

U Capital Morning Brief

29 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	873.18	9.68	1.12%	-10.38%	-	-	-
U Capital GCC 50 Index	1,318.50	27.38	2.12%	15.19%	-	-	-
U Capital MENA 200 Index	1,068.81	18.51	1.76%	7.41%	-	-	-
MSCI GCC Countries Index	541.70	2.11	0.39%	12.91%	13.77	1.76	4.0%
Muscat Securities Market	4,410.25	28.47	0.65%	-13.51%	10.61	0.88	6.2%
Saudi Stock Exchange	8,036.56	36.43	0.46%	11.21%	17.54	1.81	3.5%
Kuwait Stock Exchange	5,118.33	-36.12	-0.70%	NA	14.86	1.29	3.8%
Qatar Exchange	9,858.34	55.71	0.57%	15.66%	14.64	1.48	4.5%
Bahrain Stock Exchange	1,346.86	-1.08	-0.08%	1.14%	9.09	0.85	6.1%
Dubai Financial Market	2,818.19	-11.53	-0.41%	-16.38%	7.51	1.05	6.0%
Abu Dhabi Exchange	4,956.76	17.84	0.36%	12.69%	13.04	1.47	4.8%
Beirut Stock Exchange	997.59	-0.55	-0.05%	-13.14%	5.28	0.63	9.7%
Palestine Stock Exchange	537.97	-0.56	-0.10%	-6.37%	12.53	1.17	4.5%
Tunis Se Index	8,431.64	37.80	0.45%	34.22%	22.02	3.00	1.7%
EGX 30 Index	15,606.18	369.54	2.43%	3.91%	12.01	2.51	2.3%
Amman General Index	1,988.88	3.68	0.19%	-6.48%	14.71	1.02	4.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,617.2	0.52%	-0.9%
DAX	Germany	12,527.4	-0.09%	-3.0%
CAC 40	France	5,485.0	0.11%	3.2%
United States				
DIJA	USA	26,064.0	0.06%	5.4%
S&P 500	USA	2,897.5	0.03%	8.4%
NASDAQ	USA	8,030.0	0.15%	16.3%
Asia Pacific				
NIKKEI 225	Japan	22,913.3	0.44%	0.7%
HANG SENG	Hongkong	28,415.6	0.23%	-5.0%
KSE 100 Index	Pakistan	42,599.5	0.15%	5.3%
NSE Nifty 50	India	11,737.1	-0.01%	11.5%
SHANGHAI Composite	China	2,768.2	-0.35%	-16.3%
KOSPI Index	South Korea	2,307.5	0.19%	-6.5%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.734	1.362
British Pound (GBP)	1.287	0.777
Canadian Dollar (CAD)	0.775	1.290
Chinese Renminbi (CNH)	0.147	6.807
Egyptian Pound (EGP)	0.056	17.904
Euro (EUR)	1.170	0.855
Indian Rupee (INR)	0.014	70.314
Japanese Yen (JPY)	0.009	111.210
New Zealand Dollar (NZD)	0.671	1.491
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.813	124.500
Russian Ruble (RUB)	0.015	67.876
Singapore Dollar (SGD)	0.733	1.364
Turkish Lira (TRY)	0.160	6.262

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	75.9	-0.01%	17.9%
WTI Crude (per bbl)	68.6	0.03%	13.5%
Oman Crude Oil (Last Closing)	74.6	-0.57%	16.6%
OPEC (per bbl)	74.1	0.09%	14.9%
Precious Metals			
Gold100 OZ (per oz)	1,204.5	0.29%	-7.6%
Silver (per oz)	14.8	0.40%	-12.8%
Platinum (per oz)	794.2	0.58%	-14.6%
Other Metals			
Copper, MT	6,147	0.69%	-15.2%
Aluminium, MT	2,134	1.84%	-5.9%
Lead, MT	2,082	-0.14%	-16.3%
Zinc, MT	2,540	0.24%	-23.5%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.62	46.0%
Saudi Arabia	2.61	37.6%
Kuwait	2.06	10.0%
Oman	2.47	29.6%
Qatar	2.62	-1.1%
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	100.09	2.7
5 year	99.96	2.8
10 year	100.03	2.9
30 year	99.52	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

National Bank of Oman Is Said to Pick Six Advisers for Bond Sale

National Bank of Oman SAOG has appointed Citigroup Inc. and Standard Chartered Plc to help manage the sale of dollar-denominated bonds, according to two people with knowledge of the plan. Credit Agricole SA, First Abu Dhabi Bank PJSC, Emirates NBD PJSC and Bahrain's Bank ABC BSC have also been picked to place the issue this year, said the people, who asked not to be identified because the information is not yet public. A spokesperson for National Bank of Oman did not respond to phone or emailed requests for comment.

Source: **Bloomberg News Alert**

CBO issues treasury bills worth OMR41 million

Oman's central bank raised OMR41 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 91 days, from August 29, 2018 until November 28, 2018. The average accepted price reached 99.477 for every OMR100, and the minimum accepted price arrived at 99.425 per OMR100. Whereas the average discount rate and the average yield reached 2.09843 per cent and 2.10948 per cent, respectively.

Source: **Times of Oman**

Oman GDP logs healthy first quarter gain

The Sultanate's Gross Domestic Product (GDP) rose at the end of the first quarter of 2018 by 6.5 per cent to reach OMR7,034.4 million, compared to OMR6,605.7 million in the same period of 2017, according to statistics released by the National Center for Statistics and Information (NCSI). Oil activities led to a growth of 16.5 per cent, recording OMR2,336.4 million, compared to OMR2,006.1 million at the end of the first quarter of 2017. The share of crude oil from oil activities as at the end of the first quarter amounted to OMR1,713.1 million, an increase of 1.1 per cent from the end of the first quarter of 2017, in which crude oil recorded OMR1,695.3 million.

Source: **Times of Oman**

Musandam Power expected to launch IPO before year-end

Musandam Power Company is expected to launch its initial public offering (IPO) before the end of this year, according to a senior official of the Capital Market Authority (CMA). Musandam Power is Oman Oil Company's majority owned subsidiary, which operates an independent power plant in Musandam governorate. "We hope to see the IPO of Musandam Power before the end of the year. Musandam Power is a company of Oman Oil and it would be really good for the market to have this IPO," H E Abdullah bin Salim al Salmi, executive president of the CMA told Muscat Daily.

Source: **Muscat Daily**

Duqm Airport all set for commercial operations

Commercial operations at the Passenger Terminal Building at Duqm Airport will start from September 17, the Ministry of Transport and Communications announced on Tuesday. The announcement follows completion of the project and the basic operating trials that saw participation from all the parties concerned. Dr Ahmed bin Mohammed al Futaisi, Minister of Transport and Communications, said the opening of terminal at Duqm Airport is in line with the qualitative leap witnessed in the civil aviation sector in the Sultanate.

Source: **Oman Observer**

Regulations for Oman's postal sector being readied

The Sultanate's Telecommunications Regulatory Authority (TRA) says it is finalizing regulatory guidelines for the postal services sector, which has been witnessing strong growth in recent years, fueled by, among other factors, an upsurge in ecommerce activities. Also aiding this uptrend are initiatives launched by Oman Post, a subsidiary of ASYAD Group — the holding company of the Omani government's investments in the transport, seaport, free zone and logistics sectors. These initiatives are in the form of freight services, last-mile delivery, express mail, enhanced traditional postal services and e-commerce.

Source: **Oman Observer**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi index rise for third straight day, banks lift Qatar

Saudi Arabia's stock market rose on Tuesday for a third consecutive day, fueled by gains in energy and telecommunications shares, while Qatari stocks were lifted by financials. Saudi Arabia's main index added 0.5 percent, with Saudi Telecom rising 1.8 percent and oil refiner Petro Rabigh up 1.4 percent.

Source: **Reuters**

Qatar's Barwa Bank, International Bank of Qatar agree to merge

Qatari lenders Barwa Bank and the International Bank of Qatar (IQB) have reached a final merger agreement, creating a combined group with total assets of 80 billion riyals (\$22 billion), the banks said on Tuesday. The unlisted banks will work to complete the necessary steps for the merger, including obtaining regulatory approval, before the end of the year, according to the statement carried on Barwa's website.

Source: **TPQ**

Credit Suisse to buy back \$6b in Qatar, Saudi debt

Credit Suisse Group AG plans to buy back about 5.9 billion francs (\$6 billion; Dh22.07 billion) of debt issued after the financial crisis to the Qatar Investment Authority (QIA) and Saudi Arabia's Olayan family to cut funding costs. The bank will redeem the contingent convertible bonds — which automatically become equity when reserves fall below pre-set levels — on October 23, the first opportunity to do so, according to a statement from the bank on Tuesday. Qatar holds about \$4.2 billion of the debt and Olayan the remainder, with the two top shareholders entitled to interest of as much as 9.5 per cent on the securities.

Source: [Gulf News](#)

Vodafone Qatar switches on its 5g network

The transformative potential of 5G to improve how we live and work and fulfil Qatar's potential came closer to reality yesterday as Vodafone Qatar announced the switching on its first, live 5G network. In a special event, Vodafone Qatar set the stage for how 5G will completely change all our lives for the better, enabling new applications such as remote patient healthcare and driverless cars, significantly enhance how industries operate and much more.

Source: [QE](#)

Saudi Regulator Sets Rules to Control Pace of the Credit Cycle

Saudi retail lenders face stricter consumer protection and lending rules as the regulator wants to ensure that the new credit cycle won't pose a risk to the banking sector's stability. The impact on mortgage lending is likely to be mitigated by guaranteed schemes, but may slow unsecured loan growth. Banks need to focus on efficiencies.

Source: [Bloomberg News Alert](#)

Saudi Arabia's inflation quickens on rising food costs

The rising cost of food and drink in Saudi Arabia helped push up the Kingdom's inflation rate last month, though it still remained below its recent peak of 3 percent in January. Consumer prices rose by 2.2 percent year-on-year in July compared to 2.1 percent in June, an increase driven by increasing food prices, particularly vegetables.

Source: [Arab News](#)

Saudi Arabia tops MENA IPO activity in Q2

The Q2 2018 period witnessed a total of seven initial public offerings (IPOs) in the Gulf Cooperation Council (GCC), posting a significant increase compared to the same quarter last year (Q2 2017), EY noted in a report released on Monday. Out of the nine deals in MENA, seven IPOs were recorded in the GCC (including three REIT listings) raising \$780.3 million, an increase of 42.8% year on year.

Source: [Argaam](#)

Careem won't go for IPO anytime soon, says top official

Dubai-based ride-hailing app, Careem, has no plans to go for raising capital through initial public offering (IPO), a top official of the firm said. "We are not looking at it [IPO] now. It will take more time than next year. It really depends on the needs. At one point, we wanted to go to the public market but it is not clear when it will happen. It is definite that we are not thinking about it [IPO] today," the English daily Gulf News quoted Bassel Al Nahlaoui, Careem's Managing Director for UAE and GCC, as saying.

Source: [Argaam](#)

UAE infrastructure projects to hit \$90bln by 2026

The value of infrastructure projects in the UAE is expected to reach AED 330.25 billion (\$89.93 billion) by 2026, which would account for 13.8% of the country's gross domestic product (GDP) in the same year, according to a report by BMI Research. The UAE is forecast to rank nineteenth among the biggest construction markets in the world, the UK-based research firm added.

Source: [Zawya](#)

Abraaj founder's \$218mn bounced cheque case settled after court ruling

A dispute over a \$218 million bounced cheque signed by the founder of stricken private equity firm Abraaj and another executive has been settled, ending criminal proceedings against the two men, lawyers from both sides said on Tuesday. The statements by the two lawyers came after a United Arab Emirates (UAE) court sentenced Abraaj founder Arif Naqvi and the other executive to three years in prison. "Under UAE Criminal Law, charges based on bounced cheques get extinguished once parties reach a settlement. Accordingly, the parties will apply to the court and the public prosecution to withdraw the cases," Naqvi's lawyer Habib al-Mulla told Reuters.

Source: [QT](#)

Kuwait to privatize vital sectors by end of year

The Kuwaiti government intends to privatize three vital sectors, including the postal and telecom segments, by the end of 2018, as reported by Annahar Newspaper, according to well-informed sources. Privatizing these sectors in Kuwait will improve the country's general revenues from operating projects parallel to those in the oil industry, Annahar added. The sources clarified that the government will hold a meeting between the ministries of finance, commerce, labor, economic affairs, and services affairs, and Kuwait's General Secretariat of the Supreme Council for Planning and Development.

Source: [Zawya](#)

Kuwait's JTC To Boost Power Rental Business With 102 New Cummins Generators

Kuwait-based Jassim Transport & Stevedoring Company (JTC) said its power rental division has successfully completed the procurement of 102 new units of Cummins diesel generators, thereby taking its total fleet strength to more than 700 units with capacities ranging from 100 kVA to 1,250 kVA. A major player in the power rental, equipment leasing, transportation and logistics industry in Kuwait, Qatar and Saudi Arabia, JTC provides professional and cost-effective power solutions, equipment rental and logistics services for both public and private sectors through its four operating divisions: Ports Management, Contract Logistics, Equipment Leasing and Power Rental.

Source: [Utilities ME](#)

Moody's changes outlook on Egypt's rating to positive, affirms B3 rating

Moody's Investors Service ("Moody's") has changed the outlook on the Government of Egypt's long-term issuer ratings to positive from stable and has affirmed the B3 issuer ratings. At the same time, Moody's has affirmed Egypt's senior unsecured ratings at B3, and its senior unsecured MTN program rating at (P)B3. Moody's decision to change the outlook to positive reflects the continuing structural improvements in the fiscal and current account balances, resulting from the ongoing implementation of the home-grown IMF-backed reform program. Moreover, early signs of business environment reforms offer the prospect of a sustainable, inclusive growth path capable of improving competitiveness and absorbing the country's rapidly expanding labor force.

Source: [Moody's](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia shares eke out gains, dollar befuddled by trade doubts

Asian shares crept marginally higher on Wednesday as optimism over the U.S.-Mexico trade deal was quickly clouded by caution ahead of a looming deadline on tariffs with China. A flat finish on Wall Street and a dearth of major economic data across the region made for thin trade and MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS eked out a rise of 0.26 percent.

Source: [Reuters](#)

Moody's sounds more alarm over Turkey's banks, downgrades 20 firms

Ratings agency Moody's sounded more alarm about Turkey's banking sector on Tuesday, downgrading 20 financial institutions and citing the increased risk of a deterioration in funding. The comments from Moody's are the latest to highlight the risk to Turkey's banking sector from an ongoing currency crisis. It said the operating environment is now worse than previously expected. The lira TRYTOM=D3 has fallen some 40 percent so far this year, hit by investor concern about President Tayyip Erdogan's grip on monetary policy and a widening rift with the United States. Investors are concerned the Turkish economy is set for a hard landing and lenders could see a spike in bad debts.

Source: [Zawya](#)

Canada is likely to agree to a NAFTA deal with the US this week, business council says

Canadian American Business Council said Monday that a revamped NAFTA could be signed off this week. U.S. Treasury Secretary Steven Mnuchin told CNBC he was hopeful that Canada would agree quickly. Markets have reacted positively to news that Mexico and the U.S. have largely agreed a new deal.

Source: [CNBC](#)

Chinese tech companies are growing more powerful, and banks are turning to them for help

A lack of investment options, high smartphone and internet penetration, and rapid growth in household wealth have created a unique environment for financial services in China. Almost all the mid-sized and commercial Chinese banks have signed commercial agreements with technology giants Alibaba, Tencent and Baidu in the last two to three years, according to David Yin, vice president, analyst at Moody's financial institutions group.

Source: [CNBC](#)

COMMODITIES NEWS

Oil edges up on looming Iran sanctions, but rising global supply caps market

Oil markets were stable on Wednesday, buoyed by falling supplies from Iran ahead of U.S. sanctions but held in check by rising production outside the Organization of the Petroleum Exporting Countries. International Brent crude oil futures LCOc1 were at \$76 per barrel at 0257 GMT, up 5 cents from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were up 6 cents at \$68.59 a barrel.

Source: [NASDAQ](#)

Gold prices inch up, but U.S.-China trade tensions weigh

Gold prices edged up on Wednesday after falling as much as 1 percent in the previous session, but Sino-U.S. trade tensions continued to drag on the precious metal.

* U.S. gold futures were down 0.5 percent at \$1,208.90 announce on Wednesday.

* U.S. and Chinese officials ended two days of talks last week with no major breakthrough as their trade war escalated with activation of another round of dueling tariffs.

Source: [NASDAQ](#)

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