

U Capital Morning Brief

29 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	744.54	-0.02	0.00%	-11.74%	6.83	0.69	8.6%
U Capital GCC 50 Index	1,033.26	0.38	0.04%	-25.46%	17.43	1.72	5.3%
U Capital MENA 200 Index	834.34	7.50	0.91%	-23.51%	11.90	1.43	6.2%
MSCI GCC Countries Index	430.33	-0.07	-0.02%	-24.46%	12.72	1.38	5.0%
Muscat Securities Market	3,538.74	-17.33	-0.49%	-11.11%	7.12	0.66	7.4%
Saudi Stock Exchange	6,326.92	118.27	1.90%	-24.58%	17.51	1.46	4.2%
Kuwait Stock Exchange	5,738.47	-52.90	-0.91%	-20.90%	12.66	1.13	4.5%
Qatar Exchange	8,479.20	-55.12	-0.65%	-18.67%	12.50	1.21	4.7%
Bahrain Stock Exchange	1,388.78	3.71	0.27%	-13.75%	9.95	0.84	5.6%
Dubai Financial Market	1,809.12	-13.89	-0.76%	-34.57%	6.63	0.64	6.8%
Abu Dhabi Exchange	3,770.73	-150.66	-3.84%	-25.71%	11.01	1.03	6.5%
Beirut Stock Exchange	593.17	1.64	0.28%	-24.49%	3.12	0.35	15.6%
Palestine Stock Exchange	498.90	0.37	0.07%	-5.14%	11.71	1.13	4.7%
Tunis Se Index	6,412.02	-12.11	-0.19%	-9.97%	18.04	2.28	2.3%
EGX 30 Index	9,912.98	47.31	0.48%	-29.00%	8.16	1.28	3.1%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Australian Dollar (AUD)	0.617	1.623
FTSE 100	UK	5,510.3	-5.25%	-26.94%	British Pound (GBP)	1.246	0.803
DAX	Germany	9,632.5	-3.68%	-27.30%	Canadian Dollar (CAD)	0.715	1.399
CAC 40	France	4,351.5	-4.23%	-27.21%	Chinese Renminbi (CNH)	0.141	7.088
United States					Egyptian Pound (EGP)	0.064	15.742
DJIA	USA	21,636.8	-4.06%	-24.18%	Euro (EUR)	1.114	0.898
S&P 500	USA	2,541.5	-3.37%	-21.34%	Indian Rupee (INR)	0.013	74.920
NASDAQ	USA	7,502.4	-3.79%	-16.39%	Japanese Yen (JPY)	0.009	107.940
Asia Pacific					New Zealand Dollar (NZD)	0.604	1.657
NIKKEI 225	Japan	19,389.4	3.88%	-18.04%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	23,484.3	0.57%	-16.69%	Pakistani Rupee (PKR)	0.604	166.125
KSE 100 Index	Pakistan	28,109.6	3.09%	-30.99%	Russian Ruble (RUB)	0.013	78.806
NSE Nifty 50	India	8,660.3	0.22%	-28.83%	Singapore Dollar (SGD)	0.701	1.427
SHANGHAI COMPOSITE	China	2,772.2	0.26%	-9.11%	Turkish Lira (TRY)	0.155	6.454
SHANGHAI SHENZHEN CSI 300	China	3,710.1	0.32%	-9.44%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	24.9	-5.35%	-61.46%	UAE	1.53	-30.8%
WTI Crude (per bbl)	21.5	-4.82%	-64.77%	Saudi Arabia	1.13	-49.5%
Oman Crude Oil (Last Closing)	26.4	-6.89%	-60.92%	Kuwait	1.94	-29.5%
OPEC (per bbl)	26.0	-3.34%	-61.68%	Oman	2.70	-3.9%
Precious Metals						
Gold100 OZ (per oz)	1,628.2	-0.20%	7.31%	Qatar	1.31	-41.9%
Silver (per oz)	14.5	0.44%	-18.96%	Bahrain	1.90	-28.8%
Platinum (per oz)	744.8	0.76%	-22.95%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	4,791	-0.28%	-22.41%		Maturity date	YTM, %
Aluminium, MT	1,546	0.62%	-14.61%	Kuwait	20/03/2027	2.8
Lead, MT	1,705	1.16%	-11.55%	Abu Dhabi	11/10/2027	2.9
Zinc, MT	1,878	0.97%	-17.34%	Qatar	02/06/2026	3.0
				Saudi Arabia	04/03/2028	3.4
				Oman	17/01/2028	10.3
				Bahrain	12/10/2028	8.2

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.62	0.3	1m	0.99	-43.9%
5 year	100.52	0.4	3m	1.45	-24.0%
10 year	107.88	0.7	6m	1.07	-43.9%
30 year	118.28	1.3	1 year	0.97	-51.5%

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: Coronavirus fears continue to take its toll on the market

MSM30 Index closed the week down by 0.80% while MSM total return index was up 1.91% during the week. Ex. dividend trades and continued fears of increase in Coronavirus cases were the major reason behind the decline. Mixed performance of the sub-indices. Financial Index closed down by 1.42% w-o-w while Services and Industrial index closed up by 0.12% and 0.84% w-o-w. The MSM Shariah Index closed up by 0.02% w-o-w. Oman Telecommunications announced to the shareholders that it maintained its representative with five seats in the board of Zain Mobile Telecommunications company.

Source: **Muscat Daily**

CBO urges use of mobile, net banking, online services

In response to the Central Bank of Oman's (CBO) appeal for banks to discourage the use of banknotes – as a precaution against the spread of the novel coronavirus (COVID-19) – local lenders have begun urging their customers to explore an array of online and digital options from the safety of their mobile phones or laptops. A number of local banks have taken to social media to encourage their customers to use contactless payment options as an alternative to cash in light of COVID-19 related concerns associated with the use of banknotes.

Source: **Oman Observer**

Financial closure achieved for Ibri II solar project

A consortium consisting of ACWA Power, GIC and AEPC has achieved the financial closure for the 500 MW solar photovoltaic independent power project (IPP) at Ibri in Oman, which is also the largest utility scale solar plant in the country as of date. The \$400 million project will be funded on a debt-to-equity ratio of 70:30. A syndicate of six international and local lenders will provide the \$275 million senior debt. The mandated lead banks including Asian Infrastructure Investment Bank (AIIB), Bank Muscat, Riyad Bank, Siemens Bank, Standard Chartered Bank and Warba Bank, helped structure the largest utility scale solar PV project in Oman on a 16.5 year door-to-door tenor.

Source: **Arab News**

Remote training programmes in Oman under Ministry lens

The Ministry of Manpower announced on Saturday that it is closely monitoring advertisements by private institutions for remote training programmes which do not have the approval of the ministry. A statement issued online by the ministry said: "With follow-up from the General Directorate for Professional Standards and Curriculum Development, a number of institutions have been observed publishing ads to implement training programmes remotely without obtaining the approval from the Directorate for this type of training."

Source: **Times of Oman**

S&P cuts Oman rating deeper into junk, trims Bahrain's outlook

Rating agency S&P has lowered crude producer Oman's sovereign ratings deeper into junk territory, citing external challenges, and changed the outlook for Bahrain's ratings to stable from positive due to the country's dependence on oil revenue. The changes came after S&P recently cut its forecast the Brent crude oil benchmark to an average of \$30 a barrel in 2020, \$50 per barrel in 2021, and \$55 a barrel from 2022.

Source: **Arab News**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

GCC banks face rating pressure from COVID-19 impact

Downward pressure on profitability and loan quality due to deteriorating operating conditions resulting from low oil prices and the impact of coronavirus (COVID-19) outbreak is likely to result in more credit rating downgrades of banks in the region, according to rating agencies. Leading rating agencies have warned that economic impact of coronavirus and the low oil prices are likely to result in margin erosion and loan impairments for banks resulting in rating action.

Source: **Al Khaleej**

GCC to see slower growth in 2020

All GCC countries, barring Bahrain, will see positive real GDP growth in 2020 despite a massive cut in growth rates due to the impact of coronavirus and a decline in hydrocarbon earnings. While most will slip into recession this year due to lockdowns and growing restrictions by governments on the movement of people due to the outbreak of Covid-19, oil-exporting Gulf countries will still be able to maintain positive growth as the impact of lower prices will be offset by increased crude production, which will help them to stay in positive territory.

Source: **Khaleej Times**

S&P affirms Saudi Arabia's rating at 'A-/A-2', outlook stable

S&P Global maintained Saudi Arabia's sovereign credit ratings at 'A-/A-2' with a stable outlook. The estimates of the Kingdom's strong net asset-stock position on its fiscal and external balances continues to be a key ratings support. However, prolonged low oil prices without a significant fiscal adjustment could lead to an erosion of the net asset stock position and put pressure on Saudi Arabia's ratings, S&P Global added.

Source: [Argaam](#)

Prince Alwaleed places Kingdom Holding assets at government disposal to confront coronavirus

Saudi billionaire Prince Alwaleed bin Talal decided to place the assets of Kingdom Holding Co. at the Saudi government disposal to confront coronavirus. The assets include facilities of National Industrialization Co. (Tasnee), Banque Saudi Fransi (BSF), Four Seasons Hotel in Riyadh and Kingdom Schools in addition to hotels managed in Makkah and Madinah, the prince said. The move came to support the efforts exerted by the Kingdom of Saudi Arabia to curb the coronavirus spread, he added in a statement on his official Twitter account.

Source: [Argaam](#)

UAE: Postponement of rent for 6 months

Under the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, and the directives of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council of Dubai, His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman of Dubai Airport Free Zone, confirmed that the Dubai Free Zones Council is continuously working to support the economic system to enhance Dubai's competitiveness by ensuring business continuity in all sectors, especially for small and medium enterprises.

Source: [Zawya](#)

S&P lowers Kuwait rating to AA-, outlook stable

Standard and Poor's (S&P) has lowered Kuwait's long-term foreign and local-currency sovereign credit ratings to (AA-) from (AA), Kuwait News Agency (KUNA) reported "The oil price drop is happening alongside Kuwait's slow reform momentum, which has generally lagged that of other regional countries in recent years," the rating agency said in a report, projecting a stable economic outlook. The stable outlook is due to "Kuwait's sizable fiscal and balance-of-payments buffers provide the government with headroom for policy measures over the next two years."

Source: [Zawya](#)

Dubai Announces Economic Incentive Package for its Free Zones

Dubai announced an economic incentive package for its free zones on Saturday in the light of "exceptional circumstances" related to the coronavirus pandemic. The measure consists of five parts, including postponing rent payments for six months and cancellation of some fines for companies and individuals, the state-run Emirates News Agency reported. The city is home to a number of free zones, including the Dubai International Financial Center.

Source: [Bloomberg](#)

Saudi Arabia extends suspension of flights, work indefinitely

Saudi Arabia said on Sunday it was extending indefinitely the suspension of international passenger flights and workplace attendance in both public and private sectors among efforts to contain the spread of the coronavirus. Domestic flights, trains, buses and taxis also remain suspended, the Interior Ministry said in a statement.

Source: [Reuters](#)

MIDEAST STOCKS-Most major Gulf stocks decline, but banks boost Saudi

Most major Gulf shares lost steam on Thursday, ending a two-day rally triggered by the giant \$2 trillion stimulus package in the United States to mitigate the economic blow from the fast-spreading coronavirus pandemic. In Abu Dhabi, the index sank 3.8%, with the country's largest lender First Abu Dhabi Bank (FAB) and telecoms firm Etisalat dropping 5% and 4.9%, respectively. Dubai's main share index slipped 0.8%. The United Arab Emirates' (UAE) largest sharia-compliant lender Dubai Islamic Bank fell 3.1%, while Emaar Malls was down 3.6%. The UAE will halt all public transport and restrict people's movements in the evening for a weekend nationwide disinfection campaign starting Thursday to curb the spread of the new coronavirus.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

IMF asks G20 to back doubling of its emergency financing to fight coronavirus

The International Monetary Fund on Thursday asked G20 leaders to back a doubling of its emergency financing capacity to strengthen its response to the rapidly spreading coronavirus pandemic that is set to cause a global recession in 2020. IMF

Managing Director Kristalina Georgieva, in a statement to leaders of the world's 20 largest economies, said the depth of the economic contraction and the speed of the recovery depended on containment of pandemic and "how strong and coordinated our monetary and fiscal policy actions are."

Source: [Reuters](#)

The Second Virus Shockwave Is Hitting China's Factories Already

Since last week, emails from foreign clients have been flooding into export manager Grace Gao's in-box, asking to delay orders already made, putting goods ready to be shipped on hold until further notice, or asking for payment grace periods of up to two months. Gao's firm, Shandong Pangu Industrial Co., makes tools like hammers and axes, 60% of which go to the European market. As the virus ravages the continent from Spain to Italy, the shutdowns there are cutting off orders to Chinese factories just as they were beginning to get back on their feet. It's a story playing out across the country.

Source: [Bloomberg](#)

Dollar edges up but headed for biggest weekly fall since 2016

The dollar edged higher on Friday but remained on track for its biggest weekly decline in four years, as trillions of dollars worth of stimulus efforts by governments and central banks during the coronavirus epidemic helped temper a rout in global markets. The dollar surged in March amid a drive for dollars by investors trying to get their hands on the world's most liquid currency. But big government spending pledges, including a \$2.2 trillion U.S. package, and co-ordinated efforts by central banks around the world to increase the supply of dollars have supported a rally in other major currencies.

Source: [CNBC](#)

Trump signs \$2 trillion coronavirus relief bill as the US tries to prevent economic devastation

President Donald Trump signs the \$2 trillion coronavirus relief bill. It passed the House earlier Friday after getting through the Senate on Wednesday. House leaders rushed lawmakers back to Washington to block an effort by Rep. Thomas Massie, R-Ky., to ask for a recorded vote, which could have delayed the measure's passage by hours.

Source: [CNBC](#)

COMMODITIES NEWS

Saudi Arabia not in talks with Russia over more OPEC+ members: official

A Saudi Arabian energy ministry official said that there had been no talks between energy minister Prince Abdulaziz bin Salman and his Russian counterpart over any increase in the number of OPEC+ countries. Also, there are no talks about a joint agreement to balance oil markets, the source added.

Source: [Argaam](#)

The Global Oil Market Is Broken, Drowning in Crude Nobody Needs

Virus lockdowns have cut global oil consumptions by up to 25%. The world is fast running out of space to store excess crude. The global oil market is broken, overwhelmed by an unmanageable surplus as virus lockdowns cascade through the world's largest economies. Onshore tanks in many markets are full, forcing traders to store excess oil in idle supertankers. Refineries are starting to shut down because nobody needs the fuels they produce. In physical oil markets, barrels are already changing hands for less than \$10, and in a few landlocked markets producers are paying consumers to take away their crude.

Source: [Bloomberg](#)