

U Capital Morning Brief

5 August 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	847.71	3.28	0.39%	-12.99%	-	-	-
U Capital GCC 50 Index	1,349.00	0.15	0.01%	17.85%	-	-	-
U Capital MENA 200 Index	1,090.10	0.81	0.07%	9.55%	-	-	-
MSCI GCC Countries Index	554.39	0.00	0.00%	15.55%	14.05	1.80	3.8%
Muscat Securities Market	4,326.67	-13.90	-0.32%	-15.15%	8.76	0.86	6.3%
Saudi Stock Exchange	8,253.54	-35.44	-0.43%	14.21%	17.79	1.85	3.3%
Kuwait Stock Exchange	5,206.07	26.40	0.51%	NA	15.34	1.31	3.7%
Qatar Exchange	9,981.22	4.71	0.05%	17.10%	15.08	1.51	4.4%
Bahrain Stock Exchange	1,349.17	-4.28	-0.32%	1.31%	8.49	0.86	6.1%
Dubai Financial Market	2,973.94	-4.60	-0.15%	-11.75%	9.44	1.11	5.7%
Abu Dhabi Exchange	4,811.42	-33.93	-0.70%	9.39%	12.56	1.42	5.0%
Beirut Stock Exchange	1,035.32	-3.29	-0.32%	-9.86%	5.48	0.65	9.4%
Palestine Stock Exchange	541.40	3.53	0.66%	-5.77%	12.87	1.17	4.5%
Tunis Se Index	8,379.68	2.26	0.03%	33.40%	21.89	2.98	1.7%
EGX 30 Index	15,806.38	136.20	0.87%	5.24%	10.70	2.43	2.5%
Amman General Index	2,028.30	20.65	1.03%	-4.63%	14.89	1.02	4.5%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe							
FTSE 100	UK	7,659.1	1.10%	-0.4%	Australian Dollar (AUD)	0.740	1.351
DAX	Germany	12,615.8	0.55%	-2.3%	British Pound (GBP)	1.300	0.769
CAC 40	France	5,479.0	0.33%	3.1%	Canadian Dollar (CAD)	0.770	1.299
United States							
DJIA	USA	25,462.6	0.54%	3.0%	Chinese Renminbi (CNH)	0.146	6.846
S&P 500	USA	2,840.4	0.46%	6.2%	Egyptian Pound (EGP)	0.056	17.886
NASDAQ	USA	7,812.0	0.12%	13.2%	Euro (EUR)	1.157	0.865
Asia Pacific							
NIKKEI 225	Japan	22,525.2	0.06%	-1.1%	Indian Rupee (INR)	0.015	63.334
HANG SENG	Hongkong	27,676.3	-0.14%	-7.5%	Japanese Yen (JPY)	0.009	111.250
KSE 100 Index	Pakistan	42,505.1	0.41%	5.0%	New Zealand Dollar (NZD)	0.674	1.483
NSE Nifty 50	India	11,360.8	1.03%	7.9%	Omani Rial (OMR)	2.598	0.385
SHANGHAI Composite	China	2,740.4	-1.00%	-17.1%	Pakistani Rupee (PKR)	0.807	124.055
KOSPI Index	South Korea	2,287.7	0.77%	-7.3%	Russian Ruble (RUB)	0.016	68.610
					Singapore Dollar (SGD)	0.732	1.366
					Turkish Lira (TRY)	0.197	5.082

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	73.2	-0.33%	13.7%	UAE	2.56	42.7%
WTI Crude (per bbl)	68.5	-0.68%	13.4%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	71.9	-0.61%	12.3%	Kuwait	2.06	10.0%
OPEC (per bbl)	71.6	-0.68%	11.1%	Oman	2.46	28.9%
				Qatar	2.65	0.0%
				Bahrain	3.50	28.4%
Precious Metals						
Gold100 OZ (per oz)	1,213.7	0.48%	-6.9%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	15.4	0.63%	-9.0%		Maturity date	YTM, %
Platinum (per oz)	831.0	0.95%	-10.7%	Kuwait	3/20/2027	3.7
Other Metals						
Copper, MT	6,206	1.08%	-14.4%	Abu Dhabi	10/11/2027	3.9
Aluminium, MT	2,028	-0.39%	-10.6%	Qatar	6/2/2026	3.9
Lead, MT	2,115	0.00%	-15.0%	Saudi Arabia	3/4/2028	4.3
Zinc, MT	2,631	2.65%	-20.7%	Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.70	2.7	1m	2.08	32.9%
5 year	99.71	2.8	3m	2.34	38.3%
10 year	99.38	2.9	6m	2.52	37.4%
30 year	100.70	3.1	1 year	2.83	34.2%

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: Financial sector manages to offset losses of other sectors

The Muscat Securities Market closed down marginally amid attractive trading multiples and renewed interest post announcement of Bank Dhofar and NBO potential merger. The financial index recovered and was almost able to offset the losses of the other two sectors.

Source: [Oman Observer](#)

ACWA POWER Disclosure: Impact of Seawater Quality failure (Algae Bloom) on RO Plants operations

The company would like to advise the investor community, CMA and MSM, that from the 3rd week of July, the water production of RO-1 and RO-2 expansion plants has been affected due to an algal bloom prevailing in the Gulf of Oman. It is estimated that the financial impact to date amounts to OMR 140k. However, as the algal bloom condition is persisting the company will provide additional update on any further material impact.

Source: [MSM](#)

NTF to help CMA achieve insurance sector Omanization goals

The Capital Market Authority hosted an introductory seminar on the National Training Fund (NTF) focusing on the range of training services offered by the Fund and the mechanisms for the training and qualification of Omanis working for public and private sector institutions. The seminar was attended by a number of officials of the CMA and representatives of the National Training Fund, in addition to representatives of various insurance companies and brokers.

Source: [Oman Observer](#)

New water desalination projects on anvil: Diam

A string of new water desalination projects, currently under various stages of planning, tendering and development at key locations across the Sultanate, will help supplant older, less efficient projects nearing the end of their operational life, according to the Public Authority for Electricity and Water (Diam).

Source: [Oman Observer](#)

Govt vehicle registrations fall by 89.7 pc

The new registrations of government vehicles fell by 89.7 per cent in June 2018, compared to the same period of last year. The total new vehicle registrations in the Sultanate stood at 6,935 in June 2018, down by 8.2 per cent, compared to the same period of 2017, according to the latest statistics released by the National Centre for Statistics and Information (NCSI). This does not include vehicles that were re-exported or given temporary registrations.

Source: [Oman Observer](#)

Registered commercial activities reach 69,870

The number of top ten commercial activities, in terms of registration, with the Ministry of Commerce and Industry in the first quarter of this year stood at 69,870, compared to 5403 during the corresponding period last year. The Statistics Department at the Ministry of Commerce and Industry said that construction activities topped the list, in terms of registration, with 12,213, a growth of 1,521.9% compared to the same period last year, followed by commissaries, with 8,939 activities registered, cold stores with 8,116 activities, supplies sector activities with 7,962, export and import activities, with 7,008 compared to 721 activities that were registered during the same period in 2017.

Source: [Times of Oman](#)

Invest Easy portal sees over 93,000 e-Transactions

The number of e-transactions that have been processed through the 'Invest Easy' Portal during the last six months of 2017 stood at 93,477. This is attributed to the fact that investors tend to use the e-services available at the Invest Easy portal. The shift contributed to the quick processing and growth of the number of transactions processed through the portal. It also contributed to improving the clarity of procedures and providing investors with the opportunity to update the company's data electronically, thus saving time and effort. The e-services also increased investors' confidence and limited illicit trades.

Source: [Times of Oman](#)

M-91 petrol production by Omani refineries soar

The production of standard grade petrol (M-91) by Omani refineries reached 6.74 million barrels in the first half of 2018, a steep 36 per cent jump over the same period last year, though the output of super grade petrol (M-95) declined by 23 per cent to 5.94 million barrels, according to data released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

MSM30 falls for 5th month in a row despite signs of economic recovery

The main index of the Muscat Securities Market (MSM) fell 5.1 per cent in July, retreating for the fifth month in a row despite higher oil prices and signs that Oman's economy was picking up this year. The market did not receive the expected support from the listed companies' financial results for the first half of 2018 announced in July.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Abu Dhabi leads Gulf share tumble as world trade fears spread

Abu Dhabi's stock market fell on Thursday, leading a tumble of most Gulf bourse's as fears spread of an escalating trade dispute between the United States and China. Analysts blame the retreat in world stock markets on the uncertainty around the trade policy of the Trump administration. Trump said on Wednesday he wants to raise the tariff on \$200 billion of Chinese goods to 25 percent from a previously proposed 10 percent, later rattling Asian stocks.

Source: [Zawya](#)

Kuwait petchem giant Equate's revenue surges to \$1.26bln

The Equate Group, a leading producer of petrochemicals based in Kuwait, has reported the highest second quarter earnings in the company's history with its total revenue hitting \$1.26 billion, up 37.5 per cent over last year. A wholly-owned subsidiary of Equate Petrochemical, the company is an international joint venture with key shareholders including Petrochemical Industries Company, The Dow Chemical Company, Boubyan Petrochemical Company and Qurain Petrochemical Industries Company.

Source: [Zawya](#)

'Restructuring of Kuwait's property sector linked to CBK decisions'

Secretary of Kuwait Real Estate Union Qais Al-Ghanim says the restructuring of the real estate sector and development of its mechanisms are linked to the decisions taken by the Central Bank of Kuwait (CBK). He stressed that the future of real estate sector is determined by the bank's financing of the projects.

Source: [Zawya](#)

Saudi's first primary dealer sukuk positive for Islamic capital market: Moody's

Saudi Arabia's first sukuk issuance under the primary dealer's program, which totaled around SAR 3.5 billion, is positive for the development of the Kingdom's Islamic debt capital markets, Moody's rating agency said in a report. The issuance broadens the investor base for government sukuk securities in the primary market and supports liquidity in the secondary market, it said.

Source: [Argaam](#)

Saudi Arabia Resumes Oil Shipments through Red Sea Strait

SAUDI Arabia says it will resume oil shipments through the Bab al-Mandeb strait after they were temporarily halted following attacks by Yemen's Shiite rebels. Energy Minister Khalid al-Falih is quoted by the official Saudi Press Agency as saying shipments through the narrow strait, which links the Gulf of Aden to the Red Sea, will resume Saturday.

Source: [US News](#)

Bahrain's Mumtalakat consolidated assets value rises to \$15.4bln

The rise in value was due to value gains from Mumtalakat portfolio companies including the consolidation of McLaren and Alba's Line 6 project. "Last year was notable for Mumtalakat as we witnessed substantial growth in the Group. Our strong investment mandate and results support the growth of the local economy from further economic diversification to job creation.

Source: [Zawya](#)

Bahrain FDI grows 114% as reforms boost investment

FDI inflows to Bahrain grew 114% in 2017 to \$519 million, according to data released by the United Nations Conference on Trade and Development (UNCTAD), the fastest growth rate in the GCC. The rapid growth came in spite of a drop in global FDI of 23%. Growth in investment was supported by a number of major economic reforms in recent years – with UNCTAD citing Bahrain's amendments to its commercial companies law allowing 100% foreign ownership in additional sectors as an example of liberalization supporting FDI growth.

Source: [Arabian Business](#)

Etisalat sells 28.04% stake in Thuraya for \$37.32mln

Etisalat completed the sale of its stake in Thuraya Telecommunications company for AED137 million (US\$37 million) to Star Satellite Communications, the UAE-based telecom firm said in a statement to the Abu Dhabi Securities Exchange Thursday. The stake has been sold to Star, a subsidiary of Al Yah Satellite Communications Company (Yahsat), after the latter acquired no less than 75.001% in Thuraya.

Source: [Zawya](#)

RAK Ceramics sees 'gradual turnaround' in India

RAK Ceramics posted a decline in net profit for the second quarter, citing rising energy costs and the expense of building up its brand in India. The Abu Dhabi-listed company said net profit stood at 55.1 million dirhams (\$15 million) compared to 113.2 million dirhams in the same quarter last year.

Source: [Zawya](#)

ADIB's shareholders to vote on proposed rights issue

ADIB has announced that it will convene a general assembly meeting to vote on a proposal by the bank's Board of Directors to raise capital through a AED 1 billion rights issue. The board intends to raise capital to support the bank's continued growth and its objectives in achieving its 2020 vision while meeting regulatory requirements. Source: [CPI Financial](#)

UAE Islamic banks' assets surge to \$154bln in H1 2018

Assets of Islamic banks operating in the UAE amounted to AED565 billion by the end of H1 2018, a 6.7 percent growth of AED35.5 billion over the corresponding period in 2017, according to CBUAE figures. The noticeable growth in Sharia-compliant financial operations in the country mirror the significant development of this kind of banking products which have been enjoying impressive growth across the region over the past few years, with their assets accounting for 20.55 percent of total bank assets in UAE, valued at AED2.749 trillion, by the end of June 2018.

Source: [Zawya](#)

UAE business confidence rises to three-year high in Q2

Business confidence in the UAE rose to its highest level for three years in the second quarter of 2018, according to a new survey. The latest edition of a survey by the Association of Chartered Certified Accountants (ACCA) and IMA Global Economic Conditions showed that across the Middle East and in the UAE, confidence rebounded to its highest level since Q2 2015.

Source: [Arabian Business](#)

Abraaj Fund Investors Said to Hire Advisers for Debt Recovery

Investors in a \$1.6 billion-Abraaj Group fund have hired advisory firm Alvarez & Marsal Holdings LLC to help recover money owed by the floundering Middle Eastern private equity firm, people with knowledge of the matter said. The New York-based company will represent Abraaj Private Equity Fund IV's backers in talks with liquidators as they seek to recover more than \$99 million owed by the Dubai-based buyout firm, said the people, asking not to be identified because the information is confidential. The stakeholders have formed an investor committee led by Boston-based HarbourVest Partners, two of the people said.

Source: [Bloomberg News Alert](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China Rejects U.S. Request to Cut Iran Oil Imports

The U.S. has been unable to persuade China to cut Iranian oil imports, according to two officials familiar with the negotiations, dealing a blow to President Donald Trump's efforts to isolate the Islamic Republic after his withdrawal from the 2015 nuclear accord. Beijing has, however, agreed not to ramp up purchases of Iranian crude, according to the officials, who asked not to be identified because discussions with China and other countries continue.

Source: [Bloomberg](#)

Berkshire Hathaway profit surges as economy gives Buffett a boost

Berkshire Hathaway Inc, the conglomerate run by billionaire Warren Buffett, on Saturday said quarterly operating profit rose 67 percent, as insurance underwriting rebounded and several business units benefited from a growing economy.

Source: [Reuters](#)

Turkish lira hits fresh record low following US sanctions

The Turkish lira tumbled to a new record low overnight following U.S. imposed sanctions relating to the trial of an American pastor accused of backing terrorism. The new sanctions on Thursday were placed on two of President Tayyip Erdogan's ministers, with the U.S. saying they played a leading role in the arrest and detention of evangelical pastor Andrew Brunson.

Source: [CNBC](#)

COMMODITIES NEWS

Saudi Arabia Reduced Oil Production in July

Saudi Arabia, which recently pledged oil-supply increases to tame rallying crude prices, cut production last month, according to OPEC delegates familiar with the matter. The biggest member of the Organization of Petroleum Exporting Countries pumped 10.3 million barrels a day in July, according to the delegates, who asked not to be identified because the data is private. The kingdom told the cartel it produced 10.489 million in June.

Source: [Bloomberg](#)

Uthar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net



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