

U Capital Morning Brief

13 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	864.89	0.36	0.04%	-11.23%	-	-	-
U Capital GCC 50 Index	1,320.43	-27.17	-2.02%	15.35%	-	-	-
U Capital MENA 200 Index	1,070.65	-18.55	-1.70%	7.59%	-	-	-
MSCI GCC Countries Index	542.86	-7.83	-1.42%	13.15%	13.76	1.77	4.0%
Muscat Securities Market	4,406.35	-24.86	-0.56%	-13.59%	8.92	0.88	6.2%
Saudi Stock Exchange	8,064.92	-111.26	-1.36%	11.60%	17.55	1.81	3.5%
Kuwait Stock Exchange	5,256.87	-23.99	-0.45%	NA	15.37	1.33	3.7%
Qatar Exchange	9,635.00	-251.86	-2.55%	13.04%	14.31	1.45	4.6%
Bahrain Stock Exchange	1,348.36	-1.25	-0.09%	1.25%	8.91	0.85	6.1%
Dubai Financial Market	2,889.45	-30.66	-1.05%	-14.26%	9.18	1.07	5.9%
Abu Dhabi Exchange	4,844.55	-27.48	-0.56%	10.14%	12.72	1.43	5.0%
Beirut Stock Exchange	1,023.01	0.00	0.00%	-10.93%	5.42	0.64	9.5%
Palestine Stock Exchange	542.83	-1.12	-0.21%	-5.53%	12.91	1.18	4.5%
Tunis Se Index	8,341.75	-48.31	-0.58%	32.79%	21.79	2.97	1.7%
EGX 30 Index	15,738.34	-185.72	-1.17%	4.79%	11.38	2.42	2.5%
Amman General Index	1,986.76	-0.23	-0.01%	-6.58%	14.56	1.01	4.6%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Australian Dollar (AUD)	0.726	1.377
FTSE 100	UK	7,667.0	-0.97%	-0.3%	British Pound (GBP)	1.275	0.784
DAX	Germany	12,424.4	-1.99%	-3.8%	Canadian Dollar (CAD)	0.760	1.317
CAC 40	France	5,414.7	-1.59%	1.9%	Chinese Renminbi (CNH)	0.145	6.888
United States					Egyptian Pound (EGP)	0.056	17.877
DJIA	USA	25,313.1	-0.77%	2.4%	Euro (EUR)	1.137	0.880
S&P 500	USA	2,833.3	-0.71%	6.0%	Indian Rupee (INR)	0.014	67.691
NASDAQ	USA	7,839.1	-0.67%	13.6%	Japanese Yen (JPY)	0.009	110.130
Asia Pacific					New Zealand Dollar (NZD)	0.657	1.522
NIKKEI 225	Japan	21,856.6	-1.98%	-4.0%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,847.3	-1.83%	-6.9%	Pakistani Rupee (PKR)	0.808	123.926
KSE 100 Index	Pakistan	42,777.0	-0.18%	5.7%	Russian Ruble (RUB)	0.014	69.518
NSE Nifty 50	India	11,355.7	-0.65%	7.8%	Singapore Dollar (SGD)	0.726	1.377
SHANGHAI Composite	China	2,746.9	-1.73%	-16.9%	Turkish Lira (TRY)	0.148	6.756
KOSPI Index	South Korea	2,242.4	-1.77%	-9.1%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	72.5	-0.37%	12.7%	UAE	2.58	43.5%
WTI Crude (per bbl)	67.5	-0.15%	11.8%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	71.7	0.96%	12.1%	Kuwait	2.00	6.7%
OPEC (per bbl)	72.0	-0.10%	11.7%	Oman	2.47	29.3%
Precious Metals						
Gold100 OZ (per oz)	1,208.2	-0.28%	-7.3%	Qatar	2.65	0.1%
Silver (per oz)	15.3	-0.41%	-10.0%	Bahrain	3.53	29.4%
Platinum (per oz)	818.3	-1.12%	-12.1%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,190	-0.56%	-14.6%		Maturity date	YTM, %
Aluminium, MT	2,105	1.30%	-7.2%	Kuwait	3/20/2027	3.7
Lead, MT	2,098	-0.47%	-15.7%	Abu Dhabi	10/11/2027	3.9
Zinc, MT	2,547	-2.58%	-23.3%	Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.2
				Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.25	2.7	1m	2.07	32.1%
5 year	100.13	2.7	3m	2.32	36.9%
10 year	100.19	2.9	6m	2.51	36.7%
30 year	99.70	3.0	1 year	2.82	33.6%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

Uptick in power, fuel subsidy in 2017

Government subsidies, while having plummeted dramatically in the wake of reforms enacted in recent years, perked up slightly in 2017 on the back of an uptick in payouts to, among others, subsidized fuel recipients and the electricity sector. According to the Central Bank of Oman (CBO), government funding support for the electricity sector, for example, jumped 36.3 per cent to RO 380 million in 2017, up from RO 278.8 million a year earlier. Cost Reflective Tariffs (CRT), which eliminate subsidy for large government, commercial and industrial customers, came into force with effect from January 1, 2017.

Source: [Oman Observer](#)

Agri-fish sector grows 7 per cent in 2017

The agriculture and fishing sector in the Sultanate witnessed a robust growth of 7.0 per cent in 2017, albeit lower as compared to an annual average growth of 11.7 per cent during the period 2015-2016, according to the Central Bank of Oman (CBO). Agriculture and fisheries contributed around 2.0 per cent to the overall GDP in 2017, almost the same as in 2016, the apex bank stated in its newly released 2017 Annual Report. The contribution of agriculture and fishing to the GDP emanating from non-oil activities improved marginally to 2.6 per cent in 2017 from an annual average of 2.4 per cent during the period 2015-2016.

Source: [Oman Observer](#)

Manufacturing drives Oman's non-oil industrial activities, says CBO

Driven by a surge in manufacturing activities Oman's non-oil industrial sector recorded a significant growth during 2017, after registering declines in the previous two years. Oman's manufacturing sector grew 9.2 per cent in 2017 after experiencing an average annual contraction of 10.4 per cent during 2015-2016, according to the annual report released by the Central Bank of Oman (CBO).

Source: [Muscat Daily](#)

GPCA fertilizer convention to take place in Oman in Sept.

The Gulf Petrochemicals and Chemicals Association (GPCA), the voice of the chemical industry in the Arabian Gulf region, announced that the 9th edition of the GPCA Fertilizer Convention will be held at Kempinski Hotel Muscat, Oman, from September 18 to 20, 2018. Dr Abdulrahman Jawahery, President, GPIC and Vice Chairman, GPCA, will deliver the opening remarks during the event.

Source: [Times of Oman](#)

Inflation increases by 1.42% in July 2018

The rate of inflation in the Sultanate increased by 1.42% in July 2018 compared to the same month in 2017, according to the latest data released by the (NCSI) on consumer prices' index. It also stated that the inflation rate increased by 0.14% compared to June 2018. The rise in the price index in July 2018 compared to the same period in 2017 is attributed to the rise in prices in major groups such as housing, water, electricity, gas, and other fuels by 0.6%; transport by 7.07%; restaurants and hotels by 0.35%.

Source: [NCSI](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Gulf markets hit by Turkey turmoil, banks roiled

Gulf stocks fell on Sunday, pressured by general weakness across emerging markets as investors steered clear of assets perceived as risky due to a diplomatic and economic spat between the United States and Turkey. The Turkish lira plunged last week after U.S. President Donald Trump doubled tariffs on Turkish steel and aluminium imports. On Friday, the lira fell 18 percent to a record low.

Source: [Zawya](#)

Mobily to continue 7-year debt reduction plan, says CEO

Ethiad Etisalat Co. (Mobily) is following a carefully designed seven-year plan to restructure and reduce its debts, chief executive Ahmed Abou Doma told Argaam in an exclusive interview. The restructuring plan is based on the telecom's existing and expected cash flows, he said, noting that the telecom operator has reduced its net debt by SAR 1.3 billion within the past year.

Source: [Argaam](#)

Saudi Aramco forms \$8 bln Power JV with ACWA Power, Air Products

Saudi Aramco, Air Products (NYSE: APD), and ACWA Power signed today a Term Sheet to form a Gasification/Power joint venture at Jazan Economic City (JEC). The JV will purchase the gasification assets, power block and the associated utilities from Saudi Aramco for about \$8 billion, the three companies said in a joint statement. "The assets are currently under construction and will be transferred to the JV upon successful start-up, scheduled in 2019," the statement said.

Source: [Argaam](#)

SRC plans acquiring SAR 50 bln lending portfolios

Saudi Real Estate Refinance Co. (SRC) is planning to purchase real estate lending portfolios worth SAR 50 billion over the next two years, the company's chief executive Fabrice Susini told Al Eqtisadiyah newspaper. The step aims to pump more liquidity into the Saudi real estate financing market and enable a wider range of citizens to own houses.

Source: [Argaam](#)

Saudi Marketing renews \$55.58m loan deal with NCB

Saudi Marketing Company (Farm Superstores Co) on Sunday renewed a credit facility agreement with the National Commercial Bank (NCB) at a value of SAR 203.51 million. The finance period extends from April 2018 until the end of March 2019, according to a statement to the Saudi Stock Exchange (Tadawul). The firm stated that it will use the loan in financing its operating capital, in addition to inaugurating new branches.

Source: [Zawya](#)

UAE, Kuwait set to return to fiscal surpluses

The UAE and Kuwait are set to return to fiscal surpluses in 2018 on the back of financial windfall from the recovery in oil prices, while Saudi Arabia should post a modest deficit, analysts said. In contrast, Bahrain and Oman will continue to report mid to single-digit deficits, keeping their balance sheets under pressure, while Qatar gets a larger fiscal boost in 2019 due to the lag between gas revenues and oil prices, analysts at Fitch Ratings said in a report.

Source: [Zawya](#)

Dubai Bank's Turkey Bet Just Got \$1 Billion Cheaper. And Riskier

On the face of it, Emirates NBD PJSC's acquisition of Turkey's Denizbank AS has become about \$1 billion cheaper. Still, the deal could prove to be the riskiest yet for Dubai's biggest bank. Since Emirates NBD agreed to buy the Turkish lender from Russia's Sberbank for 14.6 billion liras -- worth \$3.2 billion on May 22 -- the value of the acquisition has fallen to about \$2.27 billion in dollar terms after a 28 percent plunge in the lira, with most of that occurring last week. A deal is expected to close later this year.

Source: [Bloomberg](#)

First Abu Dhabi Bank seen extending rally as index review nears

First Abu Dhabi Bank's stock has gained in six of the past seven weeks, bringing the rally for the year to 37 percent. A beckoning index-weighting upgrade means more joy could be in store for shareholders. The biggest lender in the UAE is expected to have its weighting in the MSCI Emerging Markets Index doubled to almost 0.2 percent in November, when the index compiler announces the results of a review.

Source: [Arabian Business](#)

Job growth in UAE's private sector weaker than 2017

Job growth in the UAE's non-oil private sector has stagnated so far this year, with year-to-date growth weaker when compared to 2017, according to a survey. The monthly Emirates NBD Purchasing Managers' Index (PMI) found that year-to-date, the employment index averaged 50.8, compared with 51.2 in the same period last year, and indicating even weaker job growth relative to 2017.

Source: [Gulf Business](#)

Qatar economy shows signs of strength; construction sector grows significantly

Qatar's economy has shown signs of strength in recent months, a new report says and notes that the country's construction activity increased significantly as preparations continued for the 2022 World Cup. In May, the merchandise trade surplus grew by nearly 40% year-on-year (y-o-y) due to increased energy exports, points out FocusEconomics in its latest report.

Source: [Gulf Times](#)

Qatar's non-oil exports hit QR11.5bn in six months

Despite the ongoing unjust blockade against Qatar imposed by Arab quartet, the combined value of country's non-oil exports in the first-half of this year (H1, 2018) reached QR11.5bn registering a sharp increase of 33.7 percent compared to QR8.6bn witnessed during the corresponding period (H1, 2017). The total value of non-oil exports for the month of June reached QR1.65bn recording a remarkable increase of 108 percent compared to QR794m in June 2017, according to a report released by Qatar Chamber (QC) on the foreign trade of the private sector. The report which was prepared based on certificates of origin issued by the Chamber's Research and Studies Department and Member Affairs Department, pointed out about 2,599 certificates of origin were issued in June 2018.

Source: [TPQ](#)

Family-owned businesses need to shift mindset: Deloitte

To thrive in today's dynamic, complex business ecosystems, many family-owned businesses will need to shift their mindset to take a more expansive view of the kinds of business relationships they can use to drive value, according to a new study from the Deloitte Family Business Center. The study, 'Next-generation family businesses: Exploring business ecosystems', showed that while most family-owned businesses view ecosystems as an opportunity for growth, a number of more-insular behaviors persist even among some organizations whose leaders view themselves as more open to collaboration.

Source: [TPQ](#)

Bahrain's non-oil sector to grow further as project pace advances

An acceleration in the pace of project implementation in the first quarter of 2018 is expected to underpin faster non-oil growth in Bahrain throughout the course of the year, according to the Bahrain Economic Quarterly. The forecast for strong growth across the year as a whole comes in spite of a weaker performance in the first three months of 2018. Bahrain's growth in Q1 2018 was negatively impacted by a one-off maintenance-related reduction in oil production, leading to a 15% contraction in the oil sector.

Source: [Saudi Gazette](#)

Egypt Private Sector Shows Growth Rebound on Stronger Demand

Egypt's private sector activity kicked off the new fiscal year with an expansion, driven by an uptick in demand that offered additional evidence of an economic rebound. Non-oil business activity reached an eight-month high in July, the Emirates NBD Purchasing Managers' Index for the whole economy showed. The index climbed to 50.3 from 49.4 in June, with readings above 50 signaling an expansion.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Turkish currency's freefall rocks world equity markets, euro

A plunge in the Turkish lira rocked global equities and emerging markets on Friday and fear of further fallout sent investors scurrying for safety in assets like the yen and U.S. government bonds.

Source: [Reuters](#)

Trump Targets a Doubling of Turkey Metals Tariffs as Ties Worsen

President Donald Trump ordered the doubling of steel and aluminum tariffs against Turkey, roiling global markets as relations between the NATO allies hit a new low. Trump announced the decision in a Friday morning tweet following a defiantly nationalist speech Friday by Turkish President Recep Tayyip Erdogan in which he vowed that his country wouldn't bow to "economic warfare." Tensions have intensified in recent weeks over Turkey's detention of an American evangelical pastor.

Source: [Bloomberg](#)

Auto industry caught in the trade war crosshairs

Responding to the latest tariffs levied by the Trump administration, China announced 25 percent tariffs on \$16 billion in U.S.-made goods. That included the roughly \$10 billion in automobiles that Chinese motorists were expected to purchase this year. The impact could be significant considering that American-made vehicles were previously saddled with 25 percent tariffs upon reaching Chinese ports. All told, about 276,000 U.S.-made vehicles were shipped to China last year.

Source: [CNBC](#)

COMMODITIES NEWS

Saudi Aramco, Air Products Team Up on \$8B Gasification Project

Saudi Aramco, Air Products and ACWA Power said on Sunday that they had signed a deal to form an \$8 billion gasification and power joint venture in Saudi Arabia. The new entity, which will be located in the kingdom's Jazan Economic City, will purchase gasification assets, power block and associated utilities from state-owned Aramco for about \$8 billion, the companies said in a joint statement. The assets are currently under construction and will be transferred to the joint venture upon start-up, which is scheduled for 2019.

Source: [Bloomberg](#)

Oil dips as trade tensions drag; Iran sanctions provide some support

Oil prices dipped on Tuesday as rising trade tensions dented the outlook for fuel demand growth especially in Asia, although U.S. sanctions against Iran still pointed towards tighter supply. Front-month Brent crude oil futures LCOc1 were at \$72.60 per barrel at 0338 GMT, down by 21 cents, or 0.3 percent from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were down 5 cents at \$67.58 per barrel.

Source: [Reuters](#)

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