

U Capital Morning Brief

15 September 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	865.63	-0.86	-0.10%	-1.44%	-	-	-	-
U Capital GCC 50 Index	1,337.17	-3.92	-0.29%	2.10%	-	-	-	-
U Capital MENA 200 Index	1,055.54	-2.14	-0.20%	1.00%	-	-	-	-
MSCI GCC Countries Index	543.84	0.08	0.02%	1.11%	15.00	1.77	4.2%	
Muscat Securities Market	4,020.16	2.91	0.07%	-7.02%	8.19	0.79	6.8%	
Saudi Stock Exchange	7,831.80	-23.50	-0.30%	0.06%	19.42	1.73	3.9%	
Kuwait Stock Exchange	5,745.60	-2.26	-0.04%	13.11%	14.25	1.37	3.7%	
Qatar Exchange	10,461.65	-4.84	-0.05%	1.58%	15.11	1.57	4.2%	
Bahrain Stock Exchange	1,546.63	5.72	0.37%	15.66%	11.59	0.98	5.0%	
Dubai Financial Market	2,888.39	3.39	0.12%	14.18%	12.14	1.06	4.3%	
Abu Dhabi Exchange	5,096.09	-10.41	-0.20%	3.68%	15.27	1.45	4.9%	
Beirut Stock Exchange	796.71	-1.18	-0.15%	-18.43%	4.24	0.48	11.6%	
Palestine Stock Exchange	520.35	-0.38	-0.07%	-1.70%	11.74	1.20	4.6%	
Tunis Se Index	7,117.41	-3.06	-0.04%	-2.12%	19.57	2.38	1.6%	
EGX 30 Index	15,110.37	95.55	0.64%	15.91%	12.67	2.07	2.6%	
Amman General Index	1,793.44	-4.60	-0.26%	-6.04%	11.56	0.87	5.7%	

World Markets	Country	Value	D/D	YTD	Currency Cross Rates		
					Currency	USD/1 Unit	Units/1 USD
Europe				%	Australian Dollar (AUD)	0.688	1.453
FTSE 100	UK	7,367.5	0.31%	9.5%	British Pound (GBP)	1.250	0.800
DAX	Germany	12,468.5	0.47%	18.1%	Canadian Dollar (CAD)	0.753	1.329
CAC 40	France	5,655.5	0.22%	19.5%	Chinese Renminbi (CNH)	0.142	7.047
United States					Egyptian Pound (EGP)	0.061	16.420
DJIA	USA	27,219.5	0.14%	16.7%	Euro (EUR)	1.107	0.903
S&P 500	USA	3,007.4	-0.07%	20.0%	Indian Rupee (INR)	0.014	70.930
NASDAQ	USA	8,176.7	-0.22%	23.2%	Japanese Yen (JPY)	0.009	108.090
Asia Pacific					New Zealand Dollar (NZD)	0.638	1.568
NIKKEI 225	Japan	21,988.3	1.05%	9.9%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,352.7	0.98%	5.8%	Pakistani Rupee (PKR)	0.640	156.095
KSE 100 Index	Pakistan	31,481.3	-0.21%	-15.1%	Russian Ruble (RUB)	0.016	64.346
NSE Nifty 50	India	11,075.9	0.85%	2.0%	Singapore Dollar (SGD)	0.728	1.373
SHANGHAI Composite	China	3,031.2	0.75%	21.5%	Turkish Lira (TRY)	0.176	5.687
KOSPI Index	South Korea	2,049.2	0.84%	0.4%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates			Current Rate %
	USD	%	%	UAE			
Oil				Saudi Arabia			2.31
Brent Crude (per bbl)	60.2	-0.26%	9.4%	Kuwait			2.39
WTI Crude (per bbl)	54.9	-0.44%	20.8%	Oman			2.81
Oman Crude Oil (Last Closing)	59.4	-0.30%	10.9%	Qatar			2.92
OPEC (per bbl)	60.5	-2.53%	17.4%	Bahrain			2.73
Precious Metals							2.99
Gold100 OZ (per oz)	1,488.7	-0.71%	16.1%	GCC Latest 10-Yr Government Bond Yields			
Silver (per oz)	17.4	-3.64%	12.6%	Maturity date	YTM, %		
Platinum (per oz)	948.6	-0.30%	19.2%	Kuwait	20/03/2027	2.17	
Other Metals				Abu Dhabi	11/10/2027	2.25	
Copper, MT	5,975	2.43%	0.2%	Qatar	02/06/2026	2.31	
Aluminium, MT	1,810	0.39%	-2.0%	Saudi Arabia	04/03/2028	2.76	
Lead, MT	2,106	1.40%	4.2%	Oman	17/01/2028	5.93	
Zinc, MT	2,385	1.62%	-3.3%	Bahrain	12/10/2028	5.06	

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	99.25	1.76	1m	2.02
5 year	97.63	1.75	3m	2.14
10 year	97.56	1.90	6m	2.07
30 year	97.42	2.37	1 year	2.05

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 pick-up supported by services sector

The MSM was higher on week-on-week basis supported by higher volumes as well as turnover compared to the previous week. This week, Arab investors (ex-GCC) were net buyers while all others were net sellers. The MSM30 Index ended the week higher by 0.56 per cent at 4,020.16. The Services Index rose by 3.27 per cent, Financial Index rose by 1.09 per cent while the Industrial Index closed down by 1.03 per cent. The Shariah Index closed up by 1.06 per cent.

Source: [Oman Observer](#)

Oman to host conference over role of natural gas in sustainable future

Oman will be the first Middle Eastern country to hold the International Gas Union's research conference in 2020, to look at what role natural gas will play in a future that looks towards sustainable development. Organised by the Ministry of Oil and Gas, the three-day event that runs from 24 to 26 February, will see more than 1000 participants come to Oman, representing more than 40 countries. This is a triennial event that is organised by the IGU.

Source: [Times of Oman](#)

CMA dissolves Al Hassan Engineering board in 'public interest'

In what is billed as a first under the recently promulgated Commercial Companies Law issued via Royal Decree 18/2019, the Capital Market Authority (CMA) has dissolved the Board of Directors of the beleaguered Omani listed firm, Al Hassan Engineering Co SAOG, and replaced it with an interim board. The landmark step was actioned via an Administrative Decision issued by the regulator last Thursday, aimed at propping up the financially embattled, yet operationally viable, engineering and contracting firm, and returning it to "sustainable" health. Commenting on the announcement, well-known market expert Lo'ai Bataineh, Chief Executive Officer – Ubhar Capital (U Capital), said the decision was a reflection of the CMA's increasingly important role in supporting the growth of a robust and stable capital market in the Sultanate.

Source: [Oman Observer](#)

Belgian officials commend Sultanate's efforts in economic diversification

As part of the ongoing 'Invest in Duqm' promotional campaign in Belgium, Yahya bin Saeed Al Jabri, Chairman of the Special Economic Zone Authority at Duqm (SEZAD), met with Cathy Berx, the Governor of the Province of Antwerp and other Belgian officials. During the meetings, officials commended the Sultanate's efforts towards achieving economic diversification, plans to reduce dependence on oil and focus on other non-oil sectors.

Source: [Times of Oman](#)

Banking credit of commercial banks hits over OMR21 billion by June end 2019

The total volume of banking credit of commercial banks in the Sultanate as at the end of the first half of 2019 stood at OMR21,881.75 million compared to OMR20,940.1 million during the same period of 2018, comprising an increase of 4.5 percent. The quarterly statistical bulletin released by the Research and Statistics Department at the Central Bank of Oman (CBO) indicated that the personal loans sector received OMR490.2 million, representing 38.8 percent of the total banking credit of commercial banks by the end of June 2019.

Source: [Times of Oman](#)

Oman Gas to expand capacity to Suhar, Duqm and Salalah

Oman Gas Company (OGC), a subsidiary of Oman Oil and Orpic Group, says it is adding new capacity to the nation's critical gas transportation infrastructure to support demand growth at industrial hubs in Suhar, Duqm and Salalah. OGC, which is also the operator of the gas transportation network, said it is expanding the 932-kilometre gas pipeline system newly acquired from previous operator Petroleum Development Oman (PDO), to support demand in the Salalah.

Source: [Oman Observer](#)

Oman National Engineering & Investment Co (ONEIC) has been awarded a contract worth OMR 1.788mn

Oman National Engineering & Investment Co (ONEIC) announced that it has been awarded a contract by a government entity worth OMR 1.788mn for a period of 360 days.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi interest in Dubai real estate gains momentum

The Dubai real estate market continues to attract a strong and robust inflow of foreign funds in 2019 following the introduction of long-term visas and forward-looking policies. The total value of Dubai real estate transactions jumped 33

percent to AED 34 billion in the January-May period in 2019 as compared to AED 24 billion for the same period last year, Dubai Land Department (DLD) figures revealed.

Source: [Argaam](#)

New businesses pick up in UAE

The UAE economy gained momentum at the right time by posting a 6 per cent growth in new business licences this year, reflecting growing investor confidence in the country ahead of the one-year countdown to Expo 2020 Dubai that starts next month. Latest official data indicates that a total of 32,256 new business licences were issued across the UAE during first eight months of 2019, bringing the tally of active businesses to 572,615 from 540,359 at the end of December.

Source: [Khaleej Times](#)

GCC banks adopt new technologies to meet customer needs: S&P

Retail banks in the Gulf Cooperation Council (GCC) are catching up with the latest technologies to cater to the growing needs of customers, S&P Global Ratings said in a recent report. "The digitalization of GCC economies is still a work in progress. The adoption of big data, artificial intelligence (AI) analytics, as well as voice and facial recognitions tools, could enable a more effective and cost efficient provision of customer services," it noted.

Source: [Argaam](#)

Saudi CMA issues draft central counterparty's regulations for consultation

The Capital Market Authority has published the draft Central Counterparties Regulations for public consultation, it said in a statement on Thursday. The draft will be available for public consultation for 14 calendar days until September 26. The draft regulations aims to regulate securities clearing activities in the Kingdom and specify the requirements for obtaining an authorization to carry out such activities, which will contribute to introducing new securities classes and services to investors and guaranteeing the settlement and fulfilment of obligations of transactions parties.

Source: [Argaam](#)

Kuwait Finance House approves exchange ratio of merger with AUB Bahrain

The board of directors of Kuwait Finance House (KFH) approved the advisors' reports and due-diligence review results, in addition to the final exchange ratio between the shares of KFH stock and Ahli United Bank – Bahrain (AUB Bahrain) by approximately 2.326 shares of AUB Bahrain for each share of KFH. The final decisions will be subject to the approval of the general meeting of the two entities' shareholders, the Central Bank of Kuwait (CBK), the Central Bank of Bahrain (CBB), as well as other competent authorities, KFH disclosed to Boursa Kuwait on Thursday.

Source: [Zawya](#)

Saudi retailer BinDawood asks banks to pitch for IPO – sources

Saudi Arabian retailer BinDawood Group has asked banks to pitch for roles in a potential initial public offering (IPO) of its supermarket business, two sources told Reuters, in a deal which may raise around 1.5 billion riyals (\$399.9 million). The group, which owns the Danube and BinDawood supermarket brands, has hired Moelis as an independent financial advisor, said the sources, who declined to be named because the talks are private.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

The stock market is poised to set a new record if the Federal Reserve delivers

Strategists expect the Fed to trim the Fed funds target rate range by a quarter point when it meets this week, but what comes next is more important. The markets could react negatively if the Fed doesn't make it clear that it plans to cut rates again. Optimism for a trade deal pushed stocks near all-time highs in the past week and triggered the biggest weekly move in interest rates in nearly three years.

Source: [CNBC](#)

Hong Kong exchange vows to press on with \$39 billion LSE bid after rebuff

Hong Kong's exchange refused to give up on its bid to take over the London Stock Exchange (LSE.L) after the British bourse emphatically rejected its \$39 billion takeover offer on Friday.

Source: [Reuters](#)

EU finance ministers back push for simpler fiscal rules

European Union finance ministers backed on Saturday a simplification of the EU's fiscal rules to make them more transparent and predictable, but more work is needed before any changes are agreed, a senior European Commission official said.

Source: [Reuters](#)

Federal Reserve to Return to Stimulus Pump: Global Economy Week

The Federal Reserve is poised to cut interest rates again this week and may still not be done delivering monetary stimulus. Having already reduced their benchmark in July to 2.0%-2.25%, Chairman Jerome Powell and colleagues will lop off another 25 basis points on Wednesday to support the slowing economy, according to a Bloomberg survey of economists.

Source: [Bloomberg](#)

COMMODITIES NEWS

Global spare oil capacity in U.S. hands after Saudi outage

An attack on Saudi oil facilities on Saturday is believed to have disrupted half the country's production capacity, making the United States the only real holder of the global supply cushion via its ability to raise own output or to soften sanctions against other major oil producers.

Source: [Reuters](#)

Oil could rise \$10 per barrel after drone attack forces Saudi to cut output in half

Ten drones attacked one of Saudi Arabia's largest oilfields in Hijra Khurais and the world's biggest crude processing facility at Abqaiq on Saturday, causing a loss of 5.7 million barrels of crude production a day. Although it's still too early to tell the extent of the damage and how long the facilities will be shut down, oil analysts told CNBC the impact on the commodity prices could be in the double digits. "This is a big deal," said Andrew Lipow, president of Lipow Oil Associates. "Fearing the worst, I expect that the market will open up \$5 to \$10 per barrel on Sunday evening."

Source: [CNBC](#)

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.