

U Capital Morning Brief

11 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	952.29	942.42	9.87	1.05%	-0.32%	-2.26%
U Capital GCC 50 Index	1,185.20	1,184.01	1.19	0.10%	-2.70%	3.54%
U Capital MENA 200 Index	1,023.60	1,022.80	0.80	0.08%	-2.16%	2.86%
MSCI GCC Countries Index	492.33	492.32	0.01	0.00%	-3.05%	2.62%
Muscat Securities Market	5,006.62	4,971.71	34.91	0.70%	0.13%	-1.82%
Saudi Stock Exchange	7,403.15	7,417.17	(14.02)	-0.19%	-3.23%	2.45%
Kuwait Stock Exchange	6,654.55	6,657.85	(3.30)	-0.05%	-0.50%	3.85%
Qatar Exchange	8,893.27	8,887.74	5.53	0.06%	-3.38%	4.34%
Bahrain Stock Exchange	1,333.02	1,336.38	(3.36)	-0.25%	-1.31%	0.10%
Dubai Financial Market	3,325.62	3,353.98	(28.36)	-0.85%	-2.03%	-1.32%
Abu Dhabi Sec. Exchange	4,599.47	4,595.69	3.78	0.08%	-0.06%	4.57%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,092.4	(78.26)	(1.09)	Brent Crude (per bbl) <i>Updated</i>	62.79	(2.02)	(3.12)
DAX	Germany	12,107.5	(152.81)	(1.25)	WTI Crude (per bbl) <i>Updated</i>	59.20	(1.95)	(3.19)
CAC 40	France	5,079.2	(72.47)	(1.41)	Oman Crude Oil (Last Closing)	59.90	(2.12)	(3.42)
United States								
DJIA	USA	24,190.9	330.44	1.38	Gold100 OZ (per oz)	1,316.15	(2.61)	(0.20)
S&P 500	USA	2,619.6	38.55	1.49	Silver (per oz)	16.36	(0.06)	(0.35)
NASDAQ	USA	6,874.5	97.33	1.44				
Asia Pacific								
NIKKEI 225	Japan	21,382.6	(508.24)	(2.32)	Platinum (per oz)	965.50	(7.45)	(0.77)
HANG SENG	Hongkong	29,507.4	(943.85)	(3.10)	Copper, MT	6,755.00	(90.00)	(1.31)
Selected Middle East								
Tunis Se Index	Tunis	6,515.9	(57.17)	(0.87)	Aluminium, MT	2,123.00	(47.00)	(2.17)
EGX 30 Index	Egypt	14,921.3	(115.76)	(0.77)	Lead, MT	2,534.00	9.50	0.38
Blom Stock Index	Lebanon	1,170.1	0.00	0.00	Zinc, MT	3,385.00	(36.50)	(1.07)
					Nickel, MT			
					12,970.00 (170.00) (1.29)			

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	1.225	0.816
British Pound	GBP	1.383	0.723
Japanese Yen	JPY	0.009	108.800
Chinese Renminbi	CNH	0.158	6.312
Indian Rupee	INR	0.016	64.398
Russian Ruble	RUB	0.017	58.387
Canadian Dollar	CAD	0.795	1.258
Australian Dollar	AUD	0.781	1.280

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

U Capital: MSM30 ends week down on volatility

The MSM30 ended the week down by 0.57 per cent to 5006.62 on speculations and pressures arising from local institutional selling. However, the week also saw volatility in performance linked to companies' disclosures especially about dividends, which formed a support point at that moment. The Financial sub Index was the only loser as it closed down by 1.21 per cent to 7404.87 while both the Service and Industrial indices closed up by 0.9 per cent and 0.22 per cent respectively.

Source: [Oman Observer](#)

2-day MSM forum to discuss capital market

The 12th Muscat Securities Market Forum will kick off tomorrow at Oman Convention and Exhibition Centre. The 2-day forum is organized by the MSM in cooperation with Sultan Qaboos University (SQU), represented by the College of Economics and Political Science. The forum includes a corner for the student projects related to the economic and investment aspects, a corner for the participating institutions, including CMA, Muscat Clearing and Depository Company, **Uthmaniyah Capital**, a brokerage company, the National Investments Development Company (TANMIA), one of the investment funds, Bank Muscat, represented by the Junior investor, Omantel, through which it presents its experience as a public joint stock company, the Muscat Brokers Association and Amwal for Services, Financial and Administrative Consultants.

Source: [Oman Observer](#)

Oman 'preparing dollar Islamic bond sale'

Oman is in talks with banks about a possible US dollar-denominated sukuk issue that could occur in March, sources familiar with the matter said on Thursday. The planned fund-raising exercise would be Oman's second public debt issuance this year, as the sultanate borrows internationally to finance a budget deficit caused by low oil prices. Oman sold a \$6.5bn conventional bond in January, its largest ever debt sale. The new issue is expected to be much smaller, as the deficit will be funded mostly through conventional debt, said one banking source familiar with the matter.

Source: [Gulf Business](#)

Oman's Jan Inflation Rises To 1.05%

Annual inflation rate in Oman for January increased to 1.05 per cent compared with the same month of the previous year. January inflation recorded a 0.1 per cent increase compared with December 2017 rate, according to the consumer price index data released by the National Centre for Statistics and Information (NCSI). The rise in January price index was due to increases in prices of major categories such as housing, water, electricity, gas and other fuels by 0.17 per cent. Prices of food and non-alcoholic beverages increased 1.3 per cent.

Source: [Muscat Daily](#)

SEZAD to hold third stage of introductory seminars

The Special Economic Zone Authority in Duqm (SEZAD) will launch tomorrow the 3rd stage of its introductory seminars in the Sultanate's governorates. The seminars come within the framework of SEZAD's efforts to increase the local investment in Special Economic Zone of Duqm and to encourage major companies and the SMEs to invest in the zone. The new phase will include a number of seminars and workshops targeting local companies and businessmen who have the desire to establish their projects in Duqm.

Source: [Oman Observer](#)

Oman's 3rd flour mill set for Q3 launch

Oman's third flour mill project — conceived as part of the nation's food security objectives — is due to come into operation at the Port of Sohar in the third quarter of this year, according to a key shareholder in the venture. Construction work on Sohar Flour Mills, which will add around 550 tons per day to the nation's aggregate wheat milling capacity, is nearing completion at a site adjoining the industrial port's Agro Terminal, said the Chairman of Oman Flour Mills (OFM), a major partner in the project.

Source: [Oman Observer](#)

Industrial parks witness strong growth in 2017

The Sultanate celebrates Oman's Industry Day on February 9 of each year to commemorate the visit of His Majesty Sultan Qaboos to Rusayl Industrial Estate on February 9, 1991. The Sultanate's Industry Day this year comes while the Public Establishment for Industrial Estates (PEIE) is witnessing rising growth rates in various fields, in addition to the expansion seen in the leased areas, infrastructure projects, total investments, number of projects and job opportunities in the administrative units and the industrial estates.

Source: [Oman Observer](#)

Oman miner receives key license for potash project

Gulf Mining Group, one of the largest privately owned mining corporations based in the Sultanate, has announced that it has received a license to explore for potassium chloride deposits as raw material for its Sulphate of Potash (SoP) project. Total investment in the venture, which will help commercialize potentially prodigious mineral resources in Um al Samim in the far west of the Sultanate, is estimated at \$300 million, according to high-level executive of the group. Mohammed Yahya al Shabibi, Chief Executive Officer — Gulf Mining Group, said: "I'm delighted to announce that the government has given us the exploration license for our potash project. We will officially commence exploration activities within the next few months."

Source: [Oman Observer](#)

New aviation firm takes wing

The government has announced the establishment of the Oman Aviation Group (OAG) which will focus on the development of airport cities and free zones. The group has been established under the chairmanship of Dr Ahmed al Futaisi, Minister of Transport and Communications. A statement from the Ministry of Transport and Communications said the OAG will be a public sector holding company that will include the Oman Air, Oman Aviation Services, (under incorporation), Oman Navigation, Shipping and Oman Meteorology. The group's board of directors, at its first meeting, approved the general strategy and work plan.

Source: [Oman Observer](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

IMF chief urges Arab states to slash spending

IMF chief Christine Lagarde on Saturday urged Arab countries to slash public wages and subsidies in order to rein in spending, achieve sustainable growth and create jobs. Speaking at the one-day Arab Fiscal Forum in Dubai, Lagarde welcomed "promising" reforms adopted by some Arab countries, but insisted much more was needed to overcome daunting economic and social problems. Low oil prices are weighing on the finances of Arab oil exporters, while importers are battling with rising debt, unemployment, conflicts, terrorism and refugee inflows, the International Monetary Fund's managing director said.

Source: [Arab News](#)

Emaar Properties makes \$1.8B profit in 2017

Emaar Properties made \$1.8 billion in profit and close to \$5 billion in sales in 2017, the chairman of Dubai's largest listed developer said ahead of its full year results. The developer of the more than 160-storey Burj Khalifa, the world's tallest tower, made \$1.43 billion in 2016 and reported \$3.92 billion in Dubai property sales. "We've been growing about 20 to 25 percent on an annual basis," Chairman Mohamed Alabbar said late on Wednesday at a conference in Abu Dhabi. Emaar, in which the Dubai government owns a minority stake, reported double digit quarterly sales growth in each of the first three quarters of 2017.

Source: [Khaleej Times](#)

ONGC acquires 10 percent stake in UAE's oil offshore concession

India and the UAE today signed a concessional agreement awarding a consortium of Indian oil companies, led by the ONGC - 0.42%, a 10 per cent stake in Abu Dhabi's offshore oil concession, the first such deal for the Indian oil and gas companies in the Gulf nation. Prime Minister Narendra Modi, Crown Prince of Abu Dhabi Sheikh Mohamed bin Zayed Al Nahyan and Deputy Supreme Commander of the UAE Armed Forces witnessed the signing of the historic agreement.

Source: [Economic Times](#)

DP WORLD CEO SAYS BALANCE SHEET IS 'VERY STRONG'

Dubai-based port operator is geared to deploy "major investments" to develop Jeddah port to take advantage of Red Sea market and growth expectations in Saudi Arabia, Chairman and CEO Sultan Ahmed Bin Sulayem says in interview with Bloomberg TV.

- * Potential for Red Sea project is big but infrastructure undeveloped
- ** NOTE: In Jan.; DP World Seeks to Help Saudi Arabia turn Jeddah into Red Sea Hub
- * In discussion in Russia on "many opportunities," one of which is Fesco
- ** NOTE: In Jan.; Summa Says Talks with DP World Continue on Fesco Stake
- ** Says also wants to look at linking train cargo in Russia
- * Expansion will be self-financed
- ** "We have a very strong balance sheet"

Source: [Bloomberg News Alert](#)

Cofco building a soft commodities hub in Dubai

Cofco International Ltd., the trading arm of China's largest food company, is building a soft commodities hub in Dubai as the new location gives it better access to more sugar producing and consuming regions. Marcelo de Andrade, head of that business, has relocated to Dubai from Brazil to establish the trading hub, he said in an interview at the Dubai Sugar Conference this week. About 10 employees will trade sugar, coffee and cotton and Cofco's Dubai office will soon move to the Dubai Multi Commodities Centre, where gold to diamond traders are located.

Source: [Bloomberg](#)

UAE loan growth to be 5-6 pct in 2018, driven by corporate sector –official

Banking sector loan growth in the United Arab Emirates will be around 5 to 6 percent in 2018, a similar level to 2017, Abdulaziz al-Ghurair, chairman of the UAE Banks Federation, told Reuters in an interview. Loan growth would be faster in the corporate banking sector, with expansion in the retail segment "flattish" as a result of high costs, al-Ghurair said.

Source: [Reuters](#)

BRIEF: S&P Says Qatar Ratings Affirmed at 'Aa-/A-1+' Outlook Negative

S&P Says Negative Outlook Primarily Reflects Geopolitical And Economic Risks From Qatar'S Boycott By Several Arab Countries Over Next 12 Months. S&P Says Qatari authorities have used the country's large fiscal assets to mitigate the impact of the ongoing boycott By Arab States. S&P Says could revise outlook to stable if perceived that regional tensions had receded materially while Qatar'S fiscal, external positions remained strong. S&P says could lower ratings on qatar if economic impact from boycott ultimately turned out to be more significant than S&P currently anticipates.

Source: [Reuters](#)

Saudi Arabia's Leejam Sports seeks approval for stock market listing -sources

Saudi Arabian sports and fitness business Leejam Sports Co has applied to the kingdom's stock market regulator to carry out an initial public offering, according to financial sources familiar with the matter. The listing is the latest in what is expected to be a busy pipeline of public share sales in the kingdom, encouraged by a government drive to entice investment and diversify the economy away from a reliance on oil.

Source: [Reuters](#)

Switzerland's Clariant halts strategic update pending talks with SABIC

Clariant has halted plans to issue an update of its strategy after an activist investor sold its 25 percent stake in the Swiss specialty chemicals maker to Saudi Basic Industries Corp (SABIC) last month. Clariant had said in November it would issue the update after U.S.-based investment vehicle White Tale demanded three Clariant board seats and called for an independent review of the Swiss firm by an investment bank.

Source: [Reuters](#)

Housing ministry in talks with foreign firms to build more residential projects: report

Saudi Arabia's housing ministry is in talks with foreign companies to speed up the construction of local housing projects, Okaz newspaper reported, citing Minister Majed Al-Hogail. The ministry is studying a number of options to provide developed land for the use of these projects, Al-Hogail said on the sidelines of a meeting conducted with real estate members of Asharqia Chamber to review the Sakani Program. He added that the ministry started with the White Land Stimulus Program, but the number of developers who applied didn't meet the required standards.

Source: [Argaam](#)

Saudi Fund for Development inks \$14.14 mln deals to support Egyptian start-ups

The Saudi Fund for Development (SFD) signed two agreements worth EGP 250 million (\$14.14 million) with the Egyptian Ministry of Investment and International Cooperation to help support Egyptian start-ups, entrepreneurship and small projects, the Saudi Press Agency (SPA) reported on Thursday. Under the agreements, SFD will support Egyptian youth working in transportation, health care, agriculture and renewable energy projects.

Source: [Argaam](#)

Egypt wants more market stability before Eurobond issue — minister

Egypt is considering plans for a Eurobond issue but wants to see more stability in global financial markets before it goes ahead, Egyptian finance minister Amr Al Garhy said on Saturday. "We want to find the right time and we hope to do this in the next few days," Al Garhy told Reuters on the sidelines of a financial conference in Dubai, when asked if this week's swings in global markets could affect the planned issue. "We need to see more stability," he added.

Source: [Gulf News](#)

Egypt Inflation Rate Drops as Currency Float Shock Eases

Egypt's monthly urban inflation rate fell for the first time in more than two years as the impact of lifting currency controls eased. The month-on-month inflation rate came in at minus 0.2 percent in December, its lowest rate since November 2015, while the annual inflation rate eased to 21.9 percent from 26 percent the previous month, according to the state-run statistics agency CAPMAS. Annual prices were affected by a slowing of the increase in food and beverage prices, which make up the largest single component of the basket of goods and services. Annual food and beverage prices rose by 25.2 percent in December compared to 32.3 percent the previous month.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Wall Street ends whipsaw week on upbeat note

Wall Street's main stock indexes climbed more than 1 percent on Friday, giving investors some solace after a week of huge swings that shook the market out of months of calm. Even with Friday's gains, the benchmark S&P 500 fell 5.2 percent for the week, its biggest weekly percentage drop since January 2016, as volatility spiked back up. During Friday's session alone, the S&P 500 swung from as high as up 2.2 percent to down 1.9 percent, echoing the big swings of the past week. The Dow moved in a range of more than 1,000 points. The fresh volatility came a day after the benchmark S&P 500 and the Dow industrials confirmed they were in correction territory, both falling more than 10 percent from Jan. 26 record highs.

Source: [Zawya](#)

Sovereign investors scoop up emerging market IPOs in 2017

A Mexican tequila maker, a Vietnamese mall operator and Indian life insurers were just some of the stock market debuts that enticed sovereign investors to take chunky stakes in record numbers last year, and the trend shows no sign of stalling. In data just released, the Sovereign Wealth Fund Institute data put the number of initial public offerings (IPOs) "anchored" by SWFs at a record 26 in 2017, with some \$826 million committed, up from \$196.7 million in 2016.

Source: [Reuters](#)

Wall St Week Ahead-Investors brace for more swings as US inflation specter rises

The inflation bogeyman has reared its ugly head and sent US stock investors racing for the hills in recent days. Next week, coming off one of the most volatile stretches in years, two important readings on US inflation could help determine whether the stock market begins to settle or if another bout of volatility is in store. If the January's US consumer price index due next Wednesday from the US Labor Department, and the producer price index the next day, come in higher than the market anticipates, brace for more selling and gyrations for stocks.

Source: [Gulf News](#)

State Bank of Pakistan ends low interest rates to fight inflation

The State Bank of Pakistan has just ended its 21-month long saga of a low interest rate of 5.75 per cent, raising it to six per cent, as it is going to fight an uptick in inflation unleashed by depreciation of its rupee. Four factors led SBP to make the hike: "The Pakistani rupee has depreciated by around five per cent, imported international oil prices are hovering near \$70 per barrel, a number of central banks have started to adjust their policy rates upward and the fact that it is adversely affecting the Pakistani rupee interest rate differential vis-à-vis their currencies."

Source: [Khaleej Times](#)

COMMODITIES NEWS

U.S. Oil Reserve Would Fall Nearly in Half Under Budget Deal

The U.S. is poised to sell half of its emergency oil reserves to help pay its bills, something critics say defies the reason the stockpile was created decades ago as a hedge against supply disruptions. The spending deal that passed both houses of Congress and was sent to the White House early Friday calls for selling 100 million barrels of oil from the Strategic Petroleum Reserve by 2027. Combined with other sales approved last year, that would mean the volume of oil in the reserve would fall by 45 percent, to about 303 million barrels. The White House said President Donald Trump will sign the bill Friday morning.

Source: [Bloomberg](#)

Gold dips on firm US dollar, heads for second weekly loss

Gold slipped on Friday, under pressure from a firmer US dollar and worries about rising global interest rates, but still found some support as a safe haven asset as world stock markets fell. The US dollar rose against a currency basket, heading for its strongest week in nearly 15 months, with major US equity indexes shedding around one per cent a day after a plunge that confirmed a correction for the market.

Source: [Business Times](#)

Oil weekly loss hits 2-year high

Oil prices slid more than 3 per cent on Friday as US futures fell below \$60 a barrel for the first time since December on renewed concerns about rising crude supplies. US and Brent crude futures have slid more than 11 per cent from this year's peak in late January. Brent fell nearly 9 per cent for the week while US crude dropped 10 per cent, the steepest weekly declines since January 2016. Futures posted a sixth straight day of losses, wiping away the year's gains in a string of high-volume trading sessions, pressured by stronger-than-expected supply figures and a surprising ramp-up of the North Sea Forties Pipeline, which shut earlier last week.

Source: [Khaleej Times](#)

MSM Proposed Dividends

Company Name	Cash Div %	DPS, OMR	Div payout, %	Dividend Yield, %	Stock Dividend %	AGM Date
BANKMUSCAT SAOG	30.0%	0.030	46.0%	7.2%	5.0%	
BANK DHOFAR SAOG	12.0%	0.012	56.9%	5.7%	8.0%	27/03/2018
BANK SOHAR	5.0%	0.005	35.2%	3.2%	10.0%	
NATIONAL BANK OF OMAN SAOG	15.0%	0.015	52.8%	7.3%	5.0%	25/03/2018
HSBC BANK OMAN	5.7%	0.006	59.6%	5.2%		
AHLI BANK	10.0%	0.010	53.4%	6.2%	5.0%	
MUSCAT FINANCE	8.0%	0.008	55.1%	7.0%	5.0%	25/03/2018
UNITED FINANCE CO	3.5%	0.004	56.2%	2.7%		
TAAGEER FINANCE	10.0%	0.010	53.9%	8.1%		
OMAN REFRESHMENT CO	75.0%	0.075	34.7%	3.7%		27/02/2018
SALALAH MILLS CO	50.0%	0.050	66.5%	3.8%		
MUSCAT THREAD MILLS CO	5.0%	0.005	40.1%	6.1%	5.0%	06/03/2018
OMAN CHROMITE	16.0%	0.160	88.7%	4.4%		5/3/2018
OMAN PACKAGING	20.0%	0.020	63.9%	7.1%		01/03/2018
COMPUTER STATIONERY INDS	7.0%	0.007	75.0%	2.7%		6/3/2018
NATIONAL PHARMACEUTICAL	5.0%	0.005	15.6%	4.7%		22/02/2018
OMAN CABLES INDUSTRY	45.0%	0.045	59.0%	4.0%		
OOREDOO	42.0%	0.042	88.2%	7.9%		5/3/2018
HOTELS MANAGEMENT CO INT.	100.0%	1.000	116.1%	80.0%		12/3/2018
SAHARA HOSPITALITY	15.0%	0.150	35.3%	6.0%	5.0%	27/02/2018
SHELL OMAN MARKETING	85.0%	0.085	64.6%	4.9%		
OMAN OIL MARKETING COMPANY	60.0%	0.060	41.8%	4.1%		18/03/2018
AL MAHA PETROLEUM PRODUCTS M	65.0%	0.065	89.1%	6.5%		15/03/2018
PHOENIX POWER CO SAOG	6.2%	0.006	90.8%	4.7%		

Source: MSM

Ubhar Capital SAOC (U Capital)

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