

# U Capital Morning Brief

**1 April 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	922.33	-5.33	-0.57%	-5.33%	-	-	-
U Capital GCC 50 Index	1,249.70	-0.82	-0.07%	9.18%	-	-	-
U Capital MENA 200 Index	1,053.30	-0.71	-0.07%	5.85%	-	-	-
MSCI GCC Countries Index	514.11	0.00	0.00%	7.16%	14.41	1.62	4.0%
Muscat Securities Market	4,773.51	-0.53	-0.01%	-6.39%	12.17	1.00	5.1%
Saudi Stock Exchange	7,870.87	-29.41	-0.37%	8.92%	17.35	1.73	3.3%
Kuwait Stock Exchange	6,633.44	29.93	0.45%	3.52%	15.34	1.08	5.7%
Qatar Exchange	8,573.99	20.85	0.24%	0.59%	13.15	1.24	5.1%
Bahrain Stock Exchange	1,318.40	3.27	0.25%	-1.00%	8.74	0.80	6.2%
Dubai Financial Market	3,108.53	17.99	0.58%	-7.76%	10.95	1.13	5.8%
Abu Dhabi Exchange	4,585.40	34.81	0.76%	4.25%	11.77	1.30	5.2%
Beirut Stock Exchange	1,186.35	6.75	0.57%	3.29%	5.98	0.73	7.5%
Palestine Stock Exchange	565.57	-0.86	-0.15%	-1.57%	13.69	1.15	4.9%
Tunis Se Index	7,142.65	31.58	0.44%	13.70%	20.76	2.83	1.9%
EGX 30 Index	17,450.15	144.64	0.84%	16.19%	16.66	2.44	1.9%
Amman General Index	2,233.26	11.67	0.53%	5.01%	16.64	1.08	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,056.6	0.17%	-8.2%
DAX	Germany	12,096.7	1.31%	-6.4%
CAC 40	France	5,167.3	0.72%	-2.7%
<b>United States</b>				
DJIA	USA	24,103.1	1.07%	-2.5%
S&P 500	USA	2,640.9	1.38%	-1.2%
NASDAQ	USA	7,063.4	1.64%	2.3%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	21,454.3	1.40%	-5.8%
HANG SENG	Hongkong	30,093.4	0.24%	0.6%
KSE 100 Index	Pakistan	45,560.3	0.16%	12.6%
NSE Nifty 50	India	10,113.7	-0.69%	-4.0%
SHANGHAI COMPOSITE	China	3,168.9	0.26%	-4.2%
SHANGHAI SHENZHEN CSI 300	China	3,898.5	0.11%	-3.3%

Currency Cross Rates	USD/1 Unit	Units/1 USD
<b>Currency</b>		
Australian Dollar (AUD)	0.768	1.301
British Pound (GBP)	1.402	0.713
Canadian Dollar (CAD)	0.776	1.290
Chinese Renminbi (CNH)	0.160	6.264
Egyptian Pound (EGP)	0.057	17.650
Euro (EUR)	1.232	0.811
Indian Rupee (INR)	0.015	57.131
Japanese Yen (JPY)	0.009	106.280
New Zealand Dollar (NZD)	0.724	1.381
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.864	115.575
Russian Ruble (RUB)	0.018	65.178
Singapore Dollar (SGD)	0.763	1.312
Turkish Lira (TRY)	0.253	3.955

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	69.3	0.84%	5.4%
WTI Crude (per bbl)	64.9	0.87%	7.5%
Oman Crude Oil (Last Closing)	66.1	0.82%	3.4%
OPEC (per bbl)	66.1	-1.12%	2.5%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,325.0	-0.04%	1.7%
Silver (per oz)	16.4	-0.03%	-3.4%
Platinum (per oz)	931.7	-0.02%	0.1%
<b>Other Metals</b>			
Copper, MT	6,714	0.74%	-7.4%
Aluminium, MT	2,005	-1.11%	-11.6%
Lead, MT	2,395	-1.24%	-3.7%
Zinc, MT	3,274	-0.30%	-1.4%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.33	29.9%
Saudi Arabia	2.27	19.7%
Kuwait	2.00	6.7%
Oman	2.06	7.9%
Qatar	2.63	-0.8%
Bahrain	3.05	11.9%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	4.0
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	5.9
Bahrain	10/12/2028	7.5

Midswaps	Price	YTM %
3 year	99.98	2.4
5 year	99.71	2.6
10 year	100.09	2.7
30 year	100.52	3.0

USD Libor	Rate (%)	YTD
1m	1.88	20.4%
3m	2.31	36.4%
6m	2.45	33.5%
1 year	2.66	26.4%

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

## OMAN ECONOMIC & CORPORATE NEWS

### U Capital: MSM30 ended in red at the end of first quarter

The MSM30 ended the previous week down by 0.57% at 4773.51. The week was full of AGMs, boards' elections, trades on ex dividends and funds and portfolio managers' movements ahead of the end of 1st quarter. The MSM30 ended the quarter down by 6.39%. Both the Financial and Industrial indices dropped by 1.09% and 1.33% respectively while the Services Index closed up by 1.97%. Shariah Index closed up by 0.22%.

Source: [Muscat Daily](#)

### Oman's real estate deals surge by 25%

The real estate market in the Sultanate is recovering, with sale deals showing a robust growth in the first two months of 2018. Reflecting the market trend and investor sentiment, the total value of property deals in the country during January-February of 2018 surged by 24.6 per cent to OMR565.3 million, compared with OMR453.5 million for the same period of last year, according to the latest monthly statistics released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

### Oman's economy registers broad-based recovery

After economic slowdown and contraction witnessed during the years 2015 and 2016, the Omani economy registered a broad-based recovery and grew in nominal terms by 10.1 per cent during the first nine months of 2017. Hydrocarbon and non-hydrocarbon sector grew by 23.9 per cent and 4.9 per cent, respectively during this period. The upturn in the economy was mainly driven by recovery in crude oil prices and the positive impact of diversification efforts. Promotion of non-oil exports and tourism related activities is at the center of diversification programs.

Source: [Times of Oman](#)

### More than 17,000 Cement Consignments Registered in 2017

The Ministry of Commerce and Industry pointed out that the number of cement consignments that were registered by the Directorate General for Standards and Metrology in 2017 stood at 17,881. Eng. Idris bin Hassan al-Sinan, Civil Engineer at the Conformity Department said that there are many types of cement the most common of which is the Portland cement used in construction industry.

Source: [ONA](#)

### A'SAFFA Foods board approves ro45mn expansion plan

The board of directors of A'Saffa Foods Co approved an expansion plan to raise the company's chicken meat production capacity by 100 per cent, continuing their support for food security, self-sufficiency and increased employment opportunities in the sultanate. Total capital expenditure of the expansion will be RO45mn and the expansion project will be implemented in two phases; each phase will be 50 per cent, according to a press release issued by A'Saffa Foods.

Source: [MD](#)

### Key role for Oil and Gas despite diversification

Notwithstanding government-led efforts to diversify the economy away from its long-standing dependence on oil and gas revenues, the hydrocarbon sector is expected to continue to play a prominent role in driving growth for at least another 20 years, according to HE Dr Mohammed bin Hamad al Rumhy, Minister of Oil and Gas.

Source: [Oman Observer](#)

### Work begins on textile mill at Sohar Port

Construction work has commenced on a major cotton yarn manufacturing project at Sohar Port and Free Zone — an investment that is set to stimulate the growth of a textile hub in Oman in the future. SV Pittie Sohar Textiles (FZC) LLC, backed by India's ShriVallabh Pittie Group (SVP), a global leader in the manufacturer of cotton yarn — the raw material for textiles, is developing the project on land leased at the free zone.

Source: [Oman Observer](#)

### Expats can invest in large portfolios

Expatriates and Omanis will now be able to invest in large portfolios such as shopping malls, airports and ports. This comes after the introduction of real estate investment trusts (REITS) funds.

Source: [Times of Oman](#)

### Renaissance Services SAOG - AGM / Investors & Analysts Meeting

Topaz market outlook is decidedly more positive going into 2018, when comparing with 2017. Albeit difficult industry conditions are expected to endure in the short term. The Company, however, anticipate a positive trend in the utilization of its vessels and an improvement in the Company's ability to build further contract cover.

Source: [Zawya](#)

**Note: Kindly see the proposed dividend announcements of MSM on the last page**

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **Qatar Petroleum announces raising foreign and shareholder ownership limits in energy sector companies and listed subsidiaries**

Qatar Petroleum has announced raising the non-Qatari ownership limit in the energy sector companies and in its subsidiaries listed on the Qatar stock Exchange to 49%, and raising the shareholder ownership limits in these companies to no more than 2%. Qatar Petroleum has also asked the concerned companies to take the necessary measures and steps to implement this decision. Hence, Qatar Electricity and Water Company, WOQOD, Gulf International Services Company and Mesaieed Petrochemical Holding Company will take the necessary steps within the coming weeks to approve the increase in the foreign ownership limit to 49% in accordance with the applicable regulations and procedures.

Source: [QE](#)

### **Qatar's PPI remains steady in Feb 2018**

The Industrial Product Price Index (PPI) remained steady in February 2018 compared to the previous month, reaching 61.1 points and 16.6 percent higher than the corresponding month of February 2017. The industrial production index, released today by the Ministry of Development Planning and Statistics, consists of three components for three main sectors: mining, 72.7 percent of the general index, manufacturing, 26.8 percent, and electricity and water, 0.5 percent, QNA reported yesterday.

Source: [TPQ](#)

### **Qatar c.bank's international reserves, liquidity edge down in February**

The Qatar central bank's international reserves and foreign currency liquidity edged down in February, official data showed on Thursday. The reserves and liquidity, a measure of the central bank's ability to support the riyal currency, fell to \$37.6 billion last month from \$37.7 billion in January.

Source: [Reuters](#)

### **Panel to 'vote' today on proposal to impose taxes on expats remittances in Kuwait**

Parliament's Financial and Economic Committee will Sunday, April 1 vote on the proposal submitted by MP Faisal Al- Kandari to impose taxes on the remittances of expatriates. According to informed sources, Article 1 of the proposal suggests imposing tax on the remittances of expatriates to any country with any currency except for money transfers relevant to treaties for protection of investment and transition of capital as well as official financial transfers.

Source: [Arab Times](#)

### **Saudi central bank assets fell by SAR 27 bln in February**

Assets held by the Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, fell by SAR 27.2 billion month-on-month to SAR 1.877 trillion in February, new data released by the central bank showed. Compared to the same month of last year, assets declined by SAR 122.9 billion.

Source: [Argaam](#)

### **Saudi market rules ready for Aramco IPO by end-June - CMA chairman**

Saudi Arabia expects to unveil by the end of June rules to prevent large share price drops in newly-listed companies, the final regulatory step for the listing of oil giant Saudi Aramco, the head of the kingdom's stock market regulator said. The mechanism, known as price stabilization, is common on developed markets and allows underwriters of an initial public offering (IPO) to use some of the company's stock to bolster its price, should it fall in the days after it starts trading, or the volume of shares changing hands is weak.

Source: [Reuters](#)

### **Banque Saudi Fransi sells Allianz SF at SAR 81 mln**

Banque Saudi Fransi (BSF) completed on Thursday the sale of an 18.5 percent stake in Allianz Saudi Fransi Cooperative Insurance Co. to Allianz Europe BV at SAR 22.00 per share, totaling SAR 81.4 million. BSF recognized a total capital gain of SAR 97 million, the bank said in a bourse statement. The related financial impact is likely to reflect on BSF's financial statements in Q1 2018, and the capital gain will be added to its income statement.

Source: [Argaam](#)

### **Saudi Arabia approves policies for nuclear authority**

Saudi Arabia's cabinet has approved policies for its atomic energy program, as well as rules for the Nuclear & Radiological Regulatory Authority. The Riyadh-based Authority is a financially and administratively independent entity, but its organization that is linked to the prime minister.

Source: [Argaam](#)

### **Mideast funds more wary on Saudi after market surge, bullish on Egypt**

Middle East fund managers have become more cautious about ploughing additional money into Saudi Arabian equities after the market jumped on expectations that it would be included in global indexes, a monthly Reuters poll showed on Thursday. The Saudi stock index has rocketed over 9 percent so far this year on widespread expectations that FTSE Russell would decide this month to add Riyadh to its secondary emerging market index, and that MSCI would make a similar decision in June.

Source: [Nasdaq](#)

### **Saudi GDP shrink's y/y in Q4 as oil sector sags, non-oil sector also slows**

Saudi Arabia's gross domestic product, adjusted for inflation, shrank from a year earlier for a fourth straight quarter in the last quarter of 2017 because of weakness in the oil sector, though non-oil sector growth also slowed, data from the Central Department of Statistics showed on Saturday.

Source: [Kitco](#)

### **Bahrain says it may return to global market after calling off part of bond issue**

Bahrain may return to the international debt market to raise funds later this year, its central bank said on Thursday, after investors' concern about its rising public debt level caused it to call off part of a planned bond issue this week. The government sold \$1 billion of 7-1/2-year Islamic bonds on Wednesday but decided not to go ahead with plans for an issue of conventional bonds, because it found the pricing demands of some investors too costly, banking sources said.

Source: [Reuters](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Global mergers and acquisitions hit all time high**

Global mergers and acquisitions (M&A) had their strongest start ever in the first quarter of 2018, totaling \$1.2 trillion in value, as U.S. tax reform and faster economic growth in Europe unleashed many companies' deal making instincts.

Source: [The National UAE](#)

### **Whatsapp-rival Telegram raises \$1.7 Billion in coin offer**

Telegram Group, an encrypted messaging app seeking to create its own cryptocurrency, has increased the proceeds from the world's largest initial offering to \$1.7 billion, according to a regulatory filing. Telegram raised \$850 million from 94 investors in March in addition to \$850 million it gained in February, and "may pursue one or more subsequent offerings," the British Virgin Islands-registered firm said in a filing to the US Securities and Exchange Commission on Thursday.

Source: [Unibox](#)

### **Nissan, Renault, said to be talking full merger**

Renault and Nissan Motor are talking about merging; sources have told Bloomberg News. Such a deal would end the current alliance between the companies and marry them as one corporation, the anonymous sources said. The report noted Renault currently owns 43% of Nissan while Nissan holds 15% of Renault. Carlos Ghosn, the chairman of both companies, is driving the negotiations and would run the combined entity, the Bloomberg sources said.

Source: [Just Auto](#)

### **Mekong countries' leaders call for \$66 billion investment**

The leaders of six countries along the Mekong River on Saturday adopted an ambitious investment plan worth \$66 billion over the next five years. At least \$7 billion will come from the Asian Development Bank and the rest from governments and the private sector. The plan was adopted at a summit in Vietnam that included the prime ministers of Cambodia, Laos, Thailand and Vietnam, as well as a vice president of Myanmar and the Chinese foreign minister.

Source: [Arab News](#)

### **Tesla's 'day of reckoning' is near as its plunging stock increases financing risk**

Tesla's big stock drop this month will have negative implications for its ability to raise critically-needed funds, according to Wall Street analysts. The company's shares declined 22 percent in March on concerns over a fatal car crash in California last week and worries over its Model 3 production rate. Tesla's 5.3 percent bond, issued last August and maturing in 2025, also fell 4 percent to 87.25 cents Wednesday with a yield of 7.6 percent, according to FactSet. The bond's price declined 8 percent this month.

Source: [CNBC](#)

## **COMMODITIES NEWS**

### **As shale wells grow longer, buyouts attract hemmed in oil producers**

A recent drought in oil company mergers and acquisitions could be coming to an end over a new Texas range war: U.S. shale producers are building miles-long horizontal wells that are running into their rivals' land holdings.

Source: [Reuters](#)

### **U.S. crude oil production rose slightly in January: EIA**

U.S. crude production rose by 6,000 barrels per day (bpd) in January to 9.964 million barrels per day, the Energy Information Administration said in a monthly report on Friday. The agency revised the December report up by 9,000 barrels to 9.958 million bpd. The gains were driven by a rise in offshore production, which rose 5 percent to 1.62 million bpd from 1.55 million bpd. Production decreased modestly in the major oil producing states of Texas and Alaska, while North Dakota's production rose slightly to 1.16 million bpd a day, EIA said.

Source: [Reuters](#)

## MSM Proposed Dividends

Company Name	Cash Div %	Cash DPS, OMR	Cash Div payout, %	Cash Dividend Yield, %	Stock Dividend %	AGM Date	Total Payout	Ex-Dividend
BANK SOHAR	5.0%	0.005	35.2%	3.3%	10%	29/03/2018	105.7%	Yes
HSBC BANK OMAN	5.7%	0.006	59.6%	5.4%		29/03/2018	59.6%	Yes
OMAN UNITED INSURANCE CO	30.0%	0.030	89.7%	8.9%		29/03/2018	89.7%	Yes
A'SAFFA FOODS SAOG	20.0%	0.020	55.5%	3.4%		29/03/2018	55.5%	Yes
<b>Total Market</b>			<b>59.6%</b>	<b>5.8%</b>			<b>72.2%</b>	

Source: MSM

For Ex-Dividend: Red Represents Ex-Dividend Today

## Ubhar Capital SAOC (U Capital)

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