













U Capital Morning Brief

6 October 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	864.51	2.79	0.32%	-1.57%	-	-	-
U Capital GCC 50 Index	1,337.18	-6.61	-0.49%	2.10%	-	-	-
U Capital MENA 200 Index	1,046.67	-4.08	-0.39%	0.15%	-	-	-
MSCI GCC Countries Index	539.36	0.01	0.00%	0.28%	14.89	1.75	4.2%
Muscat Securities Market	 4,026.02	1.04	0.03%	-6.89%	8.20	0.79	6.8%
Saudi Stock Exchange	 7,921.15	-63.28	-0.79%	1.21%	19.54	1.75	3.8%
Kuwait Stock Exchange	 5,635.65	-0.25	0.00%	10.95%	13.98	1.34	3.8%
Qatar Exchange	 10,310.69	-49.15	-0.47%	0.11%	14.79	1.57	4.1%
Bahrain Stock Exchange	 1,512.55	-1.38	-0.09%	13.11%	11.33	0.95	5.2%
Dubai Financial Market	 2,761.02	16.84	0.61%	9.14%	11.61	1.01	4.5%
Abu Dhabi Exchange	 5,027.96	-2.89	-0.06%	2.30%	15.08	1.43	4.9%
Beirut Stock Exchange	 782.15	1.75	0.22%	-19.92%	4.16	0.47	11.8%
Palestine Stock Exchange	 516.79	0.48	0.09%	-2.37%	12.27	1.19	4.6%
Tunis Se Index	 7,032.00	-7.86	-0.11%	-3.30%	19.45	2.35	2.1%
EGX 30 Index	 14,217.81	-163.34	-1.14%	9.07%	11.81	1.94	2.8%
Amman General Index	 1,827.95	0.67	0.04%	-4.24%	11.75	0.91	5.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,155.4	1.10%	6.4%
DAX	Germany	12,012.8	0.73%	13.8%
CAC 40	France	5,488.3	0.91%	16.0%
United States				
DJIA	USA	26,573.7	1.42%	13.9%
S&P 500	USA	2,952.0	1.42%	17.8%
NASDAQ	USA	7,982.5	1.40%	20.3%
Asia Pacific				
NIKKEI 225	Japan	21,410.2	0.32%	7.0%
HANG SENG	Hongkong	25,821.0	-1.11%	-0.1%
KSE 100 Index	Pakistan	33,033.3	0.86%	-10.9%
NSE Nifty 50	India	11,174.8	-1.23%	2.9%
SHANGHAI Composite	China	2,905.2	-0.92%	16.5%
KOSPI Index	South Korea	2,020.7	-0.55%	-1.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.677	1.477
British Pound (GBP)	1.233	0.811
Canadian Dollar (CAD)	0.751	1.331
Chinese Renminbi (CNH)	0.141	7.113
Egyptian Pound (EGP)	0.061	16.275
Euro (EUR)	1.098	0.911
Indian Rupee (INR)	0.014	70.883
Japanese Yen (JPY)	0.009	106.940
New Zealand Dollar (NZD)	0.632	1.583
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.640	156.600
Russian Ruble (RUB)	0.015	64.631
Singapore Dollar (SGD)	0.725	1.379
Turkish Lira (TRY)	0.176	5.699

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	58.4	1.14%	5.9%
WTI Crude (per bbl)	52.8	0.69%	16.3%
Oman Crude Oil (Last Closing)	58.8	1.31%	9.8%
OPEC (per bbl)	58.0	-1.29%	12.4%
Precious Metals			
Gold100 OZ (per oz)	1,504.8	-0.03%	17.3%
Silver (per oz)	17.6	-0.04%	13.3%
Platinum (per oz)	880.2	-0.98%	10.6%
Other Metals			
Copper, MT	5,643	-0.34%	-5.4%
Aluminium, MT	1,719	0.06%	-6.9%
Lead, MT	2,160	1.46%	6.9%
Zinc, MT	2,300	0.22%	-6.8%

GCC 3m Interbank Rates	Current Rate %
UAE	2.29
Saudi Arabia	2.34
Kuwait	2.88
Oman	2.88
Qatar	2.57
Bahrain	3.02

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	20/03/2027	2.21
Abu Dhabi	11/10/2027	2.31
Qatar	02/06/2026	2.31
Saudi Arabia	04/03/2028	2.73
Oman	17/01/2028	6.00
Bahrain	12/10/2028	5.20

Midswaps	Price	YTM %
3 year	100.41	1.36
5 year	100.73	1.35
10 year	100.88	1.53
30 year	105.25	2.02

USD Libor	Rate (%)
1m	1.98
3m	2.03
6m	1.95
1 year	1.85

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 closes the week up on support from Omani investors

The MSM continued on the positive trajectory from last week and ended the week higher, with increased trading activity from last week. This week, primarily Omani investors absorbed the selling pressure from foreign and GCC investors, and were net buyers, together with Arabs, for about \$2.53 million worth of securities. The MSM30 Index gained 0.25 per cent this week to close at 4026.02.

Source: [Oman Observer](#)

Public-private partnership forum to highlight investment prospects

Oman's Supreme Council of Planning is preparing to host the country's first public-private partnership (PPP) forum to discuss ideas of cooperation between the public and private sectors that will help boost the economy. The forum will be held on Monday, 7 October, and Tuesday, 8 October, at the Oman Convention and Exhibition Centre, in collaboration with Bayan Investment House. It will be held under the patronage of Darwish bin Ismail Al Balushi, the minister responsible for Financial Affairs.

Source: [Times of Oman](#)

Port of Duqm receives Maersk's debut container shipment

Port of Duqm has received Maersk's debut container shipment in Duqm early this month. Port of Duqm sees Maersk's entry to Duqm as a breakthrough since it puts Duqm further on the map as a destination for containerised cargo. Maersk's container shipment, destined to one of the key development projects in Duqm, arrived from APM Terminals' container terminal in Nhava Sheva's Jawaharlal Nehru Port (JNPT), India via Jebel Ali, from where it was picked up by Oman Shipping's express feeder service and delivered at Port of Duqm.

Source: [Times of Oman](#)

Telecommunications coverage ramped in rural areas of Oman

The Telecommunications Regulatory Authority (TRA) says it has collaborated with the Sultanate's leading telecom players in augmenting mobile and broadband coverage in remote parts of the country. Three initiatives, launched last year in line with the Authority's universal service obligations, have helped ramp up telecom services in rural areas of the Sultanate, it said in its recently released Annual Report.

Source: [Oman Observer](#)

Mazoon Electricity annual capital investment reaches RO 100m

Mazoon Electricity Company, the leading electricity provider in Oman, said that the company's annual capital investment is RO 100 million. This was revealed when the company participated in a joint meeting with members of the Municipal Council of the Al Sharqiyah North Governorate chaired by Shaikh Yahya bin Hamoud al Maamari, Governor of Al Sharqiyah North Governorate at his office in Ibra. During the meeting, Mazoon Electricity's management team reviewed the company's achievements and highlighted information on the key projects that have been implemented and those being executed currently in the governorate.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

G20, Expo 2020 to drive growth in GCC next year: PwC

Investment reforms and the increased focus on the GCC, driven by the G20 summit in Saudi Arabia and Expo in Dubai next year, will help drive future growth and instill confidence in the region, PwC said in a recent report. "As we look ahead, it is notable that the region will be hosting two major global events in 2020: Expo 2020 in Dubai and the G20 Summit coming to Saudi," noted Richard Boxshall, senior economist, PwC Middle East.

Source: [Saudi Gazette](#)

MENA reinsurers seek to diversify revenue streams: report

Reinsurers in Middle East and North Africa (MENA) are seeking to alter their portfolios in favor of new or less volatile segments, and look to diversify their revenue streams, AM Best, a global credit rating agency, said in a recent report. "Well-established regional reinsurers have shown resilience to the challenging operating environment. Although their performance has lagged that of their global peers, they continue to ride competitive pressures and carve out market niches to support their operations," it added.

Source: [Argaam](#)

Here's Saudi capital market's amended regulations in details

The official gazette has published the details of the amended capital market regulations. The amended regulations were approved by the Saudi Cabinet on Sept. 17, 2019. The cabinet has decided to maintain the current formation of the disputes and appeal committees until they get restructured according to the amended regulations. The amendments include that of article 25 of the capital market system.

Source: [Argaam](#)

SAMI starts construction of first Avante 2200 corvette

Saudi Arabian Military Industries (SAMI) has started the construction of the first of five Avante 2200 corvettes in a ceremony attended by a delegation from the Royal Saudi Naval Forces, as well as the executives of SAMI Navantia Naval Industries (SAMI-Navantia), a joint venture between SAMI and Spanish shipbuilder Navantia. The JV aims to promote the capabilities of the Royal Saudi Naval Forces through manufacturing the five vessels, as part of the Kingdom's Vision to nationalize 50 percent of Saudi military spending by 2030, said SAMI's CEO Andreas Schwer.

Source: [Naval News](#)

Dubai's non-oil foreign trade delivers solid growth in first half of 2019

Dubai recorded a non-oil foreign trade of Dh676 billion in the first half of 2019, an increase of 5 per cent year-on-year from Dh644 billion in the corresponding half last year. The first-half figures, which represent a staggering growth of 87per cent from 2009, reflect the ability of the emirate's trade sector to raise its strength and competitiveness despite a challenging global trade environment.

Source: [Gulf News](#)

Abu Dhabi issues \$10.0bln multi-tranche bonds, demonstrating strong investor confidence

Demonstrating strong investor confidence in its solid credit fundamentals, the Emirate of Abu Dhabi on 23rd September 2019 successfully priced a US\$10.0 billion multi-tranche international bond offering. The transaction comprised three tranches: (i) US\$3.0 billion, 2.125 percent, due in 2024, which priced at 65 bps over US Treasuries; (ii) US\$3.0 billion, 2.500 percent, due in 2029, which priced at 85 bps over US Treasuries; and (iii) US\$4.0 billion, 3.125 percent, due in 2049, which priced at 110 bps over US Treasuries.

Source: [Zawya](#)

Saudi Arabia's trade surplus levels down 17% in seven months

Saudi Arabia's trade surplus declined by 17% year-on-year to SAR 263.91 billion (\$70.36 billion), in the first seven months of 2019, according to data released by the General Authority for Statistics. The kingdom's merchandise trade exchange went down by 5%, or SAR 46.79 billion, to SAR 884.11 billion from January to the end of July, compared to SAR 930.9 billion the year before.

Source: [Zawya](#)

Saudi banks add SAR 74.54bn to gov't bonds ownership in August

Saudi banks increased their government bond holdings by 25.6%, or SAR 74.54 billion, year-on-year in August 2019, according to recent data released by the Saudi Arabian Monetary Authority (SAMA). Saudi banks' holdings of government and semi-government bonds jumped to SAR 365.3 billion in August, compared to SAR 290.76 billion in the corresponding month a year earlier.

Source: [Decypha](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Capital spending outlook another worry ahead of earnings

Investors are preparing for more cautious capital investment outlooks from U.S. companies as worries mount heading into earnings season about the possibility of an economic recession. Capital expenditure increases have been weaker than last year, when corporate tax cuts helped to bolster spending, and some strategists say they may even fall short of Wall Street's expectations given the concerns about the economy and a prolonged trade war between the United States and China.

Source: [Reuters](#)

As Fed policymakers comb data, few decisive signals on outlook

Federal Reserve policymakers on Friday signaled they are on high alert for signs that uncertainty over trade policy and slowing global growth are beginning to hold back the broader U.S. economy, but so far they have flagged little in the data that is pointing one way or the other. A report on Friday showed jobs growth slowed down in September and wage growth stalled, even as unemployment dropped to a 50-year low.

Source: [Reuters](#)

How a No-Deal Brexit May Become a Problem for the World Economy

Asian stocks declined after a fall in U.S. equities following disappointing American data that increased concerns about a global slowdown. Treasuries ticked higher. Shares fell about 2% in Tokyo and Sydney, with more modest declines in Hong Kong. Stock markets in China and South Korea are closed. U.S. futures edged higher after the S&P 500 suffered its first back-to-back drops of more than 1% this year as private payrolls fell short of estimates. The hiring numbers, before Friday's key employment report, pushed the 10-year Treasury yield lower to 1.59%. Gold traded above \$1,500 an ounce.

Source: [Bloomberg](#)

Friday's jobs report should show hiring is slowing, but not that a recession is near

Economists expect 145,000 jobs were added in September, a slower pace of job growth than in the past year, but not a signal that the economy is slowing into recession. Weak manufacturing data this week stirred concerns the broader economy is tilting toward a recession, so the jobs report will be an important indicator on the health of the economy. Economists say the trade wars and tariffs are taking a toll on the manufacturing sector and could ultimately push the economy into recession if they accelerate.

Source: [CNBC](#)

COMMODITIES NEWS

Oil Prices Jump On Bright U.S. Employment Data

Oil prices rose early on Friday after fresh data showed that the U.S. unemployment rate fell to 3.5 percent in September, the lowest rate in nearly 50 years, which eased some of the concerns about a looming recession. As of 10:31 a.m. EDT on Friday, WTI Crude was up 1.22 percent at US\$53.09, and Brent Crude was trading up 1.73 percent at US\$58.71. Despite the price rise early on Friday, oil prices are set for a second consecutive week of losses.

Source: [Oil Price](#)