

U Capital Morning Brief

31 December 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 | 841.88 | 16.83 | 2.04% | -4.15% | - | - | - |
| U Capital GCC 50 Index | 1,380.64 | -10.91 | -0.78% | 5.42% | - | - | - |
| U Capital MENA 200 Index | 1,090.85 | -0.47 | -0.04% | 4.38% | - | - | - |
| MSCI GCC Countries Index | 568.43 | -1.96 | -0.34% | 5.68% | 16.27 | 1.83 | 3.8% |
| Muscat Securities Market | 3,954.13 | 63.58 | 1.63% | -8.55% | 7.46 | 0.73 | 7.6% |
| Saudi Stock Exchange | 8,345.01 | -66.93 | -0.80% | 6.62% | 22.40 | 1.85 | 3.2% |
| Kuwait Stock Exchange | 7,241.97 | 27.42 | 0.38% | 28.12% | 15.44 | 1.46 | 3.4% |
| Qatar Exchange | 10,450.00 | 31.33 | 0.30% | 1.47% | 15.18 | 1.55 | 4.1% |
| Bahrain Stock Exchange | 1,608.29 | 1.29 | 0.08% | 20.27% | 12.99 | 1.00 | 4.8% |
| Dubai Financial Market | 2,769.94 | -6.62 | -0.24% | 9.49% | 10.99 | 0.99 | 4.2% |
| Abu Dhabi Exchange | 5,091.62 | 19.12 | 0.38% | 3.59% | 15.58 | 1.43 | 4.9% |
| Beirut Stock Exchange | 785.56 | 2.86 | 0.37% | -19.57% | 4.17 | 0.47 | 11.8% |
| Palestine Stock Exchange | 521.79 | 0.72 | 0.14% | -1.43% | 12.52 | 1.19 | 4.5% |
| Tunis Se Index | 7,131.71 | 78.69 | 1.12% | -1.92% | 19.59 | 2.43 | 2.1% |
| EGX 30 Index | 13,937.26 | 124.28 | 0.90% | 6.92% | 11.55 | 1.82 | 2.5% |
| Amman General Index | 1,813.36 | 2.36 | 0.13% | -5.00% | 12.15 | 0.88 | 5.7% |

| World Markets | Country | Value | D/D | YTD |
|---------------------------|----------|----------|--------|-------|
| | | | % | % |
| Europe | | | | |
| FTSE 100 | UK | 7,587.1 | -0.76% | 12.8% |
| DAX | Germany | 13,249.0 | -0.66% | 25.5% |
| CAC 40 | France | 5,982.2 | -0.91% | 26.5% |
| United States | | | | |
| DJIA | USA | 28,462.1 | -0.64% | 22.0% |
| S&P 500 | USA | 3,221.3 | -0.58% | 28.5% |
| NASDAQ | USA | 8,946.0 | -0.67% | 34.8% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 23,656.6 | -0.76% | 18.2% |
| HANG SENG | Hongkong | 28,189.8 | -0.46% | 9.1% |
| KSE 100 Index | Pakistan | 40,831.4 | -0.13% | 10.2% |
| NSE Nifty 50 | India | 12,213.9 | -0.34% | 12.4% |
| SHANGHAI COMPOSITE | China | 3,038.3 | -0.06% | 21.8% |
| SHANGHAI SHENZHEN CSI 300 | China | 4,082.6 | 0.02% | 35.6% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.701 | 1.427 |
| British Pound (GBP) | 1.312 | 0.762 |
| Canadian Dollar (CAD) | 0.766 | 1.305 |
| Chinese Renminbi (CNH) | 0.143 | 6.974 |
| Egyptian Pound (EGP) | 0.062 | 16.066 |
| Euro (EUR) | 1.120 | 0.893 |
| Indian Rupee (INR) | 0.014 | 61.989 |
| Japanese Yen (JPY) | 0.009 | 108.700 |
| New Zealand Dollar (NZD) | 0.673 | 1.486 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.646 | 154.915 |
| Russian Ruble (RUB) | 0.016 | 71.263 |
| Singapore Dollar (SGD) | 0.742 | 1.347 |
| Turkish Lira (TRY) | 0.168 | 5.950 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|-------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 66.7 | 0.00% | 20.2% |
| WTI Crude (per bbl) | 61.6 | -0.08% | 35.7% |
| Oman Crude Oil (Last Closing) | 68.3 | 0.59% | 27.6% |
| OPEC (per bbl) | 67.9 | 0.24% | 31.8% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,523.4 | 0.55% | 18.8% |
| Silver (per oz) | 18.1 | 1.15% | 17.0% |
| Platinum (per oz) | 972.6 | 1.41% | 22.2% |
| Other Metals | | | |
| Copper, MT | 6,219 | 0.08% | 4.3% |
| Aluminium, MT | 1,827 | 0.11% | -1.0% |
| Lead, MT | 1,942 | 0.15% | -3.9% |
| Zinc, MT | 2,306 | 0.04% | -6.5% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|--------|
| UAE | 2.17 | -23.5% |
| Saudi Arabia | 2.23 | -24.9% |
| Kuwait | 2.75 | 18.9% |
| Oman | 2.81 | -0.5% |
| Qatar | 2.25 | -22.6% |
| Bahrain | 2.67 | -32.5% |

| GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|---|---------------|--------|
| Kuwait | 20/03/2027 | 2.3 |
| Abu Dhabi | 11/10/2027 | 2.4 |
| Qatar | 02/06/2026 | 2.3 |
| Saudi Arabia | 04/03/2028 | 2.7 |
| Oman | 17/01/2028 | 5.1 |
| Bahrain | 12/10/2028 | 4.6 |

| Midswaps | Price | YTM % |
|----------|--------|-------|
| 3 year | 100.10 | 1.6 |
| 5 year | 100.38 | 1.7 |
| 10 year | 98.84 | 1.9 |
| 30 year | 100.97 | 2.3 |

| USD Libor | Rate (%) | YTD |
|-----------|----------|--------|
| 1m | 1.80 | -28.1% |
| 3m | 1.94 | -30.7% |
| 6m | 1.92 | -33.2% |
| 1 year | 2.00 | -33.3% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

World Bank sees Oman growth to be fastest in GCC in 2020 and 2021

Given the rising natural gas production and positive results from the Tanfeedh programme, the World Bank remains bullish on Oman's growth potential in the medium-term and expects the sultanate to become the fastest-growing economy in the GCC in 2020 and 2021. According to the World Bank's latest Gulf Economic Update report, Oman's real GDP is projected to be significantly higher than any other country in the GCC region. 'Oman's growth rate is projected to accelerate from an estimated 0 per cent in 2019 to 3.7 per cent in 2020 and 4.3 per cent in 2021, supported by rising natural gas production. The potential boost from the diversification investment spending would continue supporting growth in the medium term,' the World Bank said. The World Bank expects that the economic growth in the GCC will be weak for 2019, before recovering in 2020 and 2021.

Source: [Decypha](#)

Oman's budget deficit falls by 5.6%

Oman's budget deficit fell 5.6 per cent to OMR1.92 billion till the end of October 2019. The budget deficit for the same period of 2018 was at OMR2.04 billion, according to the latest data released by the National Centre for Statistics and Information (NCSI). The total revenue of the Oman government fell 1.1 per cent to OMR8,602.2 million for the first 10 months of 2019, over the same period of the previous year.

Source: [Times of Oman](#)

Tourism sector in Oman to get 2,159 rooms

To boost Oman's hospitality market, the Ministry of Tourism (MoT) is aiming to add 2,159 rooms in 2020. The ministry has said that clusters comprising hotels, hotel apartments, hospitals, roads and other facilities built around a local community have been planned in Dhofar, Dakhliyah, Musandam, Jebel Shams, South Sharqiyah and Masirah. Speaking to Muscat Daily, a MoT official said, "We are expecting to add 1,581 rooms in the hotel sector, 349 rooms in hotel apartments, 95 rooms in green hostels, 92 restrooms and 42 rooms in guest houses."

Source: [Muscat Daily](#)

Oman's first REIT plans investment in real estate light industry asset

Aman REIF (under formation) — the Sultanate's first Real Estate Investment Trust or Fund (REIT) which is due to open for public subscription in the first week of January, plans to invest part of the proceeds in a real estate light industry asset under development at Halban just outside Muscat Governorate. The asset in question is the Madinat Sandan project, billed as the country's first integrated light industrial city currently being developed by private investors just off Batinah Expressway near Halban in Nakhal Wilayat. The project is being marketed as a one-stop city for industrial and commercial markets associated with the automotive and construction sectors.

Source: [Oman Observer](#)

Privatisation, energy transition make headway

His Majesty the Sultan issues a series of Royal Decrees promulgating landmark laws hailed as a watershed in the Omani government efforts to modernise its business regulatory environment and thereby enhance the Sultanate's appeal as a destination for foreign direct investors. The Foreign Capital Investment Law, Public-Private Partnership Law, Privatisation Law, and Bankruptcy Law, represent the cornerstones of a new legislative and regulatory framework that effectively catapults Oman into a league of investor-friendly nations of the world. Petroleum Development Oman's (PDO) Rabab Harweel Integrated Project (RHIP) has entered the start-up phase with gas production from the first sour wells, marking a key milestone for the mega project and coming two months ahead of schedule.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi general reserves up to SAR 490.4 bln in November

Saudi Arabia's foreign reserves rose by around SAR 296 million month-on-month (MoM) to SAR 490.35 billion (\$130.76 billion) in November 2019, according to the Saudi Arabian Monetary Authority (SAMA).

Source: [Argaam](#)

Saudi CMA approves Walaa Cooperative's capital hike request

The Capital Market Authority (CMA) approved Walaa Cooperative Insurance Co.'s request to increase its capital from SAR 528 million to SAR 646.4 million by issuing 11.8 million ordinary shares for the purpose of merging MetLife AIG ANB Cooperative Insurance Co. and Walaa Cooperative Insurance Co., according to a CMA statement. Additionally, all MetLife AIG ANB

Cooperative Insurance Co.'s assets and liabilities will be transferred to Wala Cooperative Insurance Co. through a securities exchange offer.

Source: [Argaam](#)

Emirates NBD in \$272mIn digital transformation milestone

Emirates NBD, a leading banking group in the region, has completed the third phase of its international core banking system upgrade, as it forges ahead with its ongoing digital transformation efforts to boost innovation and efficiency across its domestic and international operations. Leveraging advanced Finacle technology, the third phase of the project sees the rollout of the new core banking system for Emirates NBD Saudi Arabia, following prior launches in Singapore and the UK in November 2018 and July 2019, respectively.

Source: [Zawya](#)

Bawan postpones merger deal of 2 subsidiaries to Q1 2020

Bawan Company (Bawan) postponed a merger deal of 2 subsidiaries until the first quarter of 2020. The deal was expected to be finalized in Q4 2019, but was delayed for not fulfilling the prerequisites, the company said in a statement to Tadawul on Monday. Nevertheless, Bawan stressed that the delay would not have a negative impact on its financial results as 90% of the deal is finalized. In June, United Technology of Electric Substations and Switchgears Co. (USSG) signed a SAR 17 million conditional merger agreement with United Transformers Electric Co. (Utec).

Source: [Argaam](#)

Saudi Arabia issues \$32bn debt instruments in 2019

Saudi Arabia issued debt instruments, including US dollar and euro-denominated bonds, worth a total of around \$32.01 billion (\$120.04 billion) during 2019. The Saudi government collected around SAR 69.84 billion during the year from the local Islamic bonds (Sukuk) market, compared with SAR 48.38 billion in 2018, with an increase of 44.36%, according to official data collected by Mubasher. Subscriptions to the local Sukuk amounted to SAR 72.31 billion, while the total sum from local and international Sukuk reached SAR 79.2%, 41.7% more than last year.

Source: [Decypha](#)

Kuwait- '3,128 expats including 2,969 doctors appointed in govt sector in last 3 yrs'

Minister of Finance and Acting Minister of State for Economic Affairs Mariam Al-Aqeel revealed that the number of expatriates appointed in the government sector during the last three years was 3,128, including 2,969 in the positions of doctors, due to shortage of Kuwaiti applicants for health and education positions, reports Aljarida daily. In response to a parliamentary question submitted by MP Omar Al-Tabtabaei, she indicated that there are no Kuwaiti doctors or teachers looking for work in the government sector. The minister explicitly said, 'Non-Kuwaiti employees are not appointed in any positions if there are Kuwaitis registered in the Civil Service Commission (CSC) to fill them.'

Source: [MenaFN](#)

GFH shareholders approve issuance of \$500m sukuk

GFH Financial Group, a Manama and Dubai-listed financial institution, received a nod from its shareholders to raise as much as \$500 million (Dh1.84 billion) through the issuance of Islamic bonds and use 3.8 per cent of its share capital to acquire strategic stakes. The shareholders authorised the company's board to raise debt through one or more sukuk issuances, the company said in a bourse filing to the Dubai Financial Market, where its shares trade.

Source: [The National](#)

KSA expat remittances down to \$30.4m in 11M

Remittances by expatriates living in Saudi Arabia decreased during the first 11 months of 2019 by around 8.9% or SAR 11.15 billion to a total of SAR 113.97 billion (\$30.39 billion). Last month, expat remittances levelled up by 0.14% on an annual basis to SAR 9.91 billion (\$2.64 billion), according to data by the Saudi Arabian Monetary Authority (SAMA). However, remittances in November declined by 10.2% compared to the figure recorded in October at SAR 11.04 billion (\$2.94 billion).

Source: [Mubasher](#)

Mideast Stocks: Banks hold back Saudi, Egypt rebounds on lender COMI

Saudi Arabia's stock market fell on Monday, pulled down by losses in banking shares, while Egypt rebounded on the back of its top lender Commercial International Bank (COMI). In Saudi Arabia, the benchmark index lost 0.8%, with Al Rajhi Bank shedding 1.1% and Riyadh Bank sliding 3.5%. Earlier in the day, Riyadh Bank had risen after announcing a higher dividend for the second half. Elsewhere, oil giant Saudi Aramco lost 0.7%, after two days of gains. Last Tuesday, Aramco said Goldman Sachs may buy more of its shares to support the price.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

The Decade of Debt: big deals, bigger risk

Whatever nickname ultimately gets attached to the now-ending Twenty-tens, on Wall Street and across Corporate America it arguably should be tagged as the “Decade of Debt.” With interest rates locked in at rock-bottom levels courtesy of the Federal Reserve’s easy-money policy after the financial crisis, companies found it cheaper than ever to tap the corporate bond market to load up on cash.

Source: [Reuters](#)

China's factory activity grows as easing trade spat revives demand

Manufacturing activity in China expanded for a second straight month in December as seasonal demand and signs of progress in trade talks with Washington boosted factories’ output and order books. China’s official Purchasing Managers’ Index (PMI) was unchanged at 50.2 in December from November, the National Bureau of Statistics said on Tuesday, slightly higher than the 50.1 expected in a Reuters poll of analysts. It also remained above the 50-point mark that separates monthly growth from contraction.

Source: [Reuters](#)

China stocks rise in last trading day of the year as manufacturing activity comes in above expectations

Chinese stocks rose in early trade on Tuesday, with other major markets in Asia either on holiday or set for an early close. The Shanghai composite edged fractionally higher while the Shenzhen component added 0.46%. The Shenzhen composite also rose 0.392%. China's official manufacturing Purchasing Managers' Index (PMI) for December came in slightly above expectations on Tuesday, according to the country's statistics bureau.

Source: [CNBC](#)

These were the 5 biggest days for the stock market this year

Stocks peaked early in 2019. The biggest rally happened on just the fourth trading day of the year, when the S&P 500 (SPX) jumped 3.4%. The Dow (INDU) also recorded its biggest jump of the year that day, rallying nearly 750 points, or 3.3%. Three factors sparked the rally that day: The jobs report for December came in better than expected, China took action to stimulate its slowing economy, and Federal Reserve Chairman Jerome Powell said the central bank was flexible regarding futures interest rate hikes. The Fed raised rates nine times between 2015 and 2018, but lower rates are better for stocks.

Source: [CNN Money](#)

COMMODITIES NEWS

Oil prices edge down but set for biggest yearly rise since 2016

Oil prices edged lower on the final day of the year on Tuesday, but were on track for their biggest annual rise since 2016, supported by a thaw in U.S.-China trade dispute and ongoing supply cuts. Brent crude futures for March delivery LCOc1, the new front month contract, were down 11 cents, or 0.2%, to 66.56 a barrel by 0158 GMT, while U.S. West Texas Intermediate (WTI) crude for February CLc1 was down 11 cents, or 0.2%, at \$61.57 per barrel. Brent for February delivery LCOG0 closed on Monday at \$68.44.

Source: [Reuters](#)

Ubhar Capital SAOC (U Capital)

Oinvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Website: www.u-capital.net



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