

U Capital Morning Brief

20 December 2018

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	890.60	-19.65	-2.21%	-8.59%		-	-	-	
U Capital GCC 50 Index	1,320.38	-9.38	-0.71%	15.35%		-	-	-	
U Capital MENA 200 Index	1,054.84	-5.34	-0.51%	6.00%		-	-	-	
MSCI GCC Countries Index	542.10	-2.67	-0.49%	12.99%		14.26	1.77	4.00%	
Muscat Securities Market	4,336.79	-42.70	-0.97%	-14.95%		10.22	0.77	6.00%	
Saudi Stock Exchange	7,860.35	-83.04	-1.05%	8.77%		16.96	1.76	3.50%	
Kuwait Stock Exchange	5,139.84	9.01	0.18%	NA		15.37	1.25	3.80%	
Qatar Exchange	10,496.40	7.36	0.07%	23.15%		15.52	1.57	4.20%	
Bahrain Stock Exchange	1,314.52	0.25	0.02%	-1.29%		8.89	0.82	6.20%	
Dubai Financial Market	2,544.12	33.04	1.32%	-24.51%		8.58	0.93	6.90%	
Abu Dhabi Exchange	4,859.62	30.95	0.64%	10.49%		13.19	1.40	5.00%	
Beirut Stock Exchange	978.92	11.50	1.19%	-14.77%		5.01	0.60	9.30%	
Palestine Stock Exchange	524.71	0.46	0.09%	-8.68%		12.78	1.22	4.60%	
Tunis Se Index	7,222.52	-17.34	-0.24%	14.97%		18.76	2.57	2.00%	
EGX 30 Index	13,078.20	-42.91	-0.33%	-12.92%		12.00	1.48	2.30%	
Amman General Index	1,926.48	26.95	1.42%	-9.42%		13.79	0.96	4.80%	

** 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	6,765.9	0.96%	-12.0%	Australian Dollar (AUD)	0.709	1.410
DAX		Germany	10,766.2	0.24%	-16.7%	British Pound (GBP)	1.263	0.792
CAC 40		France	4,777.5	0.49%	-10.1%	Canadian Dollar (CAD)	0.741	1.350
United States						Chinese Renminbi (CNY)	0.145	6.915
DJIA		USA	23,323.7	-1.49%	-5.6%	Egyptian Pound (EGP)	0.056	17.958
S&P 500		USA	2,507.0	-1.54%	-6.2%	Euro (EUR)	1.139	0.878
NASDAQ		USA	6,636.8	-2.17%	-3.9%	Indian Rupee (INR)	0.014	70.484
Asia Pacific						Japanese Yen (JPY)	0.009	112.240
NIKKEI 225		Japan	20,302.0	-3.29%	-10.8%	New Zealand Dollar (NZD)	0.674	1.485
HANG SENG		Hongkong	25,485.9	-1.46%	-14.8%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index		Pakistan	38,126.0	0.17%	-5.8%	Pakistani Rupee (PKR)	0.720	138.947
NSE Nifty 50		India	10,892.0	-0.69%	3.4%	Russian Ruble (RUB)	0.015	67.483
SHANGHAI Composite		China	2,525.2	-0.96%	-23.6%	Singapore Dollar (SGD)	0.729	1.37320
KOSPI Index		South Korea	2,052.2	-1.28%	-16.8%	Turkish Lira (TRY)	0.188	5.32000

Commodity Prices		Price	D/D	YTD	GCC 3m Interbank Rates		Current Rate %
		USD	%	%	UAE		2.83
Oil					Saudi Arabia		2.91
Brent Crude (per bbl)		56.3	-1.73%	-10.7%	Kuwait		2.13
WTI Crude (per bbl)		47.1	-2.16%	-22.0%	Oman		2.80
Oman Crude Oil (Last Closing)		56.6	2.52%	-11.5%	Qatar		2.83
OPEC (per bbl)		56.1	-3.71%	-13.0%	Bahrain		3.83
Precious Metals							
Gold100 OZ (per oz)		1,244.9	0.16%	-4.5%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)		14.6	-0.13%	-13.9%			
Platinum (per oz)		785.6	-0.08%	-15.6%			
Other Metals					Maturity date	YTM, %	
Copper, MT		6,015	0.75%	-17.0%	Kuwait		3.56
Aluminium, MT		1,927	0.10%	-15.0%	Abu Dhabi		3.74
Lead, MT		1,964	-0.46%	-21.0%	Qatar		3.78
Zinc, MT		2,541	0.83%	-23.4%	Saudi Arabia		4.28
					Oman		7.13
					Bahrain		6.92

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.01	2.62	1m	2.47
5 year	101.17	2.62	3m	2.79
10 year	103.20	2.75	6m	2.88
30 year	108.00	2.97	1 year	3.06

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Sur Industrial Estate investments top OMR2bn

The total volume of investments at Sur Industrial Estate surpassed OMR2.03 billion at the end of the first half compared with OMR2.02 billion in 2017, according to Eng. Abdullah Al Kaabi, Director General of Sur Industrial Estate. Additionally, the number of projects being operated in the estate touched 145 at the end of this year's first half compared to 135 in 2017, Al Kaabi said.

Source: [Times of Oman](#)

CMA DISCUSSES HEALTH INSURANCE PROJECT WITH OIL AND GAS FIRMS

The Capital Market Authority (CMA), in coordination with the Ministry of Oil and Gas, recently organised a meeting with representatives of the oil and gas companies to discuss key features of the national health insurance project. The national health insurance project, which will be implemented by the CMA in cooperation with other authorities, aims at generalising health insurance coverage for the private sector employees.

Source: [Muscat Daily](#)

PDO MULLS SETTING UP WIND POWER PROJECT

As a part of its efforts to focus more on renewable energy resources to reduce dependence on fossil fuels in oil exploration, Petroleum Development Oman (PDO) is looking at setting up a large wind farm project. PDO over the past few years has taken various initiatives to promote the usage of renewable energy particularly solar to reduce the consumption of natural gas in generating steam, which is extensively used in extracting difficult or heavy oil.

Source: [Muscat Daily](#)

OMAN'S RO100MN DEVELOPMENT BONDS ISSUE OVERSUBSCRIBED

The Central Bank of Oman (CBO) announced that the 59th issue of the government development bonds worth RO100mn received overwhelming response from investors. According to a statement issued by the CBO's monetary operations department, the 59th development bonds issue received applications for RO155.69mn as against the issue size of RO100mn.

Source: [Muscat Daily](#)

Oman LNG offers LNG cargo in tender for January loading –sources

Oman LNG has offered a spot liquefied natural gas (LNG) cargo for loading on Jan. 25-26 from its Qalhat plant, two industry sources said. The tender closes early next week. Bids are between around \$9.00 and \$9.50 per million British thermal units, one of the sources said.

Source: [Zawya](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Oil prices, budget weigh on Saudi while banks bolster Dubai

Saudi Arabia's stock market fell sharply on Wednesday after oil prices sank and the government released its 2019 budget, while Dubai rebounded on the back of a rise in bank shares. Brent oil fell below \$56 a barrel to its lowest level in more than a year, pushing the Saudi stock index down 1.1 percent in its biggest one-day drop since late November.

Source: [Zawya](#)

Saudi Arabia plans to launch mega projects to employ locals: Al-Jadaan

Saudi Arabia signed contracts for several mega projects to employ locals, Minister of Finance Mohammed Al-Jadaan said in a press conference today. Other projects are being licensed and will be revealed soon. "The move comes as part of the Kingdom's plan that targets high-yield strategic investments, employment of Saudi nationals and technology transfer," Al-Jadaan said.

Source: [Argaam](#)

UAE central bank raises interest rates 25 bps

The United Arab Emirates central bank said on Wednesday that it was raising interest rates on certificates of deposit in line with the increase in U.S. dollar rates, after the U.S. Federal Reserve Board's decision to hike rates by 25 basis points. The UAE central bank said its repo rate for borrowing short-term liquidity had also been increased by 25 bps.

Source: [Zawya](#)

Saudi "comfortable" with oil prices, still seeks 2023 balanced budget: finance minister

Saudi Arabia's finance minister said on Wednesday he was unconcerned with current oil prices impacting spending plans in 2019, and the government still aims to close its budget deficit by 2023 though the target is not set in stone. Mohammed al-Jadaan told Reuters cash settlements from an anti-corruption campaign, which generated 50 billion Saudi riyals (\$13.3 billion) in 2018, would net "not significantly less" in 2019.

Source: [Zawya](#)

Aramco will double gas production and availability over ten years: energy minister

Saudi Arabia's oil giant Aramco will double its production and availability of gas over the next 10 years, energy minister Khalid al-Falih said at a post-budget event.

Source: [Reuters](#)

Foreign investment in KSA doubles in vote of confidence for reforms

Foreign investment in Saudi Arabia more than doubled in 2018 to reach \$3.5 billion, the economy and planning minister said on Wednesday. Mohammed Al-Tuwaijri said the value of investments rose 110 percent from the previous year. The minister was speaking

a day after the 2019 budget was announced, in which the government said it would boost spending by 7 percent to spur economic growth.

Source: [Arab News](#)

The \$259bn question: Saudi Arabia's 2019 budget under the microscope

Saudi Arabia's 2019 budget is undoubtedly ambitious — but is it realistic? That was a key question being asked on the sidelines of a forum held on Wednesday in Riyadh, where government ministers discussed how next year's spending plan would play out. According to the budget, Saudi Arabia will boost spending by about 7 percent to \$295 billion in 2019, yet also reduce the deficit by 4.2 percent.

Source: [Arab News](#)

Saudi unemployment rate to decline starting 2019 –minister

Saudi Arabia expects its unemployment rate to decline starting in 2019 from the current level of 12.9 percent, its economy and planning minister said on Wednesday. "The number is 12.9 percent ... we expect it start to decline starting 2019," Mohammed al-Tuwaijri told a post-budget press conference. He added that Saudi nationals participation in the labour market currently is 42 percent.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian Stocks Decline After Fed; Treasuries Retreat: Markets Wrap

Asian stocks dropped after Federal Reserve Chairman Jerome Powell failed to quell investor concerns that tightening policy will choke economic growth. Treasuries pared back some of Wednesday's gains and U.S. stock futures ticked higher. Equities fell from Tokyo to Hong Kong. Gains in U.S. stock futures come off the back of a tumultuous session for the S&P 500 Index, which turned an advance of as much as 1.5 percent into a loss of the same magnitude to a 15-month low.

Source: [Bloomberg](#)

Asia's central banks have almost no reasons to hike rates in 2019

Weaker economic growth and tepid price pressures in Asia will leave central banks in the region with few reasons to tighten policy next year — especially as U.S. rate hikes slow — unless a new bout of currency weakness forces them to do so. The U.S. Federal Reserve on Wednesday raised rates for the fourth time this year, as expected, but signaled a slower pace of hikes in 2019 than it previously projected.

Source: [Reuters](#)

Fed raises interest rates, signals more hikes ahead

After weeks of market volatility and calls by President Donald Trump for the Federal Reserve to stop raising interest rates, the U.S. central bank instead did it again, and stuck by a plan to keep withdrawing support from an economy it views as strong. U.S. stocks and bond yields fell hard.

Source: [Reuters](#)

World Bank expects China's economic growth to slow to 6.2 percent in 2019

The World Bank's outlook on China's 2018 economic growth, which would be the weakest in 28 years, remained unchanged from its prediction in April. Consumption will remain the main driver of China's economy, as weaker credit growth weighs on investment and slowing global demand and higher U.S. tariffs on Chinese shipments take a toll on the country's exports, the report said.

Source: [CNBC](#)

Facebook Has Biggest Plunge Since July as 'Another Shoe' Drops

Facebook Inc. tumbled on Wednesday, with shares extending their decline throughout the session after the social-media company was sued by the District of Columbia over a privacy breach. The news followed a report from the New York Times that Facebook had allowed more than 150 companies to access more personal data from users than it had disclosed, the latest in a series of controversies that have weighed on shares in 2018.

Source: [Bloomberg](#)

COMMODITIES NEWS

Shale Growth Could Slow On Oil Price Meltdown

Much has been made about the dramatic cost reductions that shale drillers have implemented over the past few years, with impressive breakeven prices that should ensure the drilling frenzy continues no matter where oil prices go. On earnings calls with investors and analysts, shale executives repeatedly trumpeted extremely low breakeven prices.

Source: [Oil Price](#)

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