

U Capital Morning Brief

6 January 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	872.99	-13.04	-1.49%	-1.38%		-	-	-
U Capital GCC 50 Index	1,316.67	9.64	0.73%	1.78%		-	-	-
U Capital MENA 200 Index	1,048.58	4.42	0.42%	1.48%		-	-	-
MSCI GCC Countries Index	539.30	0.00	0.00%	0.27%		14.19	1.76	4.1%
Muscat Securities Market	4,275.62	-26.26	-0.61%	-1.11%		10.08	0.76	6.1%
Saudi Stock Exchange	7,830.47	39.61	0.51%	0.05%		16.92	1.75	3.6%
Kuwait Stock Exchange	5,138.94	29.32	0.57%	1.17%		15.32	1.24	3.8%
Qatar Exchange	10,350.35	70.01	0.68%	0.50%		15.30	1.55	4.2%
Bahrain Stock Exchange	1,325.76	-3.71	-0.28%	-0.86%		8.61	0.83	6.2%
Dubai Financial Market	2,526.02	5.49	0.22%	-0.15%		8.52	0.93	7.0%
Abu Dhabi Exchange	4,898.20	31.56	0.65%	-0.34%		13.16	1.42	4.9%
Beirut Stock Exchange	975.33	1.85	0.19%	-0.15%		4.94	0.58	9.3%
Palestine Stock Exchange	530.56	0.75	0.14%	0.23%		13.24	1.22	4.5%
Tunis Se Index	7,188.87	-14.49	-0.20%	-1.14%		18.66	2.56	2.0%
EGX 30 Index	13,264.70	60.33	0.46%	1.76%		12.20	1.51	2.3%
Amman General Index	1,925.96	8.77	0.46%	0.90%		13.66	0.95	4.9%

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

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
			%	%	Currency	USD/1 Unit	Units/1 USD
Europe					Australian Dollar (AUD)	0.711	1.406
FTSE 100	UK	6,837.4	2.16%	1.6%	British Pound (GBP)	1.272	0.786
DAX	Germany	10,767.7	3.37%	2.0%	Canadian Dollar (CAD)	0.748	1.337
CAC 40	France	4,737.1	2.72%	0.1%	Chinese Renminbi (CNH)	0.146	6.866
United States					Egyptian Pound (EGP)	0.056	17.932
DJIA	USA	23,433.2	3.29%	0.5%	Euro (EUR)	1.140	0.878
S&P 500	USA	2,531.9	3.43%	1.0%	Indian Rupee (INR)	0.014	69.731
NASDAQ	USA	6,738.9	4.26%	1.6%	Japanese Yen (JPY)	0.009	108.510
Asia Pacific					New Zealand Dollar (NZD)	0.673	1.485
NIKKEI 225	Japan	19,562.0	-2.26%	-2.3%	Omani Rial (OMR)	2.598	0.385
HANG SENG	Hongkong	25,626.0	2.24%	-0.8%	Pakistani Rupee (PKR)	0.718	138.870
KSE 100 Index	Pakistan	37,547.5	0.01%	1.3%	Russian Ruble (RUB)	0.015	67.734
NSE Nifty 50	India	10,727.4	0.52%	-1.2%	Singapore Dollar (SGD)	0.736	1.359
SHANGHAI Composite	China	2,514.9	2.05%	0.8%	Turkish Lira (TRY)	0.188	5.332
KOSPI Index	South Korea	2,010.3	0.83%	-1.5%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates			Current Rate %
	USD	%	%	UAE			
Oil				Saudi Arabia			2.97
Brent Crude (per bbl)	57.1	1.98%	6.1%	Kuwait			2.38
WTI Crude (per bbl)	48.0	1.85%	5.6%	Oman			2.84
Oman Crude Oil (Last Closing)	56.0	1.45%	4.7%	Qatar			2.93
OPEC (per bbl)	53.0	1.50%	2.7%	Bahrain			3.95
Precious Metals							
Gold100 OZ (per oz)	1,285.2	-0.71%	0.2%	GCC Latest 10-Yr Government Bond Yields			
Silver (per oz)	15.7	-0.26%	1.3%		Maturity date	YTM, %	
Platinum (per oz)	822.5	3.11%	3.4%	Kuwait	3/20/2027	3.45	
Other Metals				Abu Dhabi	10/11/2027	3.63	
Copper, MT	5,918	3.17%	-0.8%	Qatar	6/2/2026	3.70	
Aluminium, MT	1,865	1.63%	1.0%	Saudi Arabia	3/4/2028	4.22	
Lead, MT	1,950	0.88%	-3.5%	Oman	1/17/2028	7.32	
Zinc, MT	2,438	2.48%	-1.2%	Bahrain	10/12/2028	7.08	

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.42	2.48	1m	2.52
5 year	100.58	2.50	3m	2.80
10 year	103.94	2.67	6m	2.86
30 year	107.75	2.98	1 year	2.96

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: MSM declines despite positive budgetary announcements

A number of events happened in the last week which impacted the trades and the market performance, including the general budget announcements, telecom sectors news, regional and global developments, and the movement of oil prices. MSM30 closed the week down by 1.58 per cent at 4,275.62. All key sub-indices ended down led by the Financial Index (-1.37 per cent) then the Industrial Index (-0.83 per cent) and the Services Index (-0.5 per cent). The MSM Shariah Index also closed up by 0.18 per cent w-o-w.

Source: [Oman Observer](#)

Omani banks credit grows 5.3 per cent

A review of the activities of conventional banks denotes an annual growth in total outstanding credit of 5.3 per cent at the end of October 2018. Credit to the private sector increased by 3.7 per cent to OMR18.8 billion as of the end of October 2018, according to the bulleting released by the Central Bank of Oman (CBO). Conventional banks' overall investments in securities stood at OMR3.2 billion at the end of October 2018. Investments in Government Development Bonds and Government Sukuk increased by 20.3 per cent over the year to OMR1.4 billion at the end of October 2018.

Source: [Times of Oman](#)

Revenues from Oman's offshore producing block top \$1 billion

Block 8, located off Oman's Musandam Peninsula, has generated revenues totalling around \$1 billion to the Sultanate since it came into production in 1994, according to the head of the offshore concession's outgoing operator. Bjørn Dale, Managing Director of DNO SA — the Norwegian-based international oil and gas firm — said the Block — home to the Sultanate's only offshore producing fields of Bukha and West Bukha — will continue to deliver value to Oman well into the future.

Source: [Oman Observer](#)

Strategy to boost output from Oman oil exploration Block 8

Musandam Oil and Gas Company (MOGC), a newly established Omani firm that has taken over operation of Block 8 off Oman's Musandam Peninsula, plans to chalk out a five-year strategy to ramp up production from the Sultanate's only producing offshore fields.

Source: [Oman Observer](#)

M-91 grade petrol production soars 41% in Oman

The production of standard grade petrol (M-91) by Omani refineries has increased by 41 per cent to touch 13.41 million barrels until the end of November 2018, over the same period of last year. However, the output of super grade petrol (M-95) declined by 19 per cent to 10.99 million barrels during the January-November period of this year, according to data released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

MSM Disclosure: Galfar awarded tender worth OMR 2.872mn

Galfar announced that it has been awarded a tender for revamping HVAC systems by Omantel worth OMR 2.872mn. The duration of the project is 18 months. The company expects reasonable income from this project.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Banks Set for Most Growth in 4 Years as Rates Offset Oil

Saudi Arabian banks may report double-digit earnings growth this year as rising interest rates and increased government spending offset the risk of higher bad-debt charges. Even loans may expand faster -- albeit nowhere near the pace of a decade ago -- after four years of declines led to a contraction in 2017. The government's 2019 budget increased spending in the face of plunging oil prices, casting doubt on whether the kingdom will hit its fiscal-deficit targets.

Source: [Bloomberg](#)

Review of expatriate fees is a 'positive' step, says MUFG

The review of expatriate fees in Saudi Arabia is a "positive" step, as rising costs are taking a toll on economic activities, MUFG Bank said in a recent report. "We see the review as a positive step to reconcile the government's fiscal needs while enticing the private sector to continue to grow, though we do not see a high probability of expat fees to be annulled completely," it noted.

Source: [Argaam](#)

Bahrain's fiscal deficit to narrow as oil proceeds to rise: Fitch

Bahrain's fiscal deficit is expected to narrow to five percent of GDP in 2019, from an estimated 6.9 percent last year, supported by higher oil income, consultancy firm Fitch Solutions said in a report. The improvement represents an improvement over the average 12.2 percent of GDP seen in 2015-2017, but still the country will record the second-largest deficit in the Gulf Cooperation Council after Oman.

Source: [Argaam](#)

UAE's real GDP expected to grow 3.7% in 2019

The outlook for the UAE economy is highly positive despite global headwinds with the country's real gross domestic product (GDP) is expected to grow 3.7 per cent this year, reported state news agency Wam. It is higher than the 2.9 per cent forecast for last year and the 0.8 per cent growth achieved in 2017, stated the report, citing the latest economic outlook figures from the International Monetary Fund (IMF).

Source: [Zawya](#)

Saudi equity market listed 3 firms, 8 REITs in 2018

Saudi Arabia's equity market saw the listing of three new firms and eight real estate investment trusts (REITs) in 2018, data compiled by Argaam show. The Saudi Stock Exchange (Tadawul), the mainstream market, listed Leejam Sports Co., which floated 30 percent of its capital in an initial public offering (IPO). The share sale was 245 percent oversubscribed.

Source: [Argaam](#)

Major shareholders up stakes in 42 listed firms in 2018

Major shareholders raised their stakes in 42 Tadawul-listed companies and 14 new shareholders joined the major owners' list in 2018, a recent study conducted by Argaam showed. Saudi Arabia's Public Investment Fund (PIF) raised its stake by 15.4 percent in Saudi Arabian Mining Co. (Maaden) to 65.43 percent. In Herfy Food Services, Savola Group increased its shareholding by 1.40 percent to 49 percent. Hamdan Al Sorayai boosted his ownership in Al Sorayai Trading and Industrial Group to 6.11 percent - a 1.01 percent increase.

Source: [Argaam](#)

UAE property outlook 'encouraging' for 2019 after cautious approach last year

While the pace of new project launches eased last year as developers adopted a more cautious approach in response to market conditions, the outlook for 2019 is "encouraging", a new report from property services firm Asteco found. According to Asteco's UAE Real Estate Report Q4 2018, transactional volumes and values declined across all sectors and emirates, although a number of government initiatives, including residency visa changes and 100 per cent ownership of companies outside free zones, will have a positive effect on the market this year.

Source: [The National](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Powell tells markets Fed is flexible and aware of risks

Federal Reserve Chairman Jerome Powell on Friday sought to ease market concerns that the U.S. central bank was ignoring signs of an economic slowdown, saying he was aware of the risks and would be patient and flexible in policy decisions this year. Speaking after months of volatility in world bond and stock markets, Powell avoided some of the communication missteps that in the past have roiled rather than calmed investors. He also pledged to stay in his job even if asked to quit by President Donald Trump, who has been critical of him.

Source: [Reuters](#)

US job creation vaults higher in 2018

US job creation rocketed higher last month, a jolt of unexpected good news for President Donald Trump as his economic agenda comes under increasing strain. With an unexpectedly strong finish to 2018, the blowout US jobs numbers were a reminder that the world's largest economy remains in good health for the moment — sharply contrasting with gloom on global financial markets in recent weeks.

Source: [Times of Oman](#)

Wall Street expects Amazon to bounce back after the stock suffered its worst quarter in a decade

Of the 42 analysts covering Amazon that are tracked by FactSet, 41 recommend buying the shares. The stock lost roughly 25 percent of its value in the last three months of 2018, the steepest quarterly decline in a decade. Analysts expect investors to become more comfortable with Amazon's focus on growing profits, while appreciating the continued success of high-growth segments, like AWS and advertising.

Source: [CNBC](#)

Bitcoin turns 10: The obscure technology that became a household name

The world's first bitcoins were mined ten years ago this week. Since then the cryptocurrency has been on a wild ride, surviving massive price swings, hackings and intense global scrutiny. Bitcoin's difficulties have helped the asset go from a little-understood concept to a household name. "Over the last 10 years we've gone from this didn't exist to now pretty much the entire world understands what it is, whether they agree with it or not," Mati Greenspan, senior market analyst at trading platform eToro, told CNBC on Friday.

Source: [CNBC](#)

COMMODITIES NEWS

Oil bulls charge back as New Year starts

With the start of the new year, bullish sentiments have returned to oil markets as Opec and its allies implemented 1.2 million bpd production cuts and expected US-China trade talks tomorrow eased global economic slowdown fears. The price of oil, which collapsed more than 40 per cent in the fourth quarter of 2018, surged to its best weekly gain in more than two years. Brent rallied about 2 per cent and closed at \$57.06 on Friday, ending the week up 9.3 per cent for its best showing since December 2016.

Source: [The National](#)