













# U Capital Morning Brief

23 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	860.30	-1.74	-0.20%	-2.05%	-	-	-
U Capital GCC 50 Index	1,332.71	11.80	0.89%	1.76%	-	-	-
U Capital MENA 200 Index	1,050.58	6.55	0.63%	0.53%	-	-	-
MSCI GCC Countries Index	542.96	5.81	1.08%	0.95%	15.12	1.76	4.2%
Muscat Securities Market	 4,007.01	-9.38	-0.23%	-7.33%	8.00	0.79	6.8%
Saudi Stock Exchange	 7,872.74	108.65	1.40%	0.59%	19.68	1.74	3.8%
Kuwait Stock Exchange	 6,667.70	26.97	0.41%	17.96%	14.27	1.37	3.7%
Qatar Exchange	 10,376.13	-20.45	-0.20%	0.75%	14.80	1.56	4.1%
Bahrain Stock Exchange	 1,525.30	-1.34	-0.09%	14.06%	11.43	0.96	5.1%
Dubai Financial Market	 2,787.72	23.83	0.86%	10.20%	11.68	1.01	4.4%
Abu Dhabi Exchange	 5,135.94	33.52	0.66%	4.49%	15.40	1.46	4.9%
Beirut Stock Exchange	 763.81	-1.90	-0.25%	-21.80%	4.06	0.46	12.1%
Palestine Stock Exchange	 520.63	-1.90	-0.36%	-1.65%	12.36	1.20	4.6%
Tunis Se Index	 7,037.87	-19.00	-0.27%	-3.21%	19.64	2.35	2.1%
EGX 30 Index	 14,201.32	22.81	0.16%	8.94%	12.17	1.96	2.6%
Amman General Index	 1,814.38	3.68	0.20%	-4.95%	11.73	0.90	5.7%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,212.5	0.68%	7.2%
DAX	Germany	12,754.7	0.05%	20.8%
CAC 40	France	5,657.7	0.17%	19.6%
<b>United States</b>				
DJIA	USA	26,788.1	-0.15%	14.8%
S&P 500	USA	2,996.0	-0.36%	19.5%
NASDAQ	USA	8,104.3	-0.72%	22.1%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,572.7	0.11%	12.8%
HANG SENG	Hongkong	26,535.9	-0.94%	2.7%
KSE 100 Index	Pakistan	33,364.3	0.49%	-10.0%
NSE Nifty 50	India	11,622.9	0.30%	7.0%
SHANGHAI COMPOSITE	China	2,945.2	-0.31%	18.1%
SHANGHAI SHENZHEN CSI 300	China	3,880.9	-0.38%	28.9%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.684	1.461
British Pound (GBP)	1.286	0.778
Canadian Dollar (CAD)	0.763	1.310
Chinese Renminbi (CNH)	0.141	7.082
Egyptian Pound (EGP)	0.062	16.211
Euro (EUR)	1.112	0.899
Indian Rupee (INR)	0.014	63.722
Japanese Yen (JPY)	0.009	108.370
New Zealand Dollar (NZD)	0.640	1.563
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.643	155.990
Russian Ruble (RUB)	0.016	70.923
Singapore Dollar (SGD)	0.733	1.364
Turkish Lira (TRY)	0.172	5.805

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	59.4	-0.50%	7.7%
WTI Crude (per bbl)	54.0	-0.83%	19.0%
Oman Crude Oil (Last Closing)	60.5	0.92%	13.0%
OPEC (per bbl)	59.5	-0.93%	15.4%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,489.8	0.14%	16.2%
Silver (per oz)	17.5	0.14%	13.2%
Platinum (per oz)	893.2	0.20%	12.3%
<b>Other Metals</b>			
Copper, MT	5,818	-0.17%	-2.5%
Aluminium, MT	1,719	-0.58%	-6.9%
Lead, MT	2,218	0.32%	9.7%
Zinc, MT	2,468	-0.22%	0.0%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.15	-24.3%
Saudi Arabia	2.30	-22.8%
Kuwait	2.88	24.3%
Oman	2.88	2.0%
Qatar	2.59	-10.7%
Bahrain	2.92	-26.2%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	20/03/2027	2.2
Abu Dhabi	11/10/2027	2.5
Qatar	02/06/2026	2.4
Saudi Arabia	04/03/2028	3.0
Oman	17/01/2028	5.9
Bahrain	12/10/2028	5.1

Midswaps	Price	YTM %
3 year	99.45	1.6
5 year	99.66	1.6
10 year	98.86	1.8
30 year	100.06	2.2

USD Libor	Rate (%)	YTD
1m	1.82	-27.2%
3m	1.93	-31.1%
6m	1.93	-32.7%
1 year	1.96	-34.8%

Source: Bloomberg

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

---

## OMAN ECONOMIC & CORPORATE NEWS

### **No new airline company in Oman: Oman Aviation Group**

No new airline company is going to be established in Oman, the Oman Aviation Group said on Tuesday. In a statement, the group said: "Oman Aviation Group denies reports regarding establishment of a new airline company. The group is working on developing a promotional and investment programme called 'Oman Link', which aims to promote and connect regional airports in the Sultanate." This came after certain reports claimed that Oman is considering setting up a new regional airline that could take over domestic operations from the Sultanate's national carrier, Oman Air.

Source: [Times of Oman](#)

### **Operation of Oman's flagship Industrial City to be privatised in two years**

The operation of Oman's first Industrial City at Rusayl in Muscat Governorate will be placed in private hands under a Public Private Partnership (PPP) arrangement within two years, according to the head of the Public Establishment for Industrial Estates (Madayn). Hilal bin Hamad al Hasani (pictured), Chief Executive Officer, said the initiative is part of a broader effort by the government-owned operator of the nation's network of industrial cities, among other assets, to attract private investment and engagement in this key sector.

Source: [Oman Observer](#)

### **Reclamation projects to boost Sohar Port's capacity**

A pair of reclamation projects underway at Sohar Port and Freezone will add as much as 325 hectares of new leasable land to the capacity of the industrial and maritime hub, according to a high-level official. Omar al Mehrzi (pictured), Deputy CEO Sohar Port and CEO Sohar Freezone, said the expansion projects will augment the investment potential of the hub, which marks 15 years of successful operations next month. "Sohar Port has seen a lot of growth during these past 15 years, having attracted investments totalling \$28 billion between the port and free zone, effectively making it one of the fastest growing ports and free zones in the region," said Al Mehrzi.

Source: [Oman Observer](#)

### **Petrofac wins flare gas recovery contract in Oman**

UK-based international oilfield and petrochemical engineering services giant Petrofac has announced that it has secured a contract to support the development of a flared gas recovery project in the Sultanate. It was one of three engineering contracts awarded to the company by clients in the Sultanate, as well as Libya. "In Oman, Petrofac will support Flare to Value LLC (F2V) by producing a basic engineering package to recover gas that is currently flared at three onshore locations. Petrofac's focus will be on the fast-track execution of constructible, operable and standardised solutions that maximise modularisation and minimise interruptions to ongoing operations," said Petrofac.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **UAE tax authority urges businesses to comply with minimum tax on Tobacco**

The UAE Federal Tax Authority (FTA) has urged all businesses in the country to comply with minimum prices set for tobacco products, according to cabinet decision No. 55 of 2019 on the excise price for tobacco products. Under the cabinet decision, excise price cannot be set under AED 0.4 for one cigarette, while the minimum price for waterpipe tobacco was set at AED 0.1 per gram, according to a statement released on Tuesday. This applies to all brands of cigarettes and locally traded tobacco products.

Source: [Decypha](#)

### **Saudi's Islamic Development Bank hails Egypt's legislative, economic reforms**

Saudi Islamic Development Bank's president has praised the legislative and economic progress that Egypt has achieved and the venture facilities the country introduced recently to provide an appropriate environment for investment that builds and maintains partnership with the private sector. Bandar Al-Hajjar made his statements during a meeting with Egypt's Minister of Investment and International Cooperation Sahar Nasr on the sidelines of the World Bank and International Monetary Fund annual meetings held in Washington. Al-Hajjar said he is willing to open a regional office of the IsDB in Cairo in November, and that the office would serve Arab neighbours including Jordan, Sudan, Lebanon, Iraq, and Syria.

Source: [Decypha](#)

### **Al Ahli REIT (1) acquires SAR 250 mln office complex in Riyadh**

Al Ahli REIT (1) Fund has signed a contract, on Tuesday, to acquire a commercial office complex in Riyadh for SAR 250 million for leasing purposes, NCB Capital (NCBC), the fund manager, said in a bourse statement. The time period to complete the

process of transferring the title deed is before the end of 2019. The complex will be leased with an annual yield of 8.6 percent for a period of three years, renewable thereafter.

Source: [Argaam](#)

#### **Saudi Arabia sells \$2.5bn sukuk, gets hefty demand**

Saudi Arabia sold sukuk, or Islamic bonds, worth \$2.5 billion on Tuesday after receiving large demand for its first international debt sale since an assault on its oil facilities last month. The strikes, which initially halved Saudi crude output, led to a rating downgrade by Fitch, which cited raised geopolitical risks and the possibility of further attacks. The sukuk offer a profit rate equivalent to 127 basis points over mid-swaps, a document showed.

Source: [Zawya](#)

#### **Aramco listing was delayed to rope in anchor investors: sources**

Oil giant Saudi Aramco's much-vaunted stock market listing was delayed after deal advisers said they need more time to lock in cornerstone investors, three sources with direct knowledge of the matter told Reuters. After a false start last year, preparations gathered momentum this summer with approaches to sovereign wealth funds, rich Saudis and large foreign fund managers as potential cornerstone investors only for plans to unravel for a second time.

Source: [Reuters](#)

#### **Mideast Stocks: Saudi outperforms on Q3 results, Dubai ends losing streak**

Saudi Arabia's stock market rose sharply on Tuesday, outperforming other regional markets on the back of strong corporate earnings, while Dubai rebounded through gains in financials and property shares. The Saudi benchmark index added 1.4% with Al Rajhi Bank1120.SE increasing 2.8% and Alinma Bank leaping 4.9%, its biggest intraday gain since April. The latter reported a rise in third-quarter profit to 713 million riyals (\$190.10 million) compared to 637 million a year earlier.

Source: [Zawya](#)

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

#### **Growth in major Asian economies set to slow more than expected, IMF says**

Among the worst-hit major economies in the region that IMF projected could slow worse than it originally predicted, Hong Kong's economy – already battered by the months-long unrest – could grow 0.3% this year and 1.5% in 2020. That's respectively 2.4% and 1.5% lower than its initial projections. Growth in South Korea could fall to 2% this year and 2.2% in 2020 – both 0.6% less than predicted, according to the IMF report. In Singapore, its economy could grow 0.5% this year and 1% in 2020 – 1.8% and 1.4% less than projected.

Source: [CNBC](#)

#### **Why China isn't cutting lending rates like the rest of the world**

On Monday, China's central bank set its new "loan prime rate" exactly the same for October as September. For Dan Wang, China analyst at The Economist Intelligence Unit, the People's Bank of China needs to balance efforts to reduce interest rates in the long term without cutting short-term rates too drastically. Analysts also noted how the central bank's neutral position may be an effort to address worries of rising inflation caused by soaring pork prices.

Source: [CNBC](#)

#### **China's New Investment Law a Positive Step, Foreign Firms Say**

China's new law governing foreign investment that will take effect next year addresses some of the core concerns of companies operating in the country, though questions remain on how it will be implemented, according to organizations representing U.S. and European firms. A draft of regulations related to the law takes a positive step toward dealing with issues around unequal access to China's market and intellectual property protection, the U.S.-China Business Council said. The implementation guidelines have added clarity in a number of areas, though some could be clarified further, the EU Chamber of Commerce added.

Source: [Bloomberg](#)

#### **SoftBank clinches WeWork takeover deal, bailing out co-founder**

SoftBank Group Corp agreed to spend more than \$10 billion to take over U.S. office-space sharing startup WeWork on Tuesday, doubling down on an ill-fated investment and paying off its co-founder Adam Neumann to relinquish control. The deal represents a stunning reversal of fortune for WeWork as well as its largest shareholder, SoftBank, which has committed more than \$13 billion in equity to a company that is now valued at just \$8 billion.

Source: [Reuters](#)

### Stocks Drift Down; Pound Holds Dip on Brexit: Markets Wrap

Most stocks in Asia fell Wednesday as investors continued to monitor geopolitical developments and watch earnings reports for signs of health in the global economy. The pound extended its slide. Shares in Japan were flat, though retreated in China, Seoul and Sydney. Hong Kong underperformed as the Financial Times reported that the Chinese government is drafting a plan to replace Chief Executive Carrie Lam. Chip stocks fell in Asia after a forecast from Texas Instruments trailed forecasts. U.S. stock futures slid after the S&P 500 Index fell overnight as developments on Brexit sapped risk appetite. Treasury yields were steady after falling on Tuesday.

Source: [Bloomberg](#)

### COMMODITIES NEWS

#### Oil Resumes Decline as Report Shows Rising U.S. Crude Stockpiles

Oil resumed its decline on indications U.S. crude inventories expanded for a sixth week, the longest run of gains in almost a year. Futures fell 0.7% in New York, paring some of Tuesday's 1.8% gain that was driven by a report that OPEC and its allies will consider deepening production cuts when they meet in December. The American Petroleum Institute reported crude stockpiles rose by 4.45 million barrels last week, according to people familiar. Official government figures are due Wednesday.

Source: [Bloomberg](#)