

# U Capital Morning Brief

8 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	885.89	9.38	1.06%	0.07%	-	-	-
U Capital GCC 50 Index	1,343.13	37.32	2.78%	3.83%	-	-	-
U Capital MENA 200 Index	1,065.61	23.95	2.25%	3.13%	-	-	-
MSCI GCC Countries Index	552.80	7.63	1.40%	2.78%	14.54	1.81	4.0%
Muscat Securities Market	4,312.25	10.06	0.23%	-0.27%	10.16	0.77	6.0%
Saudi Stock Exchange	8,047.58	115.34	1.45%	2.82%	17.43	1.79	3.5%
Kuwait Stock Exchange	5,176.85	18.49	0.36%	1.92%	15.43	1.25	3.8%
Qatar Exchange	10,494.22	142.00	1.37%	1.90%	15.52	1.57	4.2%
Bahrain Stock Exchange	1,330.85	0.09	0.01%	-0.48%	8.64	0.83	6.1%
Dubai Financial Market	2,534.80	3.45	0.14%	0.20%	7.69	0.94	7.2%
Abu Dhabi Exchange	4,934.29	30.18	0.62%	0.39%	13.26	1.43	4.9%
Beirut Stock Exchange	975.33	1.85	0.19%	-0.15%	4.94	0.58	9.3%
Palestine Stock Exchange	530.05	-0.51	-0.10%	0.13%	13.23	1.22	4.5%
Tunis Se Index	7,168.07	-20.80	-0.29%	-1.42%	18.49	2.52	2.0%
EGX 30 Index	13,343.08	78.38	0.59%	2.36%	12.27	1.52	2.3%
Amman General Index	1,931.13	-11.10	-0.57%	1.17%	13.69	0.95	4.8%

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

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					Australian Dollar (AUD)	0.713	1.403
FTSE 100	UK	6,810.9	-0.39%	1.2%	British Pound (GBP)	1.276	0.784
DAX	Germany	10,747.8	-0.18%	1.8%	Canadian Dollar (CAD)	0.753	1.328
CAC 40	France	4,719.2	-0.38%	-0.2%	Chinese Renminbi (CNH)	0.146	6.862
<b>United States</b>					Egyptian Pound (EGP)	0.056	17.919
DJIA	USA	23,531.4	0.42%	0.9%	Euro (EUR)	1.144	0.874
S&P 500	USA	2,549.7	0.70%	1.7%	Indian Rupee (INR)	0.014	70.095
NASDAQ	USA	6,823.5	1.26%	2.8%	Japanese Yen (JPY)	0.009	108.960
<b>Asia Pacific</b>					New Zealand Dollar (NZD)	0.674	1.484
NIKKEI 225	Japan	20,341.5	1.52%	1.6%	Omani Rial (OMR)	2.598	0.385
HANG SENG	Hongkong	25,932.5	0.38%	0.3%	Pakistani Rupee (PKR)	0.721	138.890
KSE 100 Index	Pakistan	38,684.0	0.35%	4.4%	Russian Ruble (RUB)	0.015	67.653
NSE Nifty 50	India	10,791.5	0.18%	-0.7%	Singapore Dollar (SGD)	0.736	1.358
SHANGHAI Composite	China	2,528.8	-0.17%	1.4%	Turkish Lira (TRY)	0.185	5.400
KOSPI Index	South Korea	2,035.3	-0.09%	-0.3%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
<b>Oil</b>					
Brent Crude (per bbl)	57.4	0.14%	6.7%	UAE	2.88
WTI Crude (per bbl)	48.6	0.21%	7.0%	Saudi Arabia	2.97
Oman Crude Oil (Last Closing)	56.3	0.48%	5.2%	Kuwait	2.38
OPEC (per bbl)	55.1	4.14%	7.0%	Oman	2.84
<b>Precious Metals</b>					
Gold100 OZ (per oz)	1,282.8	-0.50%	0.0%	Qatar	2.88
Silver (per oz)	15.5	-0.70%	0.3%	Bahrain	3.95
Platinum (per oz)	820.6	-0.10%	3.1%	<b>GCC Latest 10-Yr Government Bond Yields</b>	
<b>Other Metals</b>					
Copper, MT	5,923	0.08%	-0.7%		
Aluminium, MT	1,879	0.72%	1.8%		
Lead, MT	1,953	0.15%	-3.4%		
Zinc, MT	2,498	2.46%	1.3%		

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.30	2.52	1m	2.52
5 year	100.45	2.53	3m	2.80
10 year	103.72	2.69	6m	2.86
30 year	107.64	2.99	1 year	2.96

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

### **U Capital: Market 2018 Review & 2019 Outlook**

A difficult and challenging year that faced the local stock market during the previous year (2018), where the index fell by 15.21% to 4,323.74 despite the improved economic situation and better oil prices. However, this was not exclusive to the local market, but extended to most of the GCC financial markets where external factors played a major role in limiting the positive developments and improvements in the laws and regulations that were issued to support the markets, which were unable to overcome the investors' cautious sentiment.

Source: **Muscat Daily**

### **Ubhar Capital issues earnings estimates for Q4'18**

Despite a subdued macroeconomic environment, the Omani banking sector remains resilient and financially sound. Central Bank of Oman (CBO) took several regulatory and supervisory initiatives in 2018 to bring about greater financial inclusion, strengthen risk-based supervision, ensure adequate liquidity and fine-tune regulatory norms to strengthen banks' ability to extend credit to the needy sectors. Credit growth has averaged at 7.2% during the first 9M of 2018, and deposit growth has averaged at 3.9%, pointing to some recovery.

Source: **U Capital**

### **APICORP announces US\$100mn financing for Oman's Duqm Refinery**

The Arab Petroleum Investments Corporation (APICORP), a multilateral development bank, has announced a US\$100mn investment as part of a consortium of international and regional banks to finance the construction of Oman's Duqm Refinery.

Source: **Oil Review ME**

### **Duqm drives towards sustainable non-oil future**

Some 13 massive construction projects are currently underway in Duqm, as the Sultanate looks to accelerate its transition to a successful and sustainable non-oil future. These include building and upgrading the road networks that will connect the fledgling city to Muscat and Salalah as well as the setting up of a sprawling fisheries port, as Oman looks to harness its natural wealth.

Source: **Times of Oman**

### **Industry Leaders Hail Decision To Increase Spending In 2019**

Industry captains from Oman's private sector have welcomed the government's announcement of increasing the spending in 2019 budget to push the economic growth. On Tuesday, the sultanate announced its state budget for 2019 in which total spending has been projected at RO12.9bn, around RO400mn higher compared previous year's budget.

Source: **Muscat Daily**

### **Mwasalat Transports 5.9 Million Passenger in 2018**

With an average of 16,000 passengers daily, Mwasalat transported around 5.9 million passengers in 2018 on all its city and intercity routes, witnessing a 30% increase in the average number of passengers from 2017. The last quarter of 2018 saw an average of 19,000 passengers daily and with 24,000 passengers on Fridays, according to the latest data. The Omani passengers has touched 40% of the total number, indicating an increase in local awareness to use public transportation. Omanisation at Mwasalat hit 95%, making the total number of employees at the company 1231, with 360 Omanis hired in 2018.

Source: **ONA**

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## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **Mideast Stocks: Oil rise lifts all major Gulf markets, Saudi leads gains**

All major Gulf markets rose for a third straight session on Monday, boosted by financial stocks amid rising oil prices, while Saudi Arabia and Qatar gained sharply as most of their banks increased. Oil prices rose by 2 percent on Monday, extending a rally from December's 18-month lows with support from OPEC production cuts and steadying share markets.

Source: **Zawya**

### **Qatar plans to set up three global financial centers**

Qatar is working on an ambitious initiative with Malaysia and Turkey to serve the \$2 trillion global Islamic finance market by establishing hubs in the three countries using common platforms and technology. "We have a vision to cover the entire globe's Islamic financial transactions between three financial centers: Doha, Istanbul and Malaysia," said Yousef Mohamed

Al Jaida, CEO of the Qatar Financial Centre (QFC) Authority in a group interview on the sidelines of the recently-concluded annual Doha Forum.

Source: [TPQ](#)

#### **Dubai house prices to drop 5 to 10% more this year**

There is potential for residential real estate prices in Dubai to decline by another 5 to 10 per cent this year before the market hits the bottom, said Steve Morgan, CEO of Savills Middle East. This is on top of the 6 to 10 per cent decline Dubai residential property prices witnessed in 2018, the executive added.

Source: [Khaleej Times](#)

#### **Investcorp closes continuation vehicle with HarbourVest**

Investcorp Technology Partners (ITP), a leading European lower middle market technology investor, on Monday announced that it has successfully closed the transfer of its remaining two portfolio companies in ITP Fund III, with a combined enterprise value of \$185 million, to a continuation vehicle, Investcorp Secondary Fund 2018 LP which is supported by HarbourVest.

Source: [Times of Oman](#)

#### **Aldar launches \$544m mixed-use project in Abu Dhabi**

UAE-based Aldar Properties has announced the launch of its newest Dh2 billion (\$545 million) freehold development, Alreeman, located in Alshamkha area of Abu Dhabi. With investment zone status, and located in close proximity to the Abu Dhabi International Airport and key arterial highways, Alreeman offers residential and commercial land plots available for purchase by all nationalities.

Source: [GDN](#)

#### **Deposits outvalue loans by \$23bn at UAE-based banks**

Deposits at UAE-based banks outvalued loans by Dh\$85bn (\$23bn) during the first 11 months of 2018, according to figures from the country's Central Bank. The Eligible Liquid Assets Ratio rose to 17 per cent by the end of November, reported UAE news agency WAM – up from 16.5 per cent in October, with the Capital Adequacy Ratio rising to 18.2 per cent.

Source: [Gulf Business](#)

#### **Small UAE lenders to merge amid regulatory pressure**

Authorities tighten the screws on smaller banks to strengthen balance sheets after bailout Analysts expect mergers in the sector to accelerate given a slowing economy, a slide in house prices, robust accounting standards and tougher competition

Source: [Arab News](#)

#### **UAE's Etisalat picks firms to develop AI, Blockchain solutions**

Future Now, the innovation programme of UAE-based telco Etisalat, has signed agreements with four companies to develop artificial intelligence (AI) and Blockchain solutions. The signing ceremony also marked the opening of the Future Now scale-up collaborative space for Etisalat Digital's partners - Yitu Technology (China), Com IoT Technologies (UAE), 300cubits (Hong Kong), and Tradefin (US), state news agency WAM reported.

Source: [Arabian Business](#)

#### **Saudi Stock Exchange sees 17 negotiated deals on Monday**

Saudi Stock Exchange (Tadawul) saw 17 negotiated deals on stocks of six listed companies today including Al Rajhi Bank, Saudi BASIC Industries Corp. (SABIC) and National Commercial Bank (NCB). A negotiated deal involves a stock purchase based on a bargain between buyers and sellers, apart from market price. The negotiated price does not directly impact the market price.

Source: [Argaam](#)

#### **Foreign investors reduce holdings in Tadawul to 4.66%**

Foreign investors – namely swap holders, residents, qualified foreign investors (QFIs), foreign DPMs and strategic partners – reduced their ownership in the Saudi Stock Exchange (Tadawul) by 0.04 percent to 4.66 percent in the week ending Jan. 3, 2019, new market data show. The Kingdom seeks to increase foreign ownership of Saudi equities to a minimum of 10 percent in 2019 and 15 percent by 2020.

Source: [Argaam](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Global GDP growth will slow in 2019 - S&P Global Ratings report

Global economic growth will slow in 2019, with expansion rate in the United States falling to 2 percent, while Chinese growth will be moderate and European growth will remain relatively low and stable, according to the latest yearly outlook by the S&P Global Ratings agency. "The U.S. will lead the trend, as fiscal stimulus will wane and monetary policy normalization will continue, with both weighing on growth," S&P Global Ratings said in a report issued this week but dated December 11, 2018.

Source: [Zawya](#)

### Asian Stocks, Dollar Drift With Trade in Balance: Markets Wrap

Asian stocks traded mixed as investors waited to see whether the outcome of fresh talks on trade will be productive. The dollar stabilized after three days of losses and Treasuries consolidated. Stocks advanced in Japan and Australia, though fluctuated in Hong Kong and slipped in Shanghai. The Trump administration expressed optimism it can reach a "reasonable" trade deal with China as President Xi Jinping dispatched one of his top aides to negotiations in Beijing. U.S. futures advanced.

Source: [Bloomberg](#)

### Assets worth \$1 tn to shift from UK to EU: EY

Assets worth nearly £800 billion (\$1 trillion) are being moved from Britain to new financial hubs in the European Union ahead of Brexit, consultancy EY said on Monday. Britain, which is due to leave the bloc in March, has yet to approve a deal to avoid an abrupt severing of ties with the EU. Although the British parliament is due to vote on a proposed settlement next week, it is unclear if it will be approved.

Source: [Oman Observer](#)

### How Amazon became the world's most valuable public company

Amazon closed out the Monday trading day as the world's most valuable public company, surpassing Microsoft. Amazon reached a \$1 trillion market cap in September but is now worth less than \$800 billion. The company has a number of growth drivers that excite investors.

Source: [CNBC](#)

## COMMODITIES NEWS

### Oil prices rise on trade talk optimism, OPEC cuts

Oil prices rose on Tuesday on hopes that U.S.-Chinese talks in Beijing would bring a halt to trade disputes between the world's biggest economies, while OPEC-led supply cuts tightened markets. International Brent crude futures LCOc1 were at \$57.77 per barrel at 0113 GMT, up 44 cents, or 0.8 percent from their last close.

Source: [Zawya](#)