

# U Capital Morning Brief

25 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  | 823.89        | -0.53  | -0.06% | -6.20%  | -                 | -             | -         |
| U Capital GCC 50 Index   | 1,401.09      | -1.21  | -0.09% | 6.98%   | -                 | -             | -         |
| U Capital MENA 200 Index | 1,093.25      | 0.34   | 0.03%  | 4.61%   | -                 | -             | -         |
| MSCI GCC Countries Index | 573.45        | -1.28  | -0.22% | 6.62%   | 16.41             | 1.85          | 3.8%      |
| Muscat Securities Market | 3,899.29      | 0.00   | 0.00%  | -9.82%  | 7.36              | 0.72          | 7.7%      |
| Saudi Stock Exchange     | 8,419.84      | 3.45   | 0.04%  | 7.58%   | 18.96             | 1.62          | 3.6%      |
| Kuwait Stock Exchange    | 7,228.70      | -6.15  | -0.09% | 27.89%  | 15.41             | 1.46          | 3.4%      |
| Qatar Exchange           | 10,429.82     | -85.36 | -0.81% | 1.27%   | 15.15             | 1.55          | 4.1%      |
| Bahrain Stock Exchange   | 1,600.17      | 1.05   | 0.07%  | 19.66%  | 12.92             | 1.00          | 4.9%      |
| Dubai Financial Market   | 2,775.80      | -1.64  | -0.06% | 9.73%   | 11.02             | 0.99          | 4.2%      |
| Abu Dhabi Exchange       | 5,079.96      | -3.43  | -0.07% | 3.35%   | 15.68             | 1.43          | 4.9%      |
| Beirut Stock Exchange    | 764.02        | 0.00   | 0.00%  | -21.78% | 4.07              | 0.46          | 12.1%     |
| Palestine Stock Exchange | 522.39        | 0.04   | 0.01%  | -1.31%  | 12.44             | 1.19          | 4.5%      |
| Tunis Se Index           | 6,990.29      | 17.06  | 0.24%  | -3.87%  | 19.20             | 2.38          | 2.1%      |
| EGX 30 Index             | 13,805.43     | -97.00 | -0.70% | 5.90%   | 11.84             | 1.81          | 2.5%      |
| Amman General Index      | 1,808.14      | 3.20   | 0.18%  | -5.27%  | 12.07             | 0.88          | 5.7%      |

| World Markets             | Country  | Value    | D/D    | YTD   | Currency Cross Rates     | USD/1 Unit | Units/1 USD |
|---------------------------|----------|----------|--------|-------|--------------------------|------------|-------------|
| Europe                    |          |          | %      | %     | Currency                 |            |             |
| FTSE 100                  | UK       | 7,632.2  | 0.11%  | 13.4% | Australian Dollar (AUD)  | 0.692      | 1.445       |
| DAX                       | Germany  | 13,301.0 | -0.13% | 26.0% | British Pound (GBP)      | 1.295      | 0.772       |
| CAC 40                    | France   | 6,029.6  | 0.00%  | 27.5% | Canadian Dollar (CAD)    | 0.760      | 1.316       |
| United States             |          |          |        |       | Chinese Renminbi (CNH)   | 0.143      | 7.002       |
| DJIA                      | USA      | 28,515.5 | -0.13% | 22.2% | Egyptian Pound (EGP)     | 0.062      | 16.039      |
| S&P 500                   | USA      | 3,223.4  | -0.02% | 28.6% | Euro (EUR)               | 1.109      | 0.902       |
| NASDAQ                    | USA      | 8,952.9  | 0.08%  | 34.9% | Indian Rupee (INR)       | 0.014      | 61.959      |
| Asia Pacific              |          |          |        |       | Japanese Yen (JPY)       | 0.009      | 109.390     |
| NIKKEI 225                | Japan    | 23,799.8 | -0.12% | 18.9% | New Zealand Dollar (NZD) | 0.664      | 1.507       |
| HANG SENG                 | Hongkong | 27,864.2 | -0.15% | 7.8%  | Omani Rial (OMR)         | 2.598      | 0.385       |
| KSE 100 Index             | Pakistan | 40,328.3 | 0.80%  | 8.8%  | Pakistani Rupee (PKR)    | 0.646      | 154.875     |
| NSE Nifty 50              | India    | 12,214.6 | -0.39% | 12.4% | Russian Ruble (RUB)      | 0.016      | 71.270      |
| SHANGHAI COMPOSITE        | China    | 2,984.9  | 0.08%  | 19.7% | Singapore Dollar (SGD)   | 0.738      | 1.355       |
| SHANGHAI SHENZHEN CSI 300 | China    | 3,996.7  | 0.09%  | 32.8% | Turkish Lira (TRY)       | 0.168      | 5.947       |

| Commodity Prices              | Price | D/D   | YTD   | GCC 3m Interbank Rates | Current Rate % | YTD %  |
|-------------------------------|-------|-------|-------|------------------------|----------------|--------|
|                               | USD   | %     | %     |                        |                |        |
| Oil                           |       |       |       | UAE                    | 2.14           | -24.6% |
| Brent Crude (per bbl)         | 67.2  | 1.22% | 21.4% | Saudi Arabia           | 2.24           | -24.9% |
| WTI Crude (per bbl)           | 61.1  | 0.97% | 34.6% | Kuwait                 | 2.75           | 18.9%  |
| Oman Crude Oil (Last Closing) | 67.2  | 0.39% | 25.5% | Oman                   | 2.80           | -0.8%  |
| OPEC (per bbl)                | 67.9  | 0.24% | 31.8% | Qatar                  | 2.28           | -21.7% |
|                               |       |       |       | Bahrain                | 2.67           | -32.5% |

| Precious Metals     |         |        |       | GCC Latest 10-Yr Government Bond Yields |            |     |
|---------------------|---------|--------|-------|---|------------|-----|
| Gold100 OZ (per oz) | 1,499.8 | 0.03%  | 16.9% | Maturity date                           | YTM, %     |     |
| Silver (per oz)     | 17.8    | -0.16% | 14.7% | Kuwait                                  | 20/03/2027 | 2.3 |
| Platinum (per oz)   | 943.6   | 0.00%  | 18.6% | Abu Dhabi                               | 11/10/2027 | 2.4 |
| Other Metals        |         |        |       | Qatar                                   | 02/06/2026 | 2.4 |
| Copper, MT          | 6,215   | 0.40%  | 4.2%  | Saudi Arabia                            | 04/03/2028 | 2.8 |
| Aluminium, MT       | 1,814   | 0.55%  | -1.7% | Oman                                    | 17/01/2028 | 5.1 |
| Lead, MT            | 1,947   | 1.62%  | -3.7% | Bahrain                                 | 12/10/2028 | 4.4 |
| Zinc, MT            | 2,274   | -0.74% | -7.8% |   |            |     |

| Midswaps | Price  | YTM % | USD Libor | Rate (%) | YTD    |
|----------|--------|-------|-----------|----------|--------|
| 3 year   | 99.96  | 1.6   | 1m        | 1.79     | -28.4% |
| 5 year   | 100.16 | 1.7   | 3m        | 1.95     | -30.7% |
| 10 year  | 98.66  | 1.9   | 6m        | 1.92     | -33.1% |
| 30 year  | 100.98 | 2.3   | 1 year    | 2.00     | -33.4% |

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Oman's Capital Market Authority issues Takaful Regulation

The legislative framework for Takaful products and the companies operating in this sector have been finalised with the issuance of the Takaful Regulation, the Executive President of the Capital Market Authority said. The issuance of Decision No. 103/2019 has specified six months for the companies to adjust their position from the date the regulation comes into force on December 23, 2019.

Source: [Times of Oman](#)

### Privatisation Authority gives nod for PPP projects

The Board of Directors of the Public Authority for Privatization and Partnership (PAPP) has approved a portfolio of projects, along with their underlying frameworks, for implementation on a public private partnership (PPP) basis. The approvals came at the Authority's second meeting of the year, which was chaired by Minister of Commerce and Industry.

Source: [Oman Observer](#)

### Council okays panels' 16 proposals

The State Council on Tuesday approved 16 proposals submitted by its standing committees for study during the current session at its fourth ordinary sitting of the first annual session of the seventh term. The meeting commenced with Chairman's speech, and he reviewed the agenda items, noting that it includes a discussion of the committees' views on the proposed amendments to their specialties and topics that they desire to study during the present annual session. It also includes the approval of the amendment to the Council's regulations, as well as to some topics relating to the council's work and discuss the proposal to amend the organisational structure of the Council.

Source: [Oman Observer](#)

### Sultanate's hotel revenues grow 7.8pc till October 2019

Total revenues of Omani hotels in the three-to-five-star category rose by 7.8 per cent to RO 177.7 million till the end of October 2019 compared to RO 164.9 million for the same period of the previous year, according to the latest monthly statistics released by the National Centre for Statistics and Information (NCSI). However, hotel occupancy rates fell by 6.4 per cent to reach 52.3 per cent at the end of October 2019 against 55.9 per cent for the same period of 2018. Meanwhile, the total number of guests in Omani hotels showed a significant increase by 17.6 per cent in the 10-month period of 2019, reaching 1.40 million from 1.19 million guests for the same period of 2018.

Source: [Oman Observer](#)

### Residential solar PV systems to cut electricity bills by 40 per cent in Oman

Owners of residential premises in the Sultanate looking to participate in 'Sahim II' — a landmark initiative by the Authority for Electricity Regulation (AER) to support the wide-scale deployment of grid-connected solar photovoltaic (PV) systems atop homes — can anticipate savings amounting to around 40 per cent of their annual electricity bills.

Source: [Oman Observer](#)

### Tender for North-South Interconnector project next year

A tender for the implementation of the strategically vital North South Interconnector Project — a national initiative to connect the Sultanate's two main electricity grids in the north and south of the country with the network of Petroleum Development Oman (PDO) — will be floated in 2020. The project is one of several grid station and overhead power lines that will be implemented by Oman Electricity Transmission Company (OETC) — a member of Nama Group — during 2020.

Source: [Oman Observer](#)

### Marine tourism diversifies, enriches nation's economy

Marine tourism in Oman is becoming popular due to its diverse forms and types. It has emerged as an important form of tourism in the country due to its geographic components and marine nature. The Sultanate's beaches are spread across 3,169 square kilometres and this makes the country ideal to host marine games. There are many forms of sporting, marine and water activities, most of which are much sought-after by tourists.

Source: [Oman Observer](#)

### Port of Salalah hits 4 million TEU mark

Port of Salalah capped its incredible journey by hitting an all-time record container volume of 4 million TEUs (Twenty-Foot Equivalent Unit) in December 2019. The concerted efforts of the employees and the support of the stakeholders resulted in the port close to recovering its full capabilities post-Mekunu and SPS has committed significant incremental capital expenditure as part of its asset replacement and capacity augmentation programme.

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Goldman May Stabilise Saudi Aramco Shares Following IPO

Saudi Aramco said that Goldman Sachs may stabilise its shares after a record initial public offering earlier this month. Stabilisation agents support the share price by purchasing additional shares on the market. The stabilisation period will end on Jan. 9, but so far no transactions have been executed, it said in a statement. Aramco shares ended nearly 0.6% lower at 35.40 riyals (7.28 pounds), above its IPO price of 32 riyals per share, valuing the oil giant at about \$1.9 trillion.

Source: [NY Times](#)

### Saudi Kayan Petrochemical agrees SAR 1.5bn deal with BSF

Saudi Kayan Petrochemical Company has signed an eight-year Murabaha finance agreement with Banque Saudi Fransi (BSF), according to a statement to the Saudi Stock Exchange (Tadawul). The Sharia-compliant SAR 1.5 billion finance facility aims to provide an alternative to the petrochemicals firm, reduce finance costs, and enhance financial efficiency, as per the company's strategic goals that were revealed in June. Kayan expects the deal to result in a SAR 25 million decrease in costs during 2020 and the coming years.

Source: [Decypha](#)

### Sipchem unit launches new aviation firm in Saudi Arabia

Sahara International Petrochemical Company (Sipchem) subsidiary, Saudi Specialized Products Company (Wahaj), launched a new company, Portsmouth Arabia for Aviation, in partnership with Portsmouth Aviation Limited. The company said in a tweet that the new firm is headquartered in Saudi Arabia, and will work on promoting local aviation and defense industries, as part of efforts to localize military industries in the Kingdom. Wahaj is 75% owned by Sipchem, and 25% owned by Hanwha Chemical Corporation of South Korea.

Source: [Argaam](#)

### Al Rajhi REIT acquires school in Dammam for SAR 245m

Al Rajhi REIT Fund has completed the acquisition of Rowad AlKhaleej International School in Dammam for SAR 244.5 million, Al Rajhi Capital announced on Tuesday. The deal is part of the approved process of increasing the total value of the real estate investment trust fund's assets, according to a statement to the Saudi Stock Exchange (Tadawul). Additionally, the purchase price is partly paid through the issuance of 13.6 million in-kind units and a cash sum.

Source: [Decypha](#)

### Emaar says may raise funds against Burj Khalifa viewing decks, not selling them

Dubai's Emaar Properties (EMAR.DU) said on Tuesday it was considering raising capital against cash flows generated by the observation decks on its Burj Khalifa skyscraper, but was not looking at selling them. Emaar "would like to confirm that it is not selling the At The Top business" and is "currently considering a structured transaction wherein financing is being raised against cashflows of At The Top,"

Source: [Reuters](#)

### Dana Gas says received one-off \$42 million dividend from Pearl in Iraqi-Kurdistan

United Arab Emirates' Dana Gas said on Tuesday it has received a one-off \$42 million dividend payment from Iraqi Kurdistan-focused energy company Pearl Petroleum. "The payment follows the release of an additional \$120 million out of the \$400 million that was paid by the Kurdistan Regional Government to the consortium under a settlement agreement reached in August 2017 and that was held in a Pearl Petroleum bank account pending financing for the expansion of the Khor Mor field,"

Source: [Reuters](#)

### Property transactions in Dubai surpass previous records in December

Dubai's real estate sector looks set to end 2019 on a very high note, with property transactions in December already surpassing previous records. During the last 23 days of the month, the value of real estate deals, which include sales and mortgage transactions for residential and commercial properties in the emirate, already reached more than 15 billion dirhams, according to the published figures by the Dubai Land Department (DLD)

Source: [Zawya](#)

### Kuwaiti Mezzan acquires majority stake in Saudi firm

Boursa Kuwait-listed Mezzan Holding Company raised its stake in Saudi-based Mezzan Foods Company to 99%. Through one of its subsidiaries in Saudi Arabia, Mezzan signed a KWD 1.2 million agreement to acquire 29% stake in the Saudi company to acquire a majority stake, according to a statement to Boursa Kuwait on Tuesday. Mezzan Holding added that the remaining 1% will be held by the Saudi Al Faisaliah Group through a subsidiary.

Source: [Decypha](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Tesla Arranges Over \$1.4 Billion in Financing From China

Tesla Inc. has lined up more than 10 billion yuan (\$1.4 billion) in financing from local banks for its Shanghai factory as it prepares to begin deliveries of China-made Model 3 sedans in the country, people familiar with the matter said. An announcement will probably be made as soon as this week, one of the people said, asking not to be identified discussing a private matter. Tesla shares rose 2.8% to \$416.87 shortly after the open of regular trading.

Source: [Bloomberg](#)

### Global stock markets gained \$17 trillion in value in 2019

Global stock markets have been on a torrid run in 2019, adding more than \$17 trillion in total value, according to Deutsche Bank calculations. The value of global equities began the year just under \$70 trillion but has now surpassed \$85 trillion, according to a chart from Deutsche Bank's Torsten Slok. The banner year for equities has been helped by easier monetary policy and political developments around the globe. The banner year for equities has been helped by easier monetary policy and political developments around the globe.

Source: [CNBC](#)

### China pours billions into infrastructure and talent as it readies for the 2022 Winter Olympics

Two Chinese cities — namely Beijing and Zhangjiakou — witnessed a burst of activity in winter sports investment after China was named the host of the 2022 Winter Olympics. Since 2015, when it was announced that Beijing and its surrounding cities would play host in 2022, the Chinese government has been pushing for the development of winter sports. Some incentives include dishing out tax exemptions and increasing access to resources, as it hopes to attract 300 million people by 2022.

Source: [CNBC](#)

## COMMODITIES NEWS

### Saudis, Kuwait Agree to Resume Oil Output at Shared Fields

Saudi Arabia and Kuwait agreed to resume oil production in a shared border region more than four years after halting output. Their agreement allows for "the resumption of oil production from the joint fields," the Saudi energy ministry said on Twitter. The oil fields in the so-called neutral zone can produce as much as 500,000 barrels a day -- more than each of OPEC's three smallest members pumped last month.

Source: [Bloomberg](#)

### What Will the Average Oil Price Be in 2020?

West Texas Intermediate will trade at an average \$58.50 per barrel next year, a poll among analysts conducted by Bloomberg has shown. That's lower than the current price of the U.S. benchmark but a little higher than the average for 2019, which is about \$56.95 a barrel. According to the same analysts, Brent crude will average \$64.25 per barrel next year. For most of the year, excluding a couple of peaks above \$70 a barrel and troughs of below \$60, Brent has, like WTI, traded in a tight band.

Source: [Oil Price](#)