

U Capital Morning Brief

15 April 2020

| 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 | 786.25 | 5.41 | 0.69% | -6.79% | 7.00 | 0.72 | 8.1% |
| U Capital GCC 50 Index | 1,140.42 | 86.17 | 8.17% | -17.72% | 18.22 | 1.90 | 4.8% |
| U Capital MENA 200 Index | 889.63 | 13.34 | 1.52% | -18.44% | 12.42 | 1.44 | 6.1% |
| MSCI GCC Countries Index | 459.09 | 7.30 | 1.62% | -19.42% | 13.66 | 1.49 | 4.7% |
| Muscat Securities Market | 3,602.54 | 60.17 | 1.70% | -9.51% | 7.36 | 0.67 | 7.7% |
| Saudi Stock Exchange | 6,874.64 | 70.10 | 1.03% | -18.05% | 19.09 | 1.65 | 3.9% |
| Kuwait Stock Exchange | 5,711.17 | 180.65 | 3.27% | -21.28% | 13.17 | 1.10 | 4.5% |
| Qatar Exchange | 8,929.66 | 96.31 | 1.09% | -14.35% | 13.21 | 1.29 | 4.5% |
| Bahrain Stock Exchange | 1,307.58 | 22.59 | 1.76% | -18.79% | 9.36 | 0.79 | 6.0% |
| Dubai Financial Market | 1,939.72 | 54.42 | 2.89% | -29.84% | 7.12 | 0.68 | 6.4% |
| Abu Dhabi Exchange | 4,178.70 | 43.25 | 1.05% | -17.67% | 11.69 | 1.14 | 5.9% |
| Beirut Stock Exchange | 591.30 | -1.89 | -0.32% | -24.73% | 3.11 | 0.35 | 15.6% |
| Tunis Se Index | 6,237.38 | -11.14 | -0.18% | -12.42% | 17.27 | 2.09 | 2.4% |
| EGX 30 Index | 10,458.16 | 104.44 | 1.01% | -25.09% | 8.34 | 1.26 | 3.4% |

| World Markets | Country | Value | D/D | YTD |
|---------------------------|----------|----------|--------|---------|
| | | | % | % |
| Europe | | | | |
| FTSE 100 | UK | 5,791.3 | -0.88% | -23.22% |
| DAX | Germany | 10,696.6 | 1.25% | -19.27% |
| CAC 40 | France | 4,523.9 | 0.38% | -24.32% |
| United States | | | | |
| DJIA | USA | 23,949.8 | 2.39% | -16.08% |
| S&P 500 | USA | 2,846.1 | 3.06% | -11.91% |
| NASDAQ | USA | 8,515.7 | 3.95% | -5.09% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 19,613.8 | -0.13% | -17.09% |
| HANG SENG | Hongkong | 24,413.0 | -0.09% | -13.40% |
| KSE 100 Index | Pakistan | 31,222.7 | 0.00% | -23.35% |
| NSE Nifty 50 | India | 9,163.9 | 1.89% | -24.69% |
| SHANGHAI COMPOSITE | China | 2,823.2 | -0.15% | -7.44% |
| SHANGHAI SHENZHEN CSI 300 | China | 3,815.1 | -0.28% | -6.87% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.640 | 1.562 |
| British Pound (GBP) | 1.261 | 0.793 |
| Canadian Dollar (CAD) | 0.719 | 1.390 |
| Chinese Renminbi (CNH) | 0.142 | 7.057 |
| Egyptian Pound (EGP) | 0.063 | 15.742 |
| Euro (EUR) | 1.098 | 0.911 |
| Indian Rupee (INR) | 0.013 | 75.994 |
| Japanese Yen (JPY) | 0.009 | 107.100 |
| New Zealand Dollar (NZD) | 0.607 | 1.648 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.599 | 166.750 |
| Russian Ruble (RUB) | 0.014 | 73.007 |
| Singapore Dollar (SGD) | 0.707 | 1.415 |
| Turkish Lira (TRY) | 0.147 | 6.824 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|---------|---------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 30.0 | 1.25% | -53.23% |
| WTI Crude (per bbl) | 20.6 | 2.39% | -66.28% |
| Oman Crude Oil (Last Closing) | 23.1 | -11.55% | -65.80% |
| OPEC (per bbl) | 21.2 | -2.71% | -68.83% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,725.9 | -0.07% | 13.75% |
| Silver (per oz) | 15.7 | -0.26% | -12.03% |
| Platinum (per oz) | 790.8 | 1.22% | -18.19% |
| Other Metals | | | |
| Copper, MT | 5,163 | 2.86% | -16.38% |
| Aluminium, MT | 1,504 | 1.62% | -16.93% |
| Lead, MT | 1,696 | -1.57% | -12.01% |
| Zinc, MT | 1,923 | 1.13% | -15.38% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|--------|
| UAE | 1.70 | -23.1% |
| Saudi Arabia | 1.23 | -44.9% |
| Kuwait | 1.94 | -29.5% |
| Oman | 2.66 | -5.5% |
| Qatar | 1.25 | -44.4% |
| Bahrain | 1.98 | -25.6% |

| GCC Latest 10-Yr Government Bond Yields | | |
|---|---------------|--------|
| | Maturity date | YTM, % |
| Kuwait | 20/03/2027 | 2.3 |
| Abu Dhabi | 11/10/2027 | 2.6 |
| Qatar | 02/06/2026 | 2.6 |
| Saudi Arabia | 04/03/2028 | 3.2 |
| Oman | 17/01/2028 | 9.8 |
| Bahrain | 12/10/2028 | 7.4 |

| Midswaps | Price | YTM % |
|----------|--------|-------|
| 3 year | 99.91 | 0.3 |
| 5 year | 100.42 | 0.4 |
| 10 year | 107.17 | 0.7 |
| 30 year | 114.89 | 1.4 |

| USD Libor | Rate (%) | YTD |
|-----------|----------|--------|
| 1m | 0.81 | -53.8% |
| 3m | 1.22 | -36.1% |
| 6m | 1.23 | -35.9% |
| 1 year | 1.05 | -47.4% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

CBO issues treasury bills worth OMR5.5 million

Oman's central bank raised OMR5.5 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from Wednesday until May 13, 2020. The average accepted price reached 99.937 for every OMR100 while the minimum accepted price arrived at 99.935 per OMR100. The average discount rate and the average yield reached 0.81769 per cent and 0.81821 per cent respectively.

Source: [Times of Oman](#)

Oman's crude oil production exceeds 1 million barrels in March

The Sultanate's daily production of crude oil and condensate during March 2020 reached 1,078,475 barrels up by 12.83 per cent in comparison to February 2020, the monthly report published by the Ministry of Oil and Gas (MOG) indicated. Furthermore, the daily exported quantities of Oman Blend reached an average 738,348 barrels down by 2.41 per cent compared with last month. Out of the total Omani crude oil exported blend during March 2020, People's Republic of China's has imported more than 90 per cent, increasing by 2.47 per cent m-o-m, compared with the February 2020 share. The below graph illustrates the percentages of Oman crude oil quantities imported by countries during March 2020.

Source: [Times of Oman](#)

Bank Muscat says no direct exposure to NMC

Oman's largest financial institution on Tuesday announced that it has no direct exposure to the UAE-based embattled NMC Healthcare. Responding to the Muscat Securities Market's instructions, Bank Muscat in its disclosure said, 'We would like to inform the market that Bank Muscat does not have any direct exposure to NMC Healthcare Group. Bank Muscat has only a guarantee limit of RO250,000 to a related company in Oman (Unimoni Exchange LLC). This guarantee is secured against 100 per cent cash margin.'

Source: [Muscat Daily](#)

Oman's new authority to foster efficient tax administration

The establishment of an independent Tax Authority with an integrated organisational structure bodes well for the growth of a robust, modern and efficient tax apparatus in the Sultanate, according to a well-known Muscat-based tax expert. Ashok Hariharan (pictured), Partner and Head of Tax — KPMG Lower Gulf, said the revamped entity, established by Royal Decree 66/2019 last October, with its new organizational structure approved more recently by Royal Decree 42/2020, will also pave the way for a national tax administration modeled on the lines of modern tax entities in operation elsewhere around the world.

Source: [Oman Observer](#)

Pact for new vehicle trade centre at Al Mazunah FZ

The Public Establishment for Industrial Estates (Madayn) signed an agreement with Al Alia Investment and Industry Company to establish a vehicle trade centre on a total area of 53,000 sq metres at Al Mazunah Free Zone. The project, which is estimated at a total value of RO 400,000, will be specialised in trading, re-exporting and repairing vehicles, and providing a variety of automobile-related services. The agreement was signed by Said bin Abdullah al Balushi, Director General of Al Mazunah Free Zone, and Abdulmalik bin Hilal al Bahri, Chief Executive Officer of Al Alia Investment and Industry Company.

Source: [Oman Observer](#)

China lifts 92pc of Omani crude exports in March

China remained the top destination for Omani crude exports in March 2020, lifting 92.2 per cent of exports averaging 738,348 barrels per day (bpd) during the month, the Ministry of Oil and Gas announced here yesterday. India came a distant second with 4.36 per cent of exports, followed by Myanmar with a 3.44 per cent share. Oman's daily production of crude oil and condensate during March 2020 reached 1,078,475 barrels, which was up 12.83 per cent over figures for February 2020.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

COVID-19 impact: IMF forecasts negative real GDP growth for GCC in 2020

In tandem with the global economy slipping into recession following the COVID-19, GCC economies are projected to record overall negative real GDP growth in 2020. This is according to the latest World Economic Outlook report of the International Monetary Fund (IMF). It has forecast global growth at -3.0 per cent in 2020, an outcome far worse than during the 2009 global financial crisis. The forecast is marked down by more than 6 percentage points relative to the October 2019 WEO and January 2020 update - an extraordinary revision over such a short period of time.

Source: [Gulf News](#)

Saudi Aramco in talks with banks to borrow about \$10bln: sources

Saudi Aramco, the world's largest oil producer, is in early talks with banks for a loan of about \$10 billion to help finance its acquisition of a 70% stake in Saudi Basic Industries Corp (SABIC), according to three banking sources. Aramco agreed last year to buy the controlling stake in SABIC from the kingdom's wealth fund for \$69.1 billion, sealing one of the biggest-ever deals in the global chemical industry. "The financing would be for the SABIC deal, but the borrower is Aramco," said one of the sources, adding that the discussions were at an initial stage, with the company sounding out banks.

Source: [Zawya](#)

Air Arabia denies reports that it is delaying launch of low-cost carrier

UAE-based low cost carrier Air Arabia has denied media reports that it plans to delay the launch of its new low-cost carrier in Abu Dhabi due to the Covid-19 situation. "We condemn a baseless and speculative report by Bloomberg that included misleading information about delaying the launch of Air Arabia Abu Dhabi," an Air Arabia spokesperson said.

Source: [Gulf Business](#)

Saudi Arabia joins Gulf dollar bond binge with new debt offering

Saudi Arabia is marketing a dollar debt offering, joining Gulf counterparts that have recently sold bonds after the Covid-19 pandemic prompted shutdowns and a plunge in oil prices. The biggest Arab economy is offering 5.5-, 10.5- and 40-year notes. It comes just days after Qatar and Abu Dhabi debt sales received strong responses from investors. Saudi Arabia itself raised \$5bn in January via an offshore issuance.

Source: [Gulf Business](#)

SASCO secures SAR 209 mln deal to supply fuel to Makkah's General Security

Saudi Automotive Services Co. (SASCO) secured a contract worth SAR 209 million, including VAT, to supply fuel and other derivatives to the General Security in Makkah Region, it said in a bourse statement. As per the contract, the company will also provide automotive services for 3 years starting April 24, 2020. The company is unable to determine the financial impact at present, nevertheless it is expected to appear in Q2 2020.

Source: [Argaam](#)

Leejam Sports double-digit revenue growth exceeded target before center closures, says CEO

Leejam Sports Co.'s (Fitness Time) double digit revenue growth in Q1 2020 came ahead of target before the closure of its sports centers across the Kingdom since March 15, CEO Justin Musgrove told Argaam in an exclusive on Tuesday. "Financial planning has become one of our top priorities since suspension of operations, as all available costs were reduced, written off or postponed. Meanwhile, Leejam has not cut any jobs to date, but no guarantees if the coronavirus crisis lasts for a longer time," Musgrove said.

Source: [Argaam](#)

Emirate of Abu Dhabi \$7b Debt Offering in Three Parts

Deal priced across three tranches. Tranches (Price, Final Guid, IPT) \$2b 5Y at +220; +220 (the number), +265 area \$2b 10Y at +240; +240 (the number), +285 area \$3b 30Y at 4.10%; 4.10% (the number), 4.550% area Issuer: The Emirate of Abu Dhabi Expected issue ratings: AA (S&P) / AA (Fitch) Format: 144A/Reg S Status: Senior Unsecured Settlement: 16 April Maturity: 16 April 2025/16 April 2030/16 April 2050 Tenors: 5-year/10-year/30-year IPTs: +265bps area/+285bps area/4.550% area Size: USD \$7b

Source: [Bloomberg](#)

Mideast Stocks: Gulf indexes end higher on hopes pandemic is reaching peak

Major Gulf bourses rebounded on Tuesday on hopes the coronavirus pandemic was nearing a peak and governments were taking more stringent measures to contain the outbreak. Saudi Arabia's benchmark index gained 1%, snapping two days of losses, with Al Rajhi Bank gaining 1.3% and Saudi Telecom rising 2.8%. On Monday, Saudi Telecom extended its agreement for a period of 90 days with Vodafone to acquire the group's shareholding in Vodafone Egypt. Saudi Arabia, which extended coronavirus curfew indefinitely, has reported 4,934 confirmed cases of COVID-19 as of Monday, with 65 deaths.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

IMF Sees Great Lockdown Recession as Worst Since Depression

The International Monetary Fund predicted the "Great Lockdown" recession would be the steepest in almost a century and warned the world economy's contraction and recovery would be worse than anticipated if the coronavirus lingers or returns. In its first World Economic Outlook report since the spread of the virus and subsequent freezing of major economies, the IMF

estimated on Tuesday that global gross domestic product will shrink 3% this year. That compares to a January projection of 3.3% expansion and would likely mark the deepest dive since the Great Depression. It would also dwarf the 0.1% contraction of 2009 amid the financial crisis.

Source: [Bloomberg](#)

The coronavirus downturn has highlighted a growing investment opportunity — and millennials love it

The escalating coronavirus pandemic has ushered in a new era of stock market volatility, as investors come to terms with consecutive history-making daily swings. But it has also shone a spotlight on a promising investment opportunity — one that's been winning the hearts of millennials. Sustainable investments — those focused on companies with strong environmental, social and corporate governance (ESG) principles — outperformed their conventional counterparts in the first quarter of 2020, even as the outbreak sent markets crashing.

Source: [CNBC](#)

Airbnb raising another \$1 billion in debt as coronavirus ravages tourism business

Airbnb is raising another \$1 billion in debt as it pads its balance sheet to get through the COVID-19 crisis, according to sources with knowledge of the deal. Fidelity, T Rowe Price and Blackrock are participating along with Apollo and Oaktree. Airbnb is paying about 9 percent interest on the debt.

Source: [CNBC](#)

China cuts medium-term borrowing costs to record low, steps up pandemic battle

China's central bank on Wednesday cut the interest rate on its medium-term funding for financial institutions to the lowest on record, as policymakers stepped up their efforts to combat the economic fallout from the coronavirus health crisis. The move should pave the way for a similar reduction to the country's benchmark loan prime rate (LPR), which will be announced on the 20th, to lower financing costs for companies hit by the pandemic.

Source: [Reuters](#)

Stocks making the biggest moves after hours: JB Hunt, American Airlines, P&G and more

J.B. Hunt — The transportation company's stock rose 4% in extended trading after the company beat analysts' estimates on first-quarter revenue. J.B. Hunt reported revenue of \$2.28 billion, while analysts polled by Refinitiv expected \$2.19 billion. The company narrowly missed estimates on earnings, reporting earnings of 98 cents per share while analysts expected 99 cents per share, according to Refinitiv. American Airlines — Shares of the airline shot up 8% in extended trading after the Treasury Department and U.S. airlines reached an agreement in principle on billions in government aid.

Source: [CNBC](#)

Stocks Trade Mixed With Earnings Season Underway: Markets Wrap

Asian stocks fluctuated on light volumes Wednesday, and U.S. and European futures slipped, as investors scoured earnings reports for evidence of the impact of the coronavirus outbreak. The yen ticked higher. Shares in Tokyo reversed earlier losses to edge higher, though volume was about 25% lower than average. Chinese and Hong Kong stocks were little changed, while Australian equities fell as a record slump in consumer confidence reminded investors of the effect of the pandemic on spending. The yuan dipped after China's central bank eased policy further. Earnings from Goldman Sachs Group Inc. are up next, after Johnson & Johnson, JPMorgan Chase & Co. and Wells Fargo & Co. provided a mixed picture on Tuesday. Treasury yields and the dollar were steady.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil Edges Higher as Market Weighs Output Cuts Against Demand

Oil resumed gains to near \$23 a barrel as investors weigh whether a deal by the world's biggest producers to reduce output will be enough to offset the demand destruction caused by the coronavirus. Futures added 1.1% in New York, on track for its first advance in three sessions. Saudi Arabia's energy minister told reporters on Monday that the kingdom is ready to trim supply further if needed when the OPEC+ alliance meets again in June. U.S. President Donald Trump tweeted that the cuts agreed by the coalition would be closer to 20 million barrels per day, without getting into specifics, amid doubts that the reduction is not deep enough.

Source: [Bloomberg](#)

Saudi Oil Keeps Flooding Market With Output Pact Yet to Begin

Saudi Arabia and other Gulf suppliers may have agreed to cut oil production again starting next month, but by all indications the taps are set to remain wide open until then -- swelling stockpiles for at least a few more weeks. The kingdom's crude exports so far in April stand at 9.3 million barrels a day, according to tanker-tracking data compiled by Bloomberg. That

compares with 6.8 million barrels a day through the first two weeks of March. What's more, there are at least 10 supertankers with the capacity to haul a combined 20 million barrels of oil waiting to load at the Saudi port of Ras Tanura in the coming days.

Source: **Bloomberg**

Gold climbs to 7-year high on growth fears, stimulus measures

Spot gold was up 0.4% at \$1,721.54 per ounce at 1202 GMT, having touched its highest since November 2012. U.S. gold futures were steady at \$1,761.80. Gold tends to benefit from widespread stimulus measures from central banks, as it is often seen as a hedge against inflation and currency debasement. Lower interest rates also cut the opportunity cost of holding non-yielding bullion. "The flood of new money digitally printed by the central banks and huge debt pile by the states to fight the negative impact of the coronavirus (are) helping gold," said Commerzbank analyst Carsten Fritsch

Source: **Zawya**

Ubhar Capital SAOC (U Capital)

Ominvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Website: www.u-capital.net



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.