

U Capital Morning Brief

18 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 | 834.06 | -12.96 | -1.53% | -5.04% | - | - | - |
| U Capital GCC 50 Index | 1,354.34 | 8.23 | 0.61% | 3.41% | - | - | - |
| U Capital MENA 200 Index | 1,062.06 | 4.89 | 0.46% | 1.62% | - | - | - |
| MSCI GCC Countries Index | 554.52 | 3.23 | 0.59% | 3.10% | 15.83 | 1.78 | 4.1% |
| Muscat Securities Market | 3,950.89 | -61.30 | -1.53% | -8.62% | 7.46 | 0.73 | 7.6% |
| Saudi Stock Exchange | 8,138.99 | 89.49 | 1.11% | 3.99% | 20.97 | 1.79 | 3.7% |
| Kuwait Stock Exchange | 7,102.30 | -6.42 | -0.09% | 25.65% | 15.13 | 1.43 | 3.5% |
| Qatar Exchange | 10,222.18 | -40.66 | -0.40% | -0.75% | 14.84 | 1.51 | 4.2% |
| Bahrain Stock Exchange | 1,583.65 | 16.24 | 1.04% | 18.43% | 12.79 | 0.99 | 4.9% |
| Dubai Financial Market | 2,736.55 | 9.21 | 0.34% | 8.17% | 10.86 | 0.98 | 4.3% |
| Abu Dhabi Exchange | 5,038.75 | 8.82 | 0.18% | 2.52% | 15.55 | 1.41 | 4.9% |
| Beirut Stock Exchange | 758.54 | 0.00 | 0.00% | -22.34% | 4.03 | 0.46 | 12.2% |
| Palestine Stock Exchange | 525.93 | -0.24 | -0.05% | -0.65% | 12.68 | 1.21 | 4.5% |
| Tunis Se Index | 6,984.41 | 0.81 | 0.01% | -3.95% | 19.69 | 2.37 | 2.1% |
| EGX 30 Index | 13,404.42 | -29.12 | -0.22% | 2.83% | 11.48 | 1.76 | 2.5% |
| Amman General Index | 1,812.10 | 0.98 | 0.05% | -5.07% | 12.26 | 0.88 | 5.7% |

| World Markets | Country | Value | D/D | YTD |
|---------------------------|----------|----------|-------|-------|
| | | | % | % |
| Europe | | | | |
| FTSE 100 | UK | 7,519.1 | 2.25% | 11.8% |
| DAX | Germany | 13,407.7 | 0.94% | 27.0% |
| CAC 40 | France | 5,991.7 | 1.23% | 26.7% |
| United States | | | | |
| DJIA | USA | 28,235.9 | 0.36% | 21.0% |
| S&P 500 | USA | 3,191.5 | 0.71% | 27.3% |
| NASDAQ | USA | 8,814.2 | 0.91% | 32.8% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 24,068.7 | 0.49% | 20.3% |
| HANG SENG | Hongkong | 27,815.2 | 1.12% | 7.6% |
| KSE 100 Index | Pakistan | 42,022.9 | 0.91% | 13.4% |
| NSE Nifty 50 | India | 12,122.2 | 0.57% | 11.6% |
| SHANGHAI COMPOSITE | China | 3,013.2 | 0.97% | 20.8% |
| SHANGHAI SHENZHEN CSI 300 | China | 4,030.9 | 1.09% | 33.9% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.687 | 1.456 |
| British Pound (GBP) | 1.330 | 0.752 |
| Canadian Dollar (CAD) | 0.760 | 1.316 |
| Chinese Renminbi (CNH) | 0.143 | 6.993 |
| Egyptian Pound (EGP) | 0.062 | 16.055 |
| Euro (EUR) | 1.115 | 0.897 |
| Indian Rupee (INR) | 0.014 | 62.446 |
| Japanese Yen (JPY) | 0.009 | 109.540 |
| New Zealand Dollar (NZD) | 0.660 | 1.515 |
| Omani Rial (OMR) | 2.598 | 0.385 |
| Pakistani Rupee (PKR) | 0.645 | 154.990 |
| Russian Ruble (RUB) | 0.016 | 70.968 |
| Singapore Dollar (SGD) | 0.738 | 1.354 |
| Turkish Lira (TRY) | 0.171 | 5.850 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|-------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 65.4 | 0.03% | 18.1% |
| WTI Crude (per bbl) | 60.2 | -0.02% | 32.6% |
| Oman Crude Oil (Last Closing) | 66.2 | 0.15% | 23.8% |
| OPEC (per bbl) | 66.8 | 1.44% | 29.5% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,477.4 | 0.08% | 15.2% |
| Silver (per oz) | 17.1 | 0.18% | 10.2% |
| Platinum (per oz) | 931.8 | 0.22% | 17.1% |
| Other Metals | | | |
| Copper, MT | 6,199 | 1.13% | 3.9% |
| Aluminium, MT | 1,778 | 0.57% | -3.7% |
| Lead, MT | 1,888 | -1.18% | -6.6% |
| Zinc, MT | 2,291 | 1.69% | -7.1% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|--------|
| UAE | 2.16 | -23.8% |
| Saudi Arabia | 2.24 | -24.7% |
| Kuwait | 2.75 | 18.9% |
| Oman | 2.80 | -0.8% |
| Qatar | 2.20 | -24.3% |
| 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 | 5.3 |
| Bahrain | 12/10/2028 | 4.5 |

| Midswaps | Price | YTM % |
|----------|--------|-------|
| 3 year | 99.95 | 1.6 |
| 5 year | 99.09 | 1.7 |
| 10 year | 99.00 | 1.9 |
| 30 year | 101.98 | 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

Privatisation won't affect power tariff, says Nama

Privatisation of OETC will not lead to increase in electricity tariffs, said Nama Holding officials in a press conference at the company premises in Qurum on Tuesday. They said the deal reflects confidence in Oman's economy and its ability to draw large global investors. The deal will also help in expansion of electricity services. Nama Holding, the holding company of state-owned electricity network companies, signed an agreement on Sunday to sell 49 per cent shares of Oman Electricity Transmission Company (OETC) to the State Grid International Development Ltd (SGID), a wholly-owned subsidiary of the State Grid Corporation of China (SGCC).

Source: [Oman Observer](#)

Oman Oil and Orpic Group rebrand to OQ

Under the auspices of Dr Mohammed bin Hamad al Rumhy Oman's Minister of Oil and Gas, and Chairman of its Board of Directors, Oman Oil and Orpic Group announced the culmination of a year of integrating nine core businesses under a new brand identity called 'OQ'. Reflecting the motion of energy and the colours of courage and compassion, the new brand brings together the legacy of these companies in one voice and as one community to unlock a prosperous and integrated future for the nation and its people.

Source: [Oman Observer](#)

Bank Muscat launches escrow services for real estate sector in Oman

Bank Muscat, the flagship financial services provider in the Sultanate, in line with its vision 'To serve you better, everyday' and commitment to offering innovative banking services and customer excellence has become the first bank in Oman to launch escrow services in the country in line with Royal Decree 30/2018 and Ministerial Decision 72/2019 issued by the Ministry of Housing.

Source: [Times of Oman](#)

Omifco SME Scaling-Up Programme launched

The National Business Centre (NBC), an initiative of the Public Establishment for Industrial Estates – Madayn, in cooperation with Oman India Fertiliser Company (Omifco), launched on Monday the second edition of Omifco SME Scaling-Up Programme (Wasel) under the auspices of Talal bin Sulaiman Al Rahbi, Deputy Secretary-General of the Supreme Council for Planning.

Source: [Times of Oman](#)

NBC mentorship programme concludes

The National Business Centre (NBC), an initiative of the Public Establishment for Industrial Estates – Madayn, concluded on Tuesday at Hormuz Grand Muscat its mentorship programme that commenced in March this year. The mentorship programme targeted 20 incubated small and medium enterprises at NBC and Riyada. The programme aspired to facilitate SMEs' access to industry leaders, experts, business owners. The programme also aimed at contributing to empowering these SMEs and exploring channels to enhance the development of the entrepreneurial system.

Source: [Times of Oman](#)

Occidental Oman signs two multi-year contracts

Occidental Oman signed two new multi-year contracts with Gulf Triangle Industries & Services and Muscat National Petrochemicals & Supplies, as part of its in-country value (ICV) strategy to support locally manufactured materials and maximise expenditure on goods and services made in Oman. Both companies will supply Occidental Oman with dolomitic lime for Occidental Oman's Mukhaizna field operations, according to a press release. The signing ceremony was held at Occidental Oman's headquarters in Muscat.

Source: [Oman Observer](#)

RO 23 million Central Services Corridor nearing completion at Salalah Port

Salalah Port's Central Services Corridor — a key project that connects hydrocarbon and petrochemicals industries operating in Salalah Free Zone with the waterfront — is close to completion. The project, which will boost Salalah Port's handling of liquid cargoes, meets a key goal set out by the National Programme for Enhancing Economic Diversification (Tanfeedh) as part of the government's efforts to fuel the growth of the local economy. The initiative — one of several projects identified for implementation in support of the Sultanate's logistics growth ambitions — was also supported by the Implementation Support and Follow-up Unit (ISFU) in cooperation with the Ministry of Transport and Asyad, as well as Salalah Port and Oman Gas Company (OGC).

Source: [Oman Observer](#)

New \$100 million SPV unveiled for renewable projects

Infundi, a joint initiative of Nafath Renewable Energy (an Omani SME specializing in the development of small-scale solar PV projects) and National Sustainable Energy Development Company, will launch a new Special Purpose Vehicle (SPV) that aims to raise \$100 million to support the development of solar PV schemes in Oman and the wider Middle East region. The announcement came at a Solar PV Investment Convention hosted by Nafath Renewable Energy at the Hormuz Grand Hotel on Tuesday. The event was attended by officials and executives representing a number of government and public sector organisations, as well as private businesses that have a stake in Oman's burgeoning solar PV industry.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Aramco records SAR 2.5 bln in turnover today

Around 66.25 million of Saudi Aramco's shares were traded through 1,209 transactions, at a total value of SAR 2.5 billion today during closing auction and trade at last session. The Saudi Stock Exchange (Tadawul) extended the closing auction and trade at last session to 20 minutes instead of 10 minutes, ahead of Saudi Aramco's entry in MSCI Emerging Markets Index. Accordingly, the closing auction started from 3:00 p.m. to 3:20 p.m., and the trade at last session followed from 3:20 p.m. until 3:40 p.m.

Source: [Argaam](#)

Expo 2020 Dubai to give a big boost to UAE economy

Expo 2020 will give a one-time shot in the arm for the UAE economy, according to economists from Standard Chartered. "We expect a one-off boost to growth from Dubai's hosting Expo 2020. This should boost UAE GDP growth to 2.1 per cent from 1.7 per cent in 2019. We expect the hosting of Expo 2020 from October 2020 to April 2021 to lift UAE non-oil growth to 3 per cent driving the transitory pickup in headline growth," said Bilal Khan, Senior Economist, Middle East North Africa and Pakistan (MENAP), Standard Chartered.

Source: [Gulf News](#)

Cost of buying a home in Dubai falls despite surging demand

Despite stronger buying activity, property prices in Dubai continue to fall, dipping by more than 10 per cent in less than a year, a new report reveals. The continued decline has been due to poor prevailing sentiment of investors about the property market, as well as the abundance of off-plan property options, according to ValuStrat's latest data released on Monday. There was a flurry of buying activity in Dubai in the past several weeks, particularly in November, when sales volume for both off-plan and completed homes went up by 25 per cent compared to a year ago.

Source: [Zawya](#)

NATPET's IPO in Tadawul 'still on the table', says CEO

Floating the shares of National Petrochemical Industrial Company (NATPET) in the Saudi Stock Exchange (Tadawul) is "still on the table", but needs cooperation from all partners, CEO and Managing Director Khalid Zagzoog told Argaam in an exclusive. "NATPET may sell its shares in an initial public offering (IPO) during the next board term," he said. The company received SAR 800 million in insurance compensation, due to the fire that erupted in its plant.

Source: [Argaam](#)

Saudi Arabia concludes new study on expat fees, says minister

Saudi Arabia concluded a new study that entails reviewing all fees imposed on expatriates, including financial compensation, Majid Al Qasabi, Minister of Commerce and Investment said on the sidelines of the inauguration of Traders Council, launched by Riyadh Chamber. The Kingdom began early January 2018 to apply new fees on foreign workers, in line with the Fiscal Balance Program launched end of 2017.

Source: [Argaam](#)

Aramco says no price stabilization executed as of Dec. 17

Saudi Aramco said no price stabilization transactions have been executed as of December 17, 2019. The state-run company announced today receiving an addendum notification from Goldman Sachs Saudi Arabia, the stabilizing manager, regarding the initial public offering (IPO) of the issuer's shares. Goldman Sachs announced that it may stabilize the offer of the following securities, in accordance with the price stabilization mechanism in IPOs.

Source: [Argaam](#)

UAE's NMC Health tanks as Muddy Waters takes short position

U.S. short-selling firm Muddy Waters said on Tuesday it has acquired a short position in NMC Health Plc, citing "serious doubts" about the hospital operator's financial statements and sending its shares down more than 20%. Short seller Carson

Block's firm questioned the value of NMC's assets, cash balance as well as its reported profits and debts. In a research note, Muddy Waters cited inflated asset purchase prices and capital expenditures by NMC, calling them "hallmarks of significant fraud" and said some investments showed "numerous red flags".

Source: [Zawya](#)

Al Khair Global raises stake in Arkan Al Kuwait to 35.9%

Al Khair Global for Buying and Selling Shares shifted its business in Arkan Al Kuwait Real Estate into acquisition, according to a Boursa Kuwait statement. Al Khair expanded its stake in Arkan Al Kuwait to 35.876%, from 29.58%, raising the number of its shares in the company to 90.105 million shares, from 74.299 million, the Kuwaiti bourse said on Tuesday. The change in the shareholding stake took effect on 15 December 2019, the statement said. Earlier in the day, Arkan Al Kuwait announced that a member of its board sold 6.3 million shares on Sunday at 70.5 fils per share.

Source: [Mubasher](#)

MIDEAST STOCKS-Saudi shares flat on banks, petrochemicals; other markets up

Most major Gulf stock markets gained on Tuesday, but Saudi Arabia's traded flat with financials and petrochemicals moving sideways. Saudi's benchmark index .TASI was flat, with Riyadh Bank 1010.SE shedding 3% and Al Rajhi Bank 1120.SE losing 0.2%. On Monday, Riyadh Bank and National Commercial Bank (1180.SE decided to end preliminary merger talks, the two said in separate stock exchange filings. NCB was up 0.3%.

Source: [NASDAQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian business sentiment bounces back, but caution abounds: Thomson Reuters/INSEAD survey

Confidence among Asian businesses rebounded sharply this quarter to hit an 18-month high with firms reporting a pickup in sales, though most are holding off on hiring as trade war uncertainty weighs, a Thomson Reuters/INSEAD survey found. The Thomson Reuters/INSEAD Asian Business Sentiment Index tracking firms' six-month outlook jumped 13 points to 71 for the fourth quarter. That lifted confidence from close to a decade low in the previous quarter to its highest since June last year.

Source: [Reuters](#)

Asia shares eke out another peak, pound fears Brexit redux

Asian stocks camped out at 18-month peaks on Wednesday having climbed for five straight sessions, while the British pound was licking fresh wounds as revived Brexit fears came back to bite it. MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS inched up 0.1% to its highest since June last year. Japan's Nikkei .N225 dipped 0.3% and off a 2019 top. Shanghai blue chips .CSI300 added 0.3%, after hitting an eight-month peak on Tuesday, as Beijing trimmed another short-term interest rate.

Source: [Reuters](#)

Chinese corporate debt is the 'biggest threat' to the global economy, says Moody's chief economist

While corporate debt is a "fault line in the financial system and the broader economy," Moody's Chief Economist Mark Zandi flagged Chinese indebted companies as the "biggest threat." A similar warning by Fitch Ratings last week said that private companies in China have defaulted on their debts at a record pace this year. In an October report, the ratings agency put it down to a tightening of credit as a result of the government's deleveraging efforts.

Source: [CNBC](#)

'Trump totally unchained': Second term could mean more trade wars, Powell exit, new tax cuts

If Trump is reelected in November, the White House could double down on its trade battles at international bodies like the WTO and World Bank. It could also allow the White House to explore additional tax cuts and replace Jerome Powell as Federal Reserve chairman when his term expires in 2022. A split Congress is likely to keep in check whoever wins the White House in November.

Source: [CNBC](#)

Boeing's 737 production halt could dent U.S. first-quarter GDP

Boeing Co's (BA.N) decision to stop production of its best-selling 737 MAX aircraft involved in two fatal crashes will impact U.S. economic growth and employment, but the pain may be brief and concentrated in areas where suppliers are located, analysts and executives say.

Source: [Reuters](#)

COMMODITIES NEWS

Oil Prices Fall As API Reports A Surprise Crude Build

The American Petroleum Institute (API) has estimated a huge surprise crude oil inventory build of 4.7 million barrels for the week ending December 11, compared to analyst expectations of a 1.288-million-barrel draw in inventory. Last week saw a build in crude oil inventories of 1.41 million barrels, according to API data. The EIA's estimates reported a smaller build of 800,000 barrels for that week.

Source: [Oil Price](#)

US Proved Oil & Gas Reserves Hit New Record High

Higher oil and natural gas prices in 2018 raised the proved reserves of oil and gas in the United States to new all-time highs last year, the Energy Information Administration (EIA) said in its new annual report. Oil and natural gas proved reserves beat the previous record from the previous year, when rising prices and continued shale resource development in 2017 helped push U.S. reserves to what was then record high volumes.

Source: [Oil Price](#)