

# U Capital Morning Brief

18 March 2019

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	864.33	4.13	0.48%	-1.59%	-	-	-
U Capital GCC 50 Index	1,383.04	14.03	1.01%	5.60%	-	-	-
U Capital MENA 200 Index	1,090.12	8.42	0.77%	4.31%	-	-	-
MSCI GCC Countries Index	571.11	-1.48	-0.26%	6.18%	14.66	1.85	3.7%
Muscat Securities Market	4,086.88	11.90	0.29%	-5.48%	8.53	0.78	6.4%
Saudi Stock Exchange	8,563.44	-19.44	-0.23%	9.41%	18.92	1.92	3.3%
Kuwait Stock Exchange	5,350.75	3.94	0.07%	5.34%	15.08	1.30	3.7%
Qatar Exchange	9,863.10	-107.45	-1.08%	-4.23%	13.78	1.45	4.5%
Bahrain Stock Exchange	1,409.91	0.85	0.06%	5.43%	9.02	0.87	5.8%
Dubai Financial Market	2,577.86	3.65	0.14%	1.90%	8.22	0.95	5.3%
Abu Dhabi Exchange	4,977.29	-20.28	-0.41%	1.27%	13.93	1.42	5.0%
Beirut Stock Exchange	954.46	-0.84	-0.09%	-2.28%	4.82	0.56	9.5%
Palestine Stock Exchange	545.95	1.09	0.20%	3.14%	11.00	1.23	4.4%
Tunis Se Index	6,852.42	-54.08	-0.78%	-5.77%	17.58	2.41	2.1%
EGX 30 Index	15,033.48	42.14	0.28%	15.32%	16.81	1.49	2.0%
Amman General Index	1,975.33	-8.37	-0.42%	3.48%	13.49	0.99	4.8%

\* Kuwait YTD data is not available as the Index was reconstituted in April '18

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					Australian Dollar (AUD)	0.711	1.406
FTSE 100	UK	7,228.3	0.60%	7.4%	British Pound (GBP)	1.329	0.752
DAX	Germany	11,685.7	0.85%	10.7%	Canadian Dollar (CAD)	0.751	1.332
CAC 40	France	5,405.3	1.04%	14.3%	Chinese Renminbi (CNH)	0.149	6.715
<b>United States</b>					Egyptian Pound (EGP)	0.058	17.385
DJIA	USA	25,848.9	0.54%	10.8%	Euro (EUR)	1.134	0.882
S&P 500	USA	2,822.5	0.50%	12.6%	Indian Rupee (INR)	0.015	68.845
NASDAQ	USA	7,688.5	0.76%	15.9%	Japanese Yen (JPY)	0.009	111.550
<b>Asia Pacific</b>					New Zealand Dollar (NZD)	0.687	1.457
NIKKEI 225	Japan	21,578.4	0.59%	7.8%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	29,224.3	0.73%	13.1%	Pakistani Rupee (PKR)	0.719	139.050
KSE 100 Index	Pakistan	38,492.3	0.46%	3.8%	Russian Ruble (RUB)	0.015	64.805
NSE Nifty 50	India	11,492.8	0.58%	5.8%	Singapore Dollar (SGD)	0.740	1.352
SHANGHAI Composite	China	3,059.9	1.26%	22.7%	Turkish Lira (TRY)	0.183	5.452
KOSPI Index	South Korea	2,174.9	-0.06%	6.6%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
<b>Oil</b>					
Brent Crude (per bbl)	67.0	-0.19%	23.4%	UAE	2.77
WTI Crude (per bbl)	58.3	-0.38%	28.4%	Saudi Arabia	2.89
Oman Crude Oil (Last Closing)	67.3	-0.33%	25.8%	Kuwait	2.63
OPEC (per bbl)	67.3	1.04%	30.5%	Oman	2.83
<b>Precious Metals</b>					
Gold100 OZ (per oz)	1,299.6	-0.22%	1.3%	Qatar	2.89
Silver (per oz)	15.3	-0.04%	-1.3%	Bahrain	3.85
Platinum (per oz)	827.8	-0.46%	4.0%	<b>GCC Latest 10-Yr Government Bond Yields</b>	
<b>Other Metals</b>					
Copper, MT	6,431	0.42%	7.8%		
Aluminium, MT	1,897	-0.32%	2.8%		
Lead, MT	2,062	-2.46%	2.0%		
Zinc, MT	2,790	-1.24%	13.1%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	99.93	2.40	1m	2.48
5 year	99.86	2.41	3m	2.63
10 year	100.25	2.60	6m	2.67
30 year	99.64	3.02	1 year	2.84

Source: Bloomberg

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

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## OMAN ECONOMIC & CORPORATE NEWS

### **UBHAR GCC FUND DELIVERS 8% RETURN FOR 2018**

Ubhar GCC Fund was once again amongst the list of best performing GCC funds out of Oman, generating a return of eight per cent in 2018. Ubhar GCC Fund's size as of December 2018 stood at RO8mn. The fund, topped the list of funds in Oman with size over RO5mn, according to a press release.

Source: [Muscat Daily](#)

### **Outlook for Omani economy 'good' over short-to-medium term: CBO**

The Omani economy gained further momentum in the first nine months of 2018, reflecting a surge in oil prices and traction gained by non-oil economic activities, the Central Bank of Oman (CBO) said in mid-year review of the country's economy in 2018. It attributed the brightening outlook to the surge in oil price and diversification programmes, along with increased participation of the private sector drove the broad-based upturn in the economy.

Source: [Oman Observer](#)

### **ACWA Power led consortium to build first solar power project**

Oman has named the consortium led by Saudi-based ACWA Power as the successful winner of its licence to build the nation's first utility-scale solar photovoltaic based Independent Power Project (IPP) at Ibri in Dhahirah Governorate at a cost of around \$400 million. The announcement was made by Oman Power and Water Procurement Company (OPWP) — the sole procurer of new power and water capacity under the Sector Law — at a press briefing held in the presence of Salim bin Nasser al Aufi, Under-Secretary of the Ministry of Oil and Gas, which recently assumed responsibility for electricity-related activities in the Sultanate.

Source: [Oman Observer](#)

### **BP Oman renews contract with Veolia**

BP has renewed Veolia Middle East's five-year contract for a reverse osmosis raw water treatment plant in Oman's Khazzan tight gas field. Veolia, the global leader in optimized resource management, will continue to handle operations and maintenance (O&M) at the facility, which has a capacity of 6,000 m<sup>3</sup>/day, split between 4,000 m<sup>3</sup>/day of processed water and 2,000 m<sup>3</sup>/day of drinking water.

Source: [Times of Oman](#)

### **\$1bn mega wind project planned in Duqm**

Oman's first utility scale wind power project — envisioning a world-scale capacity of 300 MW — is expected to come up in Duqm by 2023, according to Oman Power and Water Procurement Company (OPWP). Dubbed 'Wind 2023', the wind-based Independent Power Project (IPP) will be built at an estimated cost of around \$1 billion. A wind resource assessment (WRA) for the project will be initiated during the third quarter this year, with the qualification process expected to commence in Q3 2020.

Source: [Oman Observer](#)

### **Focus on changes to ERs of income tax law**

KPMG Lower Gulf's (KPMG LG) Muscat office held a seminar in Muscat to discuss amendments to the Executive Regulations (ERs) of the Oman Income Tax Law introduced in February 2019 that are likely to impact many tax payers in Oman. The event shed light on matters related to withholding tax and helped participants to better understand its potential coverage and possible impact on past transactions.

Source: [Times of Oman](#)

### **SYMPOSIUM DISCUSSES HEALTH INSURANCE**

As Oman is planning to implement compulsory health insurance for expatriate workers and visitors in the country, the Capital Market Authority (CMA) on Sunday organised a symposium on 'Implementation of Health Insurance and its Challenges'. Delivering the opening speech at the symposium at Sheraton Oman Hotel, Ahmed Ali al Maamari, vice president - insurance sector at the CMA said, "The government is planning to launch comprehensive medical insurance for all in the sultanate. As a first step in this direction, expatriates workers, their family members, and visitors to Oman will be covered first."

Source: [Muscat Daily](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **MIDEAST STOCKS-Saudi dips ahead of FTSE Russell index inclusion, other markets mixed**

Saudi stocks dipped slightly on Sunday, a day ahead of the market's inclusion in the FTSE Russell's emerging market index, while other Gulf markets were mixed with Qatar down 1.1 percent on weakness in banks and real estate firms. Investors

booked profits in recent gainers on the Tadawul, weakening the benchmark, which was down 0.2 percent. The Saudi index has gained 9.5 percent so far this year, outperforming major Gulf markets.

Source: [Reuters](#)

#### **Saudi Arabia's New Rules Set to Raise Islamic Tax for Some Banks**

Saudi Arabia set out new rules for the calculation of an Islamic tax on banks that'll result in them paying between 10 percent to 20 percent of net profit. The General Authority of Zakat & Tax set limits for the taxable asset base of between four times and eight times net profit, according to a statement on its website. That's equivalent to a corridor of between 10 percent and 20 percent of net income, Bloomberg Intelligence analyst Edmond Christou said.

Source: [Bloomberg](#)

#### **UAE's c/a surplus rose to 9.6% of GDP in 2018- c.bank**

The current account surplus of the United Arab Emirates rose to 139 billion dirhams (\$38 billion) or 9.6 percent of gross domestic product (GDP) in 2018, up from 101 billion dirhams or 7.2 percent of GDP, the UAE central bank said on Sunday. It attributed the increase mainly to higher oil prices, which rose from an average of \$54.25 a barrel in 2017 to an average of \$71 in 2018.

Source: [Zawya](#)

#### **UAE to create 30,000 jobs for Emiratis in private sector this year**

UAE has announced an ambitious programme of creating 30,000 jobs for Emiratis in the private sector. Nasser bin Thani Al Hamli, Minister of Human Resources and Emiratisation, announced on Sunday that they are targeting of 30,000 jobs for citizens in the private sector in 2019, in implementation of the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, to redouble their efforts.

Source: [Khaleej Times](#)

#### **Banking on mergers: More consolidations seen in UAE lending sector**

The UAE banking industry is well-capitalized and stands on solid pillars, but still requires consolidation to emerge stronger in this competitive era by merging smaller units with major financial groups, experts say. Analysts and seasoned bankers said that the UAE's banking sector is overbanked as a small country with a population of 9.5 million is served by 60 local and foreign banks. They were of the view that the UAE banking industry may see at least two to three mergers in the near future.

Source: [Zawya](#)

#### **Crédit Agricole sells stake in Banque Saudi Fransi for SAR 2 bln**

Crédit Agricole Corporate & Investment Bank on Sunday has signed a deal to sell a 4.9 percent stake in Banque Saudi Fransi (BSF) for SAR 31.50 per share, totaling SAR 1.86 billion (or EUR 440 million) to a Ripplewood-led consortium. Crédit Agricole is offloading a 3 percent equity to RAM Holdings, the investment arm of US-based Ripplewood, the Paris-based bank said in a statement.

Source: [Argaam](#)

#### **Saudi holdings of US Treasuries drop by \$9 bln in January**

Saudi Arabia's holdings of US Treasuries stood at \$162.6 billion in January 2019, a drop of \$9 billion month-on-month, data showed. The Kingdom was in 12th place among the largest holders of US debt in January, down one rank from the previous month.

Source: [Argaam](#)

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

#### **Lyft to launch road show for up to \$2 billion IPO: sources**

Ride-hailing platform Lyft Inc will launch the investor road show for its initial public offering on Monday, seeking to raise as much as \$2 billion and to be valued at more than \$20 billion, according to people familiar with the matter.

Source: [Reuters](#)

#### **Stocks Advance as China Paces Asia; Bonds Steady: Markets Wrap**

Stocks in Asia climbed, led by China, as gains that pushed global equities to the highest level since October continued ahead of this week's Federal Reserve policy meeting. Treasuries steadied. Key equity indexes in Shanghai rose more than 1 percent on Monday, with equities in Japan and Hong Kong posting modest gains. U.S. futures were flat after the S&P 500 Index capped its best week since November on Friday. The 10-year Treasury yield stayed below 2.6 percent in the wake of soft economic data Friday. The dollar drifted.

Source: [Bloomberg](#)

### Dollar licks wounds after soft data fans bets on dovish Fed

The dollar's index against a basket of six major currencies stood at 96.564, having shed 0.81 percent last week, the biggest loss since late August. The euro traded at \$1.1328, flat in early Monday trade having gained 0.86 percent, the biggest weekly gain since late September.

Source: [CNBC](#)

### COMMODITIES NEWS

#### OPEC's compliance with supply cut deal improving, says Barkindo

OPEC Secretary General Mohammad Barkindo said compliance with a supply cut agreement with non-OPEC members was improving, and that this would help the oil market to weather through the buildup of oil inventories, Reuters reported. "There is a remarkable improvement on the level of compliance," Barkindo said.

Source: [Argaam](#)

#### Oil slips on economic slowdown, but OPEC-led cuts still support

Oil prices dipped on Monday amid concerns that an economic downturn may dent fuel consumption, but crude markets remain broadly supported by supply cuts led by producer group OPEC and U.S. sanctions against Iran and Venezuela.

Source: [Reuters](#)