

U Capital Morning Brief

28 August 2018

| Market Indices | Current Close | | Change | D/D | YTD | Price to Earnings | Price to Book | Div Yield |
|--------------------------|---------------|--------|--------|---------|-------|-------------------|---------------|-----------|
| | Index | Point | Point | % | % | (x) | (x) | % |
| U Capital Oman 20 Index | 863.68 | 0.18 | 0.02% | -11.35% | - | - | - | - |
| U Capital GCC 50 Index | 1,313.56 | 22.44 | 1.74% | 14.75% | - | - | - | - |
| U Capital MENA 200 Index | 1,062.38 | 12.08 | 1.15% | 6.76% | - | - | - | - |
| MSCI GCC Countries Index | 539.59 | 4.22 | 0.79% | 12.47% | 13.74 | 1.76 | 4.0% | |
| Muscat Securities Market | 4,381.78 | 14.89 | 0.34% | -14.07% | 10.54 | 0.87 | 6.2% | |
| Saudi Stock Exchange | 8,000.13 | 21.30 | 0.27% | 10.71% | 17.46 | 1.80 | 3.5% | |
| Kuwait Stock Exchange | 5,154.45 | -31.47 | -0.61% | NA | 14.97 | 1.30 | 3.8% | |
| Qatar Exchange | 9,802.63 | 357.28 | 3.78% | 15.01% | 14.56 | 1.48 | 4.5% | |
| Bahrain Stock Exchange | 1,347.94 | -3.71 | -0.27% | 1.22% | 9.10 | 0.85 | 6.1% | |
| Dubai Financial Market | 2,829.72 | 3.89 | 0.14% | -16.03% | 7.54 | 1.05 | 6.0% | |
| Abu Dhabi Exchange | 4,938.92 | 29.42 | 0.60% | 12.29% | 13.00 | 1.46 | 4.9% | |
| Beirut Stock Exchange | 998.14 | -10.89 | -1.08% | -13.10% | 5.28 | 0.63 | 9.7% | |
| Palestine Stock Exchange | 538.53 | -2.19 | -0.41% | -6.27% | 12.55 | 1.17 | 4.5% | |
| Tunis Se Index | 8,393.84 | 4.81 | 0.06% | 33.62% | 21.92 | 2.99 | 1.7% | |
| EGX 30 Index | 15,236.64 | -2.39 | -0.02% | 1.45% | 11.73 | 2.43 | 2.3% | |
| Amman General Index | 1,985.20 | -0.23 | -0.01% | -6.66% | 14.68 | 1.01 | 4.6% | |

| World Markets | Country | Value | D/D | YTD |
|----------------------|-------------|----------|--------|--------|
| Europe | | | | |
| FTSE 100 | UK | 7,577.5 | 0.19% | -1.4% |
| DAX | Germany | 12,538.3 | 1.16% | -2.9% |
| CAC 40 | France | 5,479.1 | 0.86% | 3.1% |
| United States | | | | |
| DJIA | USA | 26,049.6 | 1.01% | 5.4% |
| S&P 500 | USA | 2,896.7 | 0.77% | 8.3% |
| NASDAQ | USA | 8,017.9 | 0.91% | 16.1% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 22,896.1 | 0.40% | 0.6% |
| HANG SENG | Hongkong | 28,340.2 | 0.24% | -5.3% |
| KSE 100 Index | Pakistan | 42,694.2 | -0.13% | 5.5% |
| NSE Nifty 50 | India | 11,729.3 | 0.32% | 11.4% |
| SHANGHAI Composite | China | 2,781.0 | 0.00% | -15.9% |
| KOSPI Index | South Korea | 2,303.6 | 0.19% | -6.6% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.733 | 1.364 |
| British Pound (GBP) | 1.288 | 0.777 |
| Canadian Dollar (CAD) | 0.771 | 1.297 |
| Chinese Renminbi (CNH) | 0.147 | 6.810 |
| Egyptian Pound (EGP) | 0.056 | 17.896 |
| Euro (EUR) | 1.168 | 0.857 |
| Indian Rupee (INR) | 0.014 | 70.086 |
| Japanese Yen (JPY) | 0.009 | 111.260 |
| New Zealand Dollar (NZD) | 0.669 | 1.495 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.805 | 124.252 |
| Russian Ruble (RUB) | 0.015 | 67.537 |
| Singapore Dollar (SGD) | 0.733 | 1.364 |
| Turkish Lira (TRY) | 0.162 | 6.173 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|--------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 76.2 | 0.00% | 18.4% |
| WTI Crude (per bbl) | 68.9 | -0.01% | 14.0% |
| Oman Crude Oil (Last Closing) | 75.1 | 0.32% | 17.3% |
| OPEC (per bbl) | 74.0 | 1.38% | 14.8% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,209.9 | -0.13% | -7.1% |
| Silver (per oz) | 14.9 | -0.11% | -12.1% |
| Platinum (per oz) | 807.0 | 0.51% | -13.3% |
| Other Metals | | | |
| Copper, MT | 6,105 | 1.98% | -15.8% |
| Aluminium, MT | 2,095 | 0.96% | -7.6% |
| Lead, MT | 2,085 | 1.46% | -16.2% |
| Zinc, MT | 2,534 | 2.65% | -23.7% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|-------|
| UAE | 2.53 | 41.2% |
| Saudi Arabia | 2.61 | 37.5% |
| Kuwait | 2.00 | 6.7% |
| Oman | 2.47 | 29.6% |
| Qatar | 2.65 | 0.2% |
| Bahrain | 3.53 | 29.4% |

| GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|---|---------------|--------|
| Kuwait | 3/20/2027 | 3.7 |
| Abu Dhabi | 10/11/2027 | 3.8 |
| 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 % |
|----------|--------|-------|
| 3 year | 100.13 | 2.7 |
| 5 year | 100.02 | 2.7 |
| 10 year | 100.22 | 2.9 |
| 30 year | 100.03 | 3.0 |

| USD Libor | Rate (%) | YTD |
|-----------|----------|-------|
| 1m | 2.07 | 32.5% |
| 3m | 2.32 | 36.8% |
| 6m | 2.52 | 37.3% |
| 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

Over 400,000 visit nine tourist destinations in h1 2018

A number of tourist destinations in the sultanate had a huge influx of tourists in the first half of 2018, with 409,449 visitors of different nationalities visiting nine destinations. The biannual statistics released by the Department of Information and Statistics of the Directorate General of Planning, Follow-up and Information in the Ministry of Tourism indicated that the number of visitors to Jebel Akhdar was over 93,000 between January and June this year, of which 28,904 were Omanis, 4,063 Gulf nationals and 3,060 were other Arabs. The number of foreign tourists reached 56,735 during this period.

Source: [Muscat Daily](#)

High-level national team to drive 5G in Oman

A national team has been constituted to pave the way for the roll-out of fifth-generation (5G) international mobile telecommunications in the Sultanate, according to Dr Mohammed bin Hamad al Rumhy, Chairman of the Telecommunications Regulatory Authority (TRA) of Oman. The high-level team includes representatives from all of the key stakeholder agencies, as well as mobile operators, who will play a role in driving the introduction of this cutting-edge wireless technology, seen as indispensable to achieving Oman's long-term economic growth ambitions.

Source: [Oman Observer](#)

Oman share index ends higher

The MSM30 index ended higher on Monday and closed at 4,381.78 points, up by 0.34 per cent. MSM Sharia Index closed at 607.75 points, up by 0.39 per cent. Al Madina Takaful was the most active in terms of volume while Ahli Bank Perpetual Bonds was most active in terms of turnover. The top gainer of the day was National Bank of Oman, up by 2.78 per cent. The top loser was Taageer Finance, which closed lower by 5.10 per cent.

Source: [Times of Oman](#)

Bank Sohar closes \$250m loan facility

Bank Sohar has closed a \$250 million three-year syndicated loan facility in a move to extend financing solutions for Oman's consumer and business segments. The facility was raised as part of the bank's comprehensive asset growth strategy that has proven successful throughout 2018, with the bank's results for the first half demonstrating notable growth compared with the previous year.

Source: [GDN Online](#)

ACWA POWER BARKA - RO Plants Update Beyond 2021

ACWA Power submitted a binding commitment in response to the request for offer issued by OPWP in respect of obtaining an extension of APB reserve osmosis plant beyond 2021 (being the end date of original extension). However, the company has been notified by OPWP that it was not successful in the request for offer process.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi king tipped the scale against Aramco IPO plans

For the past two years, Saudi Arabia has prepared to place up to 5 percent of its national oil company on the stock market. Officials talked up the Saudi Aramco initial public offering (IPO) with international exchanges, global banks and U.S. President Donald Trump. The planned listing was to be the cornerstone of the kingdom's promised economic overhaul and, at a targeted \$100 billion, the biggest IPO ever. It was the brainchild of 32-year-old Crown Prince Mohammed bin Salman, heir apparent of the world's largest oil exporter. But after months of setbacks, the international and domestic legs of the IPO were pulled.

Source: [Zawya](#)

Saudi Arabia Grants Aramco 40-Year Oil Concession

Saudi Arabia has granted its state-owned oil company a 40-year concession to exploit the kingdom's hydrocarbon reserves as part of Aramco's preparation for a potential initial public offering, a person familiar with the matter said. The pact replaces norms dating in some cases from 1933, when the kingdom first agreed to let companies drill for oil there, the person said, asking not to be named discussing internal matters. Saudi Aramco declined to comment.

Source: [Bloomberg](#)

Mideast Stocks: Saudi trims gains; banks send Qatar 3.8% higher

The Saudi market ended on a positive note for the second day in a row, while a 6 percent gain in Qatar National Bank boosted the Qatar index, as the country's biggest bank rebounded from recent selling due to concerns about its Turkey exposure. The Saudi index rose 0.3 percent, off earlier highs, with losers outnumbering gainers by 89 to 68 and with a trading volume close to its lowest levels this year. The index rose 1.4 percent on Sunday.

Source: [Zawya](#)

Saudi banks open 5 new branches in H1 2018

The recent additions brought the total number of branches in the Kingdom to 2,078, compared to 2,079 by the end of 2017. As many as 12 foreign banks are currently operating in the country, including Gulf International Bank (GIB), Emirates NBD, BNP Paribas of France, National Bank of Kuwait (NBK), Deutsche Bank of Germany, Bank Muscat, National Bank of Bahrain (NBB), and JPMorgan Chase & Co. of the United States, Pakistan National Bank, Ziraat Bank of Turkey, State Bank of India and Industrial and Commercial Bank of China.

Source: [Argaam](#)

PIF awards consultancy contract for King Abdullah Financial District

Saudi Arabia's Public Investment Fund (PIF) has appointed Sets, a Lebanon-based engineering firm, to provide traffic and transport consultancy services for the King Abdullah Financial District (KAFD) project in Riyadh, MEED reported on Sunday. The scope of work includes the preparation of a baseline traffic impact study for the original master plan and an updated traffic impact study to support the delivery of a new master plan for the project, the MEED report noted, citing Sets.

Source: [Argaam](#)

Foreign investors hiked stakes in 31 listed firms on Aug. 15

Qualified foreign investors (QFIs) increased their stakes in 31 Tadawul-listed firms on Wednesday, Aug. 15, while 41 companies saw foreign investors cutting stakes, market data compiled by Argaam showed. The Company for Cooperative Insurance (Tawuniya) topped the list of companies seeing increased purchases by foreign investors by 0.37 percent, followed by Nama Chemicals Co. at 0.06 percent.

Source: [Argaam](#)

Saudi Arabia issues draft on issuance of global depositary receipts

Saudi Arabia's capital markets regulator has issued draft rules for local companies to issue depositary receipts abroad, giving them a new channel to attract foreign equity investment. The draft sets out the requirements for issuing global depositary receipts, which bundle shares of local companies for trade on foreign exchanges. The draft is open to public consultation for 30 days, the Capital Market Authority said on Monday.

Source: [Zawya](#)

Saudi letters of credit fall in Q2 as demand weakens

Saudi and foreign investors stand in front of the logo of Saudi state oil firm Aramco during a business forum in the capital Riyadh (file). The long-term plan to diversify the economy away from its reliance on oil took a setback this month when Saudi Arabia put the initial public offering of Aramco on hold.

Source: [Gulf Times](#)

Bahrain to launch international bid for metro project

Bahrain plans to issue an international tender for its first metro project in the fourth quarter of 2019, seeking private partners to finance a scheme that may cost as much as \$2 billion, a transport ministry official told the Al Ayam newspaper. The ministry has finalized the feasibility study for the project, which will cover a 109 kilometer area and is expected to be built in four phases over a four-year period, the newspaper reported on Monday, citing Abdul Rahman Al Janahi, the adviser to the transport minister.

Source: [The National](#)

UAE pharma firm begins production at new \$34m Dubai factory

UAE-based Pharmax Pharmaceuticals has begun production out of its new AED125 million (\$34 million) facility located in Dubai Science Park. The custom-built factory is the first advanced manufacturing facility to be opened in Dubai Science Park and is equipped with the latest European technology, meeting stringent global regulatory standards, the company said in a statement.

Source: [Arabian Business](#)

UAE global first to offer online mortgage service

Abu Dhabi City Municipality (ADM) in collaboration with Abu Dhabi Islamic Bank, has issued the first digital mortgage certificate making the UAE the first country in the world to offer digital real estate services through a smart services hub, a media report said. The step culminates the upsurge in the digitalization of services advocated by the Department of Urban Planning and Municipalities in response to the government directives, reported Emirates news agency Wam.

Source: [GDN Online](#)

Qatar's trade surplus hits QR16.9bn in July

Qatar's trade surplus, which is the difference between total exports and imports, reached a surplus of QR16.9bn, showing an increase of QR5bn or 42.7 percent compared to July 2017. The huge rise in surplus shows that Qatar's economy remains on firm footing. According to preliminary figures of the value of exports of domestic goods, re-exports, and imports released yesterday by the Ministry of Development Planning and Statistics the trade balance decreased by nearly QR1.1bn or 6.1 percent compared to June 2018. In July 2018, the total exports of goods (including exports of goods of domestic origin and re-exports) amounted to around QR26.6bn, registering an increase of 45.3 percent compared to July last year, while it fell by 1.1 percent compared to June this year.

Source: [TPQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

GLOBAL MARKETS-World stocks at highest in over two weeks, China's yuan rallies

World stocks rose to their highest level in over two weeks on Monday, following reassuring comments from the U.S. Federal Reserve chief, signs of progress on a U.S.-Mexico NAFTA trade deal and a bid by China's central bank to stabilize the yuan. A stronger-than-expected German business sentiment survey added to the upbeat mood in Europe, with stock markets in Paris and Frankfurt up about 0.5 percent each. British markets were closed for a public holiday, while U.S. stock futures pointed to fresh gains on Wall Street.

Source: [Zawya](#)

U.S., Mexico reach NAFTA deal, turn up pressure on Canada

The United States and Mexico agreed on Monday to overhaul the North American Free Trade Agreement (NAFTA), putting pressure on Canada to agree to new terms on auto trade and dispute settlement rules to remain part of the three-nation pact. Auto stocks soared and the S&P 500 and the Nasdaq rallied to record highs on the expectation that Canada would sign onto the deal and ease the economic uncertainty caused by U.S. President Donald Trump's repeated threats to ditch the 1994 accord.

Source: [Reuters](#)

EU starts SWIFT alternative money transfer system

German foreign minister Heiko Maas announced on Monday that Europe has begun working on establishing a system for money transfers that would act as an alternative to the US-dominated Society for Worldwide Interbank Financial Telecommunication (SWIFT). "That won't be easy, but we have already started to do that," Russian news agency RIA Novosti quoted Maas saying at the annual Ambassadors Conference in Berlin. "We are studying proposals for payment channels and systems, more independent from SWIFT, and for creating European monetary fund," he added, noting that it was "high time to recalibrate the Transatlantic Partnership – rationally, critically, and even self-critically."

Source: [Mubasher](#)

U.S. says China's steel wheels subsidized, will impose duties on imports

The U.S. Commerce Department said on Monday it had made a preliminary determination that imports of certain steel wheels from China were subsidized at rates ranging from 58.75 percent to 172.51 percent, and it would impose duties on the product.

Source: [Reuters](#)

Berkshire Hathaway buys a stake in India's largest digital payments company

Berkshire confirmed "the investment was made" in One97 Communications — the parent company of Paytm — and said Buffett was not personally involved in the deal. The Economic Times reported earlier Monday Berkshire was in talks to invest between 20 billion to 25 billion rupees (\$286 million to \$357 million) and pick up a 3-4 percent stake in One97 Communications. Paytm is India's largest mobile commerce platform and is already backed by Japan's SoftBank and Chinese tech giant Alibaba.

Source: [CNBC](#)

Turkey inflation 'to hit 20%'

Turkey is facing the prospect of a leap in inflation this year and a sharp contraction in its economy in 2019 as the country's currency crisis continues, according to analysts at S&P Global. The Turkish currency went into free-fall at the beginning of the month when Donald Trump, the US president, imposed economic sanctions over a political dispute, hitting a record low of 7.24 lira to the dollar. It has crept up slightly since, but the long-term effects of the crisis are still emerging.

Source: [Arab News](#)

COMMODITIES NEWS

Copper prices fall as U.S.-China trade war clouds demand outlook

London copper prices lost ground on Tuesday, set to fall for three out of four sessions as the trade war between the United States and China clouded the demand-outlook for industrial metals. COPPER: Three-month copper on the London Metal Exchange had dropped 0.6 percent to \$6,066.50 a ton by 0330 GMT, while the most-traded copper contract on the Shanghai Futures Exchange slid 0.4 percent to 48,540 yuan (\$7,061.39) a ton.

Source: [Reuters](#)

Oil price up, supported by rising stock market, US-Mexico trade deal

Oil prices edged up on Monday, supported by a strengthening equities market and news that the United States and Mexico agreed to overhaul the North American Free Trade Agreement (NAFTA). Brent crude rose 39 cents, or 0.5 percent, to settle at \$76.21 a barrel. U.S. West Texas Intermediate (WTI) crude futures gained 15 cents, or 0.2 percent, to close at \$68.87 a barrel.

Source: [Zawya](#)

4 Biggest Risks Threatening the Physical Gold Market — ABC Bullion

As technology continues to reshape the world, as we know it, its impact on the traditional physical gold market is hard to quantify, said Australia's ABC Bullion chief economist while listing four biggest risks threatening the yellow metal in the near future. "From where I sit,

apart from the obvious challenge a bear market in the metal would pose for gold sales, I see four main threats to the growth of the industry in decade ahead,” said Jordan Eliseo.

Source: [KITCO](#)

South Sudan resumes pumping 20,000 bpd from oilfield suspended since 2013

South Sudan has resumed pumping 20,000 barrels per day (bpd) of crude from the Toma South oilfield, where production had been suspended since 2013, the Sudanese oil minister Azhari Abdulqader said. Production at five of the previously suspended oilfields was expected to reach 80,000 bpd after maintenance work is completed by the end of the year, Abdulqader told a news conference in Khartoum. South Sudan’s oil output currently stands at 130,000 bpd and is expected to reach 210,000 bpd by year-end, he added.

Source: [Arab News](#)