













U Capital Morning Brief

5 January 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	845.21	0.77	0.09%	0.19%	-	-	-
U Capital GCC 50 Index	1,387.87	6.07	0.44%	0.13%	-	-	-
U Capital MENA 200 Index	1,090.39	2.37	0.22%	-0.03%	-	-	-
MSCI GCC Countries Index	570.41	0.00	0.00%	0.12%	16.33	1.84	3.8%
Muscat Securities Market	 4,005.06	6.18	0.15%	0.60%	7.56	0.74	7.5%
Saudi Stock Exchange	 8,397.01	38.16	0.46%	0.09%	22.56	1.87	3.2%
Kuwait Stock Exchange	 7,254.75	12.78	0.18%	0.00%	15.46	1.47	3.4%
Qatar Exchange	 10,511.70	86.19	0.83%	0.83%	15.27	1.56	4.1%
Bahrain Stock Exchange	 1,612.05	1.86	0.12%	0.12%	12.83	0.99	4.8%
Dubai Financial Market	 2,769.09	4.23	0.15%	0.15%	10.99	0.99	4.2%
Abu Dhabi Exchange	 5,100.27	24.49	0.48%	0.48%	15.61	1.43	4.9%
Beirut Stock Exchange	 777.01	-3.30	-0.42%	-1.09%	4.11	0.46	11.9%
Palestine Stock Exchange	 522.38	-3.58	-0.68%	-0.68%	12.31	1.19	4.5%
Tunis Se Index	 6,996.86	-42.87	-0.61%	-1.76%	19.84	2.46	2.1%
EGX 30 Index	 13,899.54	-62.02	-0.44%	-0.44%	11.20	1.82	2.5%
Amman General Index	 1,824.13	8.93	0.49%	0.49%	11.45	0.89	5.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,622.4	0.24%	1.1%
DAX	Germany	13,219.1	-1.25%	-0.2%
CAC 40	France	6,044.2	0.04%	1.1%
United States				
DJIA	USA	28,634.9	-0.81%	0.3%
S&P 500	USA	3,234.9	-0.71%	0.1%
NASDAQ	USA	9,020.8	-0.79%	0.5%
Asia Pacific				
NIKKEI 225	Japan	23,656.6	-0.76%	0.0%
HANG SENG	Hongkong	28,451.5	-0.32%	0.9%
KSE 100 Index	Pakistan	42,323.3	-0.37%	3.9%
NSE Nifty 50	India	12,226.7	-0.45%	0.5%
SHANGHAI COMPOSITE	China	3,083.8	-0.05%	1.1%
SHANGHAI SHENZHEN CSI 300	China	4,145.0	-0.18%	1.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.695	1.439
British Pound (GBP)	1.308	0.764
Canadian Dollar (CAD)	0.769	1.300
Chinese Renminbi (CNH)	0.144	6.966
Egyptian Pound (EGP)	0.062	16.066
Euro (EUR)	1.116	0.896
Indian Rupee (INR)	0.014	62.098
Japanese Yen (JPY)	0.009	108.090
New Zealand Dollar (NZD)	0.666	1.501
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.646	154.895
Russian Ruble (RUB)	0.016	71.799
Singapore Dollar (SGD)	0.741	1.349
Turkish Lira (TRY)	0.167	5.972

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	68.6	3.55%	3.9%
WTI Crude (per bbl)	63.1	3.06%	3.3%
Oman Crude Oil (Last Closing)	68.8	3.88%	2.0%
OPEC (per bbl)	67.2	-1.19%	-1.2%
Precious Metals			
Gold100 OZ (per oz)	1,552.2	1.51%	2.3%
Silver (per oz)	18.1	0.21%	1.2%
Platinum (per oz)	982.0	0.19%	1.6%
Other Metals			
Copper, MT	6,130	-0.95%	-0.7%
Aluminium, MT	1,824	1.08%	0.8%
Lead, MT	1,919	0.00%	-0.4%
Zinc, MT	2,306	-0.17%	1.5%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.16	-2.3%
Saudi Arabia	2.23	-0.1%
Kuwait	2.75	18.9%
Oman	2.81	-0.1%
Qatar	2.20	-2.2%
Bahrain	2.67	0.0%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	20/03/2027	2.4
Abu Dhabi	11/10/2027	2.4
Qatar	02/06/2026	2.3
Saudi Arabia	04/03/2028	2.9
Oman	17/01/2028	5.1
Bahrain	12/10/2028	4.5

Midswaps	Price	YTM %
3 year	100.24	1.5
5 year	100.77	1.6
10 year	99.66	1.8
30 year	102.83	2.2

USD Libor	Rate (%)	YTD
1m	1.71	-2.7%
3m	1.87	-1.8%
6m	1.89	-1.0%
1 year	1.96	-1.6%

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: MSM30 index buoyed by 2020 State Budget

The general index recorded good daily gains throughout the week, supported by an improvement in investment sentiment and the expansionary budget announcement. The MSM30 Index closed the week up by 3.59 per cent w-o-w. All sub-indices closed up, led by the Financial Index, which closed up by 4.80 per cent w-o-w, followed by the Services Index, which closed up by 2.94 per cent w-o-w, and the Industrial Index, which closed up, by 2.82 per cent w-o-w. The MSM Shariah Index closed also closed up by 3.56 per cent w-o-w.

Source: [Oman Observer](#)

Credit granted to Islamic banking entities reach OMR3.9 billion

Islamic banking entities provided financing to the extent of OMR3.9 billion at the end of October 2019 as compared to OMR3.5 billion a year ago, according to the bulletin released by the Central Bank of Oman (CBO). Total deposits held with Islamic banks and windows registered a significant increase to OMR3.4 billion in October 2019 from OMR3.2 billion outstanding at the end of October 2018. The total assets of Islamic banks and windows combined, amounted to OMR4.8 billion at the end of October 2019 which constituted about 13.8 per cent of the banking system assets.

Source: [Times of Oman](#)

More than 80 Omani companies to participate at Opex 2020

The Organising Committee of Omani Products Exhibition (Opex) held a meeting at the Knowledge Oasis Muscat to discuss the final preparations for Opex 2020, which will kick off next week in the capital of Rwanda, Kigali. The meeting was attended by the companies and factories that will take part in Opex 2020, which is scheduled to be held from January 15 to 18. More than 80 Omani companies and factories will participate in the exhibition, in addition to several small and medium enterprises and related government bodies. Ayman bin Abdullah Al Hasani, Chairman of Opex Organising Committee, stated that the exhibition will include B2B meetings that will bring together Omani companies with their Rwandan counterparts.

Source: [Times of Oman](#)

MSM cuts down its losses by 342 points in 2019

The main index of Muscat Securities Market (MSM) has cut its losses to 342 points in 2019 as against 775 points in 2018. This is the third year in a row for MSM index to close on a low. Over the past three years, MSM lacked local incentives in the backdrop of persisting oil price fluctuations. Last year's dealings reflected a number of local developments that impacted the money market negatively, including a decrease in the performance of various public stock companies listed on the MSM.

Source: [Times of Oman](#)

New laws to help Oman attract more foreign investments

The Omani government expects that the efforts made towards improving investment climate and economic diversification will lead to attract more domestic investment and foreign direct investment (FDI) especially after enacting new laws related to FDI, privatisation, public-private partnership, and bankruptcy. 'The Royal Decrees promulgated recently with respect to FDI, notably foreign capital investment law, bankruptcy law, and public-private partnership law, would create new horizons and more potential opportunities for investment,' the Ministry of Finance said in its 2020 budget statement issued on Wednesday.

Source: [Muscat Daily](#)

2020 State Budget: Focus on tight fiscal management

The 2020 budget demonstrates the government's continued focus on controlling deficit which is expected to reduce by 11 per cent from RO 2.8 billion budgeted in 2019 to RO 2.5 billion in 2020. The deficit, as a percentage of GDP, is expected to decline from 9 per cent in 2019 to 8 per cent in 2020. The government is seeking to achieve this in an era of declining oil revenues by enhancing revenues from gas, taxes and other non-oil revenues. Government spending aims to be kept under control with a budgeted increase of only 2 per cent compared to the 2019 budget, which is also attributable to an increase in interest cost on borrowings.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi banks post 159% rise in new retail housing loans in November

Saudi banks provided SAR 8.5 billion worth of new retail housing loans in November, up 159% year-on-year (YoY), data issued by the Saudi Arabian Monetary Authority (SAMA) showed. When compared to October, housing loans decreased by around SAR 213 million.

Source: [Argaam](#)

Saudi Arabia Tourism Takes Off With China, UK, Malaysia, United States and Canada Topping the List of New Arrivals

New YouGov research has identified a rise in tourism interest in Saudi Arabia from around the world, with one in five tourists more likely to visit Saudi Arabia for a vacation now than five years ago. The YouGov research surveyed 9,521 people across the USA, China and five key markets in Europe, revealed a growing interest in visiting Saudi Arabia.

Source: [PR News](#)

Saudi Arabia targets nationalization of 2 jobs in Q1 2020: official

The Ministry of Labor and Social Development aims to Saudize 2 jobs during the first quarter of the year, Al-Eqtisadiyah newspaper reported, citing Fahad Al-Badah, assistant undersecretary of the ministry for job opportunity development. No further details were mentioned about the 2 professions. The move comes as part of the ministry's procedures that are aimed to nationalize various jobs out of almost 3,000 professions in the private sector.

Source: [Argaam](#)

Connecting POS services with Kuwait enhances flexibility, says Talat Hafez

Connecting point-of-sale (POS) services with Kuwait will enhance the speed and flexibility of e-payments and keep all data confidential under the Gulf network, Talat Hafez, Secretary General of the Media and Banking Awareness Committee of Saudi Banks, told Al-Arabiya TV. The POS services will be connected via an independent Gulf network – a move that will boost transaction security. Saudi Arabia aims to link POS services with the remaining GCC countries, after Kuwait and Bahrain.

Source: [Argaam](#)

UAE banks' funding to retail sector up

The UAE's banking system increased the total value of financial facilitations provided to retail commerce to Dh50.4 billion (\$13.72 billion) during the first nine months of 2019, according to statistics issued by the Central Bank of the UAE. At the end of September 2019, the value of financial facilitations provided to retail commerce grew by 5.4 percent or Dh2.6 billion compared to the end of December 2018, said a Wam news agency report. The activity witnessed by the sector is in line with figures recently published by the National Economic Registry, which showed that the number of recent licences issued in 2019 exceeded 40,000.

Source: [Zawya](#)

SGS signs ground handling contract with Flynas

The Saudi Ground Services Company (SGS), a provider of ground handling services across all airports in the Kingdom, has signed a contract worth SR1 billion (\$267 million) with Flynas, the Saudi low-cost carrier, to provide ground handling services to domestic and international flights. Under the five-year agreement, which came into effect on Jan. 1, SGS will provide ramp and passenger services to keep pace with the expansionary flight plans of Flynas at all 28 airports in the Kingdom. The company expects the deal to enhance business sustainability, boost cash flows, and positively impact its financial results as of the first quarter of 2020.

Source: [Arab News](#)

UAE: Tourists' electronic VAT refund applications more than double in second half of 2019

The number of applications for electronic value added tax refund from tourists more than doubled in the second half of 2019, as the volume of refund claims continue to rise steadily since the Federal Tax Authority rolled out the service in November 2018. The total number increased to 3.2 million application by the end of 2019, compared to about 1.52 million received at the end of June, according to FTA data released on Saturday. "All indicators confirm that the electronic VAT refund system for tourists is achieving steady success due to its ease of use and speed of delivery," Khalid Al Bustani, director general of the FTA, said.

Source: [The National](#)

Mideast Stocks: Major Gulf markets gain; blue chips weigh on Egypt

Major Gulf stock markets closed up on Thursday, moving in line with oil prices and global stocks, while Egypt retreated as blue chips declined. Oil prices rose to begin the new year on Thursday, buoyed by signs of improving trade relations between the United States and China, which eased concern over demand and rising tensions in the Middle East. U.S. President Donald Trump said on Tuesday that Phase 1 of trade deal with China would be signed on Jan. 15 at the White House, which is expected to reduce tariffs and boost Chinese purchases of American farm, energy and manufactured goods.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China's central bank says will keep monetary policy prudent, flexible and appropriate

China will keep monetary policy prudent, flexible and appropriate, and continue to deepen financial reforms, the central bank said on Sunday, reiterating previous policy statements. After a work meeting chaired by People's Bank of China Governor Yi Gang, the central bank also vowed to prevent any financial crisis, and said it would continue to help small companies seeking financing, according to a statement posted on PBOC's website.

Source: [Reuters](#)

Apple Shares End Years of Discount as Earnings Risk Seen Waning

Apple Inc. has gotten little respect from equity investors. Until now. For the first time since 2011, shares of the iPhone maker have traded at a higher price-earnings ratio than the S&P 500 for months amid a year that saw the stock's valuation almost double. It's a reversal from the previous nine years, when concerns over a lack of product innovation kept the stock at a persistent discount to the market.

Source: [Bloomberg](#)

High-Beta Stock Trade That Saved 2019 Serves Notice of Its Risks

High-beta stocks, occupants of the market's frenetic edge, were the names everyone wanted to own in the fourth quarter, when they rallied on signs of peace. It's a taste that may not survive the geopolitical dramas of Friday. Saviors of active funds, the high-beta group -- defined as companies that do a little better or a little worse than standard benchmarks -- annihilated all comers over the last three months of 2019 as President Donald Trump quieted his trade war. But as new and hard-to-define risks arise in the form of flaring tensions with Iran, the cohort's shine is in jeopardy after it fell twice as much as the S&P 500.

Source: [Bloomberg](#)

Geopolitical tensions could hold back stocks in the week ahead, as investors await jobs report

Stocks sold off on geopolitical concerns after a U.S. airstrike killed a top Iranian military commander. Analysts say that risk-off trades could continue in the week ahead, and developments in the Middle East could determine whether there is a bigger pullback ahead. The December jobs report is the big number to watch, and analysts expect 160,000 jobs were added, according to Refinitiv.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices surge to highest level since April after US kills Iran's top commander in airstrike

International benchmark Brent crude surged toward \$70 a barrel during early morning trading, before paring gains to trade around \$68.67. U.S. West Texas Intermediate gained 3%, or \$1.87, to settle at \$63.05 per barrel. During Friday's session WTI traded as high as \$64.09, its highest since April. General Qasem Soleimani, who led a special forces unit of Iran's elite Revolutionary Guards, was killed in a U.S. airstrike in Baghdad, the Pentagon confirmed on Thursday night.

Source: [CNBC](#)

Source: [CNBC](#)

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