













# U Capital Morning Brief

23 September 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	856.41	-2.03	-0.24%	-2.49%	-	-	-
U Capital GCC 50 Index	1,353.23	2.22	0.16%	3.33%	-	-	-
U Capital MENA 200 Index	1,058.10	2.01	0.19%	1.25%	-	-	-
MSCI GCC Countries Index	548.71	0.88	0.16%	2.02%	15.14	1.78	4.1%
Muscat Securities Market	 3,965.55	-26.58	-0.67%	-8.28%	8.07	0.78	6.9%
Saudi Stock Exchange	 7,954.14	27.32	0.34%	1.63%	19.76	1.76	3.8%
Kuwait Stock Exchange	 5,676.51	124.00	2.23%	11.75%	14.07	1.35	3.7%
Qatar Exchange	 10,447.27	-64.79	-0.62%	1.44%	15.09	1.56	4.2%
Bahrain Stock Exchange	 1,511.86	21.47	1.44%	13.06%	11.33	0.95	5.1%
Dubai Financial Market	 2,816.45	-3.24	-0.11%	11.33%	11.84	1.03	4.4%
Abu Dhabi Exchange	 5,122.71	-2.02	-0.04%	4.22%	15.35	1.46	4.8%
Beirut Stock Exchange	 789.58	-2.70	-0.34%	-19.16%	4.20	0.47	11.7%
Palestine Stock Exchange	 517.21	-1.43	-0.28%	-2.29%	11.67	1.20	4.6%
Tunis Se Index	 7,105.16	0.43	0.01%	-2.29%	19.54	2.37	1.6%
EGX 30 Index	 13,958.11	-783.96	-5.32%	7.08%	11.70	1.91	2.8%
Amman General Index	 1,825.43	8.32	0.46%	-4.37%	11.70	0.89	5.6%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,344.9	-0.16%	9.2%
DAX	Germany	12,468.0	0.08%	18.1%
CAC 40	France	5,690.8	0.56%	20.3%
<b>United States</b>				
DJIA	USA	26,935.1	-0.59%	15.5%
S&P 500	USA	2,992.1	-0.49%	19.4%
NASDAQ	USA	8,117.7	-0.80%	22.3%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,079.1	0.16%	10.3%
HANG SENG	Hongkong	26,210.8	-0.85%	1.4%
KSE 100 Index	Pakistan	32,063.4	-0.15%	-13.5%
NSE Nifty 50	India	11,502.6	2.03%	5.9%
SHANGHAI Composite	China	2,967.3	-1.30%	19.0%
KOSPI Index	South Korea	2,090.5	-0.05%	2.4%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.678	1.475
British Pound (GBP)	1.248	0.802
Canadian Dollar (CAD)	0.753	1.328
Chinese Renminbi (CNH)	0.141	7.111
Egyptian Pound (EGP)	0.061	16.338
Euro (EUR)	1.102	0.907
Indian Rupee (INR)	0.014	70.905
Japanese Yen (JPY)	0.009	107.730
New Zealand Dollar (NZD)	0.627	1.594
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.641	156.425
Russian Ruble (RUB)	0.016	64.047
Singapore Dollar (SGD)	0.727	1.376
Turkish Lira (TRY)	0.175	5.729

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	65.0	1.14%	18.0%
WTI Crude (per bbl)	58.8	1.17%	29.4%
Oman Crude Oil (Last Closing)	63.9	-0.08%	19.4%
OPEC (per bbl)	64.4	-0.28%	24.9%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,515.5	-0.09%	18.2%
Silver (per oz)	18.3	1.64%	18.0%
Platinum (per oz)	955.5	1.00%	20.1%
<b>Other Metals</b>			
Copper, MT	5,798	0.17%	-2.8%
Aluminium, MT	1,795	-0.28%	-2.8%
Lead, MT	2,120	1.15%	4.9%
Zinc, MT	2,305	-0.30%	-6.6%

GCC 3m Interbank Rates	Current Rate %
UAE	2.36
Saudi Arabia	2.36
Kuwait	2.81
Oman	2.92
Qatar	2.68
Bahrain	3.02

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	20/03/2027	2.24
Abu Dhabi	11/10/2027	2.31
Qatar	02/06/2026	2.32
Saudi Arabia	04/03/2028	2.79
Oman	17/01/2028	5.77
Bahrain	12/10/2028	5.21

Midswaps	Price	YTM %
3 year	99.66	1.62
5 year	98.34	1.60
10 year	99.13	1.72
30 year	101.94	2.16

USD Libor	Rate (%)
1m	2.04
3m	2.13
6m	2.07
1 year	2.07

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **Oman's GDP contracts 1.6pc in Q1 2019, weighed down by slump in oil prices: CBO**

The Sultanate's nominal Gross Domestic Product (GDP), after growing at an accelerated pace of 12 per cent during 2018, declined by 1.6 per cent during the first quarter of 2019, the Central Bank of Oman (CBO) stated in its newly published review of Banking & Monetary Developments for the month of July 2019. "The slowdown was pervasive across hydrocarbon and non-hydrocarbon activities, which experienced a nominal contraction of 0.5 per cent each during Q1 of 2019 as compared to a nominal growth of 20.9 per cent and 3.4 per cent, respectively, during Q1 of 2018," the apex bank noted.

Source: [Oman Observer](#)

### **Mobile telecom subscriptions dip in 2018: Oman TRA**

The mobile penetration rate in the Sultanate dipped to 141.25 per cent per 100 inhabitants in 2018, down from 152.3 per cent a year earlier — underscoring a "slight slowdown" in active subscriptions, the Telecommunications Regulatory Authority (TRA) announced in its Annual Report 2018 issued over the weekend. Mobile subscribers across the two main operators Omantel and Ooredoo, as well as a pair of mobile resellers, totaled 6,440K in 2018 (comprising 712K postpaid subscribers and 7,728K prepaid subscribers). This compares with a high of 6,493K mobile subscribers in 2017 when the mobile penetration rate was pegged at 152.3 per cent per 100 inhabitants.

Source: [Oman Observer](#)

### **Telecom tariffs not set by regulators: Govt**

The Telecom Regulatory Authority (TRA) of Oman said, in a statement, that under the free market system, tariffs for various services are not determined by the regulators. As for the tariffs, TRA's primary role is to review, approve or reject proposals submitted by licensees before they are put on the market. While evaluating the tariff proposals, TRA takes into account the interest of the consumers and also the need to maintain the sustainability of the competition.

Source: [Oman Observer](#)

### **Corporate income tax collection rises in Oman**

Oman collected almost OMR100 million more in corporate income tax in 2018 than it did in 2017, according to the country's final accounts report for last year. The report, which was released in a ministerial decision from the Ministry of Finance yesterday, showed that Oman had collected OMR 463,112,782 in corporate income tax in 2018, compared to 366,487,165 in 2017 and 388,634,659 in 2017.

Source: [Times of Oman](#)

### **5G based pilot projects for businesses in Oman**

Omantel's two main telecom operators Omantel and Ooredoo are preparing to pilot 5G based telecom offerings targeted at businesses in the Sultanate. According to the Telecommunications Regulatory Authority (TRA), the initiative is part of a wider effort by the telecom sector, supported by various government stakeholders, to prepare Oman for the eventual roll-out of ultrafast 5G services.

Source: [Oman Observer](#)

### **Galfar wins \$60m Saipem contract for Oman's \$7bn Duqm Refinery**

Muscat Securities Market-listed construction contractor Galfar Engineering & Contracting has been awarded a subcontract worth \$59.9m (OMR23m) by Italy's Saipem to work on Oman's \$7bn (OMR2.69bn) Duqm Refinery, which is being developed through a partnership between Oman Oil Co and Kuwait Petroleum International. Galfar has been picked to deliver mechanical, electrical, instrumentation, and piping fabrication works for Sub-Packages A and C.

Source: [Decypha](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **UAE Central Bank expects 2.4 pc GDP growth in 2019**

Emirates News Agency (WAM) ABU DHABI, 22nd September, 2019 (WAM) -- Real economic growth in the UAE, as estimated by Central Bank of the United Arab Emirates, exhibited Y-o-Y growth of 2.2 percent in Q2 -2019, lower than in the previous quarter. The bank expects national economy to grow 2.4 pc in 2019, driven by faster growth in the non-oil sector. Non-oil GDP growth is estimated to have grown from 0.3 pc in Q1 to 1.5 pc in Q2. However, oil GDP growth is estimated to have moderated from 12.4 pc in 2019 Q1 to 4 pc in 2019 Q2, according to the CBUAE's Quarterly Review.

Source: [MenaFN](#)

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### **Expats' remittances hit AED80.96 bn in H1-2019**

Expats' remittances from the UAE amounted to AED80.96 bn during H1-2019, according to figures released by the Central Bank of the United Arab Emirates. A total of AED33.046 bn thereof was transferred through money exchange companies and the rest from the banks operating in the country. India took home the crown as the top-receiving country for earnings made by migrants, comprising 37.2 pc of total remittances during Q2.

Source: [WAM](#)

### **Abu Dhabi Ports records 82.4% jump in first-half container volumes**

Abu Dhabi Ports' shipping container volumes surged 82.4 per cent in the first half of 2019, despite a "challenging" global trade environment as deals signed with international companies in 2018 boosted business. Khalifa Port handled 1.1 million Twenty-foot Equivalent Unit (TEUs) containers in the first six months of the year, up from 620,974 TEU in the prior-year period, Abu Dhabi Ports said in a statement on Sunday. The growth was mainly fuelled by concession agreements signed last year with maritime firms such as Mediterranean Shipping Company (MSC) and Cosco Shipping Ports (CSP).

Source: [The National](#)

### **Al-Khodari close to finalizing draft work plan, restructuring procedure**

Abdullah A. M. Al-Khodari Sons Co. is close to finalizing and discussing its draft work plan and financial restructuring procedure with auditors – a key prerequisite for issuing its FY18 consolidated financial results. Accordingly, the Saudi contractor expects to issue FY 2018 financial statements by the end of October, Al-Khodari said in a bourse statement. The company also expects to publish Q1 2019 figures by mid-November following the disclosure of its annual financial results.

Source: [Argaam](#)

### **King Salman orders applying tax rate to downstream operations for 5 years starting Jan 2020**

Saudi Arabia's King Salman has issued a royal decree on starting to apply the tax rate stipulated in Article 7/B of the income tax law to downstream operations of oil and hydrocarbon producers across the Kingdom for 5 years, starting from Jan. 1, 2020. Based on the amendment to Article 7/B of the income tax law, the tax rate for persons operating in the natural gas investment field stands at 20 percent, Argaam earlier reported.

Source: [Argaam](#)

### **Inbound tourism spending in Saudi Arabia rises 12% in 8M**

Inbound tourism spending in Saudi Arabia rose 12 percent year-on-year (YoY) to SAR 77.3 billion in the first eight months of 2019, a recent report from the Tourism Information and Research Center (MAS) showed. Inbound tourism expenditure in August jumped 23 percent YoY to SAR 33.7 billion, driven by Hajj season. Domestic tourism spending in Saudi Arabia amounted to SAR 33.8 billion by the end of August 2019, up from SAR 31.1 billion a year earlier.

Source: [Argaam](#)

### **Mideast Stocks: Protests drag down Egyptian indexes to multi-year lows**

Egypt's stock indexes EGX 30 and EGX 100 plunged to multi-year intraday lows on Sunday after protests broke out in Egyptian cities over the weekend. The blue-chip index dropped 5.3% in its biggest single-day fall since mid-2016 as all its stocks slipped into the red. Commercial International Bank dropped 4.2% and Eastern Co was down 5.7%.

Source: [Zawya](#)

### **Bahrain's Tender Board awards 14 tenders worth \$11m in August**

Bahrain's Tender Board floated and awarded contracts for 14 tenders worth \$11m (BHD4.1m) in August 2019, with works undersecretary at the kingdom's Ministry of Works, Municipalities Affairs, and Urban Planning, Ahmed Abdulaziz Al-Khayyat, revealing that nine of the 14 tenders covered roads, sanitation, construction, and maintenance projects, and were valued at \$8.9m (BHD3.4m).

Source: [Decypha](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Stocks Retreat as Trade Talks Eyed; Yen Slips: Markets Wrap**

Stocks in Asia slipped as investors monitored the latest developments in trade talks between America and China. U.S. equity futures advanced and the yen edged lower. Hong Kong and China had the biggest declines, while Sydney rose. Japan is closed for a holiday. The onshore yuan fell amid caution in the run-up to next week's national holidays. The Korean won sank as exports continued to deteriorate. China's withdrawal from a planned visit to U.S. farm states had nothing to do with trade talks, according to a report.

Source: [Bloomberg](#)

### U.S. to unveil plan on making Treasury market more transparent: Bloomberg

The U.S. government will reveal a plan on Monday to make the Treasury market more transparent, Bloomberg reported on Sunday, citing an unnamed Treasury official. The plan will be revealed to a Wall Street elite audience, central bankers and regulators during an event at the Federal Reserve Bank of New York and will be announced by U.S. Deputy Treasury Secretary Justin Muzinich, the report added.

Source: [Reuters](#)

### China needs to change way it finances economy, think tank says

China needs to develop a better system for financing small businesses that drive innovation in the economy but currently struggle to access the funds they need for growth, a leading Chinese think-tank said in a report published Sunday. China's economic development over the past 40 years has taken place through a financial system that has high government intervention and is "absolutely dominated by banks", the China Finance 40 Forum said in an annual report.

Source: [Reuters](#)

## COMMODITIES NEWS

### Oil Resumes Gains on Rising Gulf Tension and Saudi Supply Doubts

Oil resumed gains as tension between the U.S. and Iran ratcheted up following the attacks on Saudi Arabia, while doubts remained over how fast the kingdom would be able to restore lost output. Brent crude surged as much as 1.9% after jumping 6.7% last week, the biggest advance since January. Iran's Foreign Minister Mohammad Javad Zarif refused to rule out war after the U.S. sent more troops and weapons to Saudi Arabia, he said in an interview with CBS. Washington on Friday slapped terror-related sanctions on the Islamic Republic's central bank in retaliation for the strike on the kingdom's energy infrastructure.

Source: [Bloomberg](#)