

U Capital Morning Brief

19 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	756.03	-22.17	-2.85%	-10.38%	7.07	0.69	8.7%
U Capital GCC 50 Index	990.07	18.19	1.87%	-28.57%	16.94	1.70	5.3%
U Capital MENA 200 Index	802.47	6.37	0.80%	-26.43%	11.45	1.39	6.5%
MSCI GCC Countries Index	412.94	4.58	1.12%	-27.52%	12.20	1.33	5.1%
Muscat Securities Market	3,607.08	-53.25	-1.45%	-9.40%	7.21	0.66	8.2%
Saudi Stock Exchange	6,154.85	47.80	0.78%	-26.63%	17.01	1.43	4.3%
Kuwait Stock Exchange	5,134.79	-36.38	-0.70%	-29.22%	11.40	1.01	4.8%
Qatar Exchange	8,661.37	140.36	1.65%	-16.92%	12.77	1.24	4.4%
Bahrain Stock Exchange	1,374.90	-4.60	-0.33%	-14.61%	9.85	0.83	5.2%
Dubai Financial Market	1,768.83	18.06	1.03%	-36.02%	6.40	0.62	6.6%
Abu Dhabi Exchange	3,399.61	76.26	2.29%	-33.02%	10.04	0.93	7.3%
Beirut Stock Exchange	614.29	1.69	0.28%	-21.80%	3.24	0.37	15.0%
Palestine Stock Exchange	498.53	-2.89	-0.58%	-5.22%	11.73	1.14	4.7%
Tunis Se Index	6,158.90	42.74	0.70%	-13.52%	17.40	2.10	2.4%
EGX 30 Index	8,756.70	-444.95	-4.84%	-37.28%	7.22	1.13	3.5%
Amman General Index	1,668.18	-7.29	-0.44%	-8.10%	10.55	0.79	8.1%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe			%	%	Currency		
FTSE 100	UK	5,080.6	-4.05%	-32.64%	Australian Dollar (AUD)	0.557	1.796
DAX	Germany	8,441.7	-5.56%	-36.28%	British Pound (GBP)	1.150	0.870
CAC 40	France	3,754.8	-5.94%	-37.19%	Canadian Dollar (CAD)	0.684	1.463
United States					Chinese Renminbi (CNH)	0.141	7.116
DJIA	USA	19,898.9	-6.30%	-30.27%	Egyptian Pound (EGP)	0.064	15.777
S&P 500	USA	2,398.1	-5.18%	-25.77%	Euro (EUR)	1.090	0.918
NASDAQ	USA	6,989.8	-4.70%	-22.10%	Indian Rupee (INR)	0.013	74.985
Asia Pacific					Japanese Yen (JPY)	0.009	108.960
NIKKEI 225	Japan	16,414.0	-1.72%	-30.62%	New Zealand Dollar (NZD)	0.555	1.803
HANG SENG	Hongkong	21,332.9	-4.32%	-24.32%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	28,664.0	-5.76%	-29.63%	Pakistani Rupee (PKR)	0.631	158.813
NSE Nifty 50	India	7,979.2	-5.78%	-34.43%	Russian Ruble (RUB)	0.012	80.929
SHANGHAI COMPOSITE	China	2,659.8	-2.53%	-12.80%	Singapore Dollar (SGD)	0.688	1.453
SHANGHAI SHENZHEN CSI 300	China	3,519.6	-3.21%	-14.08%	Turkish Lira (TRY)	0.154	6.498

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	1.10	-50.0%
Brent Crude (per bbl)	26.1	5.10%	-59.68%	Saudi Arabia	0.97	-56.5%
WTI Crude (per bbl)	22.7	11.73%	-62.81%	Kuwait	2.06	-25.0%
Oman Crude Oil (Last Closing)	26.9	-9.08%	-60.18%	Oman	2.67	-5.1%
OPEC (per bbl)	30.4	-0.88%	-55.33%	Qatar	1.36	-39.4%
				Bahrain	1.68	-37.0%

Precious Metals	Price	D/D	YTD	GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Gold100 OZ (per oz)	1,470.8	-0.99%	-3.06%	Kuwait	20/03/2027	2.9
Silver (per oz)	12.0	-0.02%	-32.86%	Abu Dhabi	11/10/2027	3.1
Platinum (per oz)	618.0	-1.33%	-36.07%	Qatar	02/06/2026	3.4
Other Metals				Saudi Arabia	04/03/2028	3.9
Copper, MT	4,745	-7.76%	-23.15%	Oman	17/01/2028	11.6
Aluminium, MT	1,650	-0.09%	-8.84%	Bahrain	12/10/2028	8.3
Lead, MT	1,680	3.74%	-12.84%			
Zinc, MT	1,846	-1.34%	-18.75%			

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.55	0.7	1m	0.75	-57.4%
5 year	101.46	0.8	3m	1.05	-44.9%
10 year	102.38	1.2	6m	0.91	-52.3%
30 year	103.70	1.8	1 year	0.86	-56.8%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

Central Bank of Oman unveils RO 8 bn stimulus package to fight downturn

The Central Bank of Oman (CBO) has unveiled a raft of policy measures and financial incentives designed to unlock an estimated RO 8 billion in additional liquidity for the benefit of businesses impacted by the economic downturn and the Covid-19 threat. A circular issued by CBO Executive President Taher Salim al Amri outlines a number of stimulus measures primarily targeted at banks and finance & leasing companies (FLCs) to enable them to extend a measure of financial relief to companies embattled by the crisis.

Source: [Oman Observer](#)

Relief measures necessary to ease woes of Omani businesses: OCCI

The Oman Chamber of Commerce and Industry (OCCI) has welcomed policy measures unveiled by the government, represented by the Ministry of Finance and the Central Bank of Oman (CBO), to help provide succour to businesses impacted by the novel coronavirus (COVID-19). According to a top official, many of the measures announced on Wednesday stem from weeks of efforts by the Chamber seeking to nudge the government into coming to the aid of Omani firms and small businesses impacted by the double whammy of the global economic downturn compounded more recently by the Covid19 crisis.

Source: [Oman Observer](#)

CMA suspends general meetings of investment funds

The Capital Market Authority has issued circular suspending general meetings of public joint-stock companies and investment funds until further notice. The move comes after the decision of the Supreme Committee tasked with handling the developments resulting from the spread of the new COVID-19 to suspend all gatherings, events and conferences in the Sultanate effective from Wednesday, March 18, 2020, until further notice.

Source: [Times of Oman](#)

Acceptance of deferred payment of loans for six months

The Central Bank of Oman (CBO) has taken strict measures during the period notifying banks to accept requests for deferment of loan instalments for the coming six months. The CBO issued a statement on Tuesday, March 18, referring to the banks and financing leasing companies (FLCs) to accept request for deferment of loan as well as installments and profit for affected borrowers, particularly SMEs with immediate effect.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia cuts 2020 budget expenditure by 5% to tackle coronavirus, lower oil prices

The Saudi government approved to partially cut the 2020 budget expenditure by nearly SAR 50 billion, or less than 5% in areas that have the least social and economic impact, state-owned SPA reported, citing Mohammed Al-Jadaan, Saudi Minister of Economy and Planning. The move came as part of the measures adopted by the government to curb the impact of lower oil prices amid the current economic and global conditions on the spread of the novel coronavirus (COVID-19).

Source: [Argaam](#)

Aldar Properties approves AED1.14 bn in cash dividends for 2019

Aldar Properties today approved AED1.14 billion in cash dividends (14.5 fils per share) for the financial year ended on 31 December 2019. This came as Mohamed Khalifa Al Mubarak, Chairman of Aldar, hosted today the Annual General Assembly meeting of Aldar properties via video conference, after receiving the necessary approvals from Abu Dhabi Securities Exchange and the Emirates Securities and Commodities Authority. This makes Aldar the first company in Abu Dhabi's private sector to host its AGM via a video conference channel. This represents a 4% growth on 2018's dividend, marking the eighth consecutive year of growth in Aldar's dividends.

Source: [WAM](#)

UAE airlines suspend 18 more flights, as European Union shuts down all borders

The UAE's three major airlines have suspended 18 more flights to various destinations, as countries around the world tightened or shut borders to contain the fast-spreading coronavirus. As of Wednesday, 4 pm, Emirates, Etihad and fly Dubai have closed more than 90 routes, up from 73 during the previous update. Most of the latest closures are effective either today (March 18) or the next few days, with passenger aircraft being pulled out of routes on cities in France, Spain, Switzerland, Philippines, Mexico, Sri Lanka, Sudan and Egypt, among others.

Source: [Zawya](#)

Saudi Energy Ministry directs Aramco to maintain output at 12.3 mbpd over coming months

Saudi Arabia's Ministry of Energy directed Saudi Arabian Oil Co. (Saudi Aramco) to maintain its maximum sustainable capacity at 12.3 million barrels per day over the coming months. Saudi Aramco said earlier it would provide its customers with 12.3 million barrels a day starting April, up by 300,000 barrels per day compared to its current maximum sustained capacity. However, Saudi Aramco recently received a directive from the Ministry of Energy to boost its maximum sustained capacity from 12 to 13 million barrels per day, Argaam reported.

Source: [Argaam](#)

Saudi banks' retail, corporate mortgage loans rise 25% in 2019

Mortgage loans provided to retail and corporate clients by commercial banks in Saudi Arabia saw an increase of 25% year-on-year (YoY) to SAR 297.4 billion in 2019, according to data issued by the Saudi Arabian Monetary Authority (SAMA). Loans to retail clients, representing 67% of the total mortgage loans, rose 41% YoY to SAR 198.1 billion in 2019 from SAR 140.3 billion during 2018. Corporate loans grew by 1% YoY to SAR 99.3 billion.

Source: [Argaam](#)

UAE best-positioned in GCC to absorb oil shock

The UAE is best-positioned among GCC economies to weather the decline in oil prices as it can finance its current account deficit longer than any of its regional peers, says a new report. According to Capital Economics, the UAE can finance its current account deficit for 35 years if oil prices stay at \$25 a barrel. Kuwait comes second followed by Qatar, Saudi Arabia, Bahrain and Oman. "In the four largest Gulf economies - Saudi Arabia, the UAE, Kuwait and Qatar - current account deficits could be financed through a drawdown of large foreign exchange savings for a considerable amount of time.

Source: [Khaleej Times](#)

U.A.E. Eases Restrictions on Internet Calls to Contain Virus

The United Arab Emirates lifted restrictions on some programs that allow voice calls over the Internet for companies on a case-by-case basis to help people work from home and avoid spreading the coronavirus, people familiar with the matter said. The U.A.E., the Middle East's business and travel hub, will permit companies to use Microsoft Teams and Zoom, applications that allow virtual conferencing, the people said, asking not to be identified. The country's Telecommunications Regulatory Authority couldn't be reached for comment.

Source: [Bloomberg](#)

Investment ministry task force to ensure uninterrupted business

The Ministry of Investment of Saudi Arabia (MISA) has established a special taskforce to ensure that all services are provided to the existing and prospective investors through teleworking technologies. Saudi Arabia's Minister of Investment Khalid Al-Falih said in a letter to all investor partners and beneficiaries: "MISA will continue supporting investors and working remotely will not affect the ministry's service provision."

Source: [SG](#)

Saudi Electricity Co. to launch power generation subsidiary soon

As part of its ongoing restructuring, Saudi Electricity Co. (SEC) will "soon" launch its new subsidiary focusing on power generation, according to SEC CEO Fahad Al-Sudairi. He also provided updates on the progress of a number of other previously announced projects, including the company's rollout of smart meters, its plans to increase the use of renewable energy, and a joint initiative with Egypt that he described as "one of the region's most vital power interconnectivity projects."

Source: [Arab News](#)

Saudi Measures Against Virus Revive Food Delivery Business

Workers in the home delivery sector in Saudi Arabia have revealed an increase in food orders by 40 percent. This was recorded during the first two days after government authorities announced the precautionary measures that adhere to relevant international standards and requirements to prevent the spread of coronavirus.

Source: [Aawsat](#)

MIDEAST STOCKS-Most indexes in Gulf gain on stimulus hopes

Most Gulf bourses rose on Wednesday, underpinned by gains in financial stocks, on hopes that a hefty helping of stimulus measures from regional policymakers could limit the blow from the coronavirus. Saudi Arabia's benchmark index, TASI advanced 1.3%, with most of the banks trading in positive territory. National Commercial Bank 1180.SE and Al Rajhi Bank 1120.SE gained 3.9% and 1.2%, respectively.

Source: [NASDAQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

World Could Need \$26 Trillion Stimulus, Top Global Fund Says

The size of the fiscal response required to counter the economic impact of the coronavirus could be as much as an unprecedented 30% of global output, according to one of Australia's top-performing fund managers. The most likely outcome of efforts to contain the health emergency is a near total shutdown of the world's economy over the next two to six months, said Hamish Douglass, chairman and chief investment officer of Magellan Financial Group Ltd. This is likely to lead to a near total collapse in demand for many businesses over the period, he said in an investor update on the \$58 billion asset manager's website.

Source: [Bloomberg](#)

Japan's exports fall, imports from China slump as virus impact widens

Japan's exports slipped for a 15th straight month in February as U.S. and China-bound shipments declined, suggesting a cooling of business activity in the world's third-largest economy due to the coronavirus outbreak. Imports from China fell at their fastest pace since 1986 after the virus, which has killed more than 7,000 people worldwide, led to a widespread shutdown of production in the region's largest economy. Ministry of Finance (MOF) data out on Wednesday showed Japan's exports fell 1.0% from a year earlier in February, dragged by U.S.-bound shipments of cars and metal processing machinery to China.

Source: [Reuters](#)

Interest rates are rising, a bad sign as the economy slides toward recession

Rising interest rates are the last thing a weakening economy needs, but Treasury yields continue to rise even though the Fed is using its heavy artillery to drive them lower. Strategists say yields, which move opposite price, are going higher because a big government stimulus package could create \$1 trillion or more in new debt on top of the already \$1 trillion U.S. deficit. Yields are also moving higher because of a lack of liquidity as investors seek to raise cash.

Source: [CNBC](#)

Risk premium on U.S. investment-grade credit triples on virus worries

Concerns about the impact of the coronavirus on corporate America's balance sheets has tripled the premium investors are demanding to hold even the highest-rated corporate bonds. The difference between the average yield of investment-grade U.S. bonds over virtually risk-free Treasuries widened to 303 basis points (bps) on Wednesday, according to the ICE/BofA investment grade index. That's up from 101 bps at the start of the year and the highest since July 2009.

Source: [Yahoo Finance](#)

GLOBAL MARKETS-Dollar surges, stocks fall as ECB fails to stop panic

The dollar surged, bonds plunged and global markets struggled to find their footing on Thursday as the European Central Bank's latest promise of stimulus provided only brief solace while the world struggles to contain the coronavirus pandemic. U.S. stock futures ESvc1 fell 2%. The Australian dollar was crushed, falling 3.3% to a more than 17-year low, and Asian markets gave up initial gains made after the ECB had announced a bond-buying program.

Source: [NASDAQ](#)

Turkey Unveils \$15.4 Billion Plan to Counter Virus Outbreak

Turkish President Recep Tayyip Erdogan unveiled a 100 billion-lira (\$15.4 billion) plan to help businesses ride out the economic storm caused by the coronavirus pandemic. The government will introduce a set of new measures from tax cuts and payment deferrals for businesses to an increase in minimum pension payouts, Erdogan said Wednesday after meeting with senior officials and business leaders.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil rockets nearly 20% as investors hail coronavirus stimulus spending - for now

Oil prices surged as much as nearly 20% on Thursday, bouncing back from days of heavy losses in a relief rally that may yet be short-lived, analysts warned, but which was stoked by economic stimulus efforts to ward off a global coronavirus recession. Brent crude LCOc1 was up \$2.10, or 8%, at \$26.98 a barrel by 0028 GMT after tumbling 13% on Wednesday in a third day of relentless selling. U.S. oil CLc1 gained \$3.44, or 17%, to \$23.81 a barrel after slumping nearly 25% in the previous session.

Source: [Reuters](#)



Ubhar Capital SAOC (U Capital)

Ominvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Website: www.u-capital.net



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.