

U Capital Morning Brief

30 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	876.54	13.04	1.51%	-10.03%	-	-	-
U Capital GCC 50 Index	1,319.81	28.69	2.22%	15.30%	-	-	-
U Capital MENA 200 Index	1,068.54	18.24	1.74%	7.38%	-	-	-
MSCI GCC Countries Index	541.43	-0.27	-0.05%	12.85%	13.78	1.76	4.0%
Muscat Securities Market	4,431.24	20.99	0.48%	-13.10%	10.66	0.88	6.2%
Saudi Stock Exchange	8,018.54	-18.02	-0.22%	10.96%	17.50	1.80	3.5%
Kuwait Stock Exchange	5,115.67	-2.66	-0.05%	NA	14.85	1.29	3.8%
Qatar Exchange	9,835.55	-22.79	-0.23%	15.39%	14.61	1.48	4.5%
Bahrain Stock Exchange	1,341.57	-5.29	-0.39%	0.74%	9.05	0.85	6.1%
Dubai Financial Market	2,832.05	13.86	0.49%	-15.96%	7.54	1.05	6.0%
Abu Dhabi Exchange	4,963.25	6.49	0.13%	12.84%	13.06	1.47	4.8%
Beirut Stock Exchange	1,002.60	5.01	0.50%	-12.71%	5.31	0.63	9.7%
Palestine Stock Exchange	537.66	-0.31	-0.06%	-6.43%	12.53	1.16	4.5%
Tunis Se Index	8,395.02	-36.62	-0.43%	33.64%	21.85	2.99	1.7%
EGX 30 Index	15,835.73	229.55	1.47%	5.44%	12.12	2.55	2.2%
Amman General Index	1,986.54	-2.34	-0.12%	-6.59%	14.64	1.02	4.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,563.2	-0.71%	-1.6%
DAX	Germany	12,561.7	0.27%	-2.8%
CAC 40	France	5,501.3	0.30%	3.6%
United States				
DIJA	USA	26,124.6	0.23%	5.7%
S&P 500	USA	2,914.0	0.57%	9.0%
NASDAQ	USA	8,109.7	0.99%	17.5%
Asia Pacific				
NIKKEI 225	Japan	22,875.3	0.12%	0.5%
HANG SENG	Hongkong	28,242.6	-0.61%	-5.6%
KSE 100 Index	Pakistan	42,249.4	0.00%	4.4%
NSE Nifty 50	India	11,671.9	-0.17%	10.8%
SHANGHAI Composite	China	2,746.9	-0.81%	-16.9%
KOSPI Index	South Korea	2,310.3	0.05%	-6.4%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.729	1.373
British Pound (GBP)	1.303	0.768
Canadian Dollar (CAD)	0.774	1.292
Chinese Renminbi (CNH)	0.146	6.833
Egyptian Pound (EGP)	0.056	17.650
Euro (EUR)	1.170	0.855
Indian Rupee (INR)	0.014	70.674
Japanese Yen (JPY)	0.009	111.630
New Zealand Dollar (NZD)	0.666	1.502
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.813	124.150
Russian Ruble (RUB)	0.015	67.949
Singapore Dollar (SGD)	0.732	1.366
Turkish Lira (TRY)	0.154	6.475

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	77.3	0.21%	20.0%
WTI Crude (per bbl)	69.7	0.24%	15.3%
Oman Crude Oil (Last Closing)	76.0	1.77%	18.7%
OPEC (per bbl)	74.8	0.89%	16.0%
Precious Metals			
Gold100 OZ (per oz)	1,204.0	-0.21%	-7.6%
Silver (per oz)	14.7	-0.44%	-13.3%
Platinum (per oz)	794.3	-0.40%	-14.6%
Other Metals			
Copper, MT	6,086	-0.99%	-16.0%
Aluminium, MT	2,172	1.80%	-4.2%
Lead, MT	2,087	0.24%	-16.1%
Zinc, MT	2,512	-1.10%	-24.3%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.61	45.4%
Saudi Arabia	2.61	37.6%
Kuwait	2.00	6.7%
Oman	2.47	29.5%
Qatar	2.65	-0.1%
Bahrain	3.53	29.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.6
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	100.03	2.7
5 year	99.88	2.8
10 year	99.97	2.9
30 year	99.64	3.0

USD Libor	Rate (%)	YTD
1m	2.07	32.6%
3m	2.31	36.6%
6m	2.53	37.6%
1 year	2.83	34.2%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Mandatory national health insurance from next year in Oman

Compulsory national health insurance could be in place by early next year, according to the head of the Oman Medical Association. Speaking at a press conference held over the upcoming Oman Health Exhibition and Conference, Dr. Waleed Al Zadjali, head of the Oman Medical Association, said, "Compulsory national health insurance will be introduced from January 2019 if all its requirements are met."

Source: [Times of Oman](#)

Oman's non-oil exports surge on robust Qatar demand

Oman's non-oil exports recorded a robust growth in the first four months of this year as strong demand from Qatar and Saudi Arabia lifted overall value of the sultanate's exports. Non-oil exports at RO1.32bn were up by 23 per cent in the first four months of 2018 compared to RO1.07bn in the same period of 2017, the figures released by the National Centre for Statistics and Information (NCSI) showed. Oman's exports to Qatar more than tripled to RO139.6mn during January – April period of this year against RO45.5mn in the corresponding period of last year. Exports to Saudi Arabia also grew more than 30 per cent to RO191.3mn during the first four months of 2018.

Source: [Muscat Daily](#)

Oman's telecom sector revenue rises 2% to OMR855mn

According to TRA's recently released 2017 annual report, revenue growth in Oman's telecom sector was nearly two per cent in 2017, much lower compared with 5.5 per cent growth witnessed in the previous year. Total revenue in the sector stood at RO854.58mn in 2017 compared to RO838.75mn in the previous year. The growth in the sector had touched a record of nearly ten per cent in 2015, after that growth has been declining continuously.

Source: [Muscat Daily](#)

Measures to ease banking liquidity payoff: CBO

A series of steps initiated by the Central Bank of Oman (CBO) over the past year have helped give more room to commercial banks and financial institutions to extend credit to Omani businesses and organizations — measures deemed essential to stimulating economic growth amid the current constrained fiscal environment, according to the apex bank. The measures are part of an "accommodative monetary policy stance", among other regulatory policies, pursued by the Central Bank in support of growth in the economy.

Source: [Oman Observer](#)

Oman Flour Mills - Disclosure

Oman Flour Mills has announced that government has released an amount of OMR 2.6mn towards part payment of wheat subsidy receivable. The entire subsidy receivable is already accounted for in the income statement of previous years and hence this receipt will not have any impact on the profit of the current period.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

8 big-ticket investments by the Saudi PIF

As part of efforts to diversify its economy away from oil, Saudi Arabia's largest sovereign wealth fund, the Public Investment Fund (PIF), has committed to significant investments overseas and within the Kingdom. Under Vision 2030, PIF expects to increase its assets from SAR 840 billion to SAR 1.5 trillion by 2020, according to the International Monetary Fund's (IMF) estimates.

Source: [Argaam](#)

(Saudi) Margin trading facilities up 29% in Q2

The total trading facilities granted by brokerage firms to clients on the Saudi Stock Exchange (Tadawul) increased 29 percent to SAR 9.74 billion in the second quarter of 2018, compared to SAR 7.56 billion in the year-ago period, the Capital Market Authority (CMA) said in a report. The number of clients receiving facilities rose 7 percent to 1,930, from 1,803 clients in Q2 2017.

Source: [Argaam](#)

Saudi Bulls Retreat After Aramco Letdown Adds to Shock Over Policy

The Arab world's biggest bourse is losing its appeal to foreigners just two months after it won inclusion in MSCI Inc.'s emerging-market index. That's because the initial euphoria surrounding Crown Prince Mohammed bin Salman's efforts to overhaul the nation's economy has given way to skepticism as the kingdom put on hold the initial public offering of oil giant Aramco. A dispute over Canada's criticism of the jailing of Saudi rights activists has also heightened concerns over the prince's increasingly assertive policy and the impact it would have on capital flows.

Source: [Bloomberg](#)

Saudi Arabia, Russia agree on joint projects worth \$2 bln

Russian foreign minister Sergei Lavrov announced on Wednesday joint projects worth \$2 billion with Saudi Arabia, during a meeting with his Saudi counterpart Adel Al-Jubeir, Al Arabiya reported. Lavrov also said the two parties have agreed to coordinate Russian President Vladimir Putin's upcoming visit to Saudi Arabia. The Kingdom seeks to strengthen trade relations with Russia and "coordinate with them politically," Al-Jubeir said.

Source: [Argaam](#)

A delay in Aramco IPO is in the interest of the Saudi energy industry

A delay in the initial public offering of Saudi Aramco is well-considered, given the largely discounted valuations of national oil companies in the energy industry, analysts said. "National oil companies probably have much deeper reserves than the international oil companies, and yet they still don't get massive premium valuations; they get discounted valuations," said Hootan Yazhari, head of Mena and frontier markets, at Bank of America Merrill Lynch.

Source: [The National](#)

ADIB sets out dates for its rights issue

ADIB has announced that each shareholder will have the right to subscribe to 29 new shares for every 198 shares held on 10 September 2018, subscription will start on 25 September and end on 9 October. In a statement, ADIB said that each right grants its holder the eligibility to subscribe to one new share at an issue price of AED 2.16 per share, reflecting the nominal value of AED 1 per share and a share premium of AED 1.16 per share which represents a 45 per cent discount to the market share price.

Source: [CPI Financial](#)

UAE banking association says industry is robust and resilient

The UAE's banking sector remained strong and robust in 2017 with an uptick in growth on the back of strong economic momentum in the country, according to the 2017 annual report of the UAE Banks Federation (UBF), a professional representative body made up of 50 banks operating in the UAE.

Source: [Gulf News](#)

Aldar unveils special offer for \$2.7bn community project

Aldar Properties, a leading developer in Abu Dhabi, UAE, is set to launch a special one-week offer for customers to help them buy their dream homes at its Dh10 billion (\$2.72 billion) master-planned community, Alghadeer, located on Abu Dhabi-Dubai border. A major Aldar project, Alghadeer which features 14,408 residential units besides commercial properties, cultural and institutional amenities and entertainment attractions.

Source: [GDN](#)

Kuwait's Zain completes \$700mIn loan refinancing

Kuwait-based telecommunications group Zain has completed a five-year, \$700 million revolving credit facility with a number of regional and international banks. The new facility refinances an \$800 million revolving syndicated loan completed in 2014 and will be used for general corporate purposes, according to a company statement seen by Reuters on Wednesday. First Abu Dhabi Bank (FAB) acted as the sole coordinator of the new facility and also acted, along with Samba Financial Group, as book runner.

Source: [Zawya](#)

Kuwait's Financial Brokerage Sector has been witness to the drastic changes lately

Financial Brokerage Sector has been witness to drastic changes lately due to the newly approved licenses and activities concerning management of investment portfolios by investment counselors and the subscription agent, coupled with activities of the custodian. A source said the sector is on the verge of attaining a giant stride that will boost competition and leave behind victims, noting the victims will be the companies that cannot cope with the swift interaction by some authorized entities, in addition to open plans. He noted a segment of the companies is committed to diversifying its resources to the point that they may not rely completely on the Kuwaiti market, as some have chosen different approaches to keep themselves ready for the implementation of development plans approved by the Capital Market Authority and executed by Bursa Kuwait, in collaboration with Clearinghouse.

Source: [Arab Times](#)

Qatar's banking sector 'very stable' and on solid footing: Dr al-Shaibei

Qatar's banking sector is now very stable and on a solid footing thanks to QCB's prudent policies, said prominent Qatari banker and CEO of Qatar International Islamic Bank Dr Abdulbasit Ahmad al-Shaibei. "Whenever the dollar rates go up, the QCB will have to consider increasing their rates, because the riyal is pegged to the dollar. Qatar Central Bank is ensuring there is no big gap between dollar and riyal rates and is properly tracking the dollar rates," Dr al-Shaibei said in an interview with Gulf Times.

Source: [Gulf Times](#)

Qatar Islamic banks grow despite blockade

Assets and revenues at Qatar's Islamic banks have grown over the past year despite the impact of the diplomatic rift in the Gulf region, according to data from the Islamic Financial Services Board. Qatar has been under a diplomatic and commercial boycott since June last year, when Saudi Arabia, the UAE, Bahrain and Egypt cut diplomatic and transport ties. Qatar Islamic Bank, Masraf Al Rayan, Qatar International Islamic Bank and Barwa Bank held a combined QR358.6bn (\$96bn) in assets in the first quarter of this year, an 8.8% increase from a year earlier.

Source: [Gulf Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia stocks slip; weakness in China outweighs NAFTA trade optimism

Asian stocks surrendered earlier gains and dipped on Thursday, with Chinese markets fixed firmly on risks from the Sino-U.S. trade war and taking little comfort from an apparent easing in business tensions in North America and Europe. The leaders of the United States and Canada expressed optimism on Wednesday that NAFTA negotiations would meet a Friday deadline for a deal, days after the U.S. and Mexico reached a bilateral agreement.

Source: [Reuters](#)

US economy grows more strongly than expected in second quarter - as it happened

US economic growth was slightly stronger than expected in the second quarter, coming in at 4.2% rather than 4%. Meanwhile the hope that Canada will join the new trade agreement between the US and Mexico is giving some support to stock markets, although concerns about Italy's financial position and worries about Spanish banks' exposure to Turkey are limiting the gains in Europe.

Source: [The Guardian](#)

Amazon's surge drives the Nasdaq 100 to an all-time high

Shares of Amazon gained nearly 4 percent Wednesday after a price target boost from Morgan Stanley, and it drove the Nasdaq 100 to an all-time high. The e-commerce giant ended trading at \$1998.10 and contributed more than 28 positive points to the market index. That beats out Apple's 14-point positive impact and Microsoft's 12-point positive impact. The index has been trading at record levels all week amid overall market gains.

Source: [CNBC](#)

COMMODITIES NEWS

OPEC to discuss compensating for Iranian supply drop after U.S. sanctions: Iraqi official

OPEC will discuss in December whether producers can compensate for a sudden drop in Iranian oil supply after U.S sanctions against Tehran start in November, the head of Iraq's state-oil marketer SOMO, Alaa al-Yasiri, told Reuters on Wednesday. Yasiri said a sudden drop in Iran oil exports will have a negative impact on prices and market fundamentals.

Source: [Reuters](#)

Gold steady as dollar dips; rate hike expectations cap gains

Gold prices held steady on Thursday, after rising nearly half a percent in the previous session, as the dollar edged down, but views on higher U.S. interest rates limited gains.

* Spot gold was mostly unchanged at \$1,205.58 an ounce at 0028 GMT. Prices hit their highest since Aug. 10 at \$1,214.28 on Tuesday.

Source: [Reuters](#)

Oil prices edge up on decline in U.S. fuel inventories, looming Iran sanctions

Oil prices inched up on Thursday, extending solid gains from the previous session on fall in U.S. crude inventories and expected disruptions to supply from Iran and Venezuela. International Brent crude oil futures LCOc1 were at \$77.21 per barrel at 0114 GMT, up 7 cents from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were up 14 cents at \$69.65 a barrel.

Source: [NASDAQ](#)