

# U Capital Morning Brief

7 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	957.78	962.95	-5.17	-0.54%	0.25%	-1.69%
U Capital GCC 50 Index	1,178.93	1,198.47	-19.54	-1.63%	-3.21%	2.99%
U Capital MENA 200 Index	1,019.25	1,034.65	-15.40	-1.49%	-2.58%	2.43%
MSCI GCC Countries Index	492.81	500.82	-8.02	-1.60%	-2.95%	2.72%
Muscat Securities Market	5,012.30	5,051.37	(39.07)	-0.77%	0.25%	-1.71%
Saudi Stock Exchange	7,466.33	7,587.39	(121.06)	-1.60%	-2.40%	3.32%
Kuwait Stock Exchange	6,624.13	6,712.21	(88.08)	-1.31%	-0.95%	3.37%
Qatar Exchange	8,651.48	8,837.65	(186.17)	-2.11%	-6.01%	1.50%
Bahrain Stock Exchange	1,338.52	1,344.31	(5.79)	-0.43%	-0.90%	0.51%
Dubai Financial Market	3,326.47	3,378.14	(51.67)	-1.53%	-2.00%	-1.29%
Abu Dhabi Sec. Exchange	4,540.85	4,581.94	(41.09)	-0.90%	-1.33%	3.24%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
<b>Europe</b>					<b>Commodity Prices*</b>			
					USD USD %			
FTSE 100	United Kingdom	7,141.4	(193.58)	(2.64)	Brent Crude (per bbl) <i>Updated</i>	67.38	0.53	0.79
DAX	Germany	12,392.7	(294.83)	(2.32)	WTI Crude (per bbl) <i>Updated</i>	63.95	0.58	0.91
CAC 40	France	5,161.8	(124.02)	(2.35)	Oman Crude Oil (Last Closing)	64.06	(1.11)	(1.70)
<b>United States</b>								
DJIA	USA	24,912.8	567.02	2.33	Gold100 OZ (per oz)	1,329.10	5.13	0.39
S&P 500	USA	2,695.1	46.20	1.74	Silver (per oz)	16.74	0.09	0.57
NASDAQ	USA	7,115.9	148.36	2.13				
<b>Asia Pacific</b>								
NIKKEI 225	Japan	21,898.5	289.63	1.34	Platinum (per oz)	991.47	0.39	0.04
HANG SENG	Hongkong	30,981.7	386.29	1.26	Copper, MT	7,076.00	(93.00)	(1.30)
<b>Selected Middle East</b>					Aluminium, MT			
Tunis Se Index	Tunis	6,616.0	57.81	0.88	Lead, MT	2,621.00	(26.00)	(0.98)
EGX 30 Index	Egypt	14,718.0	(244.16)	(1.63)	Zinc, MT	3,457.00	(91.00)	(2.56)
Blom Stock Index	Lebanon	1,172.2	0.09	0.01	Nickel, MT	13,385.00	(360.00)	(2.62)

Source: Bloomberg, U Capital- at 8:30AM Muscat time

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## Cross Rate for Major Currencies\*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.239	0.807
British Pound	GBP	1.397	0.716
Japanese Yen	JPY	0.009	109.290
Chinese Renminbi	CNH	0.160	6.263
Indian Rupee	INR	0.016	64.145
Russian Ruble	RUB	0.018	56.869
Canadian Dollar	CAD	0.799	1.251
Australian Dollar	AUD	0.788	1.269

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

### Majlis approves economy panel study on boosting private sector

A study on obstacles to hindering the growth of private sector and free zones in the Sultanate, conducted by the Economic and Financial Committee, was approved by the Majlis Al Shura on Tuesday. The study also deals with the incentives required to raise the contribution of the private sector and the free zones to the Sultanate's Gross Domestic Product (GDP). The study focused on the most important economic sectors and the desired partnership between the public and private sectors in government policies aimed at diversification of economic resources and the need to review and develop the appropriate legislative and legal system.

Source: [Times of Oman](#)

### Oman expo to boost tourism, investment

More than 100 participants are expected to sign up for a new tourism expo in Oman, which aims to further drive tourism and boost investment in the Sultanate. The Essence of Oman expo will target five high-potential areas of Oman's tourism sector, which has been earmarked as one of the key points of development in the nation's Tanfeethh plans for economic diversification. "Oman has a lot of options for tourists, and this is why we are primarily going to target five areas of leisure: adventure, culture and history, and spa and wellness are three of the most important aspects of Oman, and you also have conventional tourists who also come here to relax, in addition to those who come here for marine activities such as deep-sea diving and snorkeling," said Eva Mulyana, general manager for Thuriya, the organizers behind the expo.

Source: [Times of Oman](#)

### Oman's central bank issues treasury bills worth OMR63m

Oman's central bank raised OMR63 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, between February 7 and March 7, 2018. The average accepted price reached 99.890 for every OMR100 while the minimum accepted price arrived at 99.885 per OMR100. Whereas the average discount rate and the average yield reached 1.43393 per cent and 1.43551 per cent, respectively. The interest rate on the Repo operations with CBO is 2.080 per cent for the period from February 6, 2018 to February 12, 2018 while the discount rate on the Treasury Bills Discounting Facility with CBO is 2.830 per cent for the same period.

Source: [Times of Oman](#)

### New visa rules to give tourism boost

The new e-Visa non-sponsored visa rules introduced last year are expected to boost inbound tourism in the current year, say experts in the travel industry. "We have to wait for figures during the peak tourism season, which is from November to end of March. I expect a big jump this year," according to an official with a leading airline in Oman. "The overall market conditions are improving in the GCC and it will reflect on Oman tourism too," he said. An official at a high-end hotel said the occupancy at her property has been above 90 per cent this year. "The industry is expecting a major boost this year," she added.

Source: [Oman Observer](#)

### Agreement signed to develop Oman's food supply chain

ASYAD, the Sultanate's transport and logistics investment flagship, has signed an MoU with the state-owned Oman Food Investment Holding Company (OFIC) to support the delivery of agri-food from farms to the table. The ASYAD-OFIC MoU is committed to the development of agri-food value chains, hubs, storage and other logistics facilities in Oman. Dr Rashid bin Salem al Masrouri, Chairman of OFIC, said "This MoU will enhance cooperation and partnership both organizations to meet the local growth in demand for food and establish the sultanate a logistics hub to meet the global demand; ensuring food security within Oman and regionally. "Oman currently loses 24 per cent of fisheries production and 40 percent of agriculture production through supply chain, that can be reduced to 6 per cent and 10 per cent respectively. Indeed, supply chain processes and logistics for agriculture and food produce is intricate.

Source: [Oman Observer](#)

### Oil marketing firms in Oman opened 23 new fuel stations in 2017: MoCI

Oman's oil marketing companies opened 23 new filling stations in 2017, thus taking the total number of filling stations in the sultanate to 590, according to data released by the Ministry of Commerce and Industry (MoCI). The data showed that Muscat governorate with 144 filling stations has the highest number of stations in the country, followed by North Batinah with 97 filling stations. Al Dakhiliyah came at third place with 63 stations and Dhofar at fourth place with 60 filling stations. Currently, there are 50 stations in South Batinah, 41 in South Sharqiyah, 39 in North Sharqiyah, 33 in Dhahirah and 33 in Al Wusta governorate. The number of filling stations in Buraimi is 19. The least number of filling stations were recorded in Musandam where the number is just 11, the data revealed.

Source: [Muscat Daily](#)

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

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **U Capital: GCC states unveil expansionary budgets for 2018**

The Gulf states have announced their largest ever budgeted spending for the year 2018 despite oil prices still faring way below averages during the boom years. Governments have shifted their strategy to expansionary budgets after exercising belt tightening in the last couple of years. With almost all GCC countries (excluding Bahrain) announcing the budgets, overall budgeted spending of the GCC stands at \$430bn compared to \$411bn in 2017, a growth of 7 percent. Budgeted revenues stands at \$345bn versus \$311bn in 2017, up by 11 per cent. Growth in revenue has been largely because of higher oil price estimated this year compared to 2017. In 2018, oil price assumed by most of the countries stand at \$50/bbl. Only Qatar has assumed an oil price of \$45/bbl. while the UAE did not announce budgeted oil price for its federal budget. Despite expansionary budgets, deficit is expected to drop by 6.6 per cent to \$84bn.

Source: [Oman Observer](#)

### **Saudi Telecom signs \$1.8b MoU to broadcast Saudi soccer**

State-run Saudi Telecom has signed a tentative deal with the government's General Sports Authority to broadcast Saudi professional soccer matches over 10 years for 6.6 billion riyals (\$1.8 billion), the authority said on Tuesday. The deal appears to take rights to broadcast Saudi soccer away from regional broadcaster MBC group, which in July 2014 signed a 4.1 billion riyal, 10-year deal to obtain them. Saudi Arabian businessman Waleed Al Ebrahim, who has management control of MBC, was detained for nearly three months in a sweeping crackdown on corruption and released late last month.

Source: [Gulf News](#)

### **Fitch: Saudi Settlements Set to Bolster Sovereign Balance Sheet**

Fitch Ratings-Hong Kong/London-06 February 2018: Saudi Arabia's receipt of more than USD100 billion (15% of GDP) in settlements from the recent anti-corruption probe will bolster the government's balance sheet, but the full impact on the Kingdom's creditworthiness will depend on the composition of the assets and their use, Fitch Ratings says. It will also depend on the effect on the investment climate. These factors are currently unclear. Saudi Arabia's attorney general said last week that the Kingdom would receive close to USD107 billion in settlements from some of the businessmen and officials detained by the new anti-corruption commission last November. Most of the individuals held have been released, but 56 remain in custody, the attorney general said.

Source: [Fitch Ratings](#)

### **ACWA Power wins contract to develop 300 MW Sakaka solar project**

The Saudi energy ministry's Renewable Energy Project Development Office (REPDO) has awarded its first solar photovoltaic (PV) project in Sakaka to Riyadh-based ACWA Power, it said in a statement on Tuesday. Representatives from ACWA Power will sign the power purchase agreement (PPA) with the principal buyer, the Saudi Power Procurement Company (SPPC), on Feb. 7 in Riyadh. "The development of the 300 megawatt (MW) Sakaka solar PV project is expected to involve a total private sector capital investment of about \$300 million and will create job opportunities for more than 400 people," Saudi energy minister Khalid Al-Falih said in the statement.

Source: [Argaam](#)

### **Petro Rabigh expects better performance on Rabigh II operation: Al-Mahasher**

Rabigh Refining and Petrochemical Co. (Petro Rabigh) is expected to show stronger performance going forward, backed by improved production and operation of the Rabigh II project, chief executive Nasser Al-Mahasher, told Argaam in an exclusive on Tuesday. Operations were commenced at all plants in the project's second phase and the company is close to conducting the Lenders Reliability Test, which requires no single stoppage due to any fault. Petro Rabigh is likely to fully pay the first phase's commercial loans, or almost 50 percent of its debt, which is valued at almost SAR 9.8 billion, by 2020, Al-Mahasher said, adding that the company's liquidity and profitability will see improvement.

Source: [Argaam](#)

### **Saudi Aramco, Petronas close to raising US\$8 billion loan**

Saudi Arabian Oil Co and Malaysia's state-owned oil firm are close to raising a US\$8 billion (RM31 billion) loan to partly finance the construction of a planned refinery and a petrochemical complex in the Southeast Asian nation, people familiar with the matter said.

The Middle Eastern oil giant, known as Aramco, and Petroliam Nasional Bhd could sign the loan agreement as early as next month, said the people, asking not to be identified as the information is private. BNP Paribas SA and HSBC Holdings Plc and Bank of Tokyo-Mitsubishi UFJ Ltd are among lenders that have agreed to provide financing, the people said.

Source: [Malaysia Today](#)

### **Saudi working with HSBC, JPMorgan, MUFG on \$10bn loan refinancing: sources**

Saudi Arabia is working with HSBC, JPMorgan and Mitsubishi UFJ Financial Group on the refinancing of its existing \$10 billion syndicated loan, said banking sources familiar with the matter. The three lenders have a leading role in the refinancing, which will involve a much larger group of banks. Loan syndication is expected to be completed by mid-February, said the sources. A spokesman for the Saudi debt management office said: "The DMO is coordinating this transaction directly with all financial institutions and it would be inappropriate to comment further whilst discussions are still ongoing."

Source: [Zawya](#)

### **ADNOC signs 15-year gas sales agreement with Dubai**

Abu Dhabi National Oil Co (ADNOC) signed a 15-year gas sales agreement on Tuesday with the Dubai Supply Authority to supply the city's natural gas needs, a statement from the company said. The deal replaces a similar agreement signed in 1998, from which ADNOC built the Taweelah-Jebel Ali pipeline and the first gas deliveries from Abu Dhabi to Dubai followed in 2001. The agreement was signed at ADNOC's headquarters by the company's CEO and the managing director of the supply authority.

Source: [Zawya](#)

### **UAE's DP World reports record volume handling in 2017**

DP World Limited handled 70.1 million TEU (twenty-foot equivalent units) across its global portfolio of container terminals in the full year of 2017, with gross container volumes growing by 10.1% year-on-year on a reported basis and 9.7% on a like-for-like<sup>1</sup> basis, ahead of Drewry Maritime's global container throughput growth estimate of 6.0% for 2017. In the fourth quarter, a company statement said, the global portfolio grew 10.3% year-on-year on a reported basis and 9.9% on a like-for-like basis with consistent performance across all three DP World regions and particularly strong contributions from terminals in Europe, Americas and Middle East & Africa. The UAE handled 15.4 million TEUs in 2017, up by 4.0% year-on-year.

Source: [Zawya](#)

### **Qatar's Masraf Al Rayan, Amwal to list ETFs this quarter: sources**

Qatar's stock market is set to list its first exchange-traded funds this quarter, market sources said on Tuesday, as authorities seek to develop the bourse in the face of a boycott by other Arab states. Saudi Arabia, the United Arab Emirates, Bahrain and Egypt cut diplomatic and transport ties with Qatar last June, causing the Qatari stock index to plunge more than 20 percent at one stage. But the market has since recovered much of those losses and authorities say they aim to press ahead with reforms to improve liquidity and attract more foreign money.

Source: [Zawya](#)

### **Qatar Retailer Mannai Seeks to Raise \$600 Million from Bond Sale**

Mannai Corp. plans to seek shareholders' approval to sell bonds, potentially joining the rush of Gulf borrowers to the debt market. An extraordinary general assembly meeting of shareholders will be held on Feb. 28 to consider the request, the Doha-based company said in a statement. The bonds won't be offered to the public in Qatar and may be listed on the Irish stock exchange.

Source: [Bloomberg News Alert](#)

### **VAT will have 'minimal' impact on real estate in region, JLL says**

The introduction of value-added tax (VAT) in the United Arab Emirates and Saudi Arabia will have a 'minimal' impact on the region's property market, according to property consultancy JLL. Speaking in Dubai on Tuesday morning at a JLL event giving predictions for the real estate market for 2018, JLL MENA's chief financial officer Andrew Hatherly, said: "Fundamentally, we do not see VAT as being a market mover, with a significant impact really only on the retail sector as they take a hit on reduced consumer spending. "They will also have to absorb some of the 5 percent of VAT into their margins to avoid having to pass on too much of their costs to consumers," he said.

Source: [Zawya](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Asia stocks back from the brink as Wall Street rallies**

Asian share markets were trying to find their footing on Wednesday as a semblance of calm returned to Wall Street where major indices bounced into the black after days of deep losses. Analysts said distressed selling by leveraged funds looked to have run its course for the moment, allowing volatility to abate a little, though the prospect of monetary tightening across the globe remained a challenge for the long term.

Source: [Economic Times](#)

### **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](#)

### **Eurozone output growth nears 12-yr-high in January**

The Eurozone economy commenced 2018 on a high note, extending its gains, as economic growth closed in on a 12-year high at 58.8 in January. The rise was "underpinned by solid inflows of new business and accompanied by the strongest phase of job creation since late-2000," IHS Markit said in a report released on Monday. The final IHS Markit Eurozone PMI composite output index registered 58.8 in January, the highest level since June 2006 and coming in above an earlier flash estimate of 58.6. "The headline index has signaled expansion for 55 successive months," the report stated.

Source: [Mubasher](#)

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### Emerging Market Outflows Are Biggest Since 2016 U.S. Election

Here's a warning sign for Asia's central banks. Investors have started pulling out of emerging markets with the biggest slump in portfolio flows since the 2016 U.S. presidential election, according to analysts at the Institute of International Finance. Asia has taken the brunt of the reversal with South Korea, Indonesia and Thailand seeing the biggest outflows of the countries in the study. Those withdrawals have been concentrated in equities, while bonds have been hit less hard. India is bucking the trend with continued demand for both stocks and bonds.

Source: [Bloomberg](#)

### COMMODITIES NEWS

#### Oil prices rise on report of higher U.S. crude stocks, OPEC comment

Oil prices rose on Wednesday amid a recovery in global stock markets, supported by a report that U.S. crude inventories fell last week and positive comments by OPEC. Brent crude futures were at \$67.29 per barrel at 0135 GMT, up 43 cents, or 0.6 percent, from the previous close. U.S. West Texas Intermediate (WTI) crude futures CLC1 were at \$63.89 a barrel. That was up 50 cents, or 0.8 percent, from their last settlement.

Source: [Zawya](#)

#### Gold edges up on bargain hunting after hitting over 3-week low

Gold prices edged up on Wednesday as investors resorted to bargain hunting after the yellow metal's sharp BSE -0.48 % decline of over 1 percent to its lowest in more than three weeks in the previous session. Spot gold was up 0.2 per cent at \$1,327.97 an ounce, as of 0106 GMT. Prices touched their lowest since Jan. 11 at \$1,319.96 on Tuesday.

Source: [Economic Times](#)

#### Gold demand slides to eight-year low in third quarter

Gold demand slid to its lowest in eight years in the last quarter as jewellery buying fell and inflows into bullion-backed exchange traded funds dried up, data from the World Gold Council showed on Thursday.

Source: [Business Times](#)

## 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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