

U Capital Morning Brief

13 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	948.14	952.78	-4.64	-0.49%	-0.76%	-2.68%
U Capital GCC 50 Index	1,184.54	1,178.55	5.99	0.51%	-2.75%	3.48%
U Capital MENA 200 Index	1,022.12	1,018.25	3.87	0.38%	-2.30%	2.72%
MSCI GCC Countries Index	493.06	489.94	3.12	0.64%	-2.90%	2.77%
Muscat Securities Market	5,002.87	4,994.02	8.85	0.18%	0.06%	-1.89%
Saudi Stock Exchange	7,425.57	7,327.15	98.42	1.34%	-2.94%	2.76%
Kuwait Stock Exchange	6,707.45	6,639.98	67.47	1.02%	0.29%	4.67%
Qatar Exchange	8,987.51	9,044.82	(57.31)	-0.63%	-2.36%	5.45%
Bahrain Stock Exchange	1,347.12	1,333.56	13.56	1.02%	-0.26%	1.16%
Dubai Financial Market	3,314.93	3,320.58	(5.65)	-0.17%	-2.34%	-1.64%
Abu Dhabi Sec. Exchange	4,609.91	4,584.41	25.50	0.56%	0.17%	4.81%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,177.1	84.63	1.19	Brent Crude (per bbl) <i>Updated</i>	62.97	0.39	0.62
DAX	Germany	12,282.8	175.29	1.45	WTI Crude (per bbl) <i>Updated</i>	59.61	0.32	0.54
CAC 40	France	5,140.1	60.85	1.20	Oman Crude Oil (Last Closing)	59.70	(0.20)	(0.33)
United States								
DJIA	USA	24,601.3	410.37	1.70	Gold100 OZ (per oz)	1,326.49	3.66	0.28
S&P 500	USA	2,656.0	36.45	1.39	Silver (per oz)	16.61	0.06	0.36
NASDAQ	USA	6,982.0	107.47	1.56				
Asia Pacific								
NIKKEI 225	Japan	21,438.9	48.95	0.23	Platinum (per oz)	974.91	4.05	0.42
HANG SENG	Hongkong	30,102.3	642.67	2.18	Copper, MT	6,831.00	76.00	1.13
Selected Middle East								
Tunis Se Index	Tunis	6,558.4	42.54	0.65	Aluminium, MT	2,125.00	2.00	0.09
EGX 30 Index	Egypt	14,890.7	62.35	0.42	Lead, MT	2,516.00	(18.00)	(0.71)
Blom Stock Index	Lebanon	1,158.6	(11.45)	(0.98)	Zinc, MT	3,382.50	(2.50)	(0.07)
					Nickel, MT			
					13,100.00			
					130.00			
					1.00			

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

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

Cross Rate for Major Currencies*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.230	0.813
British Pound	GBP	1.385	0.722
Japanese Yen	JPY	0.009	108.280
Chinese Renminbi	CNH	0.158	6.328
Indian Rupee	INR	0.016	64.313
Russian Ruble	RUB	0.017	57.829
Canadian Dollar	CAD	0.795	1.258
Australian Dollar	AUD	0.787	1.271

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

Consultant to study new role for MSM

Steps are afoot to convert Muscat Securities Market into a company under the State General Reserve Fund (SGRF). Consultants have been appointed for its evaluation. Speaking on the sidelines of the Muscat Securities Market Forum, Ahmed bin Salih al Marhoon, Director-General of MSM, said: "Steps to convert the stock market into a company are going on as planned". The board of directors of Capital Market Authority (CMA) agreed to the move recently, which will see the stock market converted into a company under SGRF before it is listed for public subscription.

Source: [Oman Observer](#)

Oman, India to expand partnership

The visit of Narendra Modi, Prime Minister of India, comes in recognition of the growing strategic relations between the Sultanate of Oman and India, and as per the invitation of His Majesty Sultan Qaboos. The two sides stressed that India and Oman, as maritime neighbors across the Indian Ocean and the Arabian Sea, have enjoyed close and deeply rooted historical relations. They noted that the historically close bilateral ties, involving vibrant maritime trade and cultural exchanges, have expanded into strategic partnership based on trust and mutual respect.

Source: [Oman Observer](#)

Oman's Majlis Al Shura passes articles of companies' law

Majlis Al Shura has passed a number of articles of the Commercial Companies Law referred by the Council of Ministers. HE Dr. Saleh bin Said Masan, Head of the Committee and the Rapporteur of the Committee, read the report of the Economic and Financial Committee on the draft law.

Source: [Times of Oman](#)

Sebacic Oman plans to build \$250m bio-based nylon project in Duqm

Sebacic Oman SAOC plans to build a bio-based nylon project as forward integration of its soon-to-be-commissioned Sebacic acid project in the Duqm free zone. The 10,000 ton per annum-capacity project, which is expected to produce two grades of bio-nylon (nylon 6-10 and nylon 10-10), will have an estimated capital expenditure of \$250 million, Pradeep Kumar B Nair, chief executive officer of the company, told Times of Oman. This is going to be the first project to produce bio-based nylon in the entire Middle East region. "As much as 70 per cent of the \$250 million will be from lending institutions and 30 per cent will be by way of equity capital," Nair said.

Source: [Times of Oman](#)

International Monetary Fund chief visits Oman

Christine Lagarde, managing director of the International Monetary Fund (IMF), is on a short visit to the Sultanate. HE Tahir bin Salim bin Abdullah Al Amri, the executive president of the Central Bank of Oman (CBO), received Lagarde, and her delegation, on Monday at Muscat International Airport, accompanied by a group of CBO officials, said a CBO release. The IMF chief's short visit to the Sultanate aims at discussing issues concerning the IMF and CBO together with enhancing bilateral relations.

Source: [Times of Oman](#)

PDO inaugurates 1GW solar power plant in Oman

Petroleum Development Oman (PDO) inaugurated the concentrated solar power facility Miraah, expected to be one of the world's largest solar power plants, on Monday. Built and operated by Glasspoint, the 1GW project is expected to deliver 6,000 tons of steam per day for Enhanced Oil Recovery (EOR) at Amal West oilfield in southern Oman, when it's fully completed.

Source: [Times of Oman](#)

Ministry to stop online tourist license services in Oman

Oman's Ministry of Tourism has announced that all electronic tourism license services will be discontinued by February 25, 2018, in an effort to promote the e-government system instead. "The Ministry of Tourism would like to inform all licensed hotel and tourist establishments and companies that it is about to integrate the tourist licensing system with the Invest Easy Portal, which will be launched on 15 March 2018," said the ministry.

Source: [Zawya](#)

NATIONAL SECURITIES - Board Resolution to call for an Extra General Meeting (EGM)

The Board of Directors met on Sunday, 11th February 2018, has decided to call for an Extra General Meeting (EGM) to discuss the Company's Financial situation after losing more than three quarters of the capital, according to rule (129) of company's law 4/74.

Source: **MSM**

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Fawaz Alhokair wants to branch out into fragrances, cosmetics

Fawaz Abdulaziz Alhokair Co. has developed a clear strategy to tap the fragrance and cosmetics market, Mohammed Abbaoui, Chief Financial Officer, told Al-Arabiya TV on Monday. Abbaoui ruled out plans for store closures this year, adding that the retailer usually replaces old brands for unprofitable stores in prime locations instead of shutdowns. Alhokair had earlier shut 75 stores, of which 30 were located outside the Kingdom.

Source: [Argaam](#)

SACO to open 11 new showrooms in 3 years, says CEO

Saudi Company for Hardware (SACO) plans to open four showrooms in 2018, and another seven branches during 2019-2020, as part of its expansion plans in Saudi Arabia and the GCC, chief executive Sameer Alhamidi told CNBC Arabia TV. SACO currently holds a 5-6 percent market share, and has a diversified product portfolio, Alhamidi said.

Source: [Argaam](#)

Saudi Arabia's top 3 telcos get additional bandwidth

Saudi Telecom Co. (STC), Mobile Telecommunication Co. of Saudi Arabia (Zain Saudi), and Etihad Etisalat Co. (Mobily) have been awarded mobile phone licenses for a total bandwidth of 80 megahertz (MHz) in the 700, 800 and 1800 MHz frequency bands. The licenses were obtained in a frequency auction organized yesterday by the Kingdom's Communications and Information Technology Commission (CITC).

Source: [Zawya](#)

Dubai exchange explores options as Indians stop licensing securities abroad

The Dubai Gold and Commodities Exchange (DGCX) said on Monday it was working with Indian counterparts to explore alternatives after India's three main stock markets announced they would stop licensing their indexes and securities abroad. India's decision appears to threaten several products offered by the DGCX, which trades futures based on the Bombay Stock Exchange's Sensex index; futures based on single Indian stocks; and Indian rupee and U.S. dollar-based futures for an Indian index compiled using methodology from MSCI.

Source: [Zawya](#)

DXB Entertainments Is Seeking to Restructure \$1.15 Billion

Dubai's DXB Entertainments PJSC is talking to banks to restructure \$1.15 billion in loans used to build a theme park in the emirate after visitor numbers missed expectations, according to people familiar with the matter. The theme park operator is seeking to reschedule the loan it signed in 2014 and is asking lenders to freeze payments for three years and make higher repayments after that, the people said, asking not to be identified because the talks are private. The facility matures in 2026, according to data compiled by Bloomberg.

Source: [Bloomberg](#)

UAE banks seen turning the corner in 2018 as loan demand strengthens

UAE banks are set to see higher loan growth and profitability in 2018 as the local economy turns the corner, non-performing loans decline and rising interest rates give a boost to net interest margins. Rising oil prices and stronger support from governments are also supporting deposits while greater adoption of technology by banks has made them more efficient.

Source: [The National UAE](#)

Dubai Holding unit seeks \$572m for refinancing

Dubai Holding's Emirates International Telecommunications unit is in talks with banks to raise about Dh2.1 billion (\$572 million) to refinance an existing loan, according to two people familiar with the matter.

Source: [Gulf News](#)

Dubai Holding Unit Is Said to Seek \$572 Million for Refinancing

Dubai Holding's Emirates International Telecommunications LLC unit is in talks with banks to raise about 2.1 billion dirhams (\$572 million) to refinance an existing loan, according to two people familiar with the matter. The company, which owns stakes in Axiom Telecom and Du, is speaking to lenders including Emirates NBD PJSC, Noor Bank PJSC and Commercial Bank International PSC about a club loan, said the people, asking not to be identified because the information is private.

Source: [Bloomberg](#)

Qatar's non-oil growth wins IMF praise

International Monetary Fund (IMF) Managing Director Christine Lagarde said yesterday the steady growth in Qatar's non-oil economy is a reflection of the country's good diversification policy. Qatar's growth in the non-oil sector is pretty much on a par with the non-oil growth in the oil importing countries, the IMF Chief said.

Source: [TPQ](#)

IQ net profit grows almost 12% to QR3.3bn

Industries Qatar (IQ), one of the region's industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products, reported a net profit of QR3.3bn and earnings per share of QR5.48 for the year 2017. This compares with net profit of

QR3.0bn and earnings per share of QR4.88 for the corresponding period of 2016. The group was also able to exceed the budget expectations for 2017.

Source: [TPQ](#)

Bahrain's non-oil sector beats expectations with 4.8% growth in the first nine months of 2017

The growth momentum of the Bahraini economy has continued to exceed expectations, with the annual pace of growth in the non-oil sector reaching 4.8% in the first nine months of 2017. During 2017 as a whole, non-oil growth is expected to exceed the 4.0% pace recorded in 2016, according to the latest Bahrain Economic Quarterly published by the Bahrain Economic Development Board (EDB).

Source: [Zawya](#)

Kuwait hires TICG to advise on bourse listing- regulator

Kuwait has hired Tri International Consulting Group (TICG) to advise on the initial public offer of shares in the operator of its stock exchange, the capital markets regulator said on Monday. TICG is a joint venture between sovereign wealth fund Kuwait Investment Authority (KIA), the Kuwait Fund for Arab Economic Development, and international consulting firm Oliver Wyman. Kuwait has been considering an IPO of its stock market for years, but political infighting and an entrenched bureaucracy have held up the process. Dubai's bourse is currently the only listed stock exchange in the Gulf region.

Source: [Zawya](#)

GCC banks still far from 2008 resolutions

Banks in the Gulf Co-operation Council are still far from the implementation of resolution regimes discussed during the financial crisis in 2008 for both conventional and Islamic banks despite having implemented many of the recommendations. G7 finance ministers agreed to take decisive action during the global financial crisis. Using all available tools to minimize the need for government intervention and related costs for taxpayers, regulators enhanced their monitoring and supervision methodologies, revamped on-site examination processes, and, in many countries, expanded their toolkit to process orderly resolutions of and support systemically important financial institutions to prevent their failures.

Source: [Gulf News](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks pull further off two-month lows as Wall St. bounces

Asian stocks pulled further away from two-month lows on Tuesday, lifted by Wall Street's extended rebound from last week's steep fall, but investors remained cautious ahead of U.S. inflation data later in the week. MSCI's broadest index of Asia-Pacific shares outside Japan was up 1 percent after sliding to its lowest level since Dec. 11 on Friday. Australian stocks rose 0.5 percent and South Korea's KOSPI climbed 1 percent. Japan's Nikkei added 1 percent.

Source: [Reuters](#)

GM to shut South Korean plant, more cuts could follow

General Motors Co said it will close one of its four plants in South Korea and incur an \$850 million impairment charge as part of a restructuring of its money-losing business in Asia's fourth-biggest economy. The U.S. automaker said it would decide the future of its remaining South Korean operations within weeks, amid ongoing talks with the government and labor unions on how to cut costs and make the business profitable.

Source: [Reuters](#)

Amazon plans hundreds of layoffs

Amazon is cutting hundreds of positions at its headquarters and global operations, a reset that comes after several years of significant growth. The cuts were first reported by the Seattle Times, which said the actions are focused on streamlining the firm's consumer retail business. Amazon said it is working to offer affected staff new roles. The company reported about \$3bn in profit on nearly \$178bn in sales last year.

Source: [BBC](#)

Unilever threatens to pull ads from Facebook and Google

Unilever has threatened to withdraw ads from platforms like Google and Facebook if they do not do enough to police extremist and illegal content. Unilever said consumer trust in social media is now at a new low. "We cannot have an environment where our consumers don't trust what they see online," said Unilever's chief marketing officer Keith Weed. He said it was in the interest of digital media firms to act before "advertisers stop advertising".

Source: [BBC](#)

Experts in Hungary discuss growing contribution of Asia to world economic growth

The growing importance of the contribution of Asia and China to the global economic growth was the focus of a session of the Lamfalussy Lectures Conference 2018 organized here on Monday by the Hungarian Central Bank MNB. Alicia Herrero, senior fellow at European think-tank BRUEGEL, said: "Asia is dominating in contribution to global growth, middle class and even the corporate world now," underlining that "63 percent of global economic growth came from Asia, versus only 12 percent from Europe and 10 percent from North America."

Source: [Xinhua](#)

The stock market turmoil was all about good economic news

Christine Lagarde had good news to tell when she turned up in Davos three weeks ago to announce the International Monetary Fund's latest economic forecasts. The global economy was doing better than expected pretty much everywhere, the IMF's managing director said. There was, though, another message, a warning not to get too carried away about a recovery that had left out large numbers of people and was not based on particularly solid foundations. "There is also significant uncertainty in the year ahead," Lagarde said. "The long period of low interest rates has led to a buildup of potentially serious financial sector vulnerabilities."

Source: [The Guardian](#)

COMMODITIES NEWS

OPEC chief says he has Putin's word that Russia won't flood the market with oil

Russia has pledged not to abandon a deal with OPEC to keep a lid on oil supplies, even as crude prices rise, OPEC Secretary General Mohammed Barkindo said on Monday. A stronger-than-anticipated rally has raised concerns that Russian oil giants will seek an exit from OPEC's agreement with Moscow and other producers to limit their output. Oil prices have rebounded nearly 60 percent since June, with Brent crude rising to three-year highs above \$71 a barrel, prior to a pullback last week that wiped out its gains for 2018.

Source: [CNBC](#)

Venezuela oil production is plummeting

Venezuela's main source of cash is dwindling at a breathtaking pace.

The country's oil output in January fell to its lowest level in nearly 30 years, not including a brief oil strike in 2003, according to S&P Global Platts. A monthly OPEC report published Monday revealed Venezuela pumped 1.6 million barrels of oil per day last month. Production in January was down 20% from a year ago.

Source: [CNN](#)

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%	7.3%	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 CITY DESALINATION	9.3%	0.009	n/m	5.8%		27/03/2018
MUSCAT FINANCE	8.0%	0.008	55.1%	6.8%	5.0%	25/03/2018
UNITED FINANCE CO	3.5%	0.004	56.2%	2.7%		
AL-OMANIYA FINANCIAL SERVICE	17.0%	0.017	99.9%	6.2%	3.0%	
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
AL-ANWAR CERAMIC TILES CO	6.0%	0.006	96.1%	4.4%		21/03/2018
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%	8.0%		5/3/2018
UBAR HOTELS & RESORTS	4.0%	0.004	42.9%	3.1%		20/03/2018
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

Ubar Capital SAOC (U Capital)

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