

# U Capital Morning Brief

6 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	962.95	958.42	4.53	0.47%	0.79%	-1.16%
U Capital GCC 50 Index	1,198.47	1,206.09	-7.62	-0.63%	-1.61%	4.70%
U Capital MENA 200 Index	1,034.65	1,039.55	-4.90	-0.47%	-1.11%	3.97%
MSCI GCC Countries Index	500.82	503.16	-2.34	-0.47%	-1.38%	4.39%
Muscat Securities Market	5,051.37	5,057.55	(6.18)	-0.12%	1.03%	-0.94%
Saudi Stock Exchange	7,587.39	7,608.33	(20.94)	-0.28%	-0.82%	5.00%
Kuwait Stock Exchange	6,712.21	6,670.84	41.37	0.62%	0.36%	4.75%
Qatar Exchange	8,837.65	8,959.30	(121.65)	-1.36%	-3.99%	3.69%
Bahrain Stock Exchange	1,344.31	1,354.86	(10.56)	-0.78%	-0.47%	0.95%
Dubai Financial Market	3,378.14	3,385.76	(7.62)	-0.23%	-0.48%	0.24%
Abu Dhabi Sec. Exchange	4,581.94	4,584.56	(2.62)	-0.06%	-0.44%	4.17%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,335.0	(108.45)	(1.46)	Brent Crude (per bbl) Updated	66.88	(0.74)	(1.09)
DAX	Germany	12,687.5	(97.67)	(0.76)	WTI Crude (per bbl) Updated	63.39	(0.75)	(1.17)
CAC 40	France	5,285.8	(79.15)	(1.48)	Oman Crude Oil (Last Closing)	65.17	(0.73)	(1.11)
United States					Gold100 OZ (per oz)			
DJIA	USA	24,345.8	(1175.21)	(4.60)	Silver (per oz)	16.87	0.13	0.78
S&P 500	USA	2,648.9	(113.19)	(4.10)	Platinum (per oz)			
NASDAQ	USA	6,967.5	(273.42)	(3.78)	Copper, MT	7,169.00	124.00	1.76
Asia Pacific					Aluminium, MT			
NIKKEI 225	Japan	21,210.0	(1463.77)	(6.45)	Lead, MT	2,647.00	(34.00)	(1.27)
HANG SENG	Hongkong	30,651.3	(1593.91)	(4.94)	Zinc, MT	3,548.00	46.00	1.31
Selected Middle East					Nickel, MT			
Tunis Se Index	Tunis	6,558.2	42.46	0.65		13,745.00	310.00	2.31
EGX 30 Index	Egypt	14,962.1	87.30	0.59				
Blom Stock Index	Lebanon	1,172.2	(1.71)	(0.15)				

Source: Bloomberg, UCapital- at 8:30AM Muscat time

Source: Bloomberg, UCapital- at 8:30AM Muscat time

## Cross Rate for Major Currencies\*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.235	0.810
British Pound	GBP	1.394	0.717
Japanese Yen	JPY	0.009	108.550
Chinese Renminbi	CNH	0.159	6.307
Indian Rupee	INR	0.016	64.370
Russian Ruble	RUB	0.017	57.214
Canadian Dollar	CAD	0.796	1.256
Australian Dollar	AUD	0.784	1.276

Source: Bloomberg Note: all prices/indices are updated till 8:30 AM Muscat time.\* markets are closed on Saturday and Sunday

## OMAN ECONOMIC & CORPORATE NEWS

### Omifco plans expansion with \$1.2b third train

Oman India Fertiliser Company SAOC (Omifco), a joint venture owned by the Oman Oil Company (OOC) SAOC and Indian fertiliser firms Iffco and Kribhco, plans to expand its capacity by building a third train of ammonia-urea plants. The third train is aimed at producing an additional 1.3 million tonnes of urea per annum, with a capital expenditure of \$1.2 billion, company's Managing Director S G Gedigeri told Times of Oman in an exclusive interview. Gedigeri said apart from an in-house team, two or three consultants would be appointed to conduct studies on environmental impact and detailed feasibility, including a market survey. Consultants will be selected soon after approving the necessary budget for feasibility studies. The third train will increase the company's total urea installed capacity by some 75 per cent to 3 million tonnes per annum from the current installed capacity of 1.652 million tonnes per annum.

Source: [Times of Oman](#)

### Larsen & Toubro wins major contract in Oman

India's construction conglomerate Larsen & Toubro said it has secured a major construction contract valued at Rs.4.3 billion (\$67 million) for a residential project in Oman. The scope of the work includes structure, architectural finishes, mechanical, electrical and plumbing (MEP) services and external development. In fact, the Indian construction giant has won contracts worth Rs.22.75 billion across different business segments, which include the Oman project, according to a disclosure statement posted on Bombay Stock Exchange. Among other deals, an EPC order has been secured from Bangalore Development Authority for executing Utility Development and Management for Nadaprabhu Kempegowda Layout on a design, build and operate (DBO) basis for its first package.

Source: [Times of Oman](#)

### REIT funds to boost Oman's real estate sector

Al Habib & Co is the largest and only one-stop-shop for the complete range of real estate products and services in Oman. In an exclusive interview with Muscat Daily, M Sudhakar Reddy, chief executive officer of the company, talked about trends in Oman's real estate market in 2018 and how the launch of real estate investment trusts (REITs) will impact Oman's property market in future. We are expecting 2018 to be a much better year than 2017 as consumer confidence is returning to the market. Now people have begun spending again and are ready to invest also. Things are improving. The real GDP growth in 2018 is expected to be around three per cent, which is very good considering the present situation and at the same time nominal GDP growth is going to be much higher.

Source: [Muscat Daily](#)

### Agreement to support algae cultivation in Oman

The Oman Centre for Marine Biotechnology (OCMB), a joint venture of Sultan Qaboos University (SQU) and the Oman Authority for Partnership for Development (OAPFD), has signed a Memorandum of Understanding (MoU) to support the domestic cultivation of algae — a source of commercially valuable nutrients and nanomaterial for the hugely lucrative marine biotechnology industry. The pact was inked with the Swedish Algae Factory, a Gothenburg based start-up credited with pioneering the cultivation of microscopic algal species, called diatoms, to produce nutrients for the cosmetic industry, as well as nanomaterial for enhancing the efficiency of solar panels, and organic biomass for sustainably produced feed and fertilizers.

Source: [Oman Observer](#)

### Islamic banking experts to converge in Oman

Oman will play host to a high-level meeting of the various Islamic banking, finance and investment experts from across the world brainstorming on the diverse principles, products and applications of the noble banking system on March 14, 2018. Key personalities in the field will descend down on Oman as part of the conference aiming to share expertise with the local banks and other financial institutions here. Dr Salah Almajthoob, Managing Director, Jeyad Advisory WLL, and Noranuar Sajari Head of Shariah Structuring Bank Nizwa have been confirmed speakers in this one-day event.

Source: [Oman Observer](#)

### TAAGEER FINANCE: Disclosure of Technical Advisor Contract of The Arab Leasing Company (TALC) Sudan with Taageer Finance

Further to the disclosure made by the company on 22 December 2009 on the subject matter, the company and The Arab Leasing Company, TALC- Sudan have mutually agreed to close the Technical Advisor Contract at a final amount of USD 500,000 vide agreement received on 05-02-2018. We wish to mention that during the implementation of the Contract, TALC-Sudan had indicated some additional technical IT service requirements which did not form part of the scope agreed between us and it was not technically feasible for us to provide. The Original Contract was entered into in December 2009 for a consideration of USD 800,000. Based on the above, both parties have now mutually agreed to reduce the scope of work and close the contract for USD 500,000 being the amount already paid by TALC, Sudan to Taageer Finance.

Source: [MSM](#)

**Note: Kindly see the proposed dividend announcements of MSM on the last page**

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi Arabia launches new housing program

Sixteen Saudi government entities, ministries, and authorities launched a new Housing Program in Riyadh on Monday, as part of the Kingdom's Vision 2030 reforms, the information ministry said in a statement. The program aims to raise home ownership among Saudi citizens to 60 percent by 2020 and to 70 percent by 2030. The initiative will improve the housing sector through four main aspects: providing various options for affordable residential units, enabling citizens to easily obtain financing, working on housing laws and regulations, and improving the quality of housing services.

Source: [Argaam](#)

### Saudi cement firms flock to export markets: Official

Saudi cement producers showed strong interest in exporting their surplus product after the cancellation of export fees last week, an industry official told Al Eqtisadiyah newspaper. In the past two years, local cement producers saw their inventories pile up due to sluggish local demand and costly fees on exports. Last week, the government lifted the fees. Producers are aggressively pursuing external export markets, Jihad Al-Rasheed, Chairman of the National Committee of Cement Producers, told the local newspaper.

Source: [Argaam](#)

### Saudi Arabia's \$32 Billion Bid to Build Private Mortgage Market

Saudi Arabia plans to spend 120 billion riyals (\$32 billion) on subsidized home loans for borrowers, as it seeks to create conditions for an expanded private-sector role in a mortgage market dominated by the government. The kingdom's new housing program, announced on Monday, also includes an 18 billion riyal loan-guarantee program to boost access to funding, and 12.5 billion riyals to support home down-payments, all to be spent through 2030, Housing Minister Majed Alhogail said in an interview.

Source: [Bloomberg News Alert](#)

### VAT impact blamed as Saudi's non-oil economy growth slows

Growth in Saudi Arabia's non-oil economy weakened in January, new survey data has shown. The Emirates NBD Saudi Arabia Purchasing Managers Index (PMI) fell to 53 in January - down from 57.3 in December, and a 10-month high of 57.5 achieved in November last year. The slowdown was attributed to weaker rates of business activity and new order growth, with survey respondents citing "intense competition for new work and temporarily softer demand following the introduction of VAT [value-added tax] at the start of 2018", according to a press release on Monday announcing the results.

Source: [Zawya](#)

### Al Rajhi-TAV consortium yet to close financing for airport projects: report

A consortium comprising Saudi Arabia's Al Rajhi Holding Group and Turkey's TAV Airports Holding, which is set to develop three airport public-private partnership (PPP) projects in the Kingdom, has not yet reached a financing agreement with banks, MEED reported citing a source familiar with the matter. A number of banks have agreed to fund the projects, but the documentation process took longer than expected. The three projects comprise a passenger terminal building at the Yanbu airport, as well as the redevelopment of the Qassim and Hail airports.

Source: [Argaam](#)

### Kuwait's Gas Output at 1.5BCF/Day, Crude at 2.7M B/D: KUNA

Targets 4.75m b/d of crude output capacity by 2040, and natgas production of 4bcf/day, state-run KUNA reports, citing Oil Minister Bakheet Al-Rashidi.

\* NOTE: No timeline provided for natgas goal

\* Natgas output has increased by 250mcf/day as result of new production facility, known as booster station 171

\*\* It will also pump ~68k bbl of gas condensate/day

\* NOTE: Jan. 31, Kuwait's KPC to Spend \$114B on Capital Projects Next 5 Yrs (1)

Source: [Bloomberg News Alert](#)

### Scores of UAE bank branches shut in digital drive

The number of bank branches in the UAE decreased during 2017 after the merger of NBAD and FGB as well as an increased focus towards digital banking. According to the UAE Central Bank's data for Q4 released on Monday, the number of banks reduced from 23 to 22 following the merger of the National Bank of Abu Dhabi and First Gulf Bank. First Abu Dhabi Bank (FAB), the largest bank in the UAE, on Monday reported a 3.5 per cent profit fall in 2017, citing costs linked to its recent merger.

Source: [Zawya](#)

### Dubai's Commercial Bank Cuts Jobs, Branches in Reorganization

Commercial Bank International PSC cut about 18 percent of its workforce last year and closed nearly 40 percent of its branches as the Dubai-based lender reorganizes its business. The bank made about 125 people redundant and "eliminated a large number of manual processes," Chief Executive Officer Mark Robinson said in a phone interview on Monday. This year it will close "a very small number" of branches and relocate some after reducing their number to 17 last year, he said.

Source: [Bloomberg News Alert](#)

### **UAE's First Abu Dhabi gets securities license in Saudi Arabia**

First Abu Dhabi Bank, the largest bank in the United Arab Emirates by assets, has been given the go-ahead by Saudi Arabia's regulator to conduct arranging and advising activities in the securities sector, a source close to the matter said. It is the latest foreign bank attracted by opportunities in Saudi Arabia, which is embarking on an investment drive to diversify its economy beyond oil revenues. FAB, created by last year's merger between National Bank of Abu Dhabi and First Gulf Bank, said last week that it was working on expanding its business in Saudi Arabia.

Source: [Zawya](#)

### **Dubai theme park operator in talks to restructure \$326.7 mln loan**

Ilyas & Mustafa Galadari Group (IMG), the Dubai-based operator of the world's largest indoor theme park, is in talks with banks to restructure a 1.2 billion-dirham (\$326.7 million) syndicated loan and is seeking to extend its maturity, the company and financial sources told Reuters. The company is also looking to upsize its existing loan facility due to cost overruns, IMG said.

Source: [Reuters](#)

### **Growth in UAE's private sector at 34-month high**

The UAE's non-oil private sector ended 2017 on strong note with business conditions improving at the sharpest pace in 34 months in December, signalling a brighter outlook for a strong recovery this year. "Steep expansions in output, new orders alongside solid export demand growth underpinned the most recent upturn. In terms of inflation, input cost pressures softened during December, whilst selling prices fell for the fourth month running," Emirates NBD said in a survey report.

Source: [Khaleej Times](#)

### **Qatar National Bank Sells \$2.38 Billion Bonds in Private Deals**

The Middle East's largest lender raised \$2.38 billion by selling bonds to selected investors in two separate deals over the past week, according to Bloomberg data.

\* QNB raised \$1.38 billion on Thursday at a spread of 135 basis points over the London Interbank Offered Rate with a maturity in February 2020

\* It also priced a two-year \$1 billion bond on Wednesday with similar pricing

\* Both the deals were arranged by Bank of America Merrill Lynch

\* Spokesperson at Qatar National Bank didn't immediately respond to an email seeking comment

Source: [Bloomberg News Alert](#)

### **Facebook brings Marketplace to Middle East, to open first platform in Egypt**

Facebook announced on Monday that it is bringing Marketplace to the Middle East for the first time, by launching the service in Egypt, Algeria and Morocco "over the next few weeks". Marketplace is a destination on Facebook that allows users to buy and sell items directly through the site. The feature will be available in the three north African countries in English and Arabic on desktop and for iOS and Android mobile users, the social network said. The Middle East region has witnessed a surge in online spending in recent years.

According to a press release by Facebook, Arabs' online spending has risen from \$2

Source: [Arab News](#)

### **Egypt's Orascom Construction adds \$650 million of contracts in Q4**

Orascom Construction, the Dubai-listed Egyptian builder, added \$650 million worth of contracts to its backlog in the fourth quarter of 2017, dominated by projects in its home market, it said on Monday. The firm added around \$580m of projects in Egypt during the three months to the end of December, across sectors including renewable energy, marine and commercial buildings.

Source: [Reuters](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Dow Jones plunges 1175 points in worst day for US stocks since 2011**

The Dow Jones industrial average plunged more than 1100 points as US stocks took their worst loss in six-and-a-half years. Two days of steep losses have erased the market's gains from the start of this year and ended a period of record-setting calm for stocks. Banks fared the worst as bond yields and interest rates nosedived. Health care, technology and industrial companies all took outside losses and energy companies sank with oil prices. At its lowest ebb, the Dow was down 1597 points from Friday's close.

Source: [Independent](#)

### **Shares routed as 'goldilocks' trade suddenly unwinds**

Asian shares and U.S. stock futures sank on Tuesday, after Wall Street suffered its biggest decline since 2011 as investors' faith in factors underpinning a bull run in markets began to crumble. S&P mini futures fell as much as 2.5 percent to nearly four-month lows in Asia, extending their losses from the record peak hit just over a week ago to almost 12 percent. MSCI's broadest index of Asia-Pacific shares outside Japan slid 3.5 percent to a one-month low, which would be its biggest fall in more than year and a half, a day after it had fallen 1.6 percent.

Source: [Reuters](#)

### **U.S. Service-Sector Activity Hits Decade-High**

A measure of service-sector activity across the U.S. picked up in January to reach a 10-year high, suggesting strong momentum in the sector powering the bulk of the U.S. economy beginning 2018.

Source: [WSJ](#)

### **Wall Street plunges, S&P 500 erases 2018's gains**

U.S. stocks plunged in highly volatile trading on Monday, with both the S&P 500 and Dow Industrials indices slumping more than 4.0 percent, as the Dow notched its biggest intraday decline in history with a nearly 1,600-point drop and Wall Street erased its gains for the year. The declines for the benchmark S&P 500 index and the Dow Jones Industrial Average were the biggest single-day percentage drops since August 2011, a period of stock-market volatility marked by the downgrade of the United States' credit rating and the euro zone debt crisis.

Source: [Reuters](#)

### **Broadcom unveils \$121 billion 'best and final' offer for Qualcomm**

Broadcom Ltd made a \$121 billion "best and final offer" on Monday to acquire Qualcomm Inc, ratcheting up pressure on its U.S. semiconductor peer to engage in talks on what would be the biggest ever technology acquisition. The takeover battle is at the heart of a race to consolidate the wireless technology equipment sector, as smartphone makers such as Apple Inc and Samsung Electronics Co Ltd use their market dominance to negotiate down chip prices.

Source: [Reuters](#)

## **COMMODITIES NEWS**

### **Oil prices sink 1% amid global market plunge, U.S. output spree**

Crude oil futures extended falls from the previous session on Tuesday, with the Brent benchmark dropping 1 percent as global financial markets headed south in the wake of Wall Street's biggest one-day decline since 2011. Brent crude futures were at \$66.95 per barrel at 0148 GMT, down 67 cents, or 1 percent, from the previous close and more than \$4 below their high point for 2018, hit last month. U.S. West Texas Intermediate (WTI) crude futures were at \$63.48 a barrel. That was down 67 cents, or 1 percent, from their last settlement, and more than \$3 off their 2018 high.

Source: [Zawya](#)

### **Oil group Total to sell 25 percent stake in offshore South African block to Qatar Petroleum**

French oil and gas group Total has agreed to sell a 25 percent stake in the Exploration Block 11B/12B, offshore South Africa, to Qatar Petroleum, in a deal which Total said would strengthen its ties with the Qatari group. Following the sale, the new ownership structure for the block will see Total have 45 percent, Qatar Petroleum will have 25 percent, CNR International will have 20 percent while Main Street will have 10 percent.

Source: [Reuters](#)

## MSM Proposed Dividends

Company Name	Cash Div %	DPS, OMR	Proposed Cash OMR '000	Div payout, %	Dividend Yield, %	Stock Dividend %	AGM Date
BANKMUSCAT SAOG	30%	0.030	81,281	46.0%	7.1%	5.0%	
BANK DHOFAR SAOG	12%	0.012	27,094	56.9%	5.6%	8.0%	27/03/2018
BANK SOHAR	5%	0.005	8,923	35.2%	3.1%	10.0%	
NATIONAL BANK OF OMAN SAOG	15%	0.015	23,228	52.8%	6.9%	5.0%	
HSBC BANK OMAN	6%	0.006	11,402	59.6%	5.0%		
AHLI BANK	10%	0.010	14,250	53.4%	6.0%	5.0%	
UNITED FINANCE CO	4%	0.004	1,222	56.2%	2.7%		
TAAGEER FINANCE	10%	0.010	2,536	53.9%	8.0%		
OMAN REFRESHMENT CO	75%	0.075	3,750	35.0%	3.7%		27/02/2018
SALALAH MILLS CO	50%	0.050	2,669	66.5%	3.8%		
MUSCAT THREAD MILLS CO	10%	0.010	152	80.2%	11.8%	5.0%	06/03/2018
OMAN CHROMITE	16%	0.160	480	88.7%	4.4%		5/3/2018
OMAN PACKAGING	20%	0.020	649	62.6%	7.1%		01/03/2018
NATIONAL PHARMACEUTICAL	5%	0.005	250	15.6%	4.7%		
OMAN CABLES INDUSTRY	45%	0.045	4,037	59.0%	4.0%		
HOTELS MANAGEMENT CO INTERNA	100%	1.000	3,000	116.1%	80.0%		
SAHARA HOSPITALITY	15%	0.150	875	35.3%	6.0%	5.0%	
SHELL OMAN MARKETING	85%	0.085	8,330	64.6%	4.9%		
OMAN OIL MARKETING COMPANY	60%	0.060	3,710	41.8%	4.1%		18/03/2018
PHOENIX POWER CO SAOG	6%	0.006	9,068	90.8%	4.8%		

Source: MSM

### Ubhar Capital SAOC (U Capital)

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