













# U Capital Morning Brief

1 March 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	880.07	-0.31	-0.04%	4.33%	8.14	0.83	7.1%
U Capital GCC 50 Index	1,238.06	-5.33	-0.43%	-10.68%	15.98	1.81	4.6%
U Capital MENA 200 Index	1,022.24	1.85	0.18%	-6.28%	15.69	1.80	4.5%
MSCI GCC Countries Index	519.31	0.13	0.03%	-8.85%	15.31	1.64	4.2%
Muscat Securities Market	 4,130.91	-8.01	-0.19%	3.76%	8.24	0.76	7.2%
Saudi Stock Exchange	 7,628.34	-82.78	-1.07%	-9.07%	21.60	1.67	3.5%
Kuwait Stock Exchange	 7,016.38	-114.42	-1.60%	-3.29%	15.29	1.39	3.5%
Qatar Exchange	 9,490.14	-58.08	-0.61%	-8.97%	13.90	1.36	4.5%
Bahrain Stock Exchange	 1,660.48	-1.82	-0.11%	3.12%	11.81	1.00	4.3%
Dubai Financial Market	 2,590.00	-30.69	-1.17%	-6.32%	9.37	0.92	4.5%
Abu Dhabi Exchange	 4,901.43	10.75	0.22%	-3.43%	14.48	1.34	5.1%
Beirut Stock Exchange	 629.65	1.68	0.27%	-19.85%	3.32	0.37	14.7%
Palestine Stock Exchange	 534.29	0.17	0.03%	1.58%	12.62	1.22	4.4%
Tunis Se Index	 7,171.31	20.63	0.29%	0.69%	20.42	2.45	2.1%
EGX 30 Index	 13,008.94	-191.72	-1.45%	-6.82%	10.64	1.69	2.4%
Amman General Index	 1,835.92	-0.63	-0.03%	1.14%	11.63	0.88	7.3%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	6,580.6	-3.18%	-12.75%
DAX	Germany	11,890.4	-3.86%	-10.25%
CAC 40	France	5,309.9	-	-11.18%
<b>United States</b>				
DJIA	USA	25,409.4	-1.39%	-10.96%
S&P 500	USA	2,954.2	-0.82%	-8.56%
NASDAQ	USA	8,567.4	0.01%	-4.52%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	21,143.0	-3.67%	-10.63%
HANG SENG	Hongkong	26,129.9	-2.42%	-7.31%
KSE 100 Index	Pakistan	37,983.6	-0.27%	-6.75%
NSE Nifty 50	India	11,201.8	-3.71%	-7.94%
SHANGHAI COMPOSITE	China	2,880.3	-3.71%	-5.57%
SHANGHAI SHENZHEN CSI 300	China	3,940.0	-3.55%	-3.82%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.652	1.536
British Pound (GBP)	1.282	0.780
Canadian Dollar (CAD)	0.747	1.341
Chinese Renminbi (CNH)	0.143	6.980
Egyptian Pound (EGP)	0.064	15.606
Euro (EUR)	1.103	0.907
Indian Rupee (INR)	0.014	66.889
Japanese Yen (JPY)	0.009	107.890
New Zealand Dollar (NZD)	0.625	1.600
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.648	154.233
Russian Ruble (RUB)	0.015	72.176
Singapore Dollar (SGD)	0.718	1.393
Turkish Lira (TRY)	0.160	6.247

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	49.7	-3.98%	-23.21%
WTI Crude (per bbl)	44.8	-4.95%	-26.70%
Oman Crude Oil (Last Closing)	48.9	-4.61%	-27.51%
OPEC (per bbl)	51.9	-3.93%	-23.65%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,585.7	-3.61%	4.51%
Silver (per oz)	16.7	-6.24%	-6.65%
Platinum (per oz)	866.3	-4.07%	-10.37%
<b>Other Metals</b>			
Copper, MT	5,635	0.34%	-8.73%
Aluminium, MT	1,695	0.27%	-6.38%
Lead, MT	1,848	2.18%	-4.10%
Zinc, MT	2,022	0.47%	-11.03%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	1.89	-14.4%
Saudi Arabia	2.09	-6.5%
Kuwait	2.50	-9.1%
Oman	2.68	-4.8%
Qatar	2.30	2.2%
Bahrain	2.53	-5.0%

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	2.2
Saudi Arabia	04/03/2028	2.5
Oman	17/01/2028	5.6
Bahrain	12/10/2028	4.7

Midswaps	Price	YTM %
3 year	101.39	0.9
5 year	100.92	0.9
10 year	103.30	1.2
30 year	107.63	1.7

USD Libor	Rate (%)	YTD
1m	1.52	-14.0%
3m	1.46	-23.4%
6m	1.40	-26.9%
1 year	1.38	-30.8%

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: Viral pandemic fears drag down MSM Index**

The MSM30 Index closed the week down by 1.45 per cent w-o-w, largely on account of a regional escalation of viral pandemic fears as the GCC and regional countries reported an increasing number of infected cases. All sub-indices closed down, led by the Services Index, which closed down by 2.82 per cent w-o-w, followed by the Industrial Index which closed down by 1.92 per cent w-o-w and the Financial Index, which closed down by 1.6 per cent w-o-w. The MSM Shariah Index also closed down by 1.25 per cent w-o-w. The CBO issues directives to banks in Oman to give 12 months' grace period to terminated nationals.  
Source: [Oman Observer](#)

### **Narrow money stock rises by 8.4% in Oman**

Narrow money stock (M1), when measured year-on-year basis, increased considerably by 8.4 per cent to OMR5.3 billion, according to the bulletin released by the Central Bank of Oman (CBO). Quasi-money (Rial Omani saving and time deposits, certificates of deposits issued by banks, margin deposits and foreign currency denominated deposits) registered a drop of 0.5 per cent as at the end of December 2019. Broad money supply M2 (M1 plus quasi-money) grew by 2 per cent and stood at OMR17.8 billion.  
Source: [Times of Oman](#)

### **Number of commercial fuel filling stations reach 648 by 2019**

The Ministry of Commerce and Industry said that with 158 petrol filling stations by the end of 2019. Muscat governorate recorded the largest number of filling stations in the Sultanate of Oman. It is followed by North Al Batinah governorate with 104 filling stations, then by Al Dakhiliyah governorate with 72, Dhofar governorate with 67 and South Al Batinah governorate with 56 filling stations. The number of filling stations in North Al Sharqiyah governorate reached 47, to be followed by South Al Sharqiyah governorate with 43 and Al Dhahirah governorate with 35 filling stations.  
Source: [Times of Oman](#)

### **Producer Price-based Inflation Falls 12.3 Percent in Q4 of 2019 in the Sultanate**

The Sultanate's producer price index (PPI)-based inflation fell by 12.3% in the fourth quarter of 2019 compared to the same period of the previous year due to a fall in oil and gas prices, according to the latest statistics released by the National Centre for Statistics and Information (NCSI). The price index of oil and gas products fell by 13.8%, and those of non-oil products fell by 3.9% in the fourth quarter of 2019, over the same period of 2018.  
Source: [ONA](#)

### **Oman's first utility-scale solar farm set to be a reality**

The developers of Oman's first utility-scale solar project are preparing to bring the landmark scheme into operation. Amin Renewable Energy Company (AREC), a consortium led by the Marubeni Corporation, had been awarded a contract by Petroleum Development Oman (PDO) to develop, finance, operate and maintain a 105 MW solar PV plant at Amin in the latter's oilfield concession in south Oman. Last week, top officials of PDO led by Managing Director Raoul Restucci visited the sprawling solar farm near Thamrait for a briefing of the plant and a tour of the project. The visit was preceded by a number of initiatives by AREC to prepare the nation's maiden large-scale solar plant for commercial operations, slated during May this year.  
Source: [Oman Observer](#)

### **Oman crude falls below \$50/b on global virus fears**

Oman crude fell below \$50 per barrel for the first time in nearly three years in trend with other international benchmarks as global oil markets continue to be roiled by the spread of the deadly coronavirus (COVID-19). The Oman Crude Oil Futures Contract (OQD) slumped to \$49.11 per barrel in trading on the Dubai Mercantile Exchange (DME) on Friday, which was down by \$1.36 per barrel from the previous day's marker price. The oil price benchmark has lost almost 30 per cent of its value from this year's peak of \$70.45 a barrel, posted on January 6 this year in the wake of US missile strikes that killed a prominent Iranian general.  
Source: [Oman Observer](#)

### **Oman receives three bids for fishing port consultancy services contract**

Three companies have bid to provide consultancy services contract for Oman's new \$100 million Fishery Port development in Special Economic Zone, Duqm (SEZD), according to a source. Royal Haskoning, Al Manarah Engineering Consultancy, and Capital Engineering Consulting have submitted design and infrastructure consultancy bids, the source told Zawya Projects, adding that the contract is expected to be awarded by end-April 2020.  
Source: [Zawya](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **Aramco secures unconditional EU okay for \$69 bln SABIC deal**

World No. 1 oil producer Saudi Aramco 2222.SE has gained unconditional EU antitrust approval for its \$69 billion bid for a 70% stake in petrochemicals group Saudi Basic Industries Corp (SABIC) 2010.SE, according to an EU filing. Aramco announced the deal in March last year, a move key to its diversification into refining and petrochemicals. {nL8N21E57Z} The European Commission cleared the deal on Thursday, a filing on its site showed. Reuters reported on Feb. 21 that the deal was heading for unconditional EU clearance.

Source: [NASDAQ](#)

### **Feb 2020 review: Ambitious energy outlook in line with Saudi Vision 2030**

Saudi Arabia continues to gain momentum towards achieving its Vision 2030 objectives with a particular focus on the energy market for the month of February 2020. The Kingdom is also pursuing the implementation of several reforms to create a promising regulatory environment and propose new business models for investors across all sectors, including the untapped ones. Perhaps the major event to start with is the announcement of oil giant Saudi Aramco receiving regulatory approval for the development of Jafurah unconventional gas field in the Eastern Province, paving the way for boosting the Kingdom's position to become the world's third gas producer by 2030.

Source: [Argaam](#)

### **Saudi health insurance sector to grow substantially, says Fitch**

Health insurance in Saudi Arabia is expected to grow substantially in 2020 following the introduction of temporary insurance for overseas religious visitors, Fitch Ratings noted in a recent report. The ratings agency expects the policies to account for over \$800 million of premiums (about 8% of total insurance premiums) and cover around 17 million people annually. Insurance coverage is mandatory for many types of visas, and these policies will be comprehensive, providing health coverage, including medical examinations and hospitalization, for the duration of pilgrims' visits, Fitch report said.

Source: [Argaam](#)

### **Saudi IPO Nets \$2.3 Billion for One of World's Richest Doctors**

A Saudi pediatrician has become one of the world's wealthiest doctors after the medical-services group he founded priced its initial public offering at the top of a marketed range. Sulaiman Abdulaziz Al-Habib's 49% stake in his eponymous company is worth 8.5 billion riyals (\$2.3 billion), according to the Bloomberg Billionaires Index, based on the announced selling price of 50 riyals a share. He plans to sell 17.4 million shares in the IPO, according to the prospectus. The company didn't respond to a request for comment.

Source: [Bloomberg](#)

### **Coronavirus: UAE banks told to suspend, reschedule loan EMIs**

The Central Bank has advised UAE banks to grant temporary deferrals on monthly loan payments and reduce fees and commissions for customers affected by the coronavirus. The apex bank said it had set up a committee along with UAE Banks Federation to ensure consumer protection and safeguard the stability of the bank sector. "To mitigate the effect of coronavirus on credit, financial institutions are expected to implement measures such as re-scheduling of loans contracts, granting temporary deferrals on monthly loan payments, and reducing fees and commissions for affected customers. Banks and finance companies remain fully responsible for their credit decisions," the Central Bank said in a statement released on Saturday.

Source: [Zawya](#)

### **Dubai's non-oil foreign trade rises 6% in 2019**

Dubai saw remarkable external trade growth in 2019, spurred by its efforts to achieve its 2025 trade target of Dh2 trillion. Non-oil external trade last year grew 19 per cent in volume from 91 million tonnes in 2018 to reach 109 million tonnes in 2019. Re-exports rose by a record 48 per cent to reach 17 million tonnes, while exports rose by 45 per cent to 19 million tonnes and imports grew by 9 per cent to 72 million tonnes. These figures capped a prosperous decade for Dubai from 2010-2020, during which external trade grew by 70 per cent.

Source: [Gulf News](#)

### **Abu Dhabi Wealth Fund Weighs Deal in Shetty's Troubled NMC**

Abu Dhabi wealth fund Mubadala Investment Co. is considering a potential investment in NMC Health Plc -- a sign the emirate is keen to address the worsening crisis at the troubled hospital operator, people familiar with the matter said. Mubadala has held early discussions to look at a range of options regarding the Middle East's largest health care provider, including buying

a stake and taking a board seat, the people said, asking not to be identified as the matter is private. While discussions are ongoing, there can be no guarantee of a transaction given the complex issues facing the company, the people said.

Source: [Bloomberg](#)

#### **Alandalus CEO sees no e-commerce threat to evolving malls in Saudi Arabia**

Top of the agenda at a recent gathering of the Retail Leaders Circle, in Riyadh, was one issue: How to take advantage of the booming prospects offered by e-commerce in Saudi Arabia's consumer industries. According to one industry estimate, non-store retailing — goods and services bought by shoppers online — will grow by 93 percent in the five years to 2023. That could be presented as a huge opportunity for retailers to expand sales in a new market of consumers that rarely sets foot inside a mall.

Source: [Arab News](#)

#### **MIDEAST STOCKS-Most Gulf stocks slide as coronavirus pandemic fears grow**

Most bourses in the Gulf fell further on Thursday as a rise in new coronavirus cases outside of China heightened fears of a pandemic. Governments ramped up measures to battle a global pandemic of the coronavirus as the number of infections outside China, the source of the outbreak, for the first time surpassed those appearing inside the country. The Dubai's index .DFMGI lost 1.1%, extending losses for a fifth consecutive day. Emaar Properties EMAR.DU fell 1.7% and Dubai Islamic Bank DISB.DU opened 1.3% down.

Source: [NASDAQ](#)

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

#### **Plunging rates in the US are rewriting the history books**

The coronavirus outbreak has pushed the yield on the 10-year Treasury bond to historic lows, marking the latest milestone in what has been a decades-long decline. The moves have put the daily rate at levels not seen since at least the 1960s. According to data from the European Central Bank, it might be an even more historic fall. The rate hit 1.145% on Friday, more than 25 basis points below where it closed the week before. Before this week's tumble, the recent low point for the 10-year yield had come at 1.37% in July 2016.

Source: [Internewscast](#)

#### **Dollar dives to 20-week low against yen on Fed rate cut hint**

The U.S. dollar slid to a 20-week low against the Japanese yen on Friday after Federal Reserve Chair Jerome Powell suggested the central bank could cut interest rates in the wake of the coronavirus. Powell on Friday said the central bank will "act as appropriate" to support the economy in the face of risks posed by the coronavirus outbreak, though he said the economy remained in solid condition. The Japanese yen was on track for its largest daily gain since May 2017 as investors moved into the safe-haven currency. It had strengthened to as high as 107.52 versus the dollar and was last trading up 1.51% at 107.92.

Source: [Zawya](#)

#### **The Dow lost 12% in one week. Here's why and what likely happens next**

The Dow and S&P 500 each dropped 12% and 11% for the week, respectively, marking their worst weekly performance since the financial crisis. Wall Street's historic shake-up came as worries grew over the coronavirus' impact on the global economy and corporate profits. The U.S. stock market suffered a historic pullback this week as the coronavirus spread outside of China, spooking investors and traders out of equities.

Source: [CNBC](#)

#### **China factory activity shrank at its fastest rate on record in February**

China's official Purchasing Managers' Index (PMI) fell to a record low of 35.7 in February from 50.0 in January. The data highlight the damage from the coronavirus outbreak on the world's second-largest economy. The results suggest deepening cracks in an economy already hit by the trade war.

Source: [CNBC](#)

#### **Investors Cast Wary Eye on Market Open With Bad News Piling Up**

The first U.S. coronavirus death. Signs the disease is squeezing China's economy. A possible outbreak in Washington State. Trading may have stopped, but the drumbeat of alarming headlines hasn't. That's making investors anxious about what happens when markets reopen. While considerable bad news has already been priced in to stocks, with the S&P 500 down 13% in seven sessions and volatility surging, markets have to date been helpless to right themselves amid a torrent of virus-related bulletins. Those haven't slowed down this weekend.

Source: [Bloomberg](#)

## A February to Forget: Wounded Asia Stock Traders Seek New Bottom

There is no lack of superlatives for the drubbing Asia stocks took to end February in the face of soaring coronavirus cases outside of China: Friday was the worst day for regional equities since October 2018, ending the poorest week in two years and the worst February since the global financial crisis. The speed and magnitude of the rout naturally raises one question -- when will the market find its footing? Investors zeroed in on various metrics to answer that question. A fund manager at Samsung Asset Management is tracking the rate of new infections globally, while a strategist at Jefferies Financial Group Inc. said investors should look for stabilization in the junk-bond market.

Source: [Bloomberg](#)

## COMMODITIES NEWS

### Gold slides to 1-wk low; eyes 3rd monthly gain as virus worsens

Gold slid more than 1% to its lowest in a week on Friday as the recent price rallies prompted investors to take profits, but the metal was still on track for a third consecutive monthly gain as the spread of coronavirus gathered pace. Spot gold was down 1% to \$1,623.51 per ounce at 1424 GMT, having surged as much as 1.3% in the last session. U.S. gold futures slipped 1.1% to \$1,625 per ounce. "There's a bit of profit-taking in gold," Bank of China International analyst Xiao Fu said, adding she was "not surprised to see some correction from time to time especially when you have excessive build-ups." Gold has added around 2% so far this month, having hit a 7-year high of \$1,688.66 earlier this week as coronavirus spooked markets.

Source: [Reuters](#)

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