

# U Capital Morning Brief

22 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	913.71	-2.42	-0.26%	-6.22%	-	-	-
U Capital GCC 50 Index	1,283.20	0.07	0.01%	12.10%	-	-	-
U Capital MENA 200 Index	1,072.56	-0.91	-0.08%	7.78%	-	-	-
MSCI GCC Countries Index	536.18	0.00	0.00%	11.76%	14.97	1.71	4.0%
Muscat Securities Market	4,759.65	7.70	0.16%	-6.66%	11.87	1.01	5.1%
Saudi Stock Exchange	8,277.14	131.01	1.61%	14.54%	18.28	1.83	3.2%
Kuwait Stock Exchange	4,871.28	-5.49	-0.1%	NA	14.65	1.20	4.8%
Qatar Exchange	9,196.62	141.60	1.56%	7.90%	13.35	1.38	4.8%
Bahrain Stock Exchange	1,301.40	-0.58	-0.04%	-2.28%	8.80	0.80	6.3%
Dubai Financial Market	3,082.09	-5.66	-0.18%	-8.55%	10.77	1.14	5.9%
Abu Dhabi Exchange	4,706.56	24.48	0.52%	7.01%	12.08	1.33	5.0%
Beirut Stock Exchange	1,137.53	-0.29	-0.03%	-0.96%	5.73	0.70	8.6%
Palestine Stock Exchange	550.40	1.20	0.22%	-4.21%	13.43	1.12	5.5%
Tunis Se Index	7,161.37	28.45	0.40%	14.00%	18.61	2.49	1.9%
EGX 30 Index	17,781.02	75.15	0.42%	18.39%	22.03	2.34	1.8%
Amman General Index	2,185.96	-6.84	-0.31%	2.78%	15.95	1.08	4.7%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,368.2	0.54%	-4.2%
DAX	Germany	12,540.5	-0.21%	-2.9%
CAC 40	France	5,412.8	0.39%	1.9%
<b>United States</b>				
DJIA	USA	24,462.9	-0.82%	-1.0%
S&P 500	USA	2,670.1	-0.85%	-0.1%
NASDAQ	USA	7,146.1	-1.27%	3.5%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,162.2	-0.13%	-2.6%
HANG SENG	Hongkong	30,418.3	-0.94%	1.7%
KSE 100 Index	Pakistan	45,259.3	-0.28%	11.8%
NSE Nifty 50	India	10,564.1	-0.01%	0.3%
SHANGHAI COMPOSITE	China	3,071.5	-1.47%	-7.1%
SHANGHAI SHENZHEN CSI 300	China	3,760.9	-1.34%	-6.7%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.767	1.304
British Pound (GBP)	1.400	0.714
Canadian Dollar (CAD)	0.783	1.276
Chinese Renminbi (CNH)	0.159	6.280
Egyptian Pound (EGP)	0.057	17.700
Euro (EUR)	1.229	0.814
Indian Rupee (INR)	0.015	61.397
Japanese Yen (JPY)	0.009	107.660
New Zealand Dollar (NZD)	0.721	1.387
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.864	115.610
Russian Ruble (RUB)	0.016	66.108
Singapore Dollar (SGD)	0.760	1.316
Turkish Lira (TRY)	0.245	4.076

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	74.1	0.38%	12.6%
WTI Crude (per bbl)	68.4	0.10%	13.2%
Oman Crude Oil (Last Closing)	70.7	0.53%	10.5%
OPEC (per bbl)	71.0	2.26%	10.1%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,335.6	-0.74%	2.5%
Silver (per oz)	17.1	-0.77%	1.1%
Platinum (per oz)	926.0	-1.12%	-0.5%
<b>Other Metals</b>			
Copper, MT	6,992	0.11%	-3.5%
Aluminium, MT	2,469	-0.64%	8.9%
Lead, MT	2,365	1.20%	-4.9%
Zinc, MT	3,233	0.29%	-2.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.45	36.3%
Saudi Arabia	2.34	23.5%
Kuwait	2.00	6.7%
Oman	2.17	13.4%
Qatar	2.65	0.1%
Bahrain	3.06	12.1%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.9
Abu Dhabi	10/11/2027	4.0
Qatar	6/2/2026	4.2
Saudi Arabia	3/4/2028	4.4
Oman	1/17/2028	6.2
Bahrain	10/12/2028	7.6

Midswaps	Price	YTM %
3 year	99.31	2.6
5 year	98.63	2.8
10 year	98.22	3.0
30 year	97.20	3.1

USD Libor	Rate (%)	YTD
1m	1.90	21.3%
3m	2.36	39.2%
6m	2.51	36.7%
1 year	2.76	31.0%

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: Speculative activities spike as MSM30 ticks down

Speculative activities continued to dominate the market movement. Further, the cautious sentiment among investors has limited the strategic moves and have thus kept the market calm overall. We have seen that companies' disclosures and discussion panels held by some companies were key in supporting the activities on related stocks as it increased clarity regarding the performance of those companies.

Source: [Times of Oman](#)

### Oman set to see balanced budgets from 2023

With rising oil prices helping whittle down a debt burden presently equal to as much as 50 per cent of GDP, the Sultanate will likely see balanced budgets from 2023 onwards, according to an economist of the State General Reserve Fund (SGRF), a sovereign wealth fund of the Sultanate of Oman.

Source: [Oman Observer](#)

### IMF Staff Concludes 2018 Article IV Visit to Oman

Oman is responding to lower oil prices by bolstering its fiscal position, boosting private sector-led growth and job creation, and fostering economic diversification. Timely implementation of VAT and excises and measures to curtail spending is of the essence; additional fiscal adjustment is needed to strengthen fiscal and external sustainability. Maintaining robust banking sector regulation and supervision is important to bolster financial sector resilience in support of sustained economic growth.

Source: [IMF](#)

### WTA's new tourism development project award for Muscat airport

The new passenger terminal building at Muscat International Airport has won the 2018 World Travel Award's Middle East's leading new tourism development project for this year. "Recognizing the great efforts of Oman Airports along with our stakeholders, Muscat Airport wins the 2018 World Travel Awards as the Middle East's Leading New Tourism Development Project 2018," Oman Airports announced in a statement on Thursday.

Source: [Times of Oman](#)

### Final deal on Oman, Iran gas pipeline soon

Iran and Oman are expected to reach a final agreement on an offshore pipeline project to supply Iranian gas by the end of June, Oil Minister Bijan Namdar Zanganeh announced on Wednesday. "The deal will be finalized in two stages: The first of which is planned to be concluded by the end of May and the second part is going to be signed by the end of June," Zanganeh was also quoted as saying by IRNA.

Source: [Oman Observer](#)

### OMAN OIL MARKETING: Oman Air Fuel Supply Contract & Café Amazon

Oman Oil Marketing Company SAOG announced that it has successfully retained the fuel supply contract of Oman Air for a volume share of 40% for two years starting April 2018. This is expected to affect the aviation volume positively. The company also signed a Master Franchising Agreement with PTT Public Company Limited (PTTPLC) to introduce Café Amazon, a specialized Thai coffee house. The agreement was signed on March 2018 by David Kalife, CEO of Oman Oil Marketing Company and PTTPLC representative, Auttapol Rerkpiboon, Senior Executive Vice President of Oil Business Unit.

Source: [MSM](#)

### Ooredoo Oman launches fixed number portability

Ooredoo Oman has introduced fixed number portability (FNP) service to business customers. This will provide companies of all sizes the flexibility to switch their operators and keep their existing numbers. Customers joining Ooredoo through FNP service can use their existing infrastructure and gain access to Ooredoo's full fixed services portfolio, including SIP, PBX, FMC and toll-free telephony services.

Source: [Telecom Paper](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi index boosted by oil gains; Qatar National Bank jumps

Saudi Arabia's stock market surged on Thursday, bolstered by a pick-up in oil prices to their highest since late 2014, while a jump in heavyweight Qatar National Bank helped to lift Qatar's index. The Saudi index finished in positive territory for a sixth straight day, gaining 1.6 percent. Brent oil rose to nearly \$75 a barrel on a drop in U.S. crude inventories and after sources told Reuters that Saudi Arabia aims to push oil prices higher.

Source: [Reuters](#)

### Saudi Finmin: Excise Tax, VAT Revenue Above Govt Forecasts

Fiscal reform in Saudi Arabia has been "extremely successful," Saudi Arabia Finance Minister Mohammed Al-Jadaan says. Al-Jadaan speaks in Q&A session at IMF meetings in Washington. On trade issues, "it's something I've been watching and discussing with my colleagues".

Source: [Bloomberg News Alert](#)

### **Saudi Arabia's real estate deals dropped 34% last month**

The value of real estate transactions in Saudi Arabia in the month ending April 15 (Rajab) dropped 34 percent year-on-year (YoY) and 4 percent month-on-month to SAR 11.56 billion, Saudi Justice Ministry's data showed. The value of property deals fell 3 percent YoY, or SAR 4.4 billion, in the last seven months (since the beginning of the Hijri year on Sept. 21) to SAR 126.3 billion.

Source: [Argaam](#)

### **BUZZ-Saudi's Al Sagr, Wala'a Insurance jump on merger talks**

Source: [Reuters](#)

### **SAMA to gradually replace riyal banknotes with coins: official**

The Saudi Arabian Monetary Authority (SAMA) plans to gradually introduce riyal coins into circulation to replace banknotes, Al-Eqtisadiyah newspaper reported, citing Walid Al-Sayyal, head of the currency department. The riyal banknote accounts for 49 percent of the volume of traded cash, as it is often dealt between people and rarely deposited into banks, he said.

Source: [Argaam](#)

### **Dar Al-Arkan eyeing Maldives market, says CEO**

Dar Al-Arkan Real Estate Development is "seriously" looking at foraying into the Maldives resorts market, as part of plans to expand its recurring income portfolio, company chief executive Ziad El Chaar told Argaam. "It's just an exploratory stage for now, but with a 'solid' interest," El Chaar said, without elaborating. Last year, the developer announced plans to float a 30 percent stake in Dar Al-Arkan Properties, its wholly-owned subsidiary, through an initial public offering (IPO). Its income-producing assets are estimated at SAR 2.70 billion.

Source: [Argaam](#)

### **Arabtec Engineering Services wins AED 433 million Infrastructure Project from Dubai Municipality**

Arabtec Holding PJSC ("Arabtec" or "Group"), a leading contractor for social and economic infrastructure, today announced that its subsidiary, Arabtec Engineering Services ("AES") has been awarded an infrastructure project from Dubai Municipality for the DS188 Jebel Ali Industrial Sewerage and Drainage System for AED 433 million. The project will commence in May 2018 for a duration of 30 months.

Source: [DFM](#)

### **Dana Gas shareholders approve 5% cash distribution**

The shareholders of Dana Gas have given a nod to distribute the company's potentially first-ever cash dividend despite the board's recommendation to defer disbursement to a later date in the wake of the ongoing litigation. The company, on the recommendation of the Securities and Commodities Authority, tabled a resolution at the annual general meeting on Wednesday detailing the legal battles in London and the UAE and asked the shareholders to delay the cash dividend disbursement, a request which they rejected, the company said in a statement to Abu Dhabi Securities Exchange, where its shares are traded.

Source: [The National](#)

### **Abu Dhabi industrial zone attracts \$1 bln FDI from China**

Foreign direct investments from Chinese companies in Abu Dhabi's industrial free zone has touched \$1 billion in less than a year and is expected to rise when the UAE's new investment law takes effect, officials said Thursday. Chinese companies are seizing opportunities in the Gulf as the world's second-biggest economy seeks to expand its influence overseas with its ambition to rebuild Silk Road trade routes.

Source: [Daily Star](#)

### **DP World should rethink port deals in Somalia**

Somalia's foreign minister said on Friday that Dubai state-owned port operator DP World should reconsider its contract with the breakaway region of Somaliland and work with federal authorities so Somalia's sovereignty is not violated. "We are asking DP World to reconsider these agreements, particularly the one in Berbera port since Somaliland is claiming to be a state independent from Somalia," Ahmed Isse Awad, Somalia's foreign minister, told Reuters in an interview.

Source: [Africa News](#)

### **UAE non-oil foreign trade hits AED 1.6tn**

The UAE's non-oil foreign trade recorded AED 1.612 trillion (\$440 million) in 2017, compared to AED 1.599 trillion a year earlier. The weight of the GCC country's non-oil foreign trade reached 220.3 million tonnes last year, according to a report released on Thursday by the Federal Customs Authority (FCA). Meanwhile, the UAE's imports declined 2% year-on-year to around AED 1 trillion, while re-exports surged 11% to AED 443.1 billion, compared to AED 400.4 billion in the year-ago period.

Source: [Mubasher](#)

### **Inflation in Dubai falls 1.8% in March**

Inflation rate for Consumer Price Index (CPI) in Dubai declined 1.8% month-on-month in March on the back of the decline in the prices of residences and fuel, according to a report released by the Dubai Statistics Centre (DSC). Prices of Housing, water, electricity, gas, and other fuels shed 1.5% in March, while the prices of food and non-alcoholic beverages surged 5.4%.

Source: [Mubasher](#)

### **QIMC signs MoU with US firm to study QR700mn float glass project**

Qatar Industrial Manufacturing Company (QIMC) is planning to foray into manufacturing of float glass with an initial estimated investment of QR700mn. The 600-tonnes-a-day project — a vital for buildings, automobile industry and solar energy panels — if found feasible, is expected to save import bills of Qatar. In this regard, QIMC signed a memorandum of understanding (MoU) with the US-based Stewart Engineers (SE) to study and evaluate the project.

Source: [Gulf Times](#)

### **Qatar bank credit hits QAR 258bn in March**

Bank lending in Qatar recorded an all-time high in March 2018, Qatar Central Bank (QCB) said. Loans went up 9.6% to QAR 937.4 billion in the third month of 2018, up from QAR 855.5 billion in the same month a year earlier, according to the QCB's statement. Month-on-month, Qatari banks' credit rose 0.5% in March, compared to QAR 932.6 billion in the month before.

Source: [Mubasher](#)

### **Kuwait's non-oil growth improves to 3.3% in 2017: Report**

The non-oil economy improved in 2017, with growth exceeding expectations. The rebound has come from project spending and a recovering consumer sector. Data thus far in 2018 continued to indicate that the recovery in consumer activity is robust. Meanwhile, the solid US economy saw the Fed raise interest rates again in March, with the Central Bank of Kuwait deciding to do the same to keep interest rates margins narrow and to maintain the stability of the currency.

Source: [Reuters](#)

### **Bahrain's Investcorp sells Dutch precision component manufacturer**

Investcorp, the Bahrain-based alternative investment firm that has US\$21.3 billion in assets under management sold Veco Precision, a Netherlands-based manufacturer of high-precision metal components, to Gilde Buy Out Partners and Management. The company, which counts Abu Dhabi strategic firm Mubadala Investment Company as its largest shareholder, did not disclose the value of the deal in a statement to Bahrain Bourse on Thursday, where its shares are traded.

Source: [The National](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **World Bank shareholders back \$13 billion capital increase**

The World Bank's shareholders on Saturday endorsed a \$13 billion paid-in capital increase that will boost China's shareholding but bring lending reforms that will raise borrowing costs for higher-middle-income countries, including China.

Source: [Reuters](#)

### **Stocks Fall on Tech Selloff, Bond Slide Deepens: Markets Wrap**

U.S. stocks stumbled into the weekend, as renewed selling in technology shares overshadowed what has so far been a solid earnings season. Inflation concerns sent the dollar higher and Treasury yields topped 2.95 percent.

Source: [Bloomberg](#)

### **10-year Treasury yield hits its highest level since 2014**

The yield on the 10-year Treasury note hit 2.96 percent Friday, hitting its highest level since Jan. 10, 2014. "We've seen a bounce in the economic activity and a bounce in the inflation numbers," said Robert Tipp, chief investment strategist at PGIM Fixed Income. Burgeoning inflation expectations led to a rise in interest rates earlier this year, sparking a widespread equity sell-off.

Source: [CNBC](#)

## **COMMODITIES NEWS**

### **Aluminium price surge after US-Russia sanctions threatens worldwide production and availability**

U.S. sanctions against the Russian aluminium industry are causing commodities markets to surge, but they may also damage worldwide production capabilities and the availability of consumer goods. On April 6, 2018, the U.S. Department of the Treasury blacklisted for sanctions seven Russian oligarchs, 12 companies they own or control, along with 17 senior Russian government officials, a state-owned Russian weapons trading company and its subsidiary, a Russian bank.

Source: [LIMA News](#)

### **More work needed to lower oil inventories: Al-Falih**

Global oil inventories have declined from their peak but not yet fallen far enough, Saudi energy minister Khalid Al-Falih said on Friday during a ministerial panel meeting of OPEC and non-OPEC producers in Jeddah. "We have to be patient, we don't want to jump the gun, we don't want to be complacent and listen to some of the noise that 'mission accomplished' and things of that sort," Al-Falih said.

Source: [Argaam](#)

### Compliance to OPEC output deal hits record high in March

Oil producers part of the production curb agreement between OPEC and non-members achieved a record-high conformity level of 149 percent in March, according to an official statement. The announcement was made following a meeting of the OPEC/Non-OPEC Joint Ministerial Monitoring Committee (JMMC) in Jeddah on Friday.

Source: [Argaam](#)

### Gold slips on US rate rise view, easing global tensions

Gold prices eased on Friday and were on track to end the week lower as the dollar advanced on expectations of higher interest rates and the view that global political and security risks were easing. Spot gold was down 0.3 per cent at \$1,340.66 an ounce by 1157 GMT, while US gold futures fell 0.5 per cent to \$1,342.30 per ounce. Spot gold is heading for its first weekly decline this month.

Source: [Gulf News](#)

### UAE Oil Min Al Mazrouei: must include further countries in OPEC, non-OPEC pact

The Handelsblatt, a German newspaper, quoted the UAE oil minister Suhail Mohamed Al Mazrouei as saying that more oil producing nations should join the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC production cuts deal. Al Mazrouei noted: "OPEC members and non-OPEC producers over-delivered on the supply cuts they promised... But we must include further countries in the pact."

Source: [FX Street](#)