

U Capital Morning Brief

22 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	829.03	-6.23	-0.75%	-5.61%	-	-	-	-
U Capital GCC 50 Index	1,380.21	6.19	0.45%	5.39%	-	-	-	-
U Capital MENA 200 Index	1,079.51	4.13	0.38%	3.29%	-	-	-	-
MSCI GCC Countries Index	565.91	-0.02	0.00%	5.22%	16.19	1.83	3.9%	
Muscat Securities Market	3,916.70	-26.63	-0.68%	-9.41%	7.39	0.72	7.6%	
Saudi Stock Exchange	8,291.39	37.96	0.46%	5.94%	18.62	1.60	3.7%	
Kuwait Stock Exchange	7,153.98	38.57	0.54%	26.57%	15.25	1.45	3.4%	
Qatar Exchange	10,340.37	118.19	1.16%	0.40%	15.02	1.53	4.1%	
Bahrain Stock Exchange	1,584.06	0.32	0.02%	18.46%	12.79	0.99	4.9%	
Dubai Financial Market	2,768.56	-18.82	-0.68%	9.44%	10.99	0.99	4.2%	
Abu Dhabi Exchange	5,092.41	-2.46	-0.05%	3.61%	15.72	1.43	4.9%	
Beirut Stock Exchange	764.02	2.03	0.27%	-21.78%	4.07	0.46	12.1%	
Palestine Stock Exchange	522.83	-0.63	-0.12%	-1.23%	12.49	1.20	4.5%	
Tunis Se Index	6,973.00	-9.26	-0.13%	-4.11%	19.15	2.37	2.1%	
EGX 30 Index	13,837.19	43.20	0.31%	6.15%	11.87	1.82	2.5%	
Amman General Index	1,810.23	0.21	0.01%	-5.16%	12.30	0.88	5.7%	

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
			%	%	Currency	USD/1 Unit	Units/1 USD
Europe					Australian Dollar (AUD)	0.690	1.450
FTSE 100	UK	7,582.5	0.11%	12.7%	British Pound (GBP)	1.300	0.769
DAX	Germany	13,318.9	0.81%	26.1%	Canadian Dollar (CAD)	0.761	1.316
CAC 40	France	6,021.5	0.82%	27.3%	Chinese Renminbi (CNH)	0.143	7.003
United States					Egyptian Pound (EGP)	0.062	16.039
DJIA	USA	28,455.1	0.28%	22.0%	Euro (EUR)	1.108	0.903
S&P 500	USA	3,221.2	0.49%	28.5%	Indian Rupee (INR)	0.014	62.273
NASDAQ	USA	8,925.0	0.42%	34.5%	Japanese Yen (JPY)	0.009	109.440
Asia Pacific					New Zealand Dollar (NZD)	0.660	1.514
NIKKEI 225	Japan	23,816.6	-0.20%	19.0%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,871.4	0.25%	7.8%	Pakistani Rupee (PKR)	0.645	155.000
KSE 100 Index	Pakistan	40,833.0	0.44%	10.2%	Russian Ruble (RUB)	0.016	71.120
NSE Nifty 50	India	12,271.8	0.10%	13.0%	Singapore Dollar (SGD)	0.738	1.355
SHANGHAI COMPOSITE	China	3,004.9	-0.40%	20.5%	Turkish Lira (TRY)	0.168	5.938
SHANGHAI SHENZHEN CSI 300	China	4,017.3	-0.25%	33.4%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	66.1	-0.60%	19.5%	UAE	2.13	-24.8%
WTI Crude (per bbl)	60.4	-1.21%	33.1%	Saudi Arabia	2.24	-24.8%
Oman Crude Oil (Last Closing)	66.8	-0.43%	24.9%	Kuwait	2.75	18.9%
OPEC (per bbl)	67.9	0.24%	31.8%	Oman	2.80	-0.9%
Precious Metals				Qatar	2.20	-24.3%
Gold100 OZ (per oz)	1,481.6	0.19%	15.5%	Bahrain	2.67	-32.5%
Silver (per oz)	17.2	0.79%	11.0%			
Platinum (per oz)	910.9	-2.53%	14.5%			
Other Metals						
Copper, MT	6,175	-0.64%	3.5%	GCC Latest 10-Yr Government Bond Yields		
Aluminium, MT	1,800	0.17%	-2.5%		Maturity date	YTM, %
Lead, MT	1,939	1.02%	-4.1%	Kuwait	20/03/2027	2.3
Zinc, MT	2,341	0.69%	-5.1%	Abu Dhabi	11/10/2027	2.4

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.91	1.7	1m	1.78	-28.9%
5 year	98.91	1.7	3m	1.93	-31.1%
10 year	98.50	1.9	6m	1.92	-33.2%
30 year	100.70	2.3	1 year	2.00	-33.5%

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 retreats on foreign selling in spite of improved trading activity

The MSM 30 Index continued on its downward trajectory from the last few weeks, primarily on selling pressure from foreign investors and Arabs. Foreigners were net sellers of about USD 2.61mn worth of securities this week. The MSM30 Index declined by 2.56% w-o-w, falling below the 4,000 level for the first time in over 2 months to close at 3,916.70. All sub-indices closed down, led by the Industrial Index which closed down by 4.17% w-o-w, followed by the Financial Index which closed down by 2.82% w-o-w, and the Services Index which closed down by 1.61% w-o-w. The MSM Shariah Index closed also closed down by 2.37% w-o-w.

Source: [Muscat Daily](#)

OQ to focus on readiness before privatisation plan

Oman Oil and Orpic Group, which has been rebranded to OQ last week, will undertake a readiness programme for next 12-18 months before considering the privatisation or stake sale options to raise money for future projects, according to a senior OQ official. Speaking to reporters at a press conference to announce the new brand identity of the group, Nazar al Lawati, chief financial officer of OQ and a member of the integration leadership team, said that the shareholders earlier this year gave the directive that the group should be looking at some sort of privatisation or stake sell in the future. "We have carried out an exercise to study a number of options available to us to maximise the value for shareholders as well as other stakeholders," he said.

Source: [Muscat Daily](#)

Ahli Bank joins Oman Credit and Financial Information Centre

Ahli Bank recently signed a membership agreement with Oman Credit and Financial Information Centre (OCFC) at the bank's headquarters. The agreement was signed on behalf of Ahli Bank by Ghada Al Balushi, Chief Risk Officer and Adel bin Khalifa Al Saadi, director general of the centre on behalf of Oman Credit and Financial Information. This agreement will help the bank to access customer data and financial information that in turn will be useful for making credit decisions.

Source: [Times of Oman](#)

MoCI halts deals of 365 companies for not submitting data

Oman's Ministry of Commerce and Industry (MoCI) has stopped dealing with about 365 companies that failed to submit their industrial data, during the recently conducted industrial survey, which involved submitting company data through the ministry on its online Invest Easy portal. The survey was carried out between September 30 and November 7. It required submitting data electronically, through the ministry's website or the Invest Easy portal.

Source: [Times of Oman](#)

Swedish thermal energy storage firm announces Oman foray

Underscoring growing international interest in the Sultanate's renewable energy sector, Swedish thermal energy storage firm Azelio has announced a partnership with local Omani enterprise Al Mashani to set up a small-scale project showcasing its pioneering technology. Azelio is a publicly listed company specialising in thermal energy storage with dispatchable Stirling-based electricity production when and where it is needed, modular and to a low cost. The technology is revolutionary for its unique ability to store thermal energy for production of electricity at nominal effect for 13 hours.

Source: [Oman Observer](#)

Wind resource assessment kicks off in Oman

A wind resource assessment (WRA) programme — which is key to evaluating the feasibility of a wind power project at a given location — has commenced, according to an official of Oman Power and Water Procurement Company (OPWP), a Member of Nama Group. Brian Wood, Senior Adviser at the state-owned utility, said a contract for the WRA project has been awarded and is currently under implementation. It entails the installation of tall masts, fitted with wind measuring instruments, at locations identified for the establishment of large-scale wind power projects.

Source: [Oman Observer](#)

Cross-sector ICV Steering Committee holds key meeting

The Steering Committee for Cross-Sector In-Country Value (ICV) held a meeting under the chairmanship of Ahmed bin Hassan al Dheeb, Under-Secretary of the Ministry of Commerce and Industry. The meeting also saw the participation of the Ministry of Tourism, Ministry of Health, Madayn, and Petroleum Development Oman (PDO). Following the Steering Committee meeting, Ahmed bin Hassan al Dheeb, Under-Secretary of the Ministry of Commerce and Industry, highlighted: "We would like to acknowledge the support and involvement of all stakeholders, especially Petroleum Development Oman (PDO). The first phase of the cross-sector ICV study for health and utility sectors was finalised according to schedule.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia records SAR 98bn trade surplus in Q3

Saudi trade balance surplus narrowed during the third quarter (Q3) of 2019, as shown by the most recent data of the Saudi General Authority for Statistics (GaStat). Trade surplus amounted to SAR 97.85 billion, decreasing by 62.55% compared with Q2-19, which saw a surplus of SAR 160.41 billion. The Kingdom's total imports reached SAR 138.23 billion, while exports reached SAR 236.08 billion, according to a Mubasher survey of Saudi trade balance data.

Source: [Decypha](#)

Zoujaj permanently halts production at Dammam plant

The National Company for Glass Industries (Zoujaj) decided to permanently halt production at its Dammam plant, the company said in a bourse statement. Financial impact of the move will reflect on 2019 results. In April 2018, the company decided to temporarily halt production at its Dammam plant and reduce the output of some other lines.

Source: [Argaam](#)

Dur Hospitality inks leasing, operating contracts for 3 hotels

Dur Hospitality Co. (Dur) signed contracts to lease and operate 3 hotels in Madinah for 15 years, starting from the date of completing and receiving the hotels from the owner. The total value of the deals amounts to SAR 41.8 million annually for all hotels, ahead of rising to SAR 46.4 million annually by the end of the lease term in 2035 and 2036. In addition, the owner will share almost 50% of the net profit after deducting rent, all costs and fees of Dur's operating arm, Makarem Hotels.

Source: [Argaam](#)

Dubai SME launches new business incubator

Dubai SME, the agency of Dubai Economy mandated to develop the small and medium enterprise sector, on Saturday launched a new business incubator - Bedayat - to promote entrepreneurship and innovation in the emirate. The latest initiative, launched in cooperation with The Sustainable City in Dubai, is an important starting point for entrepreneurs and startups by way of the services and ideas that the incubator provides, including new solutions to help them flourish in the UAE market and the region.

Source: [Zawya](#)

German investments in Saudi Arabia exceed \$4.6bln

The Saudi Arabian General Investment Authority (SAGIA) revealed that German investments in the Kingdom amounted to 189 projects, with a paid in capital of around SAR 17.5 billion (\$4.67 billion), by the end of July 2019. The announcement was made on the sidelines of the Saudi-German Business Forum, held in Berlin. The two countries stressed the importance of bilateral trade, strategic partnership, and economic cooperation.

Source: [Arab News](#)

NMC Health calls Muddy Waters report "false and misleading"

NMC Health Plc said on Thursday that a report by U.S. short-selling firm Muddy Waters earlier this week criticising the healthcare group's financial statements was "false and misleading". The short seller on Tuesday acquired a short position in NMC Health and questioned the value of the London-listed firm's assets and cash balance, as well as its reported profits and debts, wiping a third off the value of the company's shares.

Source: [Reuters](#)

Al Rajhi Capital's REIT IPO sees SAR 117m units subscribed

Al Rajhi Capital announced the result of the initial public offering (IPO) for its real estate investment trust (Al Rajhi REIT) total asset value, which was covered by 78.63%. The IPO, which was completed on 18 December, ended with 13,251 million of subscribed units, and the participation of 16,031 subscribers, according to a statement to the Saudi Stock Exchange (Tadawul). The total value of the subscribed units reached SAR 116.62 million. The allocation of units to the holders will be finalised within 15 working days as from the subscription period.

Source: [Decypha](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

European stocks close higher as US-China trade relief rally continues

The pan-European Stoxx 600 provisionally climbed 0.72% by the closing bell, with chemicals, and food and beverages leading gains. All sectors except banks and autos traded in positive territory. Investors worldwide have seemed content to take the substantial gains generated by positive news on U.S.-China trade over the past month heading into the festive period.

Source: [CNBC](#)

US third-quarter economic growth unrevised at 2.1%

U.S. economic growth nudged up in the third quarter, the government confirmed on Friday, and there are signs the economy more or less maintained the moderate pace of expansion as the year ended, supported by a strong labor market. Gross domestic product increased at a 2.1% annualized rate, the Commerce Department said in its third estimate of third-quarter GDP. That was unrevised from last month's estimate. The economy grew at a 2.0% pace in the April-June period.

Source: [CNBC](#)

Central Banker Das Experiments With Policy to Ease India Rates

From a 35-basis point interest rate cut to embracing a Federal Reserve-style 'Operation Twist', Reserve Bank of India Governor Shaktikanta Das is pushing the boundaries of conventional central bank policy making to improve rate transmission and spur credit to the economy. The central bank announced Thursday it will buy longer-dated debt and simultaneously sell shorter maturity notes in a concept similar to Operation Twist used by the U.S. Fed in 2011-12. The move is aimed at bringing down the soaring cost of borrowing, or term premia -- the difference between the benchmark 10-year yields and the central bank's policy rate.

Source: [bloomberg](#)

Wall Street Week Ahead: History suggests rally may slow for U.S. stocks in 2020

The outsized rally in the U.S. stock market this year may give way to a more muted performance in 2020 if history is any guide. The benchmark S&P 500 is up nearly 28% for the year, which if the market closed this week for the year, would mark the second-best annual performance for the index since 1997. However, investors who are hoping the rally will continue charging ahead through next year may be disappointed. The S&P 500 has returned an average of 6.6% in the year following a rally of 20% or more since 1928, slightly below the 7.6% return in all years, according to research from Bespoke Investment Group.

Source: [Reuters](#)

Nord Stream 2 to press on with Europe gas pipe, despite U.S. sanctions

The group behind Nord Stream 2 said on Saturday it aimed to complete a pipeline to boost Russian gas supplies to Europe as soon as possible, after U.S. sanctions prompted a major contractor to suspend pipe-laying activities. U.S. President Donald Trump signed a bill on Friday that included legislation imposing sanctions on firms laying pipe for Nord Stream 2, which seeks to double gas capacity along the northern Nord Stream pipeline route to Germany.

Source: [Reuters](#)

COMMODITIES NEWS

Oil falls more than 1%, but ekes out third straight week of gains

Oil fell on Friday, but still managed to post its third straight week of gains amid the easing of U.S.-Chinese trade tensions, which has boosted business confidence and the outlook for global economic growth. Brent fell 48 cents, or 0.7%, to \$66.06 a barrel. U.S. West Texas Intermediate crude fell 74 cents, or 1.2%, to settle at \$60.44. Despite Friday's fall, WTI ended the week with a 0.5% gain.

Source: [CNBC](#)