

# U Capital Morning Brief

9 January 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	882.34	-2.69	-0.30%	-0.33%	-	-	-	-
U Capital GCC 50 Index	1,340.23	12.56	0.94%	3.60%	-	-	-	-
U Capital MENA 200 Index	1,064.68	8.92	0.84%	3.04%	-	-	-	-
MSCI GCC Countries Index	552.16	-0.64	-0.12%	2.66%	14.53	1.80	4.0%	
Muscat Securities Market	4,310.85	-1.40	-0.03%	-0.30%	10.16	0.77	6.0%	
Saudi Stock Exchange	8,057.04	9.46	0.12%	2.94%	17.44	1.80	3.5%	
Kuwait Stock Exchange	5,178.41	1.56	0.03%	1.95%	15.43	1.25	3.8%	
Qatar Exchange	10,458.85	-35.37	-0.34%	1.55%	15.46	1.56	4.2%	
Bahrain Stock Exchange	1,332.33	1.48	0.11%	-0.37%	8.65	0.83	6.1%	
Dubai Financial Market	2,528.72	-6.08	-0.24%	-0.04%	7.67	0.93	7.2%	
Abu Dhabi Exchange	4,927.05	-7.24	-0.15%	0.24%	13.24	1.42	4.9%	
Beirut Stock Exchange	973.17	-2.16	-0.22%	-0.37%	4.93	0.58	9.3%	
Palestine Stock Exchange	529.82	-0.23	-0.04%	0.09%	13.23	1.22	4.5%	
Tunis Se Index	7,206.83	38.76	0.54%	-0.89%	18.59	2.53	2.0%	
EGX 30 Index	13,402.70	59.62	0.45%	2.81%	12.33	1.52	2.3%	
Amman General Index	1,926.38	-4.75	-0.25%	0.92%	13.66	0.95	4.9%	

\*Kuwait YTD data is not available as the Index was reconstituted in April '18

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
Europe			%	%	Currency	USD/1 Unit	Units/1 USD
FTSE 100	UK	6,861.6	0.74%	2.0%	Australian Dollar (AUD)	0.715	1.398
DAX	Germany	10,804.0	0.52%	2.3%	British Pound (GBP)	1.274	0.785
CAC 40	France	4,773.3	1.15%	0.9%	Canadian Dollar (CAD)	0.756	1.323
<b>United States</b>					Chinese Renminbi (CNH)	0.146	6.840
DJIA	USA	23,787.5	1.09%	2.0%	Egyptian Pound (EGP)	0.056	17.918
S&P 500	USA	2,574.4	0.97%	2.7%	Euro (EUR)	1.146	0.873
NASDAQ	USA	6,897.0	1.08%	3.9%	Indian Rupee (INR)	0.014	70.444
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	108.870
NIKKEI 225	Japan	20,470.3	1.31%	2.3%	New Zealand Dollar (NZD)	0.675	1.481
HANG SENG	Hongkong	26,512.1	2.46%	2.6%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	39,206.0	0.39%	5.8%	Pakistani Rupee (PKR)	0.720	138.887
NSE Nifty 50	India	10,856.4	0.50%	-0.1%	Russian Ruble (RUB)	0.015	66.899
SHANGHAI Composite	China	2,566.7	1.59%	2.9%	Singapore Dollar (SGD)	0.737	1.357
KOSPI Index	South Korea	2,064.3	1.93%	1.1%	Turkish Lira (TRY)	0.183	5.473

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates			Current Rate %
	USD	%	%	UAE	Saudi Arabia	Kuwait	
<b>Oil</b>							
Brent Crude (per bbl)	59.5	1.36%	10.6%				2.94
WTI Crude (per bbl)	50.6	1.59%	11.4%				2.97
Oman Crude Oil (Last Closing)	57.6	2.42%	7.7%				2.44
OPEC (per bbl)	56.4	2.34%	9.5%				2.84
<b>Precious Metals</b>							
Gold100 OZ (per oz)	1,282.2	-0.23%	0.0%				2.90
Silver (per oz)	15.6	-0.17%	0.8%				3.90
Platinum (per oz)	823.3	0.48%	3.5%				3.95
<b>Other Metals</b>							
Copper, MT	5,906	-0.29%	-1.0%				
Aluminium, MT	1,865	-0.75%	1.0%				
Lead, MT	1,968	0.77%	-2.6%				
Zinc, MT	2,485	-0.52%	0.7%				
<b>GCC Latest 10-Yr Government Bond Yields</b>				Maturity date			
				Kuwait	3/20/2027	3.46	
				Abu Dhabi	10/11/2027	3.60	
				Qatar	6/2/2026	3.72	
				Saudi Arabia	3/4/2028	4.14	
				Oman	1/17/2028	7.28	
				Bahrain	10/12/2028	7.02	

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.18	2.56	1m	2.51
5 year	100.24	2.57	3m	2.80
10 year	103.45	2.72	6m	2.85
30 year	107.28	3.00	1 year	2.99

Source: Bloomberg

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

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## OMAN ECONOMIC & CORPORATE NEWS

### KHAZAEN ECONOMIC CITY SIGNS DEAL WITH MAJIS

Khazaen Economic City has signed a memorandum of understanding (MoU) with Majis Industrial Services to study and evaluate the development and execution of potable water and wastewater services in Khazaen Economic City area. Khazaen is an integrated economic city spread over a total area of 51mn square meter in South Batinah Governorate and will have a dry-port along with logistics, freezone, industrial, commercial and residential zones.

Source: [Muscat Daily](#)

### Stronger impetus for non-oil economy in 2019 Budget

2019 will see the Omani government double down on efforts to accelerate the growth of the non-oil economy through a greater emphasis on economic diversification, coupled with the implementation of 'quick-win' initiatives proposed under the Tanfeeth programme. According to a snapshot on the 2019 State Budget provided by global professional services firm EY, measures have been set in place to boost economic growth and diversification. This builds on gains already garnered on the road to the creation of a stronger non-oil economy, it said.

Source: [Oman Observer](#)

### Phase 2 development of Raysut Industrial City kicks off

The Public Establishment for Industrial Estates (Madayn) yesterday signed an agreement with Al Hashemi and Al Rawas Trading & Contracting Company to implement the infrastructure for Raysut Industrial City (Raysut 2) at a total cost of RO 4 million covering an area of 1m square metres. The agreement was signed by Eng Ahmed bin Hassan al Dheeb, Chairman of Madayn's board of directors, and Salah Salem bin Saif, Chief Executive Officer of Al Hashemi and Al Rawas Trading & Contracting Company.

Source: [Oman Observer](#)

### Dhofar dairy firm to procure locally produced camel and cow milk

In a further boost for Dhofar's thriving dairy industry — and for Oman's food security objectives as well — Dhofar Cattle Feed Company SAOG, the leading player in the governorate, has signed a deal for the purchase of camel and cow milk from the recently launched Al Murooj Dairy Company SAOC. The purchase agreement is for two years, but can be renewed further, Salim Ahmed al Kathiri, GM — Operations at Dhofar Cattle Feed Company, said in a filing to the Capital Market Authority (CMA).

Source: [Oman Observer](#)

### PDO plans to create 21,000 jobs for Omanis this year

Petroleum Development Oman (PDO) is aiming to create 21,000 job opportunities this year. The target was made under the National Objectives Programme at PDO. Since the launch of the scheme in 2011, PDO has already created more than 55,000 jobs and training opportunities in addition to redeployment of Omanis in the oil and non-oil sectors such as hospitality, real estate, fashion and aviation.

Source: [Times of Oman](#)

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## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast Stocks: Property stocks hurt Dubai, industrials lift Egypt

The Dubai stock market reversed course to slide on Tuesday as its property shares fell, while Egypt's blue-chip index gained for a fifth straight session, aided by its industrial stocks. Dubai's index fell 0.2 percent after rising for three straight sessions. Dubai's largest listed developer Emaar Properties dipped 1.3 percent, while its unit Emar Development lost 2.8 percent.

Source: [Zawya](#)

### Saudi may raise \$10 bln in sovereign debt sales: Morgan Stanley

Saudi Arabia is likely to issue sovereign hard currency debt worth \$10 billion this year, Reuters reported, citing a Morgan Stanley report. Abu Dhabi and Kuwait are expected to come with large deals after a hiatus in 2018, it added. Overall, the debt issuance by developing nations is expected to rise by 15 percent year-on-year to \$158 billion this year, but will remain below the record \$674 billion sold in 2017.

Source: [Argaam](#)

### Al Yamamah Steel to withhold dividend for H2 2017/2018

Al Yamamah Steel Industries Co.'s board of directors has recommended withholding cash dividend for the second half of the fiscal year ended Sept. 30, 2018. The decision aims to support the company's capital expansions and renewable energy

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project as well as steel towers for power generation project. The decision is pending approval of the company's general assembly.

Source: [Argaam](#)

#### **Construction at Saudi entertainment megaproject Qiddiya to begin this year**

Construction on an up-and-coming recreational megaproject in Riyadh will begin this year, according to Mike Reininger, CEO of the Qiddiya project. "Planning and design were complete in 2018 and will be implemented this year," Reininger told Arab News. Qiddiya, one of the three megaprojects, besides the Neom smart-city and the Red Sea Project launched by Crown Prince Mohammed bin Salman, will be located about 40 kilometers from the city center.

Source: [Arab News](#)

#### **Saudi developer Jabal Omar issued \$135m sukuk**

Shuaa Capital, a premier financial services company in the UAE, has announced the issuance and private placement of a \$135-million Islamic bond (sukuk) for Jabal Omar Development Company, one of the largest publicly-listed real estate companies in Saudi Arabia, as it seeks to strategically diversify its capital base. Shuaa acted as the sole arranger for the sukuk which was originally issued in the second half of 2018.

Source: [GDN](#)

#### **Saudi Arabia potentially eyeing LNG investment**

Saudi Arabia is reportedly eyeing an investment in U.S. liquefied natural gas, the Wall Street Journal reported Tuesday citing unnamed sources. Saudi Aramco, the kingdom's oil company, apparently has a shortlist of at least four U.S. LNG projects and expects to announce a deal in the first six months of the year, sources told the Journal.

Source: [Houston chronicle](#)

#### **UAE to grow 3% in 2019: WB**

The UAE's gross domestic product (GDP) will maintain its strong growth in 2019 and the next two years, helped by higher investment and regulatory reforms, despite headwinds in the global economic growth, said a new report released on Tuesday. The World Bank said in its latest report that the UAE is expected to grow two per cent in 2018 but the growth is expected to accelerate to three per cent in 2019 and 3.2 per cent in the following two years of 2020 and 2021.

Source: [Khaleej Times](#)

#### **Saudi Arabia's Apicorp predicts \$60-\$70 oil price by summer**

A top Saudi energy project funder expects oil to trade between \$60 and \$70 by mid-2019 as the price of crude rose on Tuesday. Arab Petroleum Investments Corporation (Apicorp) made the prediction in a report as the oil price again ticked higher, supported by the hopes that talks between China and the US would defuse current trade tensions.

Source: [Arab News](#)

#### **QR212bn infra budget to boost Qatar-Kuwait ties, says Qatar Chamber official**

The QR212bn funds allocated in the Qatar 2019 budget for infrastructure projects would play a significant role in enhancing the partnership between Qatar and Kuwait, one of the state's staunch allies amid the ongoing economic blockade, according to a Qatar Chamber official.

Source: [Gulf Times](#)

### **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

#### **Asian shares hit three-and-a-half-week high on U.S.-China trade optimism, oil climbs**

Asian shares climbed to a 3-1/2-week high on Wednesday, supported by growing optimism that the United States and China can strike a trade deal to avoid an all-out confrontation that would severely disrupt the global economy. MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS climbed 1.5 percent to its highest level since Dec. 14.

Source: [Reuters](#)

#### **Chinese buyers expand their reach in the US housing market as the middle class gets in on the act**

Chinese buyers have been the top foreign buyers in both units and dollar volume of residential housing for six years straight, according to the National Association of Realtors, and now they are expanding to new, lower price tiers. More middle-class Chinese buyers are searching for lower-priced homes and they are using mortgages much more often. While California is still the favorite among Chinese buyers, they are moving into markets in Texas, Georgia and Florida.

Source: [CNBC](#)

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### Apple is reportedly cutting iPhone production by 10 percent between January and March

Apple is cutting down its current production plans for new iPhones by about 10 percent for the next three months, the Nikkei Asian Review reported on Wednesday. The tech giant told its suppliers in December to produce fewer of the new iPhones than what was planned for the March quarter, the Nikkei said, citing sources with knowledge of Apple's request.

Source: [CNBC](#)

### China to introduce policies to strengthen domestic consumption: state media

China plans to introduce policies to boost domestic spending on items such as autos and home appliances this year, state television CCTV quoted a senior state planning official as saying on Tuesday. Ning Jizhe, vice chairman of National Development and Reform Commission (NDRC), said in an interview with CCTV that the policies will be part of wider efforts to strengthen domestic consumption in China, the world's second largest economy.

Source: [Reuters](#)

### COMMODITIES NEWS

#### Oil prices surge on hopes of successful U.S.-China trade talks

Oil prices rose on Wednesday, extending gains from the previous session on hopes that Washington and Beijing can resolve a trade dispute that has triggered a global economic slowdown. U.S. West Texas Intermediate (WTI) crude oil futures CLc1 were at \$50.29 per barrel as at 0131, up 51 cents, or 1 percent from their last settlement. It was the first time this year that WTI has topped \$50 a barrel.

Source: [Reuters](#)

#### Gold steady as market awaits news on trade deal

Gold held steady on Wednesday as a surge in risk appetite on hopes of a Sino-U.S. trade deal offset support from expectations of a pause in U.S. Federal Reserve rate hikes. Spot palladium, meanwhile, notched up a new record high on Wednesday at \$1,330 per ounce due to tight supplies.

Source: [Zawya](#)