

# U Capital Morning Brief

24 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	896.51	4.92	0.55%	6.28%	8.30	0.85	6.8%
U Capital GCC 50 Index	1,286.39	-10.28	-0.79%	-7.19%	16.27	1.92	4.4%
U Capital MENA 200 Index	1,043.07	-1.52	-0.15%	-4.37%	16.52	1.87	4.3%
MSCI GCC Countries Index	539.98	-2.05	-0.38%	-5.22%	15.82	1.70	4.0%
Muscat Securities Market	4,197.32	5.69	0.14%	5.43%	8.37	0.77	7.1%
Saudi Stock Exchange	7,982.95	-24.44	-0.31%	-4.84%	21.89	1.75	3.4%
Kuwait Stock Exchange	7,130.80	-20.00	-0.28%	-1.71%	15.67	1.41	3.5%
Qatar Exchange	9,898.40	-35.70	-0.36%	-5.06%	14.43	1.42	4.3%
Bahrain Stock Exchange	1,668.66	0.08	0.00%	3.63%	12.39	1.00	4.3%
Dubai Financial Market	2,717.80	-19.71	-0.72%	-1.70%	9.83	0.96	4.3%
Abu Dhabi Exchange	5,041.86	8.71	0.17%	-0.67%	14.86	1.38	4.9%
Beirut Stock Exchange	614.91	-5.77	-0.93%	-21.72%	3.24	0.37	15.0%
Palestine Stock Exchange	535.51	-1.86	-0.35%	1.82%	12.65	1.22	4.4%
Tunis Se Index	7,168.03	-0.40	-0.01%	0.65%	20.41	2.45	2.1%
EGX 30 Index	13,688.05	-32.60	-0.24%	-1.96%	11.36	1.79	2.2%
Amman General Index	1,845.82	-4.45	-0.24%	1.69%	11.69	0.88	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	26,903.8	-1.48%	-4.6%
KSE 100 Index	Pakistan	40,003.0	-0.65%	-1.8%
NSE Nifty 50	India	11,958.2	-1.02%	-1.7%
SHANGHAI COMPOSITE	China	3,029.2	-0.34%	-0.7%
SHANGHAI SHENZHEN CSI 300	China	4,130.9	-0.45%	0.8%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.661	1.513
British Pound (GBP)	1.294	0.773
Canadian Dollar (CAD)	0.754	1.327
Chinese Renminbi (CNH)	0.142	7.039
Egyptian Pound (EGP)	0.064	15.571
Euro (EUR)	1.082	0.924
Indian Rupee (INR)	0.014	64.058
Japanese Yen (JPY)	0.009	111.570
New Zealand Dollar (NZD)	0.632	1.582
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.648	154.228
Russian Ruble (RUB)	0.016	71.809
Singapore Dollar (SGD)	0.714	1.401
Turkish Lira (TRY)	0.164	6.107

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	57.1	-2.48%	-12.6%
WTI Crude (per bbl)	52.1	-2.34%	-14.6%
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)	1,661.6	1.11%	9.5%
Silver (per oz)	18.7	0.97%	4.6%
Platinum (per oz)	972.1	-0.34%	0.6%
<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	1.89	-14.5%
Saudi Arabia	2.13	-4.7%
Kuwait	2.50	-9.1%
Oman	2.72	-3.4%
Qatar	2.28	1.6%
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

### HM Sultan Haitham aims to reduce country's debt

His Majesty Sultan Haitham bin Tariq al-Said said on Sunday the government would work to reduce public debt and restructure public institutions and companies to bolster the economy. HM Haitham, in his second public speech since assuming power in January, said the government would create a national framework to tackle unemployment while addressing strained public finances. "We will direct our financial resources in the best way that will guarantee reducing debt and increasing revenues," he said in the televised speech.

Source: [Zawya](#)

### Sohar Port signs license agreement with Albwardy Damen

In line with its commitment to provide high-quality vessel services, Sohar Port and Freezone entered into an agreement with Albwardy Damen on February 12. The signing took place Sohar Port and Freezone Head Office, with Mark Geilenkirchen, CEO of Sohar Port and Ibrahim Mohamed Al Shidi, representing Albwardy Damen. The agreement will see the installation of a 40-foot workshop container at a service jetty in the port and will be Albwardy Damen's fourth operational location in the Middle East.

Source: [Times of Oman](#)

### Royal Decree to renew licence of telecom firm

His Majesty Sultan Haitham bin Tariq on Sunday issued Royal Decree 3/2020 on renewing the first class licence of the Omani-Qatari Telecommunications Company (SAOC) for basic general mobile telecommunication services. Article 1 renews the first class licence of the Omani- Qatari Telecommunications Company (SAOC) for basic general mobile telecommunication services in accordance with provisions of the licence attached to this Decree. Article 2 says that this Decree will be published in the official gazette and enforced on February 19, 2020.

Source: [Muscat Daily](#)

### Mining authority to offer 15 – 20 mining blocks for investment in 2020

Oman's Public Authority for Mining (PAM) plans to tender out as many as 15 to 20 preapproved mining blocks for exploration and commercial development during the course of 2020, a high level official said here on Sunday. Dr Salim Ali al Mahrouqi, Director General of Mineral Investments Affairs, said an award for the first of these keenly anticipated blocks is likely by around the middle of this year.

Source: [Oman Observer](#)

### First 5G network in Oman witnesses high turnout

The 5G network launched by Omantel — the first integrated telecom services provider in the Sultanate — was greatly welcomed by the telecommunications market. By launching this technology, Omantel aspires to enter into a new era in the world of telecommunications and information technology. Subscribers in various parts of Muscat, North and South Al Batina can now get massive speeds up to 1Gbps. Commenting on the launch of the service, Omantel CEO Talal Said al Maamari expressed his happiness for the good turnout the first 5G network has witnessed in the Sultanate.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Expats' remittances from UAE amount to \$44.9bln in 2019

Expats' remittances from the UAE amounted to some AED165 billion in 2019, according to figures released by the Central Bank of the United Arab Emirates. Q4 of last year saw an increase of 1.8 pct over the comparable period in 2018, with 15.6 pct thereof transferred through banks and the rest via money exchange companies operating in the country. India took home the crown as the top-receiving country for earnings made by expats, followed by Pakistani beneficiaries, Filipinos, Egyptians, UK nationals and Bangladeshis.

Source: [Africazine](#)

### New law creates regulator for DMCC

Sheikh Mohammad bin Rashid Al Maktoum issued Law No. (3) of 2020 on the Dubai Multi Commodities Centre (DMCC) in his capacity as Ruler of Dubai, Vice President and Prime Minister of the UAE. According to the new Law, the Dubai Multi Commodities Centre Authority will be responsible for supervising DMCC. The Authority is responsible for setting up, developing and managing the infrastructure of DMCC, developing the rules and regulations required for DMCC to achieve its objectives; supervising activities in the Centre; issuing licenses for companies seeking to operate in the Centre; and monitoring and supervising construction within the Centre.

Source: [Gulf News](#)

### **UAE, Saudi Arabia boost export credit insurance**

Etiihad Credit Insurance (ECI), the UAE Federal export credit company, has partnered with the Saudi Fund for Development (SFD) for financing and providing credit insurance to protect non-oil exports of the UAE and Saudi Arabia. The collaboration marks a favorable step in strengthening the alliance between the UAE and KSA, one that will enhance the UAE's global competitiveness and widen the potentialities and opportunities for local businesses as well as the export and trading community. The partnership between ECI and SFD was formalised in the presence of other senior officials from both the organisations.

Source: [Zawya](#)

### **Deflation in UAE slows down over rising employment, non-oil growth**

The UAE's consumer price index (CPI) is falling at a slower pace due to an uptick in the non-oil sector and employment, according to new data published by the central bank. The CPI declined by 1.6 percent year-on-year during the fourth quarter of 2019 compared to a drop of 2.1 percent in the previous quarter, the report said. "The pickup in non-energy growth and employment have moderated the pace of deflation," the regulator said. However, it added that the decline in oil prices, pegged at 6.5 percent, and the continued fall in rent prices have continued to weigh negatively on inflation in the UAE.

Source: [Zawya](#)

### **Pre-Approval Now Mandatory for All Business Visit Visa Applicants**

Foreign nationals traveling to Saudi Arabia for business must now obtain a visa pre-approval from the Ministry of Foreign Affairs before they submit a Business Visit Visa application. As the pre-approval process is expected to increase processing times for the Business Visit Visa application process, foreign nationals should take these delays into account when planning business travel.

Source: [Fragomen](#)

### **Damac Properties GM reveals plans for Saudi expansion**

Dubai-based property developer Damac Properties is looking to expand into Saudi Arabia. Ali Sajwani, general manager of operations, who has a strategic overview of the UAE and international businesses, revealed in an interview with Saudi publication Arab News, that the kingdom is very much part of the company's future plans. The 28-year-old said: "Over the next five years, under [Crown Prince] Mohammed bin Salman, it (Saudi) has all the right ingredients – a visionary leader pushing the country and opening it up to foreign investors."

Source: [Arabian Business](#)

### **Lower oil prices, higher public spending boost Kuwait's budget deficit: NBK**

Kuwait's budget deficit reached KWD 800 million during the first 10 months of the fiscal year 2019/2020 which accounts for 2% of the country's GDP in 2019. After the mandatory transfers to the Future Generations Fund, the deficit increases to KWD 2.3 billion, or 5.5% of GDP, according to a report released by the National Bank of Kuwait. The main factors contributed to the growth of deficit include the decline in oil prices over worries of excess supply and weak global demand, as well as the increase in public spending.

Source: [Mubasher](#)

### **DP World closes deal to acquire Canadian marine terminal Fraser Surrey Docks**

DP World, one of the world's largest port operators, said on Sunday it has completed the acquisition of Canadian terminal Fraser Surrey Docks (FSD) from a Macquarie Group fund. The Dubai company announced it would acquire the Vancouver marine terminal last May. DP World purchased the terminal from Macquarie Infrastructure Partners (MIP), a fund managed by the Macquarie Infrastructure and Real Assets division of Macquarie Group.

Source: [The National](#)

### **Kuwait banks seen stable despite subdued growth: S&P**

The overall credit profiles of rated banks in Kuwait should remain stable in 2020, barring any unexpected increase in geopolitical risk or a major fall in oil prices, S&P Global Ratings said in a new report published on RatingsDirect. "Cost of risk (CoR) should further decrease to below 90 basis points for 2020 on the back of steady accumulation of provisions (exceeding 200%) thanks to conservative Central Bank of Kuwait (CBK) regulations. Margin compression should partly rollover into 2020, post the CBK's decision to cut the interest rate in 2019," said S&P Global Ratings credit analyst Zeina Nasreddine, commenting on the report titled "Kuwait Banking Sector 2020 Outlook: Resilience Despite Subdued Growth And Real Estate Concentrations."

Source: [GDN](#)

### **What Saudi Arabia's new gas find means for its economy**

Saudi Aramco announced an investment of \$110 billion (Dh404bn) to develop unconventional gas resources in the eastern province of the kingdom on Saturday. The green light for the development of the Al Jafura field coincides with massive discoveries of natural gas in oil-producing states in the region. We look at why this is important for the kingdom.

Source: [The National](#)

### **Saudi regulator seeks to raise capital levels for insurers**

Saudi Arabia is working on new regulations that would raise capital requirements for the kingdom's overcrowded insurance sector, its central bank governor said in an interview with Bloomberg TV. The new rules would "make the market more attractive to foreign investors," Ahmed Alkholifeey, governor of the Saudi Arabian Monetary Authority, said in an interview on Sunday in Riyadh. Officials are trying to expedite the regulations and hope they'll be passed this year, he said.

Source: [Gulf Business](#)

### **Mall Operator Arabian Centres Seeks Approval for \$1b in Sukuk**

Invites shareholders to extraordinary general meeting on March 16 to vote on sukuk offering, the Saudi Mall operator says.

\* May be issued domestically and/or internationally in any currency and in a single or multiple issuances

\* Co. has adopted strategy to reduce share of secured debt in funding mix; diversifying mix to extend average maturity of debt 7-10 years; working to consolidate funding base: Rayan Al-Karawi, group head of investor relations

Source: [Bloomberg](#)

### **Mideast Stocks: Banks weigh on Saudi, Dubai as most major Gulf markets fall**

Most major Gulf stock markets fell on Sunday, with Saudi Arabia hurt by losses in banking shares that outweighed gains in Saudi Aramco and Emirates NBD dragging the Dubai index lower. Saudi Arabia's benchmark index closed down 0.3% as Saudi Telecom dropped 2% and the country's largest lender National Commercial Bank fell 1.3%. But the index was supported by Saudi Aramco, which rose 1.2% in its straight fifth session of gains.

Source: [Zawya](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Dow set to drop about 400 points at the open as coronavirus cases outside China surge**

As of 10:47 p.m. ET Sunday, Dow Jones Industrial Average futures were 410 points lower, pointing to an implied opening plunge of 403.41 points for the index on Monday. Investors continue to watch developments surrounding the coronavirus outbreak where cases in South Korea and Italy have spiked in recent days. South Korea has raised its coronavirus alert to the "highest level," with the latest spike in numbers bringing the total infected to more than 750 — making it the country with the most cases outside mainland China.

Source: [CNBC](#)

### **Economic impact of coronavirus will be clearer in 'three or four weeks,' Mnuchin says**

In a major study on COVID-19 published this week, Chinese researchers estimated the death rate of the coronavirus was 2.3%, with the elderly and people who had pre-existing health conditions most at risk. According to the research, 81% of people who contracted COVID-19 only exhibited "mild" cold-like symptoms. Speaking to CNBC's Hadley Gamble at the G-20 summit in Riyadh, Mnuchin said it was difficult to make strong predictions about the economic impact of the outbreak right now.

Source: [CNBC](#)

### **Fall in tourist numbers will be an 'important' impact on the French economy: Finance minister**

The drop off in tourist numbers is an "important impact" on France's economy, Bruno Le Maire, the country's finance minister, said. France is one of the most visited countries in the world, and tourism accounts for nearly 8% of its GDP. Le Maire said France welcomes around 2.7 million Chinese tourists to the country each year, but it "won't be the same" in 2020.

Source: [MSN](#)

### **China Pushes Factories to Reopen, Risking Renewed Virus Spread**

Central and local governments are loosening the criteria for factories to resume operations as they walk a tightrope between containing a virus that has killed more than 2,400 people and preventing a slump in the world's second-largest economy. The rush to restart has been propelled by China's leader Xi Jinping and top leaders, who are urging companies to resume production so the country can continue to meet lofty goals for growth and economic development in 2020. At stake are the fates of millions of Chinese businesses facing collapse because of the shutdowns, and the ability of companies across the globe from Apple Inc. to Nissan Motor Co. to access crucial components.

Source: [Bloomberg](#)

### **PepsiCo buys Chinese snack brand Be & Cheery for \$705 million**

PepsiCo Inc (PEP.O) has agreed to buy Chinese snack brand Be & Cheery from local jujube maker Haoxiangni Health Food Co Ltd (002582.SZ) for \$705 million, the companies said. The U.S. multinational food and beverage maker said the acquisition of Be & Cheery, which sells snacks from nuts to dried fruits mainly on Chinese e-commerce platforms, was an important step in its goal to become China's leading consumer-focused food and beverage company.

Source: [Reuters](#)

## **COMMODITIES NEWS**

### **UAE's Latest Natural Gas Discovery Is A Game changer**

The Persian Gulf is, without doubt, the most prominent oil and gas production area in the world. After decades of intensive exploration and production, the region still amaze persistent explorers. Even well-explored countries such as the UAE still hold surprises. The Emirates are already one of the world's largest producer and exporter of oil. In 2019 on average 2.9 million barrels per day were extracted, which generates approximately 30 percent of the country's GDP.

Source: [Oil Price](#)

### **Oil short-selling triples since the start of 2020**

Hedge funds are bracing for more trouble in the oil market, even after crude rebounded for a second week on hopes the coronavirus outbreak's threat to economic growth is waning. Bets against West Texas Intermediate crude increased by 11% to the highest in four months during the week ended Feb. 18, data released Friday showed. That puts oil short-selling at more than triple the level at the start of the year. "Everyone is still trying to figure out what's going to happen with the coronavirus," said Mark Waggoner, president of commodities brokerage Excel Futures. "Under normal circumstances, they would be buying but there's fears the virus could expand."

Source: [World Oil](#)

### **Dubai futures prompt month contango deepens amid weak physical trade indications**

The Middle East sour crude complex weakened Monday with the contango in the prompt Dubai crude futures lower as indications for physical cargo deals continue to be reported in discounts. The March/April Dubai crude futures spread, which had been assessed at minus 15 cents/b at the 0830 GMT Asian close on Friday, was pegged at minus 21 cents/b at 11 am Monday (0300 GMT) in Singapore.

Source: [SPGlobal](#)