

U Capital Morning Brief

3 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 | 910.94 | -4.32 | -0.47% | -6.50% | - | - | - |
| U Capital GCC 50 Index | 1,237.30 | -4.53 | -0.36% | 8.09% | - | - | - |
| U Capital MENA 200 Index | 1,044.09 | -5.01 | -0.48% | 4.92% | - | - | - |
| MSCI GCC Countries Index | 508.92 | -2.35 | -0.46% | 6.08% | 14.26 | 1.61 | 4.1% |
| Muscat Securities Market | 4,750.15 | 12.98 | 0.27% | -6.85% | 12.22 | 1.00 | 5.1% |
| Saudi Stock Exchange | 7,783.48 | -17.40 | -0.22% | 7.71% | 17.06 | 1.71 | 3.3% |
| Kuwait Stock Exchange | 4,893.69 | -69.65 | -1.4% | - | - | - | - |
| Qatar Exchange | 8,729.15 | 60.11 | 0.69% | 2.41% | 13.00 | 1.26 | 5.0% |
| Bahrain Stock Exchange | 1,294.64 | -8.50 | -0.65% | -2.78% | 8.76 | 0.80 | 6.3% |
| Dubai Financial Market | 3,106.95 | -29.41 | -0.94% | -7.81% | 10.94 | 1.13 | 5.8% |
| Abu Dhabi Exchange | 4,581.62 | -1.91 | -0.04% | 4.16% | 11.76 | 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 | 561.71 | -1.69 | -0.30% | -2.24% | 13.57 | 1.14 | 5.2% |
| Tunis Se Index | 7,161.36 | 18.71 | 0.26% | 14.00% | 20.81 | 2.84 | 1.9% |
| EGX 30 Index | 17,684.66 | 88.78 | 0.50% | 17.75% | 15.34 | 2.33 | 1.8% |
| Amman General Index | 2,216.75 | -5.98 | -0.27% | 4.23% | 15.15 | 1.09 | 4.8% |

| World Markets | Country | Value | D/D | YTD |
|---------------------------|----------|----------|--------|-------|
| | | | % | % |
| Europe | | | | |
| 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% |
| United States | | | | |
| DJIA | USA | 23,644.2 | -1.90% | -4.3% |
| S&P 500 | USA | 2,581.9 | -2.23% | -3.4% |
| NASDAQ | USA | 6,870.1 | -2.74% | -0.5% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 21,312.2 | -0.36% | -6.4% |
| HANG SENG | Hongkong | 29,897.1 | -0.64% | -0.1% |
| KSE 100 Index | Pakistan | 45,809.1 | 0.16% | 13.2% |
| NSE Nifty 50 | India | 10,200.8 | -0.11% | -3.1% |
| SHANGHAI COMPOSITE | China | 3,131.8 | -0.99% | -5.3% |
| SHANGHAI SHENZHEN CSI 300 | China | 3,855.5 | -0.81% | -4.4% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.768 | 1.301 |
| British Pound (GBP) | 1.406 | 0.712 |
| Canadian Dollar (CAD) | 0.776 | 1.289 |
| Chinese Renminbi (CNH) | 0.159 | 6.279 |
| Egyptian Pound (EGP) | 0.057 | 17.644 |
| Euro (EUR) | 1.230 | 0.813 |
| Indian Rupee (INR) | 0.015 | 57.496 |
| Japanese Yen (JPY) | 0.009 | 105.930 |
| New Zealand Dollar (NZD) | 0.723 | 1.384 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.867 | 116.000 |
| Russian Ruble (RUB) | 0.017 | 65.068 |
| Singapore Dollar (SGD) | 0.763 | 1.310 |
| Turkish Lira (TRY) | 0.251 | 3.979 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|--------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 67.8 | 0.18% | 3.0% |
| WTI Crude (per bbl) | 63.1 | 0.16% | 4.5% |
| Oman Crude Oil (Last Closing) | 65.0 | -1.72% | 1.6% |
| OPEC (per bbl) | 66.1 | -1.12% | 2.5% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,338.1 | -0.24% | 2.7% |
| Silver (per oz) | 16.6 | -0.27% | -2.3% |
| Platinum (per oz) | 933.1 | -0.05% | 0.3% |
| Other Metals | | | |
| 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 | 2.37 | 31.8% |
| Saudi Arabia | 2.28 | 20.1% |
| Kuwait | 2.00 | 6.7% |
| Oman | 2.08 | 9.1% |
| Qatar | 2.62 | -1.2% |
| Bahrain | 3.06 | 12.1% |

| 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 | 99.99 | 2.4 |
| 5 year | 99.73 | 2.6 |
| 10 year | 100.11 | 2.7 |
| 30 year | 100.63 | 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

CBO issues several regulatory amendments

As part of Central Bank of Oman's (CBO's) continuous efforts and contribution in the economic development in the Sultanate, the central bank has issued a number of regulatory amendments in order to create a boost the business environment in the financial sector. The CBO has reduced the capital adequacy ratio (CAR) from 12 per cent to 11 per cent, which would result in increasing the banks' lending capacity and reflect positively on overall credit growth. This change is expected to result in an increase in the volume of additional credit available to OMR7.8 billion from OMR5.2 billion.

Source: [Times of Oman](#)

Oman energy sector's ICV spend balloons

Energy companies operating across the hydrocarbon value chain in the Sultanate say they have awarded contracts collectively to the tune of several billion dollars as part of their In-Country Value (ICV) commitments in 2017. In submissions to the Ministry of Oil & Gas, leading Oil & Gas operators, as well as the nation's refining and petrochemicals flagship Orpic, have announced substantially higher allocations towards ICV initiatives as part of their project spend in 2017.

Source: [Oman Observer](#)

Opening of Gulf Starch Plant in Sohar Industrial Zone

Gulf Starch Plant of the Local Line Company was opened today at Sohar Industrial Zone under the patronage of Dr. Ali bin Masoud al-Sunaidy, Minister of Commerce and Industry, in the presence of a number of undersecretaries, Directors of governmental and private institutions and businessmen. Eng. Khalid bin Mohammed al-Salihi, Chairman of the Board of Directors of the plant said in a speech that the cost of the plant, which is the first of its kind in the Sultanate amounted to 13 million dollars, and is located on a total area of 14000 square meters, and is the only factory in terms of production of special industrial starch for oil well drilling.

Source: [ONA](#)

Abeer Medical Group forays into Oman

Abeer Medical Group, a renowned healthcare provider in Saudi Arabia and other Middle East countries announced the formal launch of its first hospital in the Sultanate of Oman at a ceremony held at Hotel Sheraton in Muscat attended by dignitaries from Oman and other GCC countries.

Source: [Oman Observer](#)

Oman's ARA Petroleum draws up plans to ramp up Block 44 output

Local Omani upstream energy firm ARA Petroleum — part of a growing portfolio of private Omani Exploration & Production (E&P) entering the nation's hydrocarbon sector as operators — has chalked out plans for the development of the Shams and Munhamir fields in its 100 per cent owned Block 44 in the northwest of the Sultanate. It follows a series of integrated studies covering the 1,162 sq. km concession — home to the natural gas and condensate Shams field, as well as the once prolific Munhamir oilfield.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mena M&A deal value drops 57.6% in 2017, with deal volumes consistent

Mergermarket, the leading provider of M&A data and intelligence, has reported that 2017 M&A deal value in the Mena region declined by 57.6 percent, despite deal count maintaining a level that was consistent with the previous year. Full year 2017 saw the announcement of 126 deals worth approximately \$16.0bn as compared to 129 deals in 2016 at a total value of \$37.8bn.

Source: [TPQ](#)

Tax everyone, says Kuwait Chamber for Commerce – VAT, Income Tax, Zakat Tax to be implemented shortly

The present stance of the government related to imposing taxes on remittances of expatriates gives it an opportunity to approve or dismiss the tax system. They revealed that the government has not yet adopted a firm opinion regarding this matter. According to legal sources, the laws and the Constitution are the two basic factors that control the decision related to tax enforcement. Meanwhile, First Deputy Chairman of Kuwait Chamber for Commerce and Industry (KCCI) Abdulwahab Al-Wazzan said in a press release that tax should be imposed on everyone, as that is the way to ensure justice.

Source: [Arab Times](#)

QFC expects ETF market to see further growth

Yousef Mohammed Al Jaidah, Chief Executive Officer of the Qatar Financial Center Authority (QFC), expects ETFs to expand further in future, with more companies licensed by the Center to participate in trading on the Qatar Exchange. QFC, one of the world's leading and fastest growing business and financial centers, has announced that Amwal LLC, a QFC listed firm, has succeeded in the listing and management of the largest exchange-traded fund (ETF) in the GCC region. Being traded under the symbol QETF on the Qatar Stock Exchange (QSE), it is the first of its kind in Qatar that will measure price performance of the top 20 largest and most liquid companies on the Qatari bourse.

Source: [TPQ](#)

Gulf Union gets 'final warning' from SAMA to fix irregularities

The Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank and the insurance market regulator, has issued a final warning to Gulf Union Cooperative Insurance Co. regarding the "weak performance" of its audit committee, its executive management, as well as ineffective corporate governance.

Source: [Argaam](#)

Investors can trade in govt debt instruments, says Tadawul CEO

Trading in government debt instruments on Tadawul will be accessible to all investors, including qualified foreign investors (QFIs), official news agency SPA reported on Sunday, citing Khalid Al Hussan, chief executive officer of Tadawul. The debt instruments will be traded every day from 11:30am to 3:00pm Riyadh local time.

Source: [Argaam](#)

SABIC begins commercial operations at PMMA plant

Saudi Basic Industries Corporation (SABIC) has started commercial operations at its methyl methacrylate monomer (MMA) and poly methyl methacrylate (PMMA) plants today, the Kingdom's largest petrochemicals producer said in a bourse filing. The relevant financial impact will appear on the company's Q2 2018 earnings.

Source: [Argaam](#)

Saudi Arabia to list more than 200bn riyals in government bonds and Sukuk on Tadawul

Saudi Arabia's Ministry of Finance will list more than 200 billion in Saudi riyal-denominated government bonds and Sukuk on the Tadawul stock exchange, a step that will help develop the local debt market. "The listing of government debt instruments on Tadawul is a key pillar of the Saudi government's strategy to make the kingdom a global investment powerhouse," Fahad Al Saif, President of the Debt Management Office at the Ministry of Finance, said in a statement on the ministry's website. "Government debt instruments will offer many advantages to an expanding investor base."

Source: [The National UAE](#)

UAE re-exports trade tops \$148bln in 2017

The trade value of re-exported goods in the UAE reached Dh546.5 billion (\$148.8 billion) in 2017, compared to Dh532.9 billion in 2016, a growth of 2.7 per cent, which reflects the country's ever-growing registered trade in re-exported goods. According to statistics on international commercial trade, re-exported goods formed 47.4 per cent of the UAE's exports last year, which strengthened its stature as a center of re-exporting in the Middle East, reported Emirates news agency Wam.

Source: [Zawya](#)

Etisalat cuts GCC roaming charges by up to 29%

Etisalat announced that it has further reduced its roaming rates for voice calls, SMS and data, starting from Sunday, April 1. Etisalat said in a statement released on Monday that the prepaid and post-paid customers will enjoy discounted roaming rates of up to 29 per cent on data, outgoing voice calls to UAE, GCC and local destinations and outgoing SMS while traveling to any Gulf Cooperation Council countries through any roaming partner. The new rates are introduced in coordination with the Telecom Regulatory Authority (TRA) to encourage roaming services within the GCC at affordable rates.

Source: [Zawya](#)

UAE banks may hike fees to offset additional VAT costs

As banks in the UAE grapple with the new value-added tax (VAT) regime and the high compliance costs associated with mandatory tax registration, it is likely that they follow international trends by increasing their fees to compensate for the additional costs, banking analysts said. "We believe it quite probable that banks will eventually be forced to increase prices to their customers to maintain their current profitability," Clare McCol, partner, head of Indirect Tax at KPMG, wrote in 'UAE banking perspectives 2018', report.

Source: [Zawya](#)

Bahrain economy to grow 3.7% in 2018 with outlook revised as oil rebounds, BMI says

Bahrain, the smallest economy in the GCC, will register an uptick in real GDP growth to about 3.7 per cent this year, as rising oil prices lower the government's urgency to consolidate fiscal accounts, BMI noted in a report. On Sunday the island kingdom, which lies offshore Saudi Arabia, announced its biggest hydrocarbons discovery in more than eight decades, which is expected to outsize existing reserves. The potential recovery of oil and gas from the tight reserves off its west coast will come as much-needed relief to Bahrain, which has been saddled with rising public debt, which ratings agency S&P estimated at 81 per cent of GDP in 2017.

Source: [The National UAE](#)

Bahrain's huge find could hold up to 600m recoverable barrels

Bahrain's latest oil find could hold reserves of between 300 million to 600 million recoverable barrels, but analysts say it could take several years and significant investment to achieve a tangible output. The country discovered its biggest oilfield since it started producing crude in 1932, according to an announcement by the official news agency on Sunday.

Source: [Gulf News](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

NYSE sets Spotify reference price at \$132

The New York Stock Exchange on Monday set the reference price for shares of music streaming service Spotify Technology SA at \$132. Spotify is pursuing an unusual direct listing to reach the public markets in place of an initial public offering, and shares are expected to start trading on Tuesday. The reference price is not an offering price for the shares, nor is it the opening public price for shares of the Swedish technology company.

Source: [Zawya](#)

India imposes 10% tax on import of key smartphone components

India has imposed a 10 percent tax on imports of key smartphone components including populated printed circuit boards, which are at the heart of smartphones, according to a government document. The government's move on Monday confirmed a Reuters report from last week that the country was exploring new duties on the imports of populated printed circuit boards that include components such as processors, memory and wireless chips.

Source: [TOI](#)

China imposed tariffs on U.S. products to 'balance losses': state media

China imposed tariffs on 128 U.S. products ranging from wine to oranges in order to "balance the losses" caused by U.S. duties and to protect China's national interests, according to a commentary on the front page of the official People's Daily. Beijing on Monday slapped additional tariffs of up to 25 percent on about \$3 billion worth of U.S. products in response to new U.S. duties.

Source: [Reuters](#)

New York Fed to launch U.S. Libor contender, slow takeover seen

The New York Federal Reserve will launch a benchmark U.S. rate on Tuesday to potentially replace Libor, and market participants hope it will prove more reliable after a long and complex switchover. The New York Fed will begin publishing the Secured Overnight Financing Rate (SOFR), the first step in a multi-year plan to transition more derivatives away from the London interbank offered rate (Libor), which regulators say poses systemic risks if it ceases publication.

Source: [Reuters](#)

COMMODITIES NEWS

S.Korea's Hyundai Oilbank buys first Norwegian condensate

South Korean refiner Hyundai Oilbank Corp has bought its first ever Norwegian condensate cargo as it sought supplies from outside Asia to replace Iranian barrels, two sources with knowledge of the matter said on Monday. Other South Korean condensate buyers are also hunting for other supplies of the ultra-light oil apart from Iran in case the United States imposes more sanctions against the Islamic state. Hyundai Oilbank bought 700,000 barrels of Ormen Lange condensate from Statoil for delivery in June, the sources said.

Source: [Zawya](#)

Oil inches up, but rising Russian output still weighs

Oil prices inched up on Tuesday as rising Russian output and expectations of a reduction in Saudi Arabian crude prices were offset by a potential slowdown in U.S. production. U.S. WTI crude futures CLc1 were at \$63.2 a barrel at 0117 GMT (9.17 p.m. ET), up 18 cents, or 0.3 percent, from their previous settlement. Brent crude futures LCOc1 rose to \$67.84 per barrel, up 20 cents, or 0.3 percent, after it fell more than 2 percent on Monday.

Source: [Reuters](#)

