

U Capital Morning Brief

26 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	863.50	-0.62	-0.07%	-11.37%	-	-	-
U Capital GCC 50 Index	1,291.12	-0.89	-0.07%	12.79%	-	-	-
U Capital MENA 200 Index	1,050.30	-0.67	-0.06%	5.55%	-	-	-
MSCI GCC Countries Index	530.44	-0.02	0.00%	10.56%	13.50	1.73	4.1%
Muscat Securities Market	4,390.45	1.01	0.02%	-13.90%	10.56	0.87	6.2%
Saudi Stock Exchange	7,867.16	1.48	0.02%	8.87%	17.17	1.77	3.6%
Kuwait Stock Exchange	5,208.54	2.80	0.05%	NA	15.14	1.32	3.8%
Qatar Exchange	9,447.88	-144.35	-1.50%	10.85%	14.03	1.42	4.6%
Bahrain Stock Exchange	1,347.98	0.51	0.04%	1.22%	9.10	0.85	6.1%
Dubai Financial Market	2,815.79	12.47	0.44%	-16.45%	7.50	1.05	6.0%
Abu Dhabi Exchange	4,884.92	-21.95	-0.45%	11.06%	12.85	1.45	4.9%
Beirut Stock Exchange	1,009.03	-1.81	-0.18%	-12.15%	5.34	0.63	9.6%
Palestine Stock Exchange	541.71	0.15	0.03%	-5.72%	12.62	1.17	4.5%
Tunis Se Index	8,389.03	30.87	0.37%	33.54%	21.91	2.99	1.7%
EGX 30 Index	15,273.39	-22.58	-0.15%	1.69%	11.51	2.44	2.3%
Amman General Index	1,988.89	7.22	0.36%	-6.48%	14.60	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)	0.733	1.365
FTSE 100	UK	7,577.5	0.19%	-1.4%	British Pound (GBP)	1.285	0.778
DAX	Germany	12,394.5	0.23%	-4.0%	Canadian Dollar (CAD)	0.768	1.303
CAC 40	France	5,432.5	0.24%	2.3%	Chinese Renminbi (CNH)	0.147	6.806
United States					Egyptian Pound (EGP)	0.056	17.892
DJIA	USA	25,790.4	0.52%	4.3%	Euro (EUR)	1.162	0.861
S&P 500	USA	2,874.7	0.62%	7.5%	Indian Rupee (INR)	0.014	69.909
NASDAQ	USA	7,946.0	0.86%	15.1%	Japanese Yen (JPY)	0.009	111.240
Asia Pacific					New Zealand Dollar (NZD)	0.667	1.495
NIKKEI 225	Japan	22,601.8	0.85%	-0.7%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,671.9	-0.43%	-7.5%	Pakistani Rupee (PKR)	0.813	124.225
KSE 100 Index	Pakistan	42,588.3	0.38%	5.2%	Russian Ruble (RUB)	0.015	67.088
NSE Nifty 50	India	11,557.1	-0.22%	9.7%	Singapore Dollar (SGD)	0.732	1.366
SHANGHAI Composite	China	2,729.4	0.18%	-17.5%	Turkish Lira (TRY)	0.166	6.006
KOSPI Index	South Korea	2,293.2	0.46%	-7.1%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	75.8	1.46%	17.8%	UAE	2.47	37.7%
WTI Crude (per bbl)	68.7	1.31%	13.7%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	74.8	1.35%	16.9%	Kuwait	2.00	6.7%
OPEC (per bbl)	73.0	1.76%	13.3%	Oman	2.48	29.8%
Precious Metals						
Gold100 OZ (per oz)	1,205.9	1.72%	-7.5%	Qatar	2.65	0.1%
Silver (per oz)	14.8	2.15%	-12.5%	Bahrain	3.53	29.4%
Platinum (per oz)	791.5	1.79%	-14.9%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,105	1.98%	-15.8%		Maturity date	YTM, %
Aluminium, MT	2,095	0.96%	-7.6%	Kuwait	3/20/2027	3.7
Lead, MT	2,085	1.46%	-16.2%	Abu Dhabi	10/11/2027	3.8
Zinc, MT	2,534	2.65%	-23.7%	Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.1
				Oman	1/17/2028	6.1
				Bahrain	10/12/2028	7.8

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.22	2.7	1m	2.07	32.5%
5 year	100.17	2.7	3m	2.32	36.8%
10 year	100.56	2.8	6m	2.52	37.3%
30 year	100.81	3.0	1 year	2.82	33.8%

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: Trading improves amid external pressures

The local financial market shared with its regional counterparts the external pressures related to the decline of the Turkish lira and the preventive tariffs between the United States and China, in addition to the geopolitical tensions already existing in the region. MSM30 ended the week lower by 0.92 per cent at 4,390.45 as well as all sub-indices of which led by the Financial Index (-0.99 per cent) followed by the Industrial Index (-0.51 per cent) and finally the Services Index (-0.4 per cent). The MSM Shariah Index closed down by 0.13 per cent on weekly basis.

Source: [Oman Observer](#)

Govt reserves untouched, thanks to oil price surge

Oman did not withdraw a single rial from its reserves in the first five months of 2018, as a surge in revenue gave the economy a welcome boost, according to data from the National Centre for Statistics and Information (NCSI). According to the figures, the country withdrew OMR500 million from its reserves in the first five months of 2017 when the oil prices plunged. However, it didn't withdraw a single rial in the same period of 2018.

Source: [Times of Oman](#)

MUSCAT IS SIXTH MOST LIVEABLE CITY IN THE MIDDLE EAST

Muscat is the sixth best city to live in among the Middle East cities according to a report which assesses the best and worst living conditions across the globe. Oman scores high in indices of stability (80), education (83.3), infrastructure (85.7), while low in healthcare (62.5) and culture and environment (47). In this year's Global Liveability Index 2018 by Economist Intelligence Unit, Vienna displaces Melbourne as the most liveable city in the world.

Source: [Muscat Daily](#)

29 pc dip in new private vehicle registrations

The number of new private vehicles registered in Oman continues to see a decline, pointing to the challenging market conditions despite the surge in oil prices in recent months. The number of new private vehicles registered in July 2018 declined 29.7 per cent as against 58,569 during the same period of 2017. Sources in the automobile industry attribute the market sluggishness to delays in salary payments and job uncertainties in the private sector. "People are reluctant to invest in new products. It makes sense as depreciation is higher compared with the used vehicles," said a senior sales executive of a popular automobile brand.

Source: [Oman Observer](#)

Tatweer expands investment footprint in Duqm SEZ

The Oman Company for the Development of the Special Economic Zone at Duqm (Tatweer), the wholly-owned infrastructure investment arm of the SEZ Authority of Duqm, has seen the total value of projects and investments supported by the company soar to RO 650 million.

Source: [Oman Observer](#)

REGISTRATION FOR IRU WORLD CONGRESS NOW OPEN

Registration is now open for the IRU World Congress, a platform for global decision-makers to exchange ideas, debate solutions and define the future of the road transport industry. Held in the region for the first time, interested participants are encouraged to join the discussions by registering to attend the IRU World Congress from November 6th to 8th at the Oman Convention and Exhibition Centre.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

UAE's Adnoc in advanced talks to sell refinery stakes

State-owned Abu Dhabi National Oil Co (Adnoc) is in advanced talks with more than one potential buyer, including Italy's ENI, as it prepares to sell minority stakes in its refining business, two sources familiar with the matter said. Adnoc began a wide-ranging shake-up in 2016 to tackle competition from new producers such as US shale firms. It listed 10 per cent of its fuel distribution business last year and aims to expand its downstream business abroad.

Source: [Times of Oman](#)

GCC DEBT ISSUANCE ON TRACK TO EXCEED \$50BN IN 2018: REPORT

GCC sovereign debt issuance has had another strong first half, with the two multi-tranche sovereign bond transactions of Saudi Arabia and Qatar leading issuance of over US\$30bn in the hard currency market, according to Fisch Asset Management. The Zurich-based asset manager believes that full-year issuance could surpass last year's levels of US\$50bn, according to a press release.

Source: [Muscat Daily](#)

NEOM receives bids for building engineers' offices, housing

Saudi Arabia's megacity project, NEOM, has received bids for the construction of accommodation and offices for the project's engineers and supervisors, NEOM's twitter account said today. "We are developing the masterplan, undertaking environmental assessments and evaluating bids for the construction of accommodation and offices for the engineers and supervisors to start work," Neom added.

Source: [Argaam](#)

Saudi Arabia qualifies 18 firms to run fuel stations on highways

Saudi Arabia's Ministry of Municipal and Rural Affairs qualified 18 local and GCC firms to operate, manage and maintain service stations on highways across the Kingdom, Al-Eqtisadiyah newspaper reported. The firms included Petromin, ENOC, Saudi Automotive Services Co. (SASCO), Aldrees Petroleum and Transport Services, Al Tasheelat Marketing Co. Ltd., Naft Services. Co., **Oman Oil Marketing Co.**, ADNOC, Fuel way, Al Atoz for Petroleum Services, Wafi energy, Liter Group, 7Plus, and Petrolat.

Source: [Argaam](#)

Saudi real estate deals drop 51% in month ending Aug. 12

The value of real estate transactions in Saudi Arabia in the month ending Aug. 12 (Dhul Qa'dah) dropped 51 percent year-on-year (YoY) to SAR 10.5 billion, data issued by the justice ministry showed. Compared to the previous month of Shawwal, transactions rose 35 percent. The value of property deals over the past 11 months (since the beginning of the Hijri year on Sept. 22) dropped 15 percent YoY to SAR 166.4 billion.

Source: [Argaam](#)

Gov't still committed to Saudi Aramco's IPO: Al-Falih

Saudi Arabia denied media reports that plans to list shares of state-owned oil producer Saudi Aramco on Tadawul have been scrapped, Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources and chairman of Saudi Aramco, said in a statement on Thursday.

Source: [Argaam](#)

Saudi Vision 2030 introduced 'unprecedented developments' to pilgrimage

Saudi Arabia's Minister of Hajj and Umrah Mohammed Salih Bentin said that his sector has witnessed "unprecedented developments" recently through the adoption of "advanced technology to improve performance, transparency and quality." He credited Vision 2030 as the driving force behind these developments, which include — he said — a shift in work culture so that providing Hajj- and Umrah-related services is now seen as a task that needs year-round, rather than seasonal, attention.

Source: [Zawya](#)

Saudi reforms to boost growth despite any Aramco IPO delay – IMF

Saudi Arabia is moving ahead with economic reforms and growth in its non-oil economy will pick up this year despite any delay to a planned sale of shares in national oil giant Saudi Aramco, a senior International Monetary Fund official said on Friday. "Aramco was one part of the reform programme. Other parts are moving ahead pretty well," Tim Callen, the IMF's mission chief for Saudi Arabia, told reporters after annual consultations with the Saudi government.

Source: [Zawya](#)

UAE markets: Where the month closes could be telling for what comes next

There was only one trading day last week on Sunday due to the Eid holiday and therefore the condition of the two UAE markets has not changed by much. The larger developing patterns continue to dominate, and Dubai and Abu Dhabi remain pointed in opposite directions. Last week the Dubai Financial Market General Index (DFMGI) was up 12.47 or 0.44 per cent to close at 2,815.79. There were 17 advancing issues and nine declining.

Source: [Gulf News](#)

UAE's MBF Group inks deal for \$970m Islamabad medical city project

UAE-based MBF Group has announced an agreement to establish a \$970 million integrated medical city in the Pakistani city of Islamabad. The agreement with Ibchez Housing and Nixon will include the construction of a hospital that will provide medical services at international standards. Sheikh Mohammed bin Faisal Al Qassimi, founder and owner of the MBF Group, said that the project will include a 400-bed university hospital and will also feature the country's first medical mall, therapeutic and recreational areas, a regional cardiology centre, and an orthopedic center.

Source: [Arabian Business](#)

Travel, tourism share to Qatar's GDP to double by 2028

Tourism is expected to play a greater role in Qatar's economy as the sector's share to the country's GDP will be nearly QR133.5bn in 2028, a report by the World Travel & Tourism Council (WTTC) has shown. This will be more than double the share of travel and tourism to Qatar GDP last year. In 2017, the total contribution of travel and tourism to Qatari GDP stood at QR59.6bn (10%) of GDP, the London-based forum for the global travel and tourism industry said in its '2018 Annual Economic Report'.

Source: [Gulf Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Fed's Powell defends policy of gradual interest rate hikes

Federal Reserve Chairman Jerome Powell on Friday defended the U.S. central bank's push to raise interest rates as healthy for the economy and signaled more hikes were coming despite President Donald Trump's criticism of higher borrowing costs. The Fed, which began to tighten monetary policy in 2015, has raised rates twice this year and is widely expected to do so again next month and in December.

Source: [Reuters](#)

Musk drops \$72-billion plan to make Tesla private

Tesla Inc CEO Elon Musk said on Friday he would heed shareholder concerns and no longer pursue a \$72-billion deal to take his US electric car maker private, abandoning an idea that had stunned investors and drawn regulatory scrutiny. The decision leaves Tesla as a publicly listed company but raises new questions about its future. Its shares have been trading below their August 7 levels, when Musk announced on Twitter he was considering taking Tesla private for \$420 per share, as investors wondered what the long-shot bid meant for Musk's ability to steer the company to profitability.

Source: [Oman Observer](#)

Much detail, little progress in U.S.-China talks, sources say

U.S-China trade talks this week were heavy on details but short on progress as U.S. negotiators outlined cases of American firms harmed by Chinese practices and China argued it was meeting its WTO obligations, people familiar with contents of the discussions said. The two days of talks in Washington led by mid-level officials did little to resolve a worsening trade spat between the world's two biggest economies and ended on Thursday without a joint statement.

Source: [Reuters](#)

U.S. stock fund investors show no fear of King Dollar

The greenback's 6 percent leap over the past six months has flummoxed markets from Turkey to Argentina, whose governments have to repay debt in dollars. The stronger currency, which makes U.S. exports more expensive to foreign buyers, has also frustrated President Donald Trump, who is trying to reduce U.S. trade deficits. Yet among the least popular exchange-traded funds (ETFs) this year are "currency hedged" funds, which invest in stocks abroad but strip out the effect of a foreign currency's performance using derivatives.

Source: [Reuters](#)

China central bank official rebuts Trump's claim it is manipulating the yuan

China is not manipulating the yuan, the official, Li Bo, is quoted as saying in a report in the South China Morning Post. He told reporters in Beijing the country would not use its currency as a weapon in a trade war. The yuan has fallen sharply against the dollar as the trade war between the two nations escalated this summer.

Source: [CNBC](#)

COMMODITIES NEWS

Oil rises as China demand resumes, signs that Iran supply curbed

Oil prices gained more than 1 percent on Friday, ending a run of weekly declines on signs that Iran sanctions may limit global supply and that a trade war may not curb China's appetite for U.S. crude. Brent crude oil settled up \$1.09 a barrel, or 1.5 percent, at \$75.82 a barrel. U.S. crude was up 89 cents, or 1.3 percent, at \$68.72.

Source: [Zawya](#)

Copper rises on weaker dollar but trade war drags on

Copper rose on Friday, clocking its first weekly gain in four on a softer dollar, though worries about Chinese demand are expected to cap gains as the country's trade dispute with the United States drags on. Benchmark copper on the London Metal Exchange (LME) rose 2 percent to close at \$6,105 a ton, up nearly 3 percent for its biggest weekly gain since early June.

Source: [Zawya](#)

Gold firms as markets brace for Fed chairman's speech

Gold prices rose on Friday as the dollar came under pressure ahead of a speech by the U.S. Federal Reserve chairman, which could yield clues to the direction of U.S. monetary policy. Spot gold was up 0.7 percent at \$1,193.10 an ounce at 1141 GMT, about 3 percent higher than last week's 2018 low below \$1,160.00. U.S. gold futures were up 0.4 percent at \$1,199.40.

Source: [Reuters](#)

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