

U Capital Morning Brief

29 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	816.60	-0.69	-0.08%	-7.03%	-	-	-
U Capital GCC 50 Index	1,385.06	-3.63	-0.26%	5.76%	-	-	-
U Capital MENA 200 Index	1,086.87	-0.99	-0.09%	4.00%	-	-	-
MSCI GCC Countries Index	568.43	0.04	0.01%	5.68%	16.26	1.83	3.8%
Muscat Securities Market	3,866.41	-8.46	-0.22%	-10.58%	7.30	0.71	7.7%
Saudi Stock Exchange	8,353.14	10.35	0.12%	6.73%	18.78	1.61	3.6%
Kuwait Stock Exchange	7,210.53	-18.09	-0.25%	27.57%	15.37	1.46	3.4%
Qatar Exchange	10,426.37	-18.15	-0.17%	1.24%	15.14	1.54	4.1%
Bahrain Stock Exchange	1,604.00	1.00	0.06%	19.95%	12.96	1.00	4.9%
Dubai Financial Market	2,764.88	-8.23	-0.30%	9.29%	10.97	0.99	4.2%
Abu Dhabi Exchange	5,050.49	-52.61	-1.03%	2.76%	15.59	1.42	4.9%
Beirut Stock Exchange	782.69	-0.62	-0.08%	-19.87%	4.17	0.47	11.8%
Palestine Stock Exchange	523.43	1.04	0.20%	-1.12%	12.52	1.19	4.5%
Tunis Se Index	7,053.02	18.98	0.27%	-3.01%	19.37	2.40	2.1%
EGX 30 Index	13,884.95	137.27	1.00%	6.51%	11.91	1.83	2.5%
Amman General Index	1,812.40	4.26	0.24%	-5.05%	12.11	0.88	5.7%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,644.9	0.17%	13.6%
DAX	Germany	13,337.1	0.27%	26.3%
CAC 40	France	6,037.4	0.13%	27.6%
United States				
DJIA	USA	28,645.3	0.08%	22.8%
S&P 500	USA	3,240.0	0.00%	29.2%
NASDAQ	USA	9,006.6	-0.17%	35.7%
Asia Pacific				
NIKKEI 225	Japan	23,837.7	-0.36%	19.1%
HANG SENG	Hongkong	28,225.4	1.30%	9.2%
KSE 100 Index	Pakistan	40,848.5	-0.68%	10.2%
NSE Nifty 50	India	12,245.8	0.98%	12.7%
SHANGHAI COMPOSITE	China	3,005.0	-0.08%	20.5%
SHANGHAI SHENZHEN CSI 300	China	4,022.0	-0.10%	33.6%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.698	1.433
British Pound (GBP)	1.308	0.765
Canadian Dollar (CAD)	0.765	1.308
Chinese Renminbi (CNH)	0.143	6.993
Egyptian Pound (EGP)	0.062	16.066
Euro (EUR)	1.118	0.895
Indian Rupee (INR)	0.014	62.036
Japanese Yen (JPY)	0.009	109.440
New Zealand Dollar (NZD)	0.670	1.493
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.646	154.925
Russian Ruble (RUB)	0.016	71.353
Singapore Dollar (SGD)	0.740	1.352
Turkish Lira (TRY)	0.168	5.949

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	68.2	0.35%	23.1%
WTI Crude (per bbl)	61.7	0.06%	35.9%
Oman Crude Oil (Last Closing)	67.9	-0.25%	26.9%
OPEC (per bbl)	67.9	0.24%	31.8%
Precious Metals			
Gold100 OZ (per oz)	1,510.6	-0.06%	17.8%
Silver (per oz)	17.8	-0.73%	14.7%
Platinum (per oz)	946.0	0.00%	18.9%
Other Metals			
Copper, MT	6,214	-0.02%	4.2%
Aluminium, MT	1,825	0.61%	-1.1%
Lead, MT	1,939	-0.41%	-4.1%
Zinc, MT	2,305	1.36%	-6.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.20	-22.5%
Saudi Arabia	2.24	-24.9%
Kuwait	2.75	18.9%
Oman	2.80	-0.9%
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	2.4
Saudi Arabia	04/03/2028	2.8
Oman	17/01/2028	5.1
Bahrain	12/10/2028	4.4

Midswaps	Price	YTM %
3 year	100.08	1.6
5 year	100.34	1.7
10 year	98.88	1.9
30 year	101.27	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

Foreign selling continued along with low turnover

The MSM 30 Index continued its downward trajectory as seen in last couple of weeks, primarily on selling pressure from foreign investors. Foreigners were net sellers of about USD 1.1mn worth of securities this week. The MSM30 Index declined by 1.28% w-o-w. All sub-indices closed down, led by the Industrial Index which closed down by 2.48% w-o-w, followed by the Financial Index which closed down by 1.53% w-o-w, and the Services Index which closed down by 1.2% w-o-w. The MSM Shariah Index closed also closed down by 1.14% w-o-w.

Source: **Muscat Daily**

Foreign capital law in force from Jan 2

The Ministry of Commerce and Industry (MoCI) will implement the Foreign Capital Investment Law issued under Royal Decree 50/2019, beginning Thursday, January 2, 2020. This is in accordance with the provisions of Article 5 of the decree which says that the law will come into force six months from the date of its publication in the official gazette. The new law will help in making the environment for investment attractive and create appropriate conditions for it.

Source: **Muscat Daily**

Credit to private sector rises by 1.3% to reach OMR19 billion

Review of the activities of conventional banks denotes an annual growth in total outstanding credit of 2.5 per cent at the end of October 2019, according to the bulletin released by the Central Bank of Oman (CBO). Credit to the private sector increased by 1.3 per cent to reach OMR19 billion as at the end of October 2019. Conventional banks overall investments in securities stood at OMR3.6 billion at the end of October 2019. Investment in Government Development Bonds and Government Sukuk increased by 6.4 per cent over the year to OMR1.5 billion at the end of October 2019. Banks also invested OMR299.2 million in Government Treasury Bills at the end of October 2019.

Source: **Times of Oman**

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.

Source: **Muscat Daily**

Oman puts clean-coal power plans on ice

Plans for the inclusion of 'clean coal' in Oman's diversified energy mix have put on the back-burner for now, as the country makes an aggressive transition to renewables-based electricity generation, according to an official of the Ministry of Oil and Gas. Hilal bin Said al Hadi, Head of Studies and Research at the Ministry, said moves to embrace clean-coal based power generation as part of the Sultanate's fuel diversification strategy have been "suspended" in light of the current focus on solar PV and wind power resources. The official made the disclosure during a presentation held at an energy summit held in Muscat recently.

Source: **Oman Observer**

Patronise local cement, say contractors

Officials, experts and contractors have maintained that Omani cement meets the highest Omani and international specifications. Eng Khamis bin Salem al Soli, Chairman of Oman Society of Engineers and Secretary-General of Gulf Engineering Federation, said that the durability of buildings depends entirely on the quality of construction materials. It is necessary for property owners to be fully aware of the importance of the quality of the building materials

Source: **Oman Observer**

Standard grade petrol production falls 9%

The Sultanate recorded a fall in the production of standard grade petrol (M-91) by Omani refineries at the end of November 2019 by 9 per cent, with the output surging to 12.58 million barrels compared to 13.87 million barrels produced in 2018. The output of super grade petrol (M-95) reached 12.46 million barrels till the end of November 2019, according to data released by the National Centre for Statistics and Information (NCSI). Gas oil (diesel) output fell by 11 per cent to 24.60 million barrels while aviation fuel production jumped by 6 per cent to 12.94 million barrels at the end of November 2019 over the same period of 2018. Production of liquefied petroleum gas (LPG) rose by one per cent to 6.34 million barrels during the period under review.

Source: **Times of Oman**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Government entities urged to study economic & social impact of proposed fees

The Saudi Cabinet issued new directives to all government entities, when submitting a proposal to impose or increase any fees, to study the social and economic impact of the proposal. The directive takes into account the Fiscal Balance Program including the government's statement not to impose any new fees until 2020, the standards of investment competitiveness in the Kingdom and the protection of small and medium enterprises, as reported by Um Al Qura Newspaper.

Source: [Argaam](#)

ACWA Power, SABIC ink cooperation memorandum

ACWA Power signed a memorandum of understanding (MoU) with Saudi Basic Industries Corporation (SABIC) to cooperate in enhancing the Saudi local content in the kingdom's economy. The agreement was signed by the Fuad Mosa, Vice President of Local Content and Business Development at SABIC, and Thamer Al Sharhan, Managing Director at ACWA Power. Commenting on the new agreement, Al Sharan said that "Partnering with the like-minded entity, we hope to create synergies in our local content endeavours and are confident this partnership shall prove to be a giant step in the right direction."

Source: [Decypha](#)

Al-Babtain Power to up subsidiary's capital by SAR 18.4 mln

Al-Babtain Power & Telecommunication Co.'s board of directors will increase capital of Inara Company Limited (Inara), its wholly-owned subsidiary, by SAR 18.4 million from SAR 8.4 million to SAR 26.8 million, the company said in a bourse statement. The capital increase, which is pending regulatory approvals, will be carried out through the capitalization of current account of its subsidiary. The capital increase will go for boosting the company's financial position and expanding business portfolio.

Source: [Argaam](#)

Saudi Arabia on its way to doubling natural gas production by 2030

"Between 2008 and 2018, LNG trade flows increased from 172 MTPA to 314 MTPA, averaging 6% annual growth... Aramco expects global demand for LNG to continue to grow at 4% annually, breaching 500 MTPA by 2035," KAPSARC's recent paper titled "Aramco's LNG strategy: Opportunities and Options" said. KAPSARC's latest commentary highlights Aramco's efforts to double the Kingdom's natural gas production and boost its infrastructure network by 2030 to achieve Saudi Vision 2030 objectives. Since China and India are also forecast to be the fastest-growing oil and gas markets, having LNG in Aramco's energy offerings ensures that Saudi Arabia retains its market share in these countries.

Source: [Zawya](#)

Farm Superstores renews SAR 112 mln finance agreement with BSF

Saudi Marketing Co. (Farm Superstores) renewed credit facility agreement with Banque Saudi Fransi (BSF), amounting to SAR 112 million, it said in a bourse filing. The amount will be used to finance the working capital and cover the capital expenditures of the new branches. The duration of the agreement is from Dec. 8, 2019 to Jan. 31, 2021, and the company has submitted a promissory note as a guarantee for it.

Source: [Argaam](#)

GASCO denies changing LPG prices

National Gas & Industrialization Co. (GASCO) denied social media reports about changing the prices of liquefied petroleum Gas (LPG). The company added that LPG prices have not seen any changes except for the value-added tax (VAT), which is calculated at 5% of the gas cylinder's original price. Rumors on social media platforms circulated that GASCO has raised gas cylinder filling prices to SAR 50.

Source: [Argaam](#)

Fujairah Ruler highlights importance of Etihad Rail Project

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, highlighted the importance of the Etihad Rail Project to enhancing the UAE's position in the road transport sector, as well as of linking the regions and ports around the country through a modern road network, in line with the latest international practices. He made this statement during his meeting today at the Al Rumaila Palace with several members of the Board of Directors of Etihad Rail.

Source: [Zawya](#)

Dubai's nine-month non-oil foreign trade rises 6% to Dh1 trillion

Dubai's non-oil foreign trade surged 6 per cent year-on-year in the first nine months of 2019 to Dh1.02 trillion, boosted by the contributions from the emirate's free zones, as China remains its top trading partner. The value of exports from Dubai, the commercial and trading hub of the Middle East, rose by 23 per cent to Dh118 billion, re-exports grew 4 per cent to

Dh312bn, and imports climbed 3 per cent to Dh589bn, the UAE's state-run news agency Wam reported on Saturday, citing official data.

Source: [The National UAE](#)

More licences issued for construction firms in UAE than any other sector

More new construction companies were started in the UAE in 2019 than in any other sector. About three new licences per day were issued to construction firms across the country this year, according to UAE Ministry of Economy data cited by state news agency Wam. A total of 1,050 licences were issued by local economic departments in all emirates for construction contracting businesses in 2019, while 1,004 licences were issued to general commerce businesses, the next-most popular category.

Source: [The National UAE](#)

21 companies to bid for Kuwait Oil Company's Jurassic facilities

The Kuwait Oil Company has offered a contract for design and engineering services for Jurassic production facilities in North Kuwait for free gas and light oil. A group of 21 companies are set to bid for the contract, according to Al-Anbaa newspaper. Kuwait Oil Company is planning to build two plants with the capacity to produce 50,000 barrels of oil and 150 million standard cubic feet of natural gas per day.

Source: [Decypha](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Turkey Tweaks Rules for Banks in Boost for Official Reserves

The Turkish central bank raised reserve requirement ratios for foreign currency deposits and participation funds by 200 basis points in a step that will mop up foreign currency liquidity from the market. Reserve requirement ratios for foreign currency deposits at notice, with no fixed term and for maturities ranging from one month to a year, were raised to 19% from 17%, according to a ruling published by the nation's official gazette on Saturday. Ratios were raised to 15% from 13% for foreign currency deposits dated more than a year.

Source: [Bloomberg](#)

Tesla set to begin deliveries of China-made Model 3 cars on December 30

U.S. electric vehicle maker Tesla will begin delivering Model 3 vehicles built at its Shanghai factory on Monday, a company representative told Reuters. Construction of its first plant outside the United States began in January and production started in October. It aims to produce 250,000 vehicles a year after production of the Model Y is added in the initial phase. The first 15 customers to get the cars on Dec 30 are Tesla employees, the company representative added.

Source: [CNBC](#)

The bankruptcies that rocked the retail industry in 2019

2019 brought with it more retail bankruptcies. And the implications have been more store closures, thousands of lost jobs and a vastly different retail landscape that doesn't look anything like where your parents used to shop. While some retailers filed for Chapter 11 bankruptcy protection for the first time this year, others went through a so-called Chapter 22 scenario, where it was their second time in bankruptcy court.

Source: [CNBC](#)

COMMODITIES NEWS

Oil Rallies as The Year Ends

During this Christmas-holiday shortened trading week, U.S West Texas Intermediate crude oil is set to finish the year in a strong position to continue the rally into early 2020. Although the market has been on a tear since the week-ending October 25, it was the three bottoms the week-ending June 7, August 9 and October 4 that saved this market from revisiting the lows in the \$40's hit on Christmas Eve 2018.

Source: [Oil Price](#)

Assad Plans to Sue the U.S. Over 'Stealing' Syria's Oil

Syria's government is considering suing the United States in an international court over what a senior advisor to Syrian President Bashar al-Assad referred to as the 'stealing' of Syria's oil. "Syria is looking into the possibility of filing an international lawsuit against the United States, due to the fact that they steal Syrian oil," Bouthaina Shaaban, Syrian Presidential Adviser, told Beirut-based Al-Mayadeen TV in an interview, carried by Iran's Fars news agency.

Source: [Oil Price](#)

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