017**

The Business Registration and Licensing (BRL) sector at Dubai Economy reported that 4,692 Instant Licences were issued since the launch of the service in July 2017 to date. Among the Instant Licences issued, 3,448 were in the commercial (73.5 per cent) and 1,244 were professional (26.5 per cent) categories. The Instant Licence service provides a convenient model for businessmen who can now obtain a commercial licence within five minutes, enabling them to establish and conduct business in Dubai easily. The initiative is a path-breaking service whereby businesses can secure their commercial license in one-step for the first year without having a company's lease or location.

Source: [Khaleej Times](#)

#### **New regulations for holiday homes in Abu Dhabi**

The Abu Dhabi Department of Culture and Tourism will now oversee all activity relating to the monitoring, licensing, classification and regulation of holiday homes in the emirate, according to a new resolution from the Abu Dhabi Executive Council. The resolution will regulate all holiday homes in Abu Dhabi, with a 6 per cent tourism fee being added to all holiday home bookings in the emirate.

Source: [Khaleej Times](#)

#### **Saudi economy set to grow this year, driven by non-oil sector - central bank**

Saudi Arabia's economy is expected to grow this year, supported by the non-oil sector, despite a challenging global economic backdrop, the Saudi central bank governor said on Saturday as the kingdom hosts the G20 meeting. Ahmed al-Kholifey said it was too early to see the full picture of the economic damage caused by the new coronavirus, which has emerged in China and spread globally. The Saudi Arabian Monetary Authority governor was speaking at an economic conference in Riyadh, where finance leaders of the world's 20 largest economies have gathered this weekend to discuss policies and the impact of the virus on global growth.

Source: [Yahoo](#)

#### **These 6 entertainment hubs will help Saudi diversify its economy**

Although Saudi Arabia's oil industry has remained the largest contributor to GDP, the report also shows the big impact of the tourism sector on the Kingdom's overall economic growth. Supported by visa reforms, the 59 million trips in 2019 are

expected to increase to 100 million tourist trips by 2024, it said. Also, 447 heritage sites are expected to be completed by the end of 2020, up from 241 sites in 2017, highlighting the country's commitment to enhancing its tourism profile, said the report.

Source: [O&G Links](#)

#### **How UAE banks will benefit from DP World's plan to delist from stock market**

DP World's plan to delist from the Dubai Stock Exchange will not only return the company to full state-ownership, but also help settle billions of US dollars in accumulated debt. Ratings agency Moody's said this week that the proposed takeover will be beneficial to UAE banks as it will enable Dubai World, the sole shareholder of DP World's parent company, to settle debts that ran into billions of US dollars during the financial crisis. DP World runs terminals and ports in 40 countries and 6 continents.

Source: [Zawya](#)

#### **UAE c.bank says monitoring job cuts in financial industry**

United Arab Emirates' (UAE) central bank said on Saturday it is closely following recent job cuts in the financial sector, after banks in the country shed hundreds of jobs in the last few months. "We are closely following the recent occurrences of downsizing amongst financial institutions in the country to ensure that downsizing is not adversely affecting regulatory compliance and market conduct," the Central Bank of the UAE said in a statement. The statement came as banks accelerate job cuts due to mergers, a sluggish economic environment and a reduction in branches as banks encourage more online banking.

Source: [Reuters](#)

### **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

#### **Buffett defends Berkshire stock push, reassures on future as profit smashes record**

Warren Buffett on Saturday forcefully defended Berkshire Hathaway Inc's (BRKa.N) decision to invest heavily in stocks of companies such as Apple Inc (AAPL.O) as he labors through a four-year drought since his last major acquisition of a company. Buffett, 89, also used his annual letter to Berkshire shareholders to assure they should not worry about the future of the company, which is "100% prepared" for when he and 96-year-old Vice Chairman Charlie Munger are no longer around. Berkshire also posted record full-year earnings of \$81.42 billion, nearly twice the prior high from 2017, boosted by unrealized gains from its stock investments. Operating profit, however, fell 3% to \$23.97 billion.

Source: [Reuters](#)

#### **IMF chief, Argentina flag path to new debt deal after G20 meet in Riyadh**

Argentina on Saturday agreed to start consultations with the International Monetary Fund that could lead to a new financing program, days after the global lender said the country's debt situation had become "unsustainable". Argentine Economy Minister Martin Guzman told IMF Managing Director Kristalina Georgieva that the heavily indebted Latin American country would initiate formal consultations with the IMF that could lay the groundwork for a new program, the Argentine government and the IMF said in separate statements.

Source: [Reuters](#)

#### **US and Europe divided at G-20 summit on how to tax tech giants like Facebook**

The EU is spearheading a global effort to regulate the major tech firms. America's Silicon Valley titans, who dominate the landscape, fear that new taxes and increased regulation could stifle innovation or hurt company profits. Several European countries, including France, Spain, Austria, Italy, Britain and Hungary either already have a plan for a digital tax or are working on one, prompting calls for a more multilateral approach to addressing the challenge.

Source: [CNBC](#)

#### **Wall St slides as gloomy data adds to coronavirus fears**

U.S. stock indexes fell on Friday after data showed U.S. business activity stalled in February, and a spike in new coronavirus cases in China and elsewhere sent investors scrambling for safer assets such as gold and government bonds. The IHS Markit's Purchasing Managers' index of services sector activity dropped to its lowest level since October 2013, signalling a contraction for the first time since 2016. The manufacturing sector also clocked its lowest reading since August.

Source: [NASDAQ](#)

#### **China's central bank vows more steps to support virus-hit economy**

The People's Bank of China (PBOC) will guide market interest rates lower and keep liquidity appropriately ample to help companies affected by the coronavirus epidemic, Liu Guoqiang, the bank official, told the Financial News in an interview. The

PBOC will release more liquidity to banks by adjusting the criteria for targeted reserve requirement ratios (RRR) cuts, Liu said. "China's monetary policy space is still very sufficient, and the toolbox is also sufficient. We are confident and able to offset the impact of the epidemic," Liu told the newspaper.

Source: [CNBC](#)

## COMMODITIES NEWS

### Oil Prices Fall As OPEC+ Refuses To Act

Oil prices fell on Friday as OPEC+ decided not to move its March meeting forward while Russia indicated that it currently has no intentions to cut production further. Weak Chinese recovery prospects that hinder East Asia's industrial output, coupled with better than expected US crude inventory data have pushed oil prices down even further. With Russia indicating that it would make no sense to meet before the planned OPEC+ summit on March 06, there remains potential for crude prices to drop even lower given the sizeable supply surplus that is still on the market.

Source: [Oil Price](#)

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