

U Capital Morning Brief

10 February 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 | 867.92 | -0.95 | -0.11% | -1.96% | - | - | - |
| U Capital GCC 50 Index | 1,410.20 | 11.88 | 0.84% | 9.01% | - | - | - |
| U Capital MENA 200 Index | 1,114.30 | 7.34 | 0.66% | 7.84% | - | - | - |
| MSCI GCC Countries Index | 578.90 | -0.01 | 0.00% | 7.63% | 14.94 | 1.88 | 3.7% |
| Muscat Securities Market | 4,151.97 | -8.94 | -0.21% | -3.97% | 8.44 | 0.74 | 6.2% |
| Saudi Stock Exchange | 8,612.84 | -20.49 | -0.24% | 10.04% | 18.22 | 1.91 | 3.3% |
| Kuwait Stock Exchange | 5,199.64 | -0.31 | -0.01% | 2.36% | 15.18 | 1.24 | 3.8% |
| Qatar Exchange | 10,505.19 | -178.75 | -1.67% | 2.00% | 15.32 | 1.56 | 4.2% |
| Bahrain Stock Exchange | 1,418.10 | 9.29 | 0.66% | 6.05% | 9.64 | 0.89 | 5.8% |
| Dubai Financial Market | 2,542.67 | -14.34 | -0.56% | 0.51% | 7.78 | 0.93 | 5.5% |
| Abu Dhabi Exchange | 5,112.15 | -31.09 | -0.60% | 4.01% | 13.74 | 1.47 | 4.7% |
| Beirut Stock Exchange | 936.90 | -2.69 | -0.29% | -4.08% | 4.69 | 0.55 | 9.7% |
| Palestine Stock Exchange | 535.77 | 1.85 | 0.35% | 1.21% | 13.20 | 1.25 | 4.5% |
| Tunis Se Index | 7,162.85 | -1.34 | -0.02% | -1.50% | 18.44 | 2.52 | 2.0% |
| EGX 30 Index | 14,753.68 | -12.91 | -0.09% | 13.18% | 14.10 | 1.46 | 2.0% |
| Amman General Index | 1,972.47 | 6.71 | 0.34% | 3.34% | 13.88 | 0.97 | 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 | USD/1 Unit | Units/1 USD |
|----------------------|-------------|----------|--------|-------|--------------------------|------------|-------------|
| | | | % | % | Currency | | |
| Europe | | | | | Australian Dollar (AUD) | 0.709 | 1.411 |
| FTSE 100 | UK | 7,071.2 | -0.32% | 5.1% | British Pound (GBP) | 1.294 | 0.773 |
| DAX | Germany | 10,906.8 | -1.05% | 3.3% | Canadian Dollar (CAD) | 0.753 | 1.328 |
| CAC 40 | France | 4,961.6 | -0.48% | 4.9% | Chinese Renminbi (CNH) | 0.147 | 6.785 |
| United States | | | | | Egyptian Pound (EGP) | 0.057 | 17.609 |
| DJIA | USA | 25,106.3 | -0.25% | 7.6% | Euro (EUR) | 1.132 | 0.883 |
| S&P 500 | USA | 2,707.9 | 0.07% | 8.0% | Indian Rupee (INR) | 0.014 | 71.309 |
| NASDAQ | USA | 7,298.2 | 0.14% | 10.0% | Japanese Yen (JPY) | 0.009 | 109.730 |
| Asia Pacific | | | | | New Zealand Dollar (NZD) | 0.674 | 1.483 |
| NIKKEI 225 | Japan | 20,333.2 | -2.01% | 1.6% | Omani Rial (OMR) | 2.598 | 0.385 |
| HANG SENG | Hongkong | 27,946.3 | -0.16% | 8.1% | Pakistani Rupee (PKR) | 0.723 | 138.175 |
| KSE 100 Index | Pakistan | 40,887.4 | -1.08% | 10.3% | Russian Ruble (RUB) | 0.015 | 65.790 |
| NSE Nifty 50 | India | 10,943.6 | -1.14% | 0.7% | Singapore Dollar (SGD) | 0.736 | 1.356 |
| SHANGHAI Composite | China | 2,618.2 | 1.30% | 5.0% | Turkish Lira (TRY) | 0.191 | 5.247 |
| KOSPI Index | South Korea | 2,177.1 | -1.20% | 6.7% | | | |

| Commodity Prices | Price | D/D | YTD | GCC 3m Interbank Rates | Current Rate % |
|-------------------------------|---------|--------|-------|--|----------------|
| | USD | % | % | | |
| Oil | | | | | |
| Brent Crude (per bbl) | 62.1 | 0.76% | 15.0% | UAE | 2.85 |
| WTI Crude (per bbl) | 52.7 | 0.15% | 16.1% | Saudi Arabia | 2.96 |
| Oman Crude Oil (Last Closing) | 62.4 | 0.60% | 16.7% | Kuwait | 2.56 |
| OPEC (per bbl) | 61.6 | -1.17% | 19.4% | Oman | 2.60 |
| Precious Metals | | | | | |
| Gold100 OZ (per oz) | 1,314.5 | 0.34% | 2.5% | Qatar | 2.93 |
| Silver (per oz) | 15.8 | 0.65% | 2.2% | Bahrain | 3.95 |
| Platinum (per oz) | 800.7 | 0.33% | 0.6% | GCC Latest 10-Yr Government Bond Yields | |
| Other Metals | | | | | |
| Copper, MT | 6,210 | -0.58% | 4.1% | | |
| Aluminium, MT | 1,881 | -0.69% | 1.9% | | |
| Lead, MT | 2,080 | 0.00% | 2.9% | | |
| Zinc, MT | 2,704 | -0.99% | 9.6% | | |

| Midswaps | Price | YTM % | USD Libor | Rate (%) |
|----------|--------|-------|-----------|----------|
| 3 year | 100.17 | 2.44 | 1m | 2.50 |
| 5 year | 100.26 | 2.45 | 3m | 2.70 |
| 10 year | 99.92 | 2.64 | 6m | 2.74 |
| 30 year | 100.39 | 2.98 | 1 year | 2.94 |

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: Market trades improve on good dividend announcements

Trading activities improved on good dividend announcements of some companies, higher prevailing dividend yields and good investments opportunities. Despite that, the MSM30 closed the week down by 0.35 per cent at 4151.97. All key sub-indices ended down led by the Financial Index (-0.79 per cent), then the Industrial Index (-0.42 per cent) and the Services Index (-0.08 per cent). The MSM Shariah Index closed up by 0.31 per cent w-o-w.

Source: [Oman Observer](#)

Oman Gas signs landmark concession agreement

Oman Gas Company (OGC), a subsidiary of Oman Oil Company and the Sultanate's gas transporter, has signed a 50-year Restated Concession Agreement (RCA) with the Government of Oman. The RCA grants OGC the concession to own and operate Oman's gas transmission system of pipelines, metering, compressor and gas supply stations under a new revenue framework.

Source: [Oman Observer](#)

MOAF signs pacts worth over RO48mn

The Ministry of Agriculture and Fisheries (MoAF) has signed contracts worth over RO48mn with 26 investors in the food sector. This is part of its plan to bolster food security in the country. Speaking to Muscat Daily, Eng Ibrahim Yaqoub Nasser al Nuamani, director of Monitoring and Evaluation Department, MoAF said, "We have signed contracts with 26 investors worth around RO48mn in the field of food investment at the Agricultural and Fisheries Investment Forum 2019." H E Dr Fuad bin Ja'afar bin Mohammed al Sajwani, Minister of Agriculture and Fisheries signed an agreement with Al Madina Real Estate Company to develop the fishing port in Taqah at a cost of RO40mn.

Source: [Muscat Daily](#)

Oman's gypsum exports jump 25pc in 2018

Gypsum exports from Oman soared over 25 per cent in 2018, further cementing the Sultanate's unrivalled position as the world's largest exporter of the industrial mineral. Exports surged to nearly 9.4 million metric tons in 2018, up from 7.4 million metric tons a year earlier, with all of these volumes handled almost exclusively by the Port of Salalah — the principal gateway for shipments of the commodity to markets in Asia and the Far East.

Source: [Oman Observer](#)

BankDhofar concludes OMR40m bond issue

BankDhofar has successfully concluded the issuance of OMR40 million in the form of unsecured Perpetual Subordinated Bonds as Additional Tier 1 Capital Instruments, denominated in Omani rials. The issuance, which was completed on a private placement basis, received a positive response from investors, in that it was oversubscribed, with the bank receiving applications for an aggregate amount of OMR42.45 million towards the issue size of up to OMR40 million. The issuance was approved by the relevant regulatory authorities and the bonds were listed on the Muscat Securities Market (MSM) on January 1, 2019.

Source: [Times of Oman](#)

Sohar Power

Disclosure.1: Sohar power board of directors announced that it has resolved in its meeting to request to shareholders to authorize the board to submit a final binding bid for the power only offer to OPWP as well as approval of related party transactions in connection with the power 2022 procurement process.

Source: [MSM](#)

Disclosure.2: OPWP notified Sohar Power that it has pre-qualified its power only offer but did not pre-qualify its Power and Water offer. As a consequence, the company will not be able to extend the operations beyond the term of the current PWPA ending in March 2022. This situation has triggered an impairment review of the desalination plant which resulted in an impairment loss of OMR 18.6mn to be recorded in financial year 2018. The impact is unaudited and requires confirmation from the external auditors.

Source: [MSM](#)

Oman Chlorine - Official opening ceremony for Gulf Chlorine Plant

Oman Chlorine announced the official opening ceremony for Gulf Chlorine Plant. It is to note that Gulf Chlorine is owned directly 51% by Oman Chlorine.

Source: [MSM](#)

Oman Chromite – 14% cash dividend

Board recommended to distribute 14% of the capital (140 baiza per share) dividend.

Source: [MSM](#)

Gulf Mushroom – 5% cash dividend

The Board of Directors has proposed a cash dividend of 5% (5 Baizas per share).

The Board also proposed to take authority from shareholders in the next Annual General Meeting to be held on 13 March 2019 and from other appropriate authorities to pay additional dividend up to maximum 3% (3 Baizas per share) later during the year out of balance audited distributable reserves.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

King Salman approves collective bill initiative

Saudi Arabia's King Salman has approved the collective bill initiative, as part of the private sector stimulus program, Labour Minister Ahmed Al-Rajhi said on his Twitter account on Friday. "This initiative will support private sector companies and will help them overcome the obstacles and achieve their goals, as well as encourage them to expand employment of Saudi citizens," he said. According to data compiled by Argaam, the scheme aims to reimburse some of the companies who struggled to pay fees on expatriate work permits. The total of SAR 11.5 billion was allocated for reimbursements under the decision, Al-Madina newspaper reported.

Source: [Argaam](#)

Foreign investors are eyeing investments in Saudi Arabia: report

Many foreign companies and investors are communicating with Standard and Poor's Saudi Arabia, wanting to invest in the Kingdom, Al-Eqtisadiyah reported, citing Meshari Al-Khaled, Managing Director of S&P Saudi Arabia. Out of all the Tadawul-listed companies, 15 percent of the firms are rated by S&P, of which 80 percent are banks and insurance firms, he said. Meanwhile, Saudi Arabia has four licensed rating firms, he added.

Source: [Argaam](#)

Solidarity Takaful terminates contracts with two insurance agents

Solidarity Saudi Takaful Co. has terminated the contractual agreements with Saudi Anadel Insurance Co. and Theatel Insurance Co. effective from Feb. 7, 2018, the insurer said in a bourse statement. The step will not have a negative impact on the company's financials as aggregate sales by both companies represent merely 11 percent of total company's sales, the statement added.

Source: [Argaam](#)

Sipchem's PBT plant to shut down for scheduled maintenance

Saudi International Petrochemical Co. (Sipchem) will start a three-week shutdown of its polybutylene terephthalate (PBT) plant for scheduled maintenance as of today, Feb. 6, the company said in a statement to Tadawul on Wednesday. The PBT plant is owned by Sipchem Chemical Company; which is a 95% subsidiary of Sipchem. Financial impact of the shutdown is estimated to show in Q1 2019, Sipchem said.

Source: [Argaam](#)

Saudi Arabia to invest \$3.8bln in mineral exploration

Saudi Arabia is planning to spend \$3.8 billion (SAR 14.25 billion) to enhance mineral exploration. In line with the kingdom's major plan to diversify its economy and lure investments from the private sector, with total investments of SAR 1.6 trillion in ten years, the Saudi government is seeking to establish a strong mining sector, some officials told Reuters. The planned investments will be injected through the National Industrial Development and Logistics Program (NIDLP), they added.

Source: [Zawya](#)

IMF's Lagarde urges GCC nations to come up with more reforms

Calls for further reforms in the region were raised again as the outlook for oil-exporting Mena countries is uncertain because regional countries have not recovered from the oil price shock witnessed five years ago, the International Monetary Fund (IMF) chief said on Saturday. While addressing the fourth Arab Fiscal Forum in Dubai, IMF managing director [Christine Lagarde](#) called on Arab nations to rein in public debt, which has more than doubled in the last five years.

Source: [Zawya](#)

Bahrain to Focus on 'Stringent Cost Controls' to Balance Budget

Bahrain, one of the oil-rich Gulf's most vulnerable economies, will focus on "stringent cost controls" as it seeks cut its budget deficit and reduce interest costs while using investment to stimulate growth, the country's finance minister said. The government trimmed the deficit by 35 percent last year as part of a plan to balance the budget by 2022, said Sheikh Salman bin Khalifa Al-Khalifa, minister of finance and national economy, in an interview Saturday with Bloomberg TV in Dubai. Cutting the deficit is a requirement of a \$10 billion aid package funded by neighboring states including the United Arab Emirates and Saudi Arabia.

Source: **Bloomberg**

U.A.E. Federal Bank to Sell Bond Following Passage of Debt Law

A federal lender in the United Arab Emirates will be the first to utilize the country's newly effective debt law by selling its first bond later this month, according to a senior government official. Emirates Development Bank, a state-owned institution that provides financing to citizens and small and medium-sized enterprises, plans a \$750 million bond sale in February, its first debt issuance since the institution started operating in 2015, Younis Al Khoori, undersecretary at the U.A.E. Ministry of Finance, said Saturday in a Bloomberg TV interview from Dubai.

Source: **Bloomberg**

Dubai Property Glut on Show in Worst Week for Stocks Since 2016

Dubai stocks are giving investors an update on the woes confronting the local real-estate industry. The DFM Real Estate & Construction Index fell about 7 percent last week, the biggest weekly drop since May 2016. All but one of its members were down by at least 2 percent, compared with an overall 0.1 percent retreat in an emerging-market gauge for the sector.

Source: **Bloomberg**

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Amazon exploring potential alternatives to New York HQ: source

Amazon.com Inc is exploring alternatives to locating part of its new headquarters in New York in case the plan should fail due to local opposition, a person briefed on the matter told Reuters on Friday. The online retailer has not yet acquired any land for the project, which would make it easy to scrap its plans, the source said. The Washington Post reported the story earlier on Friday.

Source: **Reuters**

U.S. fund managers brace for consumer slowdown

With expectations for slowing growth escalating, U.S. fund managers are selectively avoiding stocks in consumer companies as lofty valuations, concerns about declining earnings estimates, and consumer confidence keep them on guard. Low U.S. unemployment and rising wages should point to a healthy consumer, but worries about global growth, domestic U.S. politics and a U.S.-China trade war have been wearing on consumer and investor moods.

Source: **Reuters**

Trump's disruptive foreign policy will be tested in four major ways this month

February brings the most significant series of tests yet of whether President Trump can transform his disruptive U.S. foreign policy into concrete outcomes.

The four to watch most closely are:

- negotiating a trade deal with China
- denuclearizing North Korea
- rallying an international community to contain Iran
- democratizing Venezuela.

Source: **CNBC**

COMMODITIES NEWS

Venezuela shifts oil ventures' accounts to Russian bank - document, sources

Venezuela's state-run oil company PDVSA is telling customers of its joint ventures to deposit oil sales proceeds in an account recently opened at Russia's Gazprombank AO, according to sources and an internal document seen by Reuters on Saturday.

Source: **Reuters**

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