

U Capital Morning Brief

7 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	868.86	11.33	1.32%	-10.82%	-	-	-
U Capital GCC 50 Index	1,347.86	0.52	0.04%	17.75%	-	-	-
U Capital MENA 200 Index	1,089.31	1.00	0.09%	9.47%	-	-	-
MSCI GCC Countries Index	553.79	0.65	0.12%	15.43%	14.01	1.80	3.9%
Muscat Securities Market	4,420.34	49.90	1.14%	-13.31%	8.95	0.88	6.2%
Saudi Stock Exchange	8,230.13	-12.58	-0.15%	13.89%	17.74	1.84	3.3%
Kuwait Stock Exchange	5,259.05	16.78	0.32%	NA	15.45	1.32	3.7%
Qatar Exchange	9,933.22	36.48	0.37%	16.54%	14.99	1.50	4.4%
Bahrain Stock Exchange	1,352.39	-1.34	-0.10%	1.55%	8.57	0.86	6.1%
Dubai Financial Market	2,977.78	-0.11	0.00%	-11.64%	9.45	1.11	5.7%
Abu Dhabi Exchange	4,883.54	77.24	1.61%	11.03%	12.76	1.44	4.9%
Beirut Stock Exchange	1,044.59	9.26	0.89%	-9.05%	5.53	0.66	9.3%
Palestine Stock Exchange	545.05	0.15	0.03%	-5.14%	12.96	1.18	4.5%
Tunis Se Index	8,371.49	-8.19	-0.10%	33.27%	21.87	2.98	1.7%
EGX 30 Index	15,645.56	-91.49	-0.58%	4.17%	10.57	2.41	2.5%
Amman General Index	2,010.91	1.84	0.09%	-5.45%	14.66	1.02	4.5%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Australian Dollar (AUD)	0.739	1.353
FTSE 100	UK	7,663.8	0.06%	-0.3%	British Pound (GBP)	1.294	0.773
DAX	Germany	12,598.2	-0.14%	-2.5%	Canadian Dollar (CAD)	0.770	1.299
CAC 40	France	5,477.2	-0.03%	3.1%	Chinese Renminbi (CNH)	0.146	6.865
United States					Egyptian Pound (EGP)	0.056	17.875
DJIA	USA	25,502.2	0.16%	3.2%	Euro (EUR)	1.156	0.865
S&P 500	USA	2,850.4	0.35%	6.6%	Indian Rupee (INR)	0.015	63.747
NASDAQ	USA	7,859.7	0.61%	13.9%	Japanese Yen (JPY)	0.009	111.330
Asia Pacific					New Zealand Dollar (NZD)	0.673	1.487
NIKKEI 225	Japan	22,633.8	0.56%	-0.6%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	28,063.3	0.87%	-6.2%	Pakistani Rupee (PKR)	0.806	124.050
KSE 100 Index	Pakistan	42,808.7	0.00%	5.8%	Russian Ruble (RUB)	0.016	68.871
NSE Nifty 50	India	11,405.8	0.16%	8.3%	Singapore Dollar (SGD)	0.731	1.368
SHANGHAI Composite	China	2,743.7	1.43%	-17.0%	Turkish Lira (TRY)	0.189	5.283
KOSPI Index	South Korea	2,293.2	0.29%	-7.1%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	74.0	0.33%	14.9%	UAE	2.66	48.3%
WTI Crude (per bbl)	69.1	0.12%	14.3%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	72.5	0.89%	13.3%	Kuwait	2.00	6.7%
OPEC (per bbl)	72.1	0.64%	11.8%	Oman	2.47	29.5%
Precious Metals						
Gold100 OZ (per oz)	1,210.0	0.19%	-7.1%	Qatar	2.65	0.1%
Silver (per oz)	15.3	0.31%	-9.4%	Bahrain	3.53	29.4%
Platinum (per oz)	825.4	0.29%	-11.3%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,133	-1.18%	-15.4%		Maturity date	YTM, %
Aluminium, MT	2,043	0.74%	-9.9%	Kuwait	3/20/2027	3.7
Lead, MT	2,115	0.00%	-15.0%	Abu Dhabi	10/11/2027	3.9
Zinc, MT	2,569	-2.36%	-22.6%	Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.70	2.7	1m	2.08	32.9%
5 year	99.72	2.8	3m	2.34	38.3%
10 year	99.42	2.9	6m	2.52	37.4%
30 year	100.66	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

Oman Oil Company's Oxea secures key ratings upgrade

German-headquartered global chemicals company Oxea, a wholly owned subsidiary of Oman Oil Company (OOC) — the Omani government's energy investment vehicle — has received an upgrade of its Corporate Family Rating (CFR) by international rating agency Moody's to B2 from B3. Oxea, which is based in the German city of Monheim Am Rhein, is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols, polyols, carboxylic acids, specialty esters, and amines.

Source: [Oman Observer](#)

PDO begins transition from hydrocarbons to energy

Petroleum Development Oman (PDO), the nation's biggest producer of oil and gas, says it has made a significant initial headway in its ambition to gradually evolve into a fully-fledged energy development company encompassing, among other activities, renewable energy development and produced water management. According to MD, the majority government-owned company has embarked on a number of initiatives that champion energy efficiency, use of renewables and low-carbon emission technologies, and environmental sustainability.

Source: [Oman Observer](#)

ODB disburses loans worth OMR405mn

The number of development loans provided by Oman Development Bank (ODB) from 2009 to June 2018 for many economic activities reached OMR 405.38 million disbursed through 43,936 loans. The loans were granted as part of the bank's efforts to support economic and social development in the Sultanate; to finance the national investments in high value-added production and service sectors; to achieve self-sufficiency of products, goods, and services; and accommodate national cadres in many professions and trades.

Source: [Times of Oman](#)

130 per cent rise in spending on Oman education

Government spending on primary and secondary education has risen by 130 per cent over the last decade amid an increase in the number of students and teachers, according to the National Centre for Statistics and Information (NCSI). "The increase in the value of spending is only natural due to the increase in the number of students, teachers, and educational tools used to improve the output and quality of education," Mohammed Al Hosni, Director General of Finance at the Ministry of Education, told the Times of Oman.

Source: [Times of Oman](#)

Over 1,600 suspected financial transactions detected in the last four years

Various institutions in Oman, such as banks, money exchanges, real estate firms and others, detected over 1,600 attempts of suspicious transactions in the past four years, according to a report published by the National Center for Financial Information (NCFI). In its recently released annual report for 2017, the NCFI said, during the 2014-17 period, the total number of suspicious transactions reports (STRs) stood at 1,644 under which either suspicious transactions were made or there was an attempt to do such transactions.

Source: [Muscat Daily](#)

Qatar Chamber, Oman's SIPC team explore ways to enhance trade ties

Qatar Chamber (QC), held a meeting yesterday with a delegation from Sohar Industrial Port Company (SIPC), where they discussed ways and mechanisms to enhance joint cooperation in various fields besides identifying the investment opportunities available at the port. Qatar Chamber First Vice-Chairman, Mohamed bin Ahmed bin Twar, said there is an interest from Qatari business owners and investors in identifying investment opportunities in the Sultanate.

Source: [TPQ](#)

Health check: Oman's insurance sector set for a boost when compulsory health insurance for all is finally rolled out – analyst

Oman's decision last month to implement a compulsory health insurance scheme for private sector employees is a positive move aimed at boosting the non-life insurance sector, which has a relatively low penetration rate in the Gulf Cooperation Council (GCC) region, according to a Dubai-based financial analyst. Oman's Capital Market Authority (CMA), the state's financial regulator, announced in July a decision to introduce a mandatory health insurance system for private sector employees.

Source: [Zawya](#)

Duqm, the city rising from the sand

Five years ago there was nothing here," says Hamad Said Al Rawahi as he drives fast along a stretch of freshly paved highway in Oman's coastal desert. He just picked me up from the side of the road in his shiny black Mercedes. I am hitchhiking – the closest thing to public transport out here. We are in Duqm, a nascent city about 300 miles (480km) from the capital, Muscat, that was a fishing village prior to 2011, when Oman reimagined it, along with a stretch of uninterrupted coastline and Bedouin camps, as a new special economic zone.

Source: [The Guardian](#)

Oman Air Announces New Codeshare Agreement with Lufthansa

Oman Air, the National carrier of the Sultanate of Oman, is continuing its expansion across Europe by extending its codeshare agreement with Lufthansa. Under the expanded codeshare agreement, passengers can now travel on Oman Air flights from Muscat International Airport and connect to Madrid, Brussels, Vienna and Prague from Lufthansa's Frankfurt and Munich hubs.

Source: [ONA](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Electricity begins operations at seven power stations

Saudi Electricity Co. (SEC) has launched operations at seven electric transmission stations in the Northern Borders Region with a total capacity of 3613 MVA, and a total cost of SAR 2.1 billion. This came as part of SEC's project to interconnect the northern region with the Kingdom's power grid through 1,592 km of electric lines, in addition to supporting mining activities in Waad Al-Shamal plant, the utility provider said in a statement.

Source: [Argaam](#)

GIB finalises its conversion into a Saudi incorporated bank

Saudi Arabia-based GIB has announced that it is now in the final stages of completing the necessary steps to convert its branches into a locally incorporated bank in Saudi Arabia (KSA), the bank's largest market offering a potential for further growth. In a statement, GIB said that while the bank continues to take steps to receive the required regulatory approvals, it has begun an internal process to ensure that all requirements of a locally incorporated bank license are met and that the business is effectively designed to meet customer demands. Currently, GIB operates in the Kingdom as branches of GIB Bahrain.

Source: [CPI Financials](#)

Maaden eyes global acquisitions in base metals, says CEO

Saudi Arabian Mining Company (Maaden), the Gulf's largest mining company, is seeking to strengthen its presence in the base metals market through global acquisitions, Bloomberg TV reported on Monday, citing acting chief executive officer Darren Davis. "We would like to grow in base metals. We have a small copper mine in Saudi Arabia, but we would like to be much bigger in copper. We think it is the 'great metal' for the future, so we are looking at how we can perhaps buy into some assets overseas," he noted.

Source: [Argaam](#)

Saudi-backed SoftBank earnings surge on Vision Fund valuation

SoftBank has reported a 49.2 percent surge in its latest quarterly earnings due in part to a valuation gain of 245 billion Japanese yen (\$2.2 billion) at its tech-focused Saudi-backed Vision Fund. The fund's investment gain was a result of the sale of the Indian e-commerce company Flipkart to US chain Walmart. An increase in the value of the fund's stakes in the US-based co-working space provider WeWork also bolstered earnings.

Source: [Arab News](#)

Massive 'city within a city' backed by Saudi Arabia's PIF planned for Riyadh

A new "city within a city" is being planned in Riyadh, backed by the Saudi Arabian sovereign investor, the Public Investment Fund (PIF). The development — called Al Widyah — will comprise residential, commercial, retail and leisure facilities on a 7 million square meter site to the north of the capital, and will take seven years to complete. Initial work has already begun. Al Akaria Saudi Real Estate Company (SRECO), a Tadawul-listed developer 65 per cent owned by PIF, announced the development, with a price tag of SR10 billion (\$2.66 billion) for the first phase.

Source: [Arab News](#)

Moody's upgrades DP World's ratings; outlook stable

Moody's Investors Service has upgraded the long-term issuer rating for DP World to Baa1 from Baa2 with a stable outlook. This rating reflects the global trade enabler's diversified operations and solid profitability and liquidity profile, the ratings agency said in a report released on Monday. "Our decision to upgrade DP World's ratings reflects a strong track record in managing its business through industry cycles as well as achieving its growth ambitions while maintaining a healthy financial profile," Rehan Akbar, Moody's vice president and senior analyst, commented.

Source: [Zawya](#)

Abraaj Group's North Africa fund mulls splitting from parent company

Abraaj Group's deal makers are looking at splitting off the firm's \$375 million North Africa fund, potentially complicating efforts to sell its entire asset-management business, reported, The Wall Street Journal. The North Africa fund's team is asking liquidators of Abraaj, to consider 'an amicable separation' of the unit from the rest of the firm. In their proposal, the North Africa deal makers said that the fund's list of investors would remain in place and an advisory firm would be appointed to supervise the new setup as a 'guardian' and Ahmed Badreldin would continue to lead the North Africa investing team.

Source: [Zawya](#)

UAE Islamic banks' assets rise to \$153.8bln in H1 2018

The Central Bank of the UAE (CBAUAE) has announced that the assets of Islamic banks increased with 6.7 per cent in H1 2018 amounting to AED 565 billion, compared to the same period last year. Shari'ah-compliant banking products have recorded impressive growth across the region over the past few years, with their assets accounting for 20.5 per cent of total bank assets in UAE, valued at AED 2.75 trillion in H1 2018. In a statement, CBAUAE said that the value of credit provided by Islamic banks in H1 increased to AED 367 billion, a five per cent growth compared to the corresponding period in 2017.

Source: [Zawya](#)

UAE's Stanford Marine creditors in talks about sale of business

Creditors of Stanford Marine Group (SMG), which has links to troubled private equity firm Abraaj, are in talks with three potential buyers, sources familiar with the matter say. Banks are overseeing control of Dubai-based SMG after it failed to meet the terms of its debt obligations due to financial stress linked to a steep fall in chartering rates, the sources said. SMG, which operates offshore supply vessels that service the oil and gas industry, is 51 percent owned by a fund managed by Abraaj. Dubai-based Abraaj filed for provisional liquidation in June after a row with investors over the use of their money in a \$1 billion healthcare fund. Abraaj denies any wrongdoing.

Source: [Reuters](#)

Dubai Builder Sees Property Slump Lasting for Years

A United Arab Emirates developer who says he's waiting for a market rebound before starting a \$4 billion project expects the country's property slump to run for another three years, despite the government's moves to bolster the economy. While a raft of state measures is taking the economy in the right direction, they're not going to produce a turnaround in the short term, Waleed Zaabi, chairman of closely-held Tiger Group, said in an interview.

Source: [Bloomberg](#)

Mena Real Estate nods to KWD 1.5m capital cut

The ordinary general meeting (OGM) of Mena Real Estate approved shrinking its capital by KWD 1.46 million which represents the value of the unsubscribed shares by the shareholders of Rasmal Holding Co. Mena Real Estate will reduce the capital to KWD 13.84 million from KWD 15.3 million, according to a bourse statement on Monday. The company added that maturity date is on 16 September 2019, while the distribution date will be 17 September 2019. It is noteworthy that Mena Real Estate incurred a loss of about KWD 731,780 in the fiscal year that ended on 31 March 2018, 249% higher than approximately KWD 209,580 in the same period last year.

Source: [Mubasher](#)

Moody's downgrades four Bahraini banks

Moody's Investors Service ("Moody's") has today downgraded to B2 from B1, the long-term local currency deposit ratings of BBK B.S.C. (BBK) and National Bank of Bahrain BSC (NBB). At the same time, Moody's has downgraded to B2 from B1 the long-term local currency issuer ratings of Bahrain Islamic Bank B.S.C. (BISB) and Khaleeji Commercial Bank B.S.C. (KHCB). The outlook on the long term deposit and issuer ratings for all banks remains negative in line with the negative outlook assigned to Bahrain's B2 issuer rating.

Source: [Moody's](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks struggle as trade anxiety weighs

Asian stocks wobbled on Tuesday as simmering worries over the U.S.-China trade conflict offset positive leads from earnings-led gains on Wall Street. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.05 percent. The index dipped early and struggled to gain traction amid volatility in Chinese stocks. The Shanghai Composite Index rose over 0.6 percent in early trade following a four-day losing run. It was last up 0.1 percent.

Source: [Reuters](#)

China has outspent the US by \$24 billion in 5G technology since 2015, study shows

China has in recent years outspent the U.S. by \$24 billion in the area of next-generation mobile internet technology known as 5G, potentially creating a "tsunami" that will be difficult to catch up with, according to a Deloitte study published Tuesday. 5G would make it possible for people to download films and stream high bandwidth video for technologies including virtual reality. But beyond consumer applications, the tech could support connected infrastructure in cities, including driverless cars. In 2035, 5G is expected to enable \$12.3 trillion of global economic output, IHS Markit estimated in a recent report.

Source: [CNBC](#)

Trump Restores Iran Sanctions as Rouhani Feels Economic Pressure

The first round of renewed U.S. sanctions on Iran took effect as President Hassan Rouhani -- under increasing economic and political pressure -- spurned President Donald Trump's suggestion for talks with "no preconditions." Following an executive order signed by Trump, the U.S. imposed new restrictions intended to stop the purchase of dollar banknotes by Iran, prevent the government from trading gold and other precious metals and block the nation from selling or acquiring various industrial metals. The measures, which took effect at midnight in Washington, also targeted the auto industry and banned imports of Persian carpets and pistachios to the U.S.

Source: [Bloomberg](#)

Automakers Risk \$16 Billion in Fines on EU Emission Breaches

Automakers failing to cut greenhouse gas emissions risk writing a big check to the European Union. Manufacturers ranging from Renault SA to Mercedes-Benz maker Daimler AG are on the hook for total fines in excess of 14 billion euros (\$16 billion), should they fail to comply with tighter emission regulation phased in from 2020 and in full force the next year, an analysis by IHS Markit shows.

Source: [Bloomberg](#)

COMMODITIES NEWS

New wave of mega liquefied natural gas projects is approaching

A new race to build multi-billion dollar liquefied natural gas (LNG) plants is gaining momentum after a long hiatus in investments as energy giants sense a widening supply gap within five years. Spending on new, complex facilities that super-chill gas into liquid in order to allow its transportation dried up following the collapse in energy prices in 2014. Appetite was further dampened by fears that a plethora of LNG plants built since the late 2000s would lead to a large supply glut until early in the next decade.

Source: [TPQ](#)

Iraq to raise output to 7.5M bpd by 2024

Iraqi Oil Minister Jabar al-Luaibi on Monday said that the country would ramp up crude production to more than 7.5 million barrels per day (bpd) by 2023 and 2024, noting that oil prices would approach a stable level. The raise would include 6 million bpd for crude exports and 1.5 million bpd for local consumption, Al Sabah state newspaper reported, quoting Luaibi. The Oil Minister would resume partially operations at Iraq's largest refinery of Baiji, with a capacity of 70,000 bpd, Luiabi said. Baiji was recaptured from Islamic State militants in 2015, but the area was heavily damaged.

Source: [Mubasher](#)