

# U Capital Morning Brief

15 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	859.52	5.99	0.70%	-11.78%	-	-	-
U Capital GCC 50 Index	1,295.51	1.59	0.12%	13.18%	-	-	-
U Capital MENA 200 Index	1,053.34	0.08	0.01%	5.85%	-	-	-
MSCI GCC Countries Index	533.68	1.89	0.36%	11.24%	13.56	1.74	4.1%
Muscat Securities Market	4,373.08	-8.84	-0.20%	-14.24%	8.88	0.87	6.2%
Saudi Stock Exchange	7,893.18	20.39	0.26%	9.23%	17.22	1.78	3.6%
Kuwait Stock Exchange	5,217.96	3.35	0.06%	NA	15.13	1.32	3.8%
Qatar Exchange	9,638.60	81.96	0.86%	13.08%	14.31	1.45	4.6%
Bahrain Stock Exchange	1,341.13	-4.96	-0.37%	0.71%	8.85	0.85	6.1%
Dubai Financial Market	2,840.89	-6.25	-0.22%	-15.70%	7.62	1.06	6.0%
Abu Dhabi Exchange	4,830.22	29.32	0.61%	9.82%	12.71	1.43	5.0%
Beirut Stock Exchange	1,013.41	-7.12	-0.70%	-11.77%	5.37	0.64	9.6%
Palestine Stock Exchange	540.28	0.51	0.09%	-5.97%	12.85	1.17	4.5%
Tunis Se Index	8,369.64	27.89	0.33%	33.24%	21.86	2.98	1.7%
EGX 30 Index	15,356.81	-164.71	-1.06%	2.25%	11.22	2.36	2.5%
Amman General Index	1,983.72	11.67	0.59%	-6.73%	14.53	1.01	4.6%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					Australian Dollar (AUD)	0.722	1.386
FTSE 100	UK	7,611.6	-0.40%	-1.0%	British Pound (GBP)	1.270	0.788
DAX	Germany	12,358.9	0.00%	-4.3%	Canadian Dollar (CAD)	0.765	1.307
CAC 40	France	5,403.4	-0.16%	1.7%	Chinese Renminbi (CNH)	0.145	6.920
<b>United States</b>					Egyptian Pound (EGP)	0.056	17.895
DJIA	USA	25,299.9	0.45%	2.3%	Euro (EUR)	1.133	0.883
S&P 500	USA	2,840.0	0.64%	6.2%	Indian Rupee (INR)	0.014	66.338
NASDAQ	USA	7,870.9	0.65%	14.0%	Japanese Yen (JPY)	0.009	111.230
<b>Asia Pacific</b>					New Zealand Dollar (NZD)	0.656	1.524
NIKKEI 225	Japan	22,112.7	-1.08%	-2.9%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,330.6	-1.52%	-8.7%	Pakistani Rupee (PKR)	0.807	123.900
KSE 100 Index	Pakistan	42,637.6	0.00%	5.4%	Russian Ruble (RUB)	0.015	69.896
NSE Nifty 50	India	11,435.1	0.70%	8.6%	Singapore Dollar (SGD)	0.725	1.380
SHANGHAI Composite	China	2,744.5	-1.31%	-17.0%	Turkish Lira (TRY)	0.155	6.464
KOSPI Index	South Korea	2,258.9	0.47%	-8.5%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	72.4	-0.12%	12.4%	UAE	2.56	42.7%
WTI Crude (per bbl)	66.8	-0.34%	10.6%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	71.3	-0.18%	11.5%	Kuwait	2.00	6.7%
OPEC (per bbl)	71.0	0.52%	10.1%	Oman	2.47	29.3%
<b>Precious Metals</b>						
Gold100 OZ (per oz)	1,188.1	-0.50%	-8.8%	Qatar	2.63	-0.7%
Silver (per oz)	15.0	-0.65%	-11.7%	Bahrain	3.50	28.4%
Platinum (per oz)	790.7	-1.39%	-15.0%	<b>GCC Latest 10-Yr Government Bond Yields</b>		
<b>Other Metals</b>						
Copper, MT	6,044	-1.78%	-16.6%		Maturity date	YTM, %
Aluminium, MT	2,070	-0.58%	-8.7%	Kuwait	3/20/2027	3.8
Lead, MT	2,074	-2.40%	-16.6%	Abu Dhabi	10/11/2027	3.9
Zinc, MT	2,454	-1.17%	-26.1%	Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.3
				Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.16	2.7	1m	2.06	31.9%
5 year	99.99	2.8	3m	2.31	36.6%
10 year	99.94	2.9	6m	2.51	36.5%
30 year	98.94	3.1	1 year	2.80	33.0%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **CMA asks banks to make final decision on proposed mergers within six months**

The Capital Market Authority (CMA) has requested the banks which are involved in merger negotiations to make their final decision on proposed mergers within a six-month period after the initial disclosure. BankDhofar and National Bank of Oman (NBO) recently announced their plan to begin talks on a possible merger between the two lenders. Earlier in May, Oman Arab Bank (OAB) and Alizz Islamic Bank also agreed to explore the possibility for a strategic collaboration that may lead to an eventual merger of the two entities.

Source: [Muscat Daily](#)

### **Talks ongoing on Greater Barik integrated gas deal**

Negotiations centering on the development and monetization of potentially prolific gas resources discovered in the Greater Barik area onshore Block 6 are ongoing, according to a high-level official of Oman's Ministry of Oil & Gas. The outcome of these talks is keenly anticipated because it promises to create a new paradigm for the development and monetization of the Sultanate's gas resources. In this model, foreign investors will be invited not only to develop and commercialize gas resources in specific fields or blocks, but also invest in downstream industries that utilize these resources.

Source: [Oman Observer](#)

### **Majan Development unveils Phase 3 of Al Muzn project**

Majan Development Company SAOC has announced that it has commenced the development of the third phase of the Al Muzn project, which consists of the construction of residential units in the complex located in Mawaleh North, opposite Al Mouj Muscat and a number of commercial centers.

Source: [Oman Observer](#)

### **Stage set for 4<sup>th</sup> Industrial Revolution**

With the Royal blessings of His Majesty Sultan Qaboos, the Diwan of Royal Court inaugurated the first edition of Al Shabab Scheme of the National Youth Program for Skills Development. The scheme will start with 1,000 people in the age group 18 to 29 years from all governorates of the Sultanate. Focusing on imparting skills, knowledge and values of the 4th Industrial Revolution through an e-learning platform, it was launched at a session on cyberspace.

Source: [Oman Observer](#)

### **Stronger indicators reflect diversification efforts**

Oman's economic indicators showed stronger signs as a result of economic diversification policies. Some of the key strategic projects achieved many gains according to performance indicators issued by the Implementation Support and Follow-up Unit (ISFU). While work is continuing at a good pace in other projects, some projects are planned to be completed by 2023.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **MIDEAST STOCKS-Qatar, Saudi rebound as Turkey concerns ease**

Qatar and Saudi stocks rose modestly on Tuesday, recouping part of recent losses - notably among banks - as concerns about contagion from sharp declines in the Turkish lira eased. As the lira stabilized, Qatar stocks ended 0.9 percent higher, helped by a 1.5 percent rebound in Qatar National Bank from sharp falls in the past two days. It has a Turkish subsidiary, QNB Finansbank.

Source: [Reuters](#)

### **Leejam allots 10 shares per subscriber in IPO**

Leejam Sports Co. on Tuesday allotted a minimum of ten shares to each subscriber in its initial public offering (IPO), Samba Capital & Investment Management Co., the financial advisor, bookrunner, lead manager and sole underwriter, said in a statement. The remaining shares will be allotted pro-rata based at an allotment ratio of 34 percent.

Source: [Argaam](#)

### **SAPTCO's subsidiary secures SAR 500mn murabaha loan from ANB**

Saudi Public Transportation Company (SAPTCO) said its 80 percent owned subsidiary, Public Transportation Co., has secured a Murabaha loan facility at SAR 500 million from the Arab National Bank (ANB), the company said in a bourse filing. The loan tenure extends for six months, and will be guaranteed by waiving the proceeds of King Abdulaziz Project for Riyadh Public Transport.

Source: [Argaam](#)

### **Amana Insurance submits capital hike request to CMA**

Amana Cooperative Insurance Co. on Tuesday submitted a request to the Capital Market Authority (CMA), the Kingdom's market regulator, to raise its capital, the company said in a bourse statement. Last week, the insurer obtained final approval from the Saudi Arabian Monetary Authority (SAMA) for its proposed SAR 100 million capital hike to SAR 240 million through rights issue, according to data available on Argaam.

Source: [Argaam](#)

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### **Al Rajhi Bank limits lending ahead of Saudi economic reforms**

Al Rajhi Bank, Saudi Arabia's second-largest lender by assets, expects low-single digit loan growth for the rest of 2018 as it curtails its loans while economic reforms take shape. Saudi Arabia is in the early stages of "Vision 2030", a multi-billion-dollar drive to open up society and diversify its economy away from oil revenues, and Al Rajhi's chief executive Steve Bertamini is expecting medium-term opportunities from it.

Source: [Zawya](#)

### **Saudi Vision 2030 'will boost competitiveness,' WEF says**

Countries across the Middle East are struggling to create diverse opportunities for their youth, according to the latest World Economic Forum (WEF) Arab World Competitiveness Report. However, a number of countries are innovating and creating new solutions to previously existing barriers to competitiveness, the report noted.

Source: [Zawya](#)

### **Mubadala offers to sell \$150m of shares in Malaysia's RHB Bank –sources**

Abu Dhabi sovereign fund Mubadala Investment Company has offered to sell around \$150 million worth of shares in Malaysia's RHB Bank Bhd RHBC.KL in a block trade on Tuesday, sources familiar with the deal said. Mubadala, which is the second largest shareholder in RHB through the 17.8 percent stake held by its unit Aabar Investments, has put the shares up for sale in the 5.07 to 5.18 ringgit (\$1.24-\$1.26) range, two sources said.

Source: [Zawya](#)

### **Exposure of UAE and GCC to Turkish crisis is limited**

The overall direct exposure of the UAE and other GCC countries to the Turkish crisis is limited. UAE exports to Turkey accounted for just 1.4 per cent of 2017 nominal GDP, analysts said. Monica Malik, chief economist, Abu Dhabi Commercial Bank, said GCC countries' overall direct exposure to Turkey is relatively contained. However, Turkey is a key destination for UAE non-oil exports as the Emirates was the 13th largest source of imports into Turkey last year.

Source: [Zawya](#)

### **Kuwait Finance House says Turkey financing portfolio is stable**

Kuwait Finance House (KFH), the country's second-biggest lender by assets, said on Tuesday that its Turkey financing portfolio is stable and diversified between the Turkish lira and major foreign currencies. The Turkish lira has gone into freefall over concerns about the direction of monetary policy under President Tayyip Erdogan and Turkey's worsening relations with the United States.

Source: [Zawya](#)

### **Qatar records robust cross-border M&A deals in Q2**

The number of closed M&A transactions in the GCC recorded a 86 percent growth in the second quarter of 2018 (Q2, 18) compared to Q2,17. The industrials sector witnessed the highest number of transactions, accounting for 20 percent of the total transactions. The energy, healthcare, education, media and telecommunication services sectors each accounted for 3 percent of the total number of transactions during Q2, 18. Each of the GCC acquirers seemed to have a different appetite with regards to M&A transactions during Q2,18. Qatari acquirers invested within the country, other GCC countries and foreign countries as Kuwaiti and Saudi acquirers preferred to invest in their home countries. UAE and Omani acquirers preferred investing outside the GCC, according to Kuwait Financial Centre (Markaz).

Source: [TPQ](#)

### **Telecom Egypt to raise \$500m in syndicated loan led by UAE banks**

Telecom Egypt, the country's largest internet provider, is raising a \$500 million syndicated loan for capital and operating expenditure, according to a statement from banks leading the transaction. First Abu Dhabi Bank and Mashreqbank, mandated to jointly arrange the five-year facility, have begun syndicating the deal to other lenders, they said.

Source: [Zawya](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Dollar hovers near 13-month peak on concerns over Turkey**

The dollar held firm near a 13-month high against a basket of major currencies on Wednesday after safe-haven demand on fears over fallout from the Turkish lira's recent drop boosted the U.S. currency. The greenback's strength was bolstered by the euro's fall, which has been dogged by concerns over the exposure of European banks to financial turmoil in Turkey.

Source: [Zawya](#)

### **Indian Rupee plunges to a record low of 70.05 per dollar**

The Indian rupee traded at record lows against the US dollar following concerns of a contagion from the plunge in Turkish Lira, a widespread decline in stocks across emerging markets and rising interest rates in the US. The local currency traded at 70.05 per dollar, after recording its biggest single-day fall of 1.6% on Monday to 69.93 per dollar. Traders are reported to be betting light in view of India's Independence Day holiday on Wednesday. Yet, under the nervous calm is a lingering concern the rupee may decline past 71 per dollar over the next few months.

Source: [Money Life](#)

### 'Alive and kicking': German economy shifts into higher gear

Gross domestic product expanded by 0.5 percent quarter-on-quarter, the Federal Statistics Office said, versus an expected 0.4 percent. The office also revised up the quarterly growth rate for the first three months of the year to 0.4 percent from 0.3 percent. On the year, the German economy grew by 2.0 percent from April to June, calendar-adjusted data showed versus an expected 2.1 percent.

Source: [CNBC](#)

### Stocks Fall, Dollar Gains as Risk-Off Mood Lingers: Markets Wrap

Asian stocks fell, Treasuries rose and the dollar climbed back to a 14-month high as risk appetite continued to be tested by the recent Turkey-induced turmoil. Shares declined in Japan, Hong Kong and China, where technology stocks underperformed. Ten-year Treasury yields dipped after climbing to 2.90 percent and the Bloomberg Dollar Spot Index rose for a fifth day, its longest winning run since April, as concerns about fragility in emerging-markets flared up again. The Turkish lira erased some of Tuesday's rebound and Asian emerging-market currencies fell. The Australian dollar tumbled to the lowest since December 2016.

Source: [Bloomberg](#)

## COMMODITIES NEWS

### Oil prices fall on rising U.S. crude inventories, darkening economic outlook

Oil prices fell on Wednesday, pulled down by a report of increased U.S. crude inventories and as a darkening economic outlook stoked expectations of lower fuel demand. Front-month Brent crude oil futures were at \$72.14 per barrel at 0021 GMT, down by 32 cents, or 0.4 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures were down 34 cents, or 0.5 percent, at \$66.70 per barrel.

Source: [Energy World](#)

### Gold prices slip to 18-month low on sturdy dollar

Gold prices slipped to their lowest since January 2017 early on Wednesday, pressured as the U.S. dollar clung to its highest in 13 months.

\* Spot gold was down 0.1 percent at \$1,192.11 an ounce at 0110 GMT, after hitting its lowest since late January 2017 at \$1,190.77.

Source: [Reuters](#)