

U Capital Morning Brief

16 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	847.02	-0.19	-0.02%	-3.56%	-	-	-
U Capital GCC 50 Index	1,346.11	8.12	0.61%	2.78%	-	-	-
U Capital MENA 200 Index	1,057.17	4.54	0.43%	1.16%	-	-	-
MSCI GCC Countries Index	551.29	2.47	0.45%	2.50%	15.74	1.77	4.1%
Muscat Securities Market	4,012.19	-7.48	-0.19%	-7.21%	7.57	0.74	7.4%
Saudi Stock Exchange	8,049.50	43.73	0.55%	2.85%	20.74	1.77	3.8%
Kuwait Stock Exchange	7,108.72	46.96	0.66%	25.77%	15.15	1.44	3.5%
Qatar Exchange	10,262.84	5.91	0.06%	-0.35%	14.90	1.52	4.2%
Bahrain Stock Exchange	1,583.65	16.24	1.04%	18.43%	12.79	0.99	4.9%
Dubai Financial Market	2,727.34	4.91	0.18%	7.81%	10.83	0.98	4.3%
Abu Dhabi Exchange	5,029.93	-6.54	-0.13%	2.34%	15.52	1.41	5.0%
Beirut Stock Exchange	758.54	-2.51	-0.33%	-22.34%	4.03	0.46	12.2%
Palestine Stock Exchange	526.17	0.61	0.12%	-0.60%	12.25	1.21	4.5%
Tunis Se Index	6,983.60	-7.84	-0.11%	-3.96%	19.68	2.36	2.1%
EGX 30 Index	13,433.54	75.07	0.56%	3.05%	11.50	1.76	2.5%
Amman General Index	1,811.12	8.07	0.45%	-5.12%	12.24	0.88	5.7%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,353.4	1.10%	9.3%
DAX	Germany	13,282.7	0.46%	25.8%
CAC 40	France	5,919.0	0.59%	25.1%
United States				
DJIA	USA	28,135.4	0.01%	20.6%
S&P 500	USA	3,168.8	0.01%	26.4%
NASDAQ	USA	8,734.9	0.20%	31.6%
Asia Pacific				
NIKKEI 225	Japan	24,023.5	0.01%	20.0%
HANG SENG	Hongkong	27,585.2	-0.37%	6.7%
KSE 100 Index	Pakistan	41,013.6	0.24%	10.6%
NSE Nifty 50	India	12,091.7	0.04%	11.3%
SHANGHAI COMPOSITE	China	2,969.5	0.06%	19.1%
SHANGHAI SHENZHEN CSI 300	China	3,967.9	-0.01%	31.8%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.687	1.455
British Pound (GBP)	1.339	0.747
Canadian Dollar (CAD)	0.759	1.317
Chinese Renminbi (CNH)	0.143	6.996
Egyptian Pound (EGP)	0.062	16.121
Euro (EUR)	1.113	0.898
Indian Rupee (INR)	0.014	62.825
Japanese Yen (JPY)	0.009	109.380
New Zealand Dollar (NZD)	0.659	1.517
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.645	154.965
Russian Ruble (RUB)	0.016	70.854
Singapore Dollar (SGD)	0.738	1.355
Turkish Lira (TRY)	0.172	5.816

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	65.0	-0.31%	17.5%
WTI Crude (per bbl)	59.9	-0.37%	31.8%
Oman Crude Oil (Last Closing)	66.1	1.72%	23.6%
OPEC (per bbl)	65.8	0.66%	27.7%
Precious Metals			
Gold100 OZ (per oz)	1,475.1	-0.09%	15.0%
Silver (per oz)	17.0	0.17%	9.5%
Platinum (per oz)	931.0	0.24%	17.0%
Other Metals			
Copper, MT	6,130	-0.42%	2.8%
Aluminium, MT	1,768	-0.39%	-4.2%
Lead, MT	1,910	-1.44%	-5.5%
Zinc, MT	2,253	-0.44%	-8.7%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.08	-26.6%
Saudi Arabia	2.24	-24.6%
Kuwait	2.75	18.9%
Oman	2.80	-1.0%
Qatar	2.24	-23.0%
Bahrain	2.72	-31.2%

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	2.4
Saudi Arabia	04/03/2028	2.8
Oman	17/01/2028	5.4
Bahrain	12/10/2028	4.5

Midswaps	Price	YTM %
3 year	99.98	1.6
5 year	99.21	1.7
10 year	99.25	1.8
30 year	102.47	2.3

USD Libor	Rate (%)	YTD
1m	1.74	-30.6%
3m	1.90	-32.3%
6m	1.90	-33.8%
1 year	1.96	-34.7%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Symposium introduces National Strategy for R&D 2040

The National Symposium for the National Strategy for Research and Development 2040, organised by The Research Council and held at Oman Convention and Exhibition Centre on Sunday, highlighted the aim of successfully becoming a nation focusing on the role of research to transfer into knowledge economy while achieving the nation's sustainable development goals. At the opening session held under the auspices of Dr Rawya bint Saud al Busaidiyah, Minister of Higher Education. The Secretary-General for The Research Council, Dr Hilal al Hinai, delivered the opening remarks, where he mentioned that "Until 2018, The Research Council, in collaboration with the private sector, had spent more than RO 91 million on research and innovative programmes, which benefited the academic and government sectors."

Source: [Oman Observer](#)

Battery energy storage set to make Oman debut

Battery energy storage is set to make its debut on a significant scale in the Sultanate as part of the planned development of a series of small-scale solar PV – diesel hybrid projects across Oman. The Rural Areas Electricity Company (Tanweer), a subsidiary of The Electricity Holding Company (Nama Group), is planning to shortly invite shortlisted bidders to submit firm proposals for 11 hybrid power projects due to be established at remote locations across the utility's expansive license. Fourteen international consortiums have been prequalified to participate in the procurement process, which will culminate in one successful bidder securing an award for the development of all 11 plants as a single Independent Power Project (IPP).

Source: [Oman Observer](#)

RfP for Sultanate's next mega solar project in Q2 2020

A Request for Proposals (RfP) for the Sultanate's second utility-scale renewable energy based Independent Power Project (IPP) — a mega 1,200 MW capacity solar photovoltaic (PV) scheme — is expected to be floated in the second quarter of 2020, according to a senior executive of Oman Power and Water Procurement Company (OPWP) — the nation's sole procurer and offtaker of new power and water capacity. The giant scheme — which will comprise two separate projects, dubbed 'Manah 1 Sohar IPP' and 'Manah II Sohar IPP' — will be awarded to two separate investors for simultaneous development on a 1200 hectare site in the Wilayat of Manah in Al Dakhiliyah Governorate. Investments in the combined project — the largest solar PV project in the Sultanate to date — are estimated at \$800 million.

Source: [Oman Observer](#)

China's State Grid signs deal to acquire 49 per cent stake in OETC

State Grid International Development Ltd (SGID), a wholly-owned subsidiary of State Grid Corporation of China, on Sunday signed agreements with Nama Holding to acquire a 49 per cent stake in Oman Electricity Transmission Company (OETC). Nama Holding had launched the first phase of the privatisation programme in October 2018 by announcing the sale of up to 49 per cent of the shares held in OETC and up to 70 per cent of the shares held in the electricity distribution and supply companies. Eligible international entities were invited to participate in the process and submit expressions of interests (EOIs).

Source: [Muscat Daily](#)

Real estate, oil and gas lift Oman FDI 13.3% to \$30.26bn in Q2 2019

The total volume of foreign direct investments (FDI) into the Sultanate of Oman increased 13.3% to \$30.26bn (RO11.65bn) in Q2 2019, compared to \$26.7bn (RO10.29) during the same period in 2018, according to preliminary results released by Oman's National Centre for Statistics and Information. The data revealed that oil and gas extraction activity received the most interest in terms of foreign investment in Q2 2019, accounting for about \$17.14bn (RO6.6bn).

Source: [Construction Week Online](#)

'Oman a sweet spot for future investments'

Companies that invest in Oman's future project will hit the investment 'sweet spot', because of the returns they will get on their projects, the chairman of the Renaissance Group has said. One of Oman's largest companies, Renaissance Group has been involved in projects in Oman over the last 15 years. With there being a greater need for private companies to set up more projects, and the country looking to diversify its economy, Renaissance Chairman Samir Fancy feels now is the best time for private companies to commit resources to investment plans in 2020 and the future.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Tadawul to extend closing auction, trade at last session on Dec. 17

The Saudi Stock Exchange (Tadawul) will extend on Dec. 17 the closing auction and trade at last session to 20 minutes instead of 10 minutes. The one-day extension comes ahead of Saudi Aramco's fast entry in MSCI Emerging Markets Index, effective Wednesday, Dec. 18 based on its stock's closing price on Dec. 17. Accordingly, the closing auction will start from 3:00 p.m. to 3:20 p.m., and the trade at last session will follow from 3:20 p.m. until 3:40 p.m.

Source: [Argaam](#)

Saudi unemployment falls to 3-year low while expat exodus slows

Saudi Arabia's citizen unemployment rate fell to the lowest in more than three years as the kingdom's non-oil economy gradually recovers from a slowdown. Joblessness slipped to 12 per cent in the third quarter from 12.3 per cent in the previous three months, according to data published on Sunday by the official General Authority for Statistics. The quarterly data showed improvements across the board, with more Saudis working in both the public and private sectors and unemployment dropping for men and women.

Source: [Gulf News](#)

MESC signs debt-restructuring agreement with banks

Middle East Specialized Cables Co. (MESC) inked today a Sharia-compliant debt rescheduling agreement with a consortium of banks to reschedule SAR 94.1 million out of its SAR 308 million debt, the company said in a bourse filing. The consortium includes Saudi British Bank (SABB), Al Rajhi Banking & Investment Corp, Arab National Bank (ANB), Banque Saudi Fransi (BSF) and Riyadh Bank, The agreement is aimed to go in line with the company's cash flows. It includes a grace period of two years and a margin of preference.

Source: [Argaam](#)

Pressure on UAE banks' profit margins to continue into Q4

Although the top 10 UAE banks (by assets) reported a combined 25.5 percent year-on-year increase in the top line during the third quarter, a new report has revealed that margins are starting to come under pressure, and the impact is expected to continue in the fourth quarter. The bottom line was impacted adversely due to significant impairments reported by Emirates NBD (arising from the acquisition of DenizBank) and by ADIB. For rest of 2019, margins are likely to stay under pressure due to the interest rate cuts in September and October 2019, according to a recent report titled "UAE Banking Pulse" by global professional services firm Alvarez & Marsal (A&M).

Source: [Zawya](#)

Saudi Electricity Co. awards \$2.6bn smart metering project

Saudi Electricity Co. (SEC) has awarded a Smart Metering project at a cost of 9.56 billion Saudi riyals (\$2.55 billion), the company announced today. The project will start on December 19, 2019 and entails installing and commissioning 10 million smart meters for consumers across Saudi Arabia. A consortium of Etihad Etisalat Co. (Mobily) and Al-Fanar Construction will implement the project in central and Eastern areas, while a branch of China Electric Power Equipment and Techn. (SGCC) will implement it in Western and Southern areas.

Source: [Zawya](#)

Spending cuts reduce Saudi Arabia's 'fiscal vulnerabilities' to oil price fluctuation

Lower government spending next year will reduce Saudi Arabia's medium-term fiscal vulnerabilities to lower oil prices and the kingdom is on course for a balanced budget by 2023, the Institute of International Finance (IIF) said. Opec's biggest oil exporter is now on a "much more secure" fiscal trajectory than a few months ago given the efforts to restrain spending, said Garbis Iradian, IIF's chief economist for the Middle East and North Africa.

Source: [The National](#)

Saudi Transformation 2020 and beyond

EVERY definition of transformation includes the notion of change. The most common examples are found in nature, in the process of change from caterpillar to butterfly and tadpole to frog. Ultimately transformation is the process of moving from one state to another. Processes are often expressed in terms of phases of varying lengths during which critical events occur. Digital transformation is no exception.

Source: [Saudi Gazette](#)

Tourist arrivals to the UAE on the rise

The UAE continues to remain a popular choice for international travellers, with Dubai receiving the bulk of the tourist traffic, new data from Expedia Group revealed. The data revealed that the top 10 feeder markets were the US, UK, France, India, China, Ireland, Australia, Germany, Italy, and Brazil. There was a significant increase in demand from Brazil and Portugal which could be attributed to the Emirates codeshare partnership with Latam Airlines and direct flights to Porto, both announced earlier this year.

Source: [GDN](#)

QFZA signs investment agreements with seven global companies

The Qatar Free Zones Authority (QFZA) yesterday signed the licenses to operate for seven high-value global companies which will soon start their operations from Qatar's Free Zones. The seven new companies join a diversified group of more than 50 registered projects and companies in Qatar Free Zones, which have in total invested more than QR1.5bn. The companies will commence their operations in the free zones in the new year.

Source: [TPQ](#)

Qatar's tourism sector records remarkable growth in 2019

Qatar's tourism sector has seen several remarkable achievements over the past few years. These milestones helped grow the sector, whether in terms of the infrastructure or in terms of new projects that will boost the sector. The sector saw marked growth in terms of the number of visitors to the country and the development of the infrastructure itself. The tourism sector is crucial for the country due to the role it can play in achieving economic diversification, one of the main goals of Qatar National Vision 2030.

Source: [Gulf Times](#)

Bahrain's Shura Council backs oil exploration deal

A Shura Council committee has backed an agreement signed with a major Italian company to boost oil production in Bahrain. The National Oil and Gas Authority (Noga) sealed the memorandum of Understanding with Eni to pursue petroleum exploration of Block 1 – an offshore area of more than 2,800sqkm located in the northern territorial waters with depth ranging from 10m up to 70m.

Source: [Zawya](#)

KAMCO completes legal execution of merger with Global

Kamco, a regional non-banking financial powerhouse with one of the largest AUMs in the GCC, announced the successful completion of the legal execution of the merger by amalgamation with Global Investment House (Global), whereby KAMCO is the merging company and Global the merged. This announcement comes after the cancelation of treasury shares and the successful completion of the share swap of 138,877,635 Global shares (owned by shareholders other than KAMCO) against the issuance of 104,884,308 new KAMCO shares according to the swap ratio of 0.75522821 KAMCO share for each Global share. The share swap was concluded on Thursday 12th of December 2019 where minority shareholders in Global have now become shareholders in KAMCO.

Source: [Kuwait Times](#)

Mideast Stocks: Aramco gains aid Saudi; other Gulf bourses quiet

Oil giant Aramco helped carry the Saudi stock market higher on Sunday, as it extended gains for the third day, while other major Gulf indexes were little changed. Saudi's benchmark index rebounded 0.6%, with Saudi Aramco closing up 1.6% at 37.4 riyals. Aramco will join the Tadawul index and global benchmarks such as MSCI and FTSE this week, which analysts said should fuel further demand, particularly from "passive" investors who track such indexes.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Yuan and Aussie off 4-month high, sterling ticks up

The Chinese yuan and the Australian dollar NSE 0.73 % hovered below four-month highs touched last week in early Monday trade as investors pored over the US-China trade deal, while sterling NSE 0.60 % stayed strong after a decisive UK general election. Washington and Beijing cooled their trade war last week, reducing some US tariffs in exchange for what US officials said would be a big jump in Chinese purchases of American farm products and other goods.

Source: [Economic Times](#)

China's November industrial output, retail sales beat expectations

China's industrial output and retail sales growth accelerated more than expected in November, suggesting resilience in the economy as Beijing seeks to prop up domestic demand amid the trade war with the United States. Industrial production rose 6.2% year-on-year in November, data from the National Bureau of Statistics showed on Monday, beating the median forecast of 5.0% growth in a Reuters poll and quickening from 4.7% in October. It was also the fastest year-on-year growth in five months.

Source: [Reuters](#)

China and U.S. should continue trade talks, remove tariffs: stats bureau

China and the United States should continue bilateral trade talks and work toward removing all existing tariffs, China's National Bureau of Statistics spokesman Fu Linghui said on Monday. Fu also told reporters during a briefing that China's economic operations showed positive changes in November and reiterated that China can achieve its full-year economic growth target.

Source: [Reuters](#)

Asian shares up as 'phase one' trade deal boosts confidence

Asian shares moved higher on Monday as investors welcomed a trade agreement between Beijing and Washington over the weekend, but enthusiasm was capped by lingering scepticism about the deal and ongoing relations between China and the United States. U.S. Trade Representative Robert Lighthizer on Sunday said a deal was "totally done", notwithstanding some needed revisions, and would nearly double U.S. exports to China over the next two years.

Source: [NASDAQ](#)

With Xi's backing, China looks to become a world leader in blockchain as US policy is absent

In October, Xi gave a speech saying China needs to "seize the opportunities" presented by blockchain, in what appeared to be one of the first instances of a major world leader backing the tech. Over 500 blockchain projects have been registered with the government. Experts say China could define the technology if it's able to take a lead — which could be "dangerous."

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices fall but hold near 3-month high on trade deal agreement

Oil prices fell but remained near three-month highs on Monday after the United States and China agreed to an initial trade deal, a move market participants said could stoke oil demand and boost trade flows.

Source: [NASDAQ](#)