

# U Capital Morning Brief

4 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	916.28	5.34	0.59%	-5.95%	-	-	-
U Capital GCC 50 Index	1,235.26	-2.04	-0.16%	7.91%	-	-	-
U Capital MENA 200 Index	1,041.51	-2.58	-0.25%	4.66%	-	-	-
MSCI GCC Countries Index	508.56	-0.36	-0.07%	6.00%	14.25	1.61	4.1%
Muscat Securities Market	4,775.27	25.12	0.53%	-6.35%	12.28	1.01	5.0%
Saudi Stock Exchange	7,799.77	16.29	0.21%	7.94%	17.08	1.71	3.3%
Kuwait Stock Exchange	4,865.61	-28.08	-0.6%	NA	14.98	1.18	4.7%
Qatar Exchange	8,721.75	-7.40	-0.08%	2.33%	12.99	1.26	5.0%
Bahrain Stock Exchange	1,290.58	-4.06	-0.31%	-3.09%	8.73	0.79	6.3%
Dubai Financial Market	3,100.39	-6.56	-0.21%	-8.00%	10.92	1.12	5.8%
Abu Dhabi Exchange	4,585.21	3.59	0.08%	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	560.04	-1.67	-0.30%	-2.53%	13.53	1.14	5.2%
Tunis Se Index	7,181.99	20.63	0.29%	14.33%	20.87	2.85	1.9%
EGX 30 Index	17,492.71	-191.95	-1.09%	16.47%	15.18	2.31	1.9%
Amman General Index	2,209.19	-7.56	-0.34%	3.87%	15.07	1.09	4.8%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,030.5	-0.37%	-8.6%
DAX	Germany	12,002.5	-0.78%	-7.1%
CAC 40	France	5,152.1	-0.29%	-3.0%
<b>United States</b>				
DJIA	USA	24,033.4	1.65%	-2.8%
S&P 500	USA	2,614.5	1.26%	-2.2%
NASDAQ	USA	6,941.3	1.04%	0.5%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	21,320.5	0.10%	-6.3%
HANG SENG	Hongkong	30,157.4	-0.08%	0.8%
KSE 100 Index	Pakistan	46,111.2	0.24%	13.9%
NSE Nifty 50	India	10,267.6	0.22%	-2.5%
SHANGHAI COMPOSITE	China	3,161.7	0.80%	-4.4%
SHANGHAI SHENZHEN CSI 300	China	3,897.3	0.90%	-3.3%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.770	1.298
British Pound (GBP)	1.408	0.710
Canadian Dollar (CAD)	0.782	1.278
Chinese Renminbi (CNH)	0.159	6.287
Egyptian Pound (EGP)	0.057	17.654
Euro (EUR)	1.228	0.815
Indian Rupee (INR)	0.015	57.571
Japanese Yen (JPY)	0.009	106.550
New Zealand Dollar (NZD)	0.729	1.372
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.867	115.525
Russian Ruble (RUB)	0.017	64.923
Singapore Dollar (SGD)	0.762	1.312
Turkish Lira (TRY)	0.251	3.989

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	67.9	-0.28%	3.3%
WTI Crude (per bbl)	63.4	-0.22%	4.9%
Oman Crude Oil (Last Closing)	65.3	0.38%	2.0%
OPEC (per bbl)	66.5	0.93%	3.1%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,335.3	0.20%	2.5%
Silver (per oz)	16.4	0.20%	-2.9%
Platinum (per oz)	922.3	-0.34%	-0.9%
<b>Other Metals</b>			
Copper, MT	6,796	1.22%	-6.2%
Aluminium, MT	1,978	-1.32%	-12.8%
Lead, MT	2,392	-0.13%	-3.8%
Zinc, MT	3,280	0.18%	-1.2%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.39	33.2%
Saudi Arabia	2.28	20.1%
Kuwait	2.00	6.7%
Oman	2.15	12.6%
Qatar	2.65	0.0%
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	7.3

Midswaps	Price	YTM %
3 year	99.93	2.4
5 year	99.55	2.6
10 year	99.75	2.8
30 year	99.72	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: Oman central bank eases capital, lending curbs in bid to spur growth

Oman's central bank announced on Tuesday its biggest package of regulatory reforms for commercial banks in years, relaxing capital and credit exposure rules in an effort to boost economic growth. The minimum capital adequacy ratio, the proportion of capital that banks must hold back from lending, was reduced to 11 percent from 12 percent. That should increase additional credit available to 7.8 billion rials (\$20.3 billion) from 5.2 billion rials, the central bank said.

Source: [Reuters](#)

### Oman to attract over 2m EU visitors in 2018-2020

Arrivals from Europe to the GCC will increase 17 per cent from 2018-20. This will be driven by extra flights, routes, competitive fares, and the rising number of mid-market hotels throughout the region, according to the latest data published ahead of Arabian Travel Market (ATM) 2018. According to ATM's research partner, Colliers International, as many as 24.6mn EU residents will travel to the GCC between now and 2020, an additional four million travelers when compared to figures for 2015-17, stated a press release.

Source: [Oman Observer](#)

### Billionaire Sarath's Gulf Energy Plans Vietnam, Oman Growth

Co. is studying solar- and gas-fired power projects in Vietnam and has submitted a bid, with partners, for a 300-megawatt project in Oman, CEO Sarath Ratanavadi says in interview. Vietnam has vast potential as strong economic growth and a large population will boost demand for power generating capacity," Sarath says

\*\* NOTE: Gulf Energy unveiled its first Vietnam foray, a \$66m solar project with Thanh Thanh Cong, on Tuesday

\* Co. plans to take ~50% of Oman project

\* In Thailand, Gulf Energy is pursuing 5,000-megawatt of projects this year needing ~100b baht investment

\*\* Three-quarters of funding will come from bank loans

\*\* Construction likely to start in 3Q

\* NOTE: Sarath became a billionaire in November after Gulf Energy's IPO

Source: [Bloomberg News Alert](#)

### 21 percent jump in M-91 fuel output in 2017

Production of the M-91 grade of motor fuel jumped 21 percent to 23K bbls/day in 2017, up from 18K bbls/day a year earlier, underscoring a dramatic shift to this relatively less expensive grade of motor fuel versus the pricier M-95 version. According to figures released by Orpic, the nation's sole refiner and producer of petroleum fuels, the increase in M-91 output comes on the back of a whopping 260 per cent jump in output from around 5k bbls/day in 2015 to 18K bbls/day in 2016.

Source: [Oman Observer](#)

### Oman's first solar-powered service station opens

Shell Oman opened its first solar-powered service station in the Sultanate in Mukhaizna, Al Wusta Governorate, as an initial phase of its "Solar into Stations" project, which was launched in the third quarter of 2017, with more sites planned in Muscat to be announced this year. The installation of the solar system at Shell Mukhaizna Service Station is expected to contribute to the reduction of the site's carbon footprint by approximately 900 tons in an average of 25 years.

Source: [Times of Oman](#)

### \$13.5m Omani-owned factory opens

A new Omani-owned factory producing a vital chemical for Petroleum Development Oman's drilling operations has been officially opened by Ali bin Masoud Al Sunaidi, Minister for Commerce and Industry. The Gulf Starch Plant on the Sohar Industrial Estate, which also has a quality-controlled on-site laboratory, is being operated by Local Line and has been designed using the latest technology.

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Crown Prince meets Disney CEO, discusses potential projects in Saudi Arabia

As part of his ongoing US tour, Saudi Crown Prince Mohammed bin Salman met at his residence in Los Angeles with Robert Allen Iger, chairman and CEO of The Walt Disney Company. Potential cooperation in the entertainment, culture and film-making arenas were discussed during the meeting.

Source: [Arab News](#)

### Major shareholders raise stakes in 8 listed firms in Q1

Major shareholders raised their stakes in eight Tadawul-listed companies and five new shareholders joined the major owners' list Q1 2018, a recent study conducted by Argaam showed. Herfy Food Services saw the largest equity increase of 1.40 percent by Savola Group that increased its shareholding to 49 percent.

Source: [Argaam](#)

### **‘Saudi Arabia is the torch-bearer for the region,’ says Emaar chairman**

Perhaps more than anybody else outside royal circles in the UAE, Mohamed Alabbar symbolizes the generation of businessmen who built Dubai into the leading commercial and financial hub of the Gulf. The eldest of the 12 children of a dhow captain, Alabbar was fast-tracked by the ruler of Dubai, Sheikh Mohammed bin Rashid Al-Maktoum, and inspired by the example of another booming city-state, Singapore. After masterminding the emirate’s retail and tourism strategies, he founded Emaar Properties, one of the best-known brands in the region, which went on to build some of Dubai’s world-famous landmarks, such as Burj Khalifa and Dubai Mall.

Source: [Arab News](#)

### **Saudi non-oil sector PMI hits record low in March**

Non-oil private sector growth in Saudi Arabia slowed in March, reaching its lowest level since the Emirates NBD Saudi Arabia Purchasing Managers’ Index (PMI) survey was launched in August 2009. The seasonally adjusted Emirates NBD Saudi Arabia PMI fell to 52.8 last month from 53.2 in February, the bank said in a statement on Tuesday. “That said, business confidence remained strong in the non-oil private sector and output growth picked up. Furthermore, input cost inflation continued to ease from the recent peak seen at the start of 2018,” it added.

Source: [Argaam](#)

### **UAE-based startups attract huge investments**

UAE-based startups have been attracting massive investments lately, which will help boost the national economy. Most successful startups operate in the fields of e-commerce, fintech, food and beverage, logistics, and transport, according to Al Khaleej Times. The UAE has acquired the lion’s share, around 70%, of these investments, followed by Saudi Arabia and Lebanon, which have retained 9% and 7%, respectively.

Source: [Mubasher](#)

### **Jabal Omar to log SAR 4bn revenues from Address hotel – CEO**

Jabal Omar Development is expected to generate between SAR 4 billion and SAR 4.5 billion in revenues from a fresh sale license in the third phase of the Address hotel, CEO Yaser Al Sharif said. Located in Makkah, the Address hotel includes 741 rooms, he added. The license will enable Jabal Omar to raise its sales, Al Sharif said, noting that there were 13,000 hotel units under development, in addition to existing 2,700 hotel units.

Source: [Mubasher](#)

### **Qatar central bank backs three-way Islamic bank merger**

Qatar’s central bank hopes a planned merger between three local Islamic banks can proceed this year, its governor said on Tuesday, in his clearest show of support for the deal so far. However, Sheikh Abdullah bin Saud al-Thani also said in a newspaper interview the deal would depend on other factors, such as shareholder support, and the central bank was waiting for a report by financial advisers before taking action on the merger. Masraf Al Rayan, Barwa Bank <IPO-BABK.QA> and International Bank of Qatar have been discussing a merger, though they missed an end-2017 target date to complete the proposed deal, which sources familiar with the matter had said enjoyed the support of shareholders.

Source: [CNBC](#)

### **QCB backs 3-way merger of Qatar Islamic banks**

The Qatar Central Bank hopes a planned merger between three local Islamic banks can proceed this year, HE the QCB Governor Sheikh Abdulla bin Saoud al-Thani said yesterday, in his clearest show of support for the deal so far. However, Sheikh Abdulla also said in a newspaper interview the deal would depend on other factors, such as shareholder support, and the central bank was waiting for a report by financial advisers before taking action on the merger.

Source: [Gulf Times](#)

### **Damac hires banks to set up investor meetings before dollar Sukuk**

Damac Properties, the second-largest listed real estate developer in Dubai, has hired banks to arrange a series of investor meetings before a potential issue of US dollar-denominated benchmark Sukuk of five or seven years, a document from one of the banks showed. Benchmark deals are generally meant to be at least \$500 million (Dh1.83 billion). Damac, rated “BB” by S&P, has mandated Barclays and HSBC as global coordinators and Barclays, Dubai Islamic Bank, Emirates NBD Capital, HSBC and Kamco Investment Company as joint lead managers and book runners for the potential issue of Islamic bonds.

Source: [Gulf News](#)

### **Sharjah Islamic Bank hires HSBC, StanChart for benchmark dollar Sukuk –sources**

Sharjah Islamic Bank <SIB.AD> has mandated HSBC and Standard Chartered to coordinate the potential sale of dollar-denominated Sukuk, sources familiar with the matter said. The Islamic bonds will be of benchmark size, which normally means upwards of \$500 million (£355.6 million), and are expected to have a five-year tenor. The notes will be issued over the next few weeks, and the sale could be announced as soon as this week, depending on market conditions.

Source: [Euro News](#)

### Investment Corp of Dubai raises \$1.2 billion loan: sources

Investment Corporation of Dubai (ICD), the Dubai government's main investment arm, has raised a \$1.2 billion loan needed to refinance existing debt, banking sources said. The loan was led by Citi, Dubai Islamic Bank DISB.DU, Emirates NBD ENBD.DU, HSBC (HSBA.L), ICBC and Standard Chartered (STAN.L). The Dubai sovereign wealth fund, whose portfolio includes stakes in companies such as Emirates Airline EMIRA.UL and Emirates NBD, had assets totaling 786.8 billion dirham (\$214.21 billion) as of June last year, according to its most recent financial results.

Source: [Reuters](#)

### Middle East to see highest ultra-rich home sales in 2018

The Middle East region tops choices for ultra-high-net-worth individuals who seek to purchase a fresh multimillion-dollar penthouse in 2018. Third of private banks' and wealth management firms' clients are planning to buy a new home in the Middle East in 2018, according to a report released by Knight Frank which surveyed 500 of the world's top private bankers and investment advisors. Around 39% of those surveyed intended to purchase new houses overseas with a special focus on the Middle East after Russia, which ranked the first destination for the world's billionaires, the London-based residential and commercial property consultancy firm showed.

Source: [Mubasher](#)

### QSE-listed firms' cash dividends rise 19.5% in 2017

The financial statements of the 45 companies listed on the Qatar Stock Exchange (QSE) showed a 19.5% year-on-year increase in their cash dividends for 2017, according to statistics by Mubasher. Cash dividends announced by the QSE-listed firms amounted to QAR 21.7 billion last year, compared to QAR 18.2 billion in 2016. The companies are distributed over seven sectors, namely: The banking, industrial, real estate, transportation, goods, insurance and telecommunication segments.

Source: [Mubasher](#)

### Egypt's balance of payments improves in H1 2017/2018; more to come

Egypt's balance of payments has indicated an improvement in the country's main transactions with the world in the first half of its fiscal year 2017/2018, although in some areas, the growth varied, a new report has shown. The most populous Arab nation has seen a "remarkable performance" in its current account in the six months ended 31 December 2017, Mubasher Financial Services (MFS) said in a note released Tuesday. Egypt's current account saw the deficit shrink by as much as 64.0% to \$3.39 billion in the period from July to December 2017, from \$9.41 billion in previous six months.

Source: [Mubasher](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Asia shares fail to bounce with Wall St. as trade fears lurk

Asian share markets faltered on Wednesday as simmering fears of a Sino-U.S. trade war overshadowed a bounce on Wall Street and left investors reluctant to take positions in anything. Safe-haven bonds, gold and the yen had run into selling as Wall Street benefited from bets that President Donald Trump's Twitter attacks on Amazon would not translate to actual policy. Yet trade worries weren't far away. Late on Tuesday, the Trump administration announced 25 percent tariffs on \$50 billion of annual imports from China, covering around 1,300 industrial technologies, transport and medical products.

Source: [Today Online](#)

### A China-US trade war could hurt the IPO market for a time: EY

A potential trade war between the world's top two economies may affect the initial public offering market in the short term, Ringo Choi, the Asia Pacific IPO Leader of EY told CNBC on Wednesday. But he said he didn't expect escalated trade tensions to persist for long: "I believe that in the long run, both countries will sit down and talk."

Source: [CNBC](#)

### EMEA syndicated loans down 25% but pipeline builds

First quarter syndicated lending in Europe, the Middle East and Africa (EMEA) fell 25% year-on-year to US\$200bn from US\$267bn, reflecting a fall in M&A activity and refinancing compared with the beginning of last year, Thomson Reuters LPC data shows. Increased scrutiny of large cross-border acquisitions and convoluted bidding processes has meant many M&A loans have been underwritten but have yet to syndicate, resulting in the lower volume numbers for the region.

Source: [Reuters](#)

## COMMODITIES NEWS

### Oil inches lower on expectations for US crude stock build

Oil prices slipped on Wednesday on expectations for a build-up in US crude inventories, but Russian government comments on prospects for stepping up cooperation with OPEC to coordinate output cuts braked steeper declines. US WTI crude futures were at \$63.36 a barrel at 0208 GMT, down 15 cents, or 0.24 per cent, from their previous settlement. Brent crude futures dipped to \$67.94 per barrel, down 18 cents, or 0.26 per cent, after it rose 0.7 per cent on Tuesday.

Source: [Economy Times](#)

### Saudi Arabia and Iran's 'intensifying' feud could soon end OPEC-led supply cuts, strategist says

"Saudi Arabia-Iran tensions appear to be intensifying. While this provides a geopolitical premium in oil for now, it could develop cracks in OPEC's unity, which could end the pact prematurely," Nitesh Shah, commodities strategist at ETF Securities, said in a research note Tuesday. Saudi Arabia and Russia have led an ongoing effort by OPEC and other allied oil producers outside the cartel to try to clear a global supply overhang. However, the current deal between allied major oil producers could soon be at risk amid heightened tensions over an escalating proxy war between two of OPEC's top three crude producers, Shah said.

Source: [CNBC](#)

### Gold steady as China-U.S. trade tensions escalate

Gold prices were steady in early Asian trade on Wednesday as the dollar eased amid escalating trade tensions between the United States and China.

\* U.S. gold futures GCcv1 eased 0.1 percent to \$1,336.30an ounce.

\* The dollar index .DXY, which measures the green back against six other major currencies, was down 0.1 percent at90.140.

Source: [NASDAQ](#)