

U Capital Morning Brief

14 February 2018

| GCC Market Indices | Current Close | Previous Close | Change | D/D | MTD | YTD |
|--------------------------|---------------|----------------|---------|--------|--------|--------|
| | Index | Index | Point | % | % | % |
| U Capital Oman 20 Index | 952.75 | 948.14 | 4.61 | 0.49% | -0.27% | -2.21% |
| U Capital GCC 50 Index | 1,183.93 | 1,184.54 | -0.61 | -0.05% | -2.80% | 3.43% |
| U Capital MENA 200 Index | 1,023.73 | 1,022.12 | 1.61 | 0.16% | -2.15% | 2.88% |
| MSCI GCC Countries Index | 493.40 | 493.06 | 0.34 | 0.07% | -2.84% | 2.84% |
| Muscat Securities Market | 5,003.67 | 5,002.87 | 0.80 | 0.02% | 0.07% | -1.87% |
| Saudi Stock Exchange | 7,412.56 | 7,425.57 | (13.01) | -0.18% | -3.11% | 2.58% |
| Kuwait Stock Exchange | 6,670.31 | 6,707.45 | (37.14) | -0.55% | -0.26% | 4.09% |
| Qatar Exchange | 8,987.51 | 9,044.82 | (57.31) | -0.63% | -2.36% | 5.45% |
| Bahrain Stock Exchange | 1,352.96 | 1,347.12 | 5.84 | 0.43% | 0.17% | 1.60% |
| Dubai Financial Market | 3,341.46 | 3,314.93 | 26.53 | 0.80% | -1.56% | -0.85% |
| Abu Dhabi Sec. Exchange | 4,600.40 | 4,609.91 | (9.51) | -0.21% | -0.04% | 4.59% |

Source: Bloomberg

| World Markets* | Country | Value | Change | D/D | Commodity Prices* | Price | Change | D/D |
|-----------------------------|----------------|----------|----------|--------|--------------------------------------|-----------|--------|--------|
| Europe | | | | | USD | | | |
| FTSE 100 | United Kingdom | 7,168.0 | (9.05) | (0.13) | Brent Crude (per bbl) <i>Updated</i> | 62.78 | 0.06 | 0.10 |
| DAX | Germany | 12,196.5 | (86.27) | (0.70) | WTI Crude (per bbl) <i>Updated</i> | 59.17 | (0.03) | (0.05) |
| CAC 40 | France | 5,109.2 | (30.82) | (0.60) | Oman Crude Oil (Last Closing) | 59.95 | 0.25 | 0.42 |
| United States | | | | | USD | | | |
| DJIA | USA | 24,640.5 | 39.18 | 0.16 | Gold 100 OZ (per oz) | 1,334.83 | 5.02 | 0.38 |
| S&P 500 | USA | 2,662.9 | 6.94 | 0.26 | Silver (per oz) | 16.65 | 0.06 | 0.36 |
| NASDAQ | USA | 7,013.5 | 31.55 | 0.45 | Platinum (per oz) | 980.70 | 6.28 | 0.64 |
| Asia Pacific | | | | | USD | | | |
| NIKKEI 225 | Japan | 21,152.1 | (56.75) | (0.27) | Copper, MT | 6,988.00 | 157.00 | 2.30 |
| HANG SENG | Hongkong | 30,101.1 | 268.09 | 0.90 | Aluminium, MT | 2,139.00 | 14.00 | 0.66 |
| Selected Middle East | | | | | USD | | | |
| Tunis Se Index | Tunis | 6,584.1 | 25.71 | 0.39 | Lead, MT | 2,561.00 | 45.00 | 1.79 |
| EGX 30 Index | Egypt | 14,729.8 | (160.96) | (1.08) | Zinc, MT | 3,470.00 | 87.50 | 2.59 |
| Blom Stock Index | Lebanon | 1,173.4 | 14.80 | 1.28 | Nickel, MT | 13,450.00 | 350.00 | 2.67 |

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 | 1.238 | 0.808 |
| British Pound | GBP | 1.390 | 0.719 |
| Japanese Yen | JPY | 0.009 | 107.220 |
| Chinese Renminbi | CNH | 0.158 | 6.326 |
| Indian Rupee | INR | 0.016 | 64.131 |
| Russian Ruble | RUB | 0.017 | 57.632 |
| Canadian Dollar | CAD | 0.796 | 1.257 |
| 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

'Dynamic Duqm' initiative to hone skills, boost jobs

A new initiative to provide a common forum for major companies, SMEs, and community representatives in Duqm and surrounding regions would also provide jobs and utilise the best skills of locals in the Wusta Governorate. The initiative, called 'Dynamic Duqm', is the brainchild of Maurizio Monte, founding director of Duqm Smart Business, which provides consultancy, rental, and marketing services to businesses looking to set up shop in Duqm, an area poised to be the economic powerhouse that catalyses the nation and fuels its economic diversification plans for the future.

Source: [Times of Oman](#)

Private developers invited to set up industrial parks

The Public Establishment for Industrial Estates (PEIE) yesterday unveiled a number of initiatives to drive investment in the manufacturing sector, including a strategy to allow private and international investors to develop industrial parks on long-term usufruct agreements. The initiatives were announced at a press conference at Crowne Plaza Muscat on the theme, 'Strengthening Partnership with the Private Sector'. Hilal bin Hamad al Hasani, Chief Executive Officer of PEIE noted that the press conference will be an annual briefing to highlight its future plans.

Source: [Oman Observer](#)

New oil discoveries buoy hopes of further finds in Oman Blocks 3&4

Swedish based international energy firm Tethys Oil says it expects to invest around \$60 million in its Oman operations during 2018, the bulk of which is earmarked as its share of investments in the further development of the onshore producing Blocks 3&4 located in the eastern part of the country. The new investments come against a backdrop of positive developments for the company, which added a new 100 per cent owned and operated concession (Block 49) to its assets in the Sultanate. New oil discoveries uncovered in 2017 have buoyed hopes for stronger reserves growth and higher output going forward, Magnus Nordin (pictured), Managing Director, said.

Source: [Oman Observer](#)

PEIE sets up holding company to manage assets

The Public Establishment for Industrial Estates (PEIE) on Tuesday announced a number of new plans and steps for further growth and development of industrial estates in Oman. The PEIE announced the establishment of a holding company which will manage its assets and increase the involvement of private sector in management and development of industrial estates. At a press conference, PEIE officials said that in a time bound manner, it will limit its role to planning, regulating, monitoring and follow up with stakeholders by 2022. And, at the same time, PEIE will encourage and facilitate private sector to play a greater role in promoting industrial estates in the sultanate.

Source: [Muscat Daily](#)

Industrial estates to boost Oman government job drive

Thousands of new jobs will be created in Oman's industrial estates in the next few years due to rapid expansion of industrial estates and massive investment from the private sector. This is in addition to the 10,000 citizens who have been appointed in the private sector within two months, under a government initiative aimed at providing private sector jobs to Omanis. Under the initiative, 15,000 jobs will be provided in the months to come, taking the total to 25,000 jobs, based on the decision of the Council of Ministers.

Source: [Times of Oman](#)

More than 200,000 use fuel subsidy cards

More than 207,000 citizens had used their national fuel subsidy cards by February 11, 2018, according to a report by the National Subsidy System. The report stated that North and South Batinah were the most fuel-consuming provinces, with a consumption of 34.92 per cent. They were followed by Muscat with 25.84 per cent, Ad Dakhiliyah with 15.14 per cent, and North and South Al Sharqiyah with 9.72 per cent. While Al Dhahirah had a consumption of 6.17 per cent, Dhofar, Al Buraimi, Al Wusta and Musandam accounted for 64.41 per cent, 2.56 per cent, 0.99 per cent and 0.25 per cent, respectively.

Source: [Times of Oman](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Dubai Park Operator on Slide With a Difference as Tourists Tarry

Investors in a Dubai fun-park operator have been on a ride of a less amusing kind with shares of DXB Entertainments PJSC slumping this week to the lowest level since they started trading in 2014. The company is struggling to attract visitors and its debt is mounting. The stock is down almost 70 percent since an August 2016 peak, reached before the company opened the Dubai Parks & Resorts theme park, its main attraction. Since then, maintaining the flow of tourists has not been an easy task.

Source: [Bloomberg](#)

Tadawul announces that the fluctuation limits for Etihad Atheeb Telecommunication Co. will be based on a share price of SAR 7.73

Etihad Atheeb Telecommunication Co. EGM held on Tuesday 13/02/2018 has approved the capital reduction. Thus, the fluctuation limits for Etihad Atheeb Telecommunication Co. will be based on a share price of SAR 7.73, furthermore the company will be suspended for two business days. Starting from Wednesday 14/02/2018, until the Securities Depository Center Company (Edaa) reflects shares reduction on investors' portfolios, lifting the suspension of trading will be end of Thursday 15/02/2018.

Source: [Tadawul](#)

UAE banks eye end to \$22 billion Saudi debt saga

Banks in the United Arab Emirates are hopeful of recovering some funds in 2018 from the multibillion-dollar collapse of Saudi Arabia's Saad Group and Ahmad Hamad al-Gosaibi & Bros Co (AHAB) nearly a decade ago, a senior banking official told Reuters. The two conglomerates defaulted in 2009 in Saudi Arabia's biggest financial meltdown, leaving international and regional banks and other creditors owed about \$22 billion. After years of legal disputes and only gradual progress, efforts to resolve matters have gathered pace since the establishment of a tribunal in 2016 to deal with financial claims against AHAB and Saad Group.

Source: [Reuters](#)

Kuwait's credit growth slows slightly in July to 3.5% y-o-y

Credit was down in July, with growth slowing slightly to 3.5 percent year-on-year (y/y). The month saw a net decline of KD 143 million in credit. Most of the weakness in July was from the regular start-of-quarter drop in securities lending, though there was also some softness in other business sectors. By contrast, lending to the real estate sector and households was robust. Private deposits were down, while rates climbed. Household lending was strong in July, with growth accelerating to 7.2 percent y/y. Personal facilities excluding securities lending added a net KD 119 million during the month, though this followed a flat month. The gains continued to come from installment loans, while consumer loans were off, contracting by 5.3 percent y/y.

Source: [Kuwait Times](#)

Saudi Riyad Bank's Q4 profit up on lower impairment charges

Riyad Bank, Saudi Arabia's fourth-largest lender by assets, posted a huge rise in fourth-quarter net profit on Tuesday, beating analysts' forecasts, boosted by an easing of impairment charges for credit losses. The bank made 974 million riyals (\$259.7 million) in the three months to Dec. 31, up from 293 million riyals in the same period of 2016, it said in a bourse filing. Three analysts polled by Reuters had on average forecast the bank's quarterly profit at 732.1 million riyals.

Source: [Reuters](#)

UAE banks hope to recover debt from Saad Group, Al-Gosaibi Co.

Banks in the United Arab Emirates (UAE) seek to recover funds from two Saudi firms, Saad Group and Ahmad Hamad al-Gosaibi & Bros Co (AHAB), that went bust nearly a decade ago, leaving behind huge debts, Reuters reported. "We are optimistic that we will get a resolution on this," UAE Banks Federation Chairman Abdulaziz Al-Ghurair told Reuters. "We have waited too long. Now there is a young leadership in Saudi Arabia and they want to finish this chapter." The two conglomerates went bankrupt in 2009, leaving behind a debt lump sum of 22 billion.

Source: [Argaam](#)

Saudi developer plans debut sukuk for social housing

Saudi developer Salman Abdullah Bin Saedan Real Estate Group is planning a debut issuance of Islamic bonds in the coming months, the first tranche of a \$1 billion sukuk programme, according to the bank arranging the sale. Sukuk are a common funding tool in the Gulf, used predominantly by Islamic banks, sovereigns and sovereign-linked firms, but issuance from private companies is seen as an important step to deepen the market. Bahrain-based Ibdar Bank will set up the sukuk programme that would be listed on the Irish Stock Exchange with a possible listing on Nasdaq Dubai, said Ikbal Daredia, the bank's Senior Executive Director Capital Markets and Treasury.

Source: [Reuters](#)

Dubai's Al Ahli secures \$340m financing to expand mall

Al Ahli Holding Group, a major UAE conglomerate, has secured an Islamic club financing facility worth Dh1.25 billion (\$340 million) for the expansion and general corporate purposes of Dubai Outlet Mall. Dubai Islamic Bank acted as the coordinator, mandated lead arranger, bookrunner, investment agent and security agent for the transaction with Ajman Bank, Al Hilal Bank and Noor Bank participating as financiers in the facility.

Source: [Zawya](#)

Saudi Aramco could support a dual listing- Nasdaq chief

The chief executive of the United States-based Nasdaq exchange said that large companies such as Saudi Aramco could benefit from dual listings of their shares on different exchanges, but declined to comment on the specifics of a potential listing of the state-owned oil giant on its exchange. Speaking at the World Government Summit in Dubai on Monday, the president and chief executive of Nasdaq, Adena Friedman, explained that there were benefits to listing equities on two exchanges, depending on the size of the company, its liquidity and the time zones of the exchanges the equities are listed on.

Source: [Zawya](#)

Dana Gas creditors reject \$700 mln sukuk restructuring plan

Creditors of UAE-based energy producer Dana Gas have rejected the company's new proposal to restructure its \$700 million sukuk, seeking improved terms, Reuters reported on Tuesday, citing sources familiar with the matter. Dana Gas refused to redeem the Islamic bonds when they matured last year, saying that the "instruments were no longer sharia-compliant". The new restructuring proposal was submitted by the company to sukuk holders about two weeks ago, said a source.

Source: [Argaam](#)

Saudi Aramco awards Marjan contract to UK's Wood

State-run Saudi Aramco has awarded the United Kingdom's energy and engineering services firm Wood a contract to help the oil giant deliver Marjan oil field in the Eastern Province. Wood will provide engineering and project management services to develop the oilfield under the contract, which is effective immediately. The multimillion-dollar contract will last for five years, the engineering firm said in a statement, without giving further details. "We look forward to working in close partnership with Saudi Aramco to bring our broad and enduring expertise in engineering and project management to this project, which is significant for both our client and the Kingdom of Saudi Arabia," said Wood's chief executive, Robin Watson.

Source: [Argaam](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia shares wary of U.S. inflation, dollar breaks down

Asian share markets turned mixed on Wednesday as investor nerves were strained ahead of a U.S. inflation report that could soothe, or inflame, fears of faster rate hikes globally. Japanese demand for yen also saw the dollar break last year's low and skid to a 15-month trough at 107.01, dragging the U.S. currency down broadly. That in turn pressured Japan's Nikkei which slipped 0.6 percent to test four-month lows. Dealers said there was a lot of focus on the 200-day moving average at 21,031 as a break there would ring bearish alarm bells.

Source: [Reuters](#)

Baidu shares jump more than 4 percent after earnings beat

Chinese search engine Baidu reported quarterly earnings and revenue that beat analysts' expectations on Tuesday. Here's how the company did compared with what Wall Street expected: EPS: RMB 14.90 (\$2.29) vs. RMB 13.38 expected, in a Thomson Reuters survey of analysts. Revenue: RMB 23.56 billion (\$3.62 billion) vs. RMB 23.053 billion expected in the Thomson Reuters survey. Baidu shares climbed more than 4 percent on the news.

Source: [CNBC](#)

Uber's loss jumped 61 percent to \$4.5 billion in 2017

Uber has just revealed its fourth-quarter financial results, which show that the ride-hailing company's loss jumped 61 percent in 2017. The company lost \$4.5 billion last year, up from \$2.8 billion in 2016, according to figures first reported by The Information and confirmed by CNBC on Tuesday. However, in the fourth quarter, which was CEO Dara Khosrowshahi's first full period at the helm, Uber's loss narrowed to \$1.1 billion from \$1.46 billion in the third quarter. Revenue during that stretched climbed about 14 percent to \$11.1 billion from \$9 billion. Uber ended the year with about \$6 billion in cash, 13 percent below the prior year's total, according to Bloomberg.

Source: [CNBC](#)

Japan economy grows for longest period since 1980s bubble boom days

Japan's economy grew for the eighth straight quarter at the end of 2017, government data showed Wednesday, its longest period of expansion since the "bubble" boom days of the late 1980s. Gross domestic product figures fell short of expectations and represented a slowdown from the previous quarter, but analysts forecast continued growth nonetheless. GDP expanded just 0.1 percent in the last quarter of 2017, the Cabinet Office said, a far cry from the 0.6 percent figure for July-September.

Source: [Arab News](#)

COMMODITIES NEWS

OPEC deal has eased supply glut, but US shale rising: IEA

The OPEC-led deal on oil production is beginning to reflect on the stockpile levels bringing the group closer to its target of clearing global supply glut, but the rise in US oil production could set fresh challenges in 2018, the International Energy Agency (IEA) said in its latest monthly oil market report. "It is clear that strong demand growth in 2017, alongside a modest increase last year in non-OPEC output, and the cuts made by leading producers, has contributed to the extraordinarily rapid fall in OECD oil stocks," the Paris-based agency said in the report published Tuesday.

Source: [Argaam](#)

Oil stable on weaker dollar and healthy economic growth, but pockets of oversupply linger

Oil prices were stable on Wednesday, supported by healthy economic growth and expectations that a weaker dollar could spur fuel demand. Despite this, crude prices remain well below recent highs due to signs of lingering oversupply, including rising U.S. inventories and ample physical flows globally.

Source: [Zawya](#)

Gold rises on softer dollar ahead of U.S. inflation data

Gold prices rose for a third straight session on Wednesday to hit a one-week high, buoyed by a weaker dollar, while investors awaited U.S. inflation data for clues on the pace of future U.S. interest rate increases.

* Spot gold was up 0.3 percent at \$1,332 an ounce, as of 0115 GMT, after touching its highest level since Feb. 6 at \$1,333.76.

* U.S. gold futures rose 0.4 percent to \$1,335 per ounce.

* The dollar was down against a basket of currencies at 89.722 , having shed 0.6 percent overnight.

* A retreat in the dollar, in which bullion is priced, has helped gold pull back nearly 2 percent from last week's one-month low of \$1,306.81 an ounce.

Source: [CNBC](#)

MSM Proposed Dividends

| Company Name | Price, OMR | Cash Div % | DPS, OMR | Proposed Cash OMR '000 | Div payout, % | Dividend Yield, % | Stock Dividend % | AGM Date |
|------------------------------|------------|------------|----------|------------------------|---------------|-------------------|------------------|------------|
| BANKMUSCAT SAOG | 0.408 | 30% | 0.030 | 81,281 | 46.0% | 7.4% | 5.0% | |
| BANK DHOFAR SAOG | 0.210 | 12% | 0.012 | 27,094 | 56.9% | 5.7% | 8.0% | 27/03/2018 |
| BANK SOHAR | 0.154 | 5% | 0.005 | 8,923 | 35.2% | 3.2% | 10.0% | |
| NATIONAL BANK OF OMAN SAOG | 0.210 | 15% | 0.015 | 23,228 | 52.8% | 7.1% | 5.0% | 25/03/2018 |
| HSBC BANK OMAN | 0.109 | 6% | 0.006 | 11,402 | 59.6% | 5.2% | | |
| AHLI BANK | 0.165 | 10% | 0.010 | 14,250 | 53.4% | 6.1% | 5.0% | |
| OMAN QATAR INSURANCE CO | 0.147 | 8% | 0.008 | 800 | 42.7% | 5.4% | | 21/03/2018 |
| MUSCAT CITY DESALINATION | 0.158 | 9% | 0.009 | 1,451 | n/m | 5.9% | | 27/03/2018 |
| MUSCAT FINANCE | 0.117 | 8% | 0.008 | 2,283 | | 6.8% | 5% | 25/03/2018 |
| UNITED FINANCE CO | 0.127 | 4% | 0.004 | 1,222 | 56.2% | 2.8% | | |
| AL-OMANIYA FINANCIAL SERVICE | 0.276 | 17% | 0.017 | 4,705 | 67.4% | 6.2% | 3% | |
| TAAGEER FINANCE | 0.123 | 10% | 0.010 | 2,536 | 53.9% | 8.1% | | |
| OMAN REFRESHMENT CO | 2.000 | 75% | 0.075 | 3,750 | 34.7% | 3.8% | | 27/02/2018 |
| SALALAH MILLS CO | 1.330 | 50% | 0.050 | 2,669 | 66.5% | 3.8% | | |
| MUSCAT THREAD MILLS CO | 0.086 | 5% | 0.005 | 76 | 40.1% | 5.8% | 5.0% | 06/03/2018 |
| OMAN CHROMITE | 3.640 | 16% | 0.160 | 480 | 88.7% | 4.4% | | 5/3/2018 |
| AL-ANWAR CERAMIC TILES CO | 0.131 | 6% | 0.006 | 1,777 | 96.1% | 4.6% | | 21/03/2018 |
| OMAN PACKAGING | 0.280 | 20% | 0.020 | 649 | 63.9% | 7.1% | | 01/03/2018 |
| COMPUTER STATIONERY INDS | 0.260 | 7% | 0.007 | 70 | 75.0% | 2.7% | | 6/3/2018 |
| NATIONAL DETERGENT CO SAOG | 0.652 | 45% | 0.045 | 766 | 91.9% | 6.9% | | 13/02/2018 |
| NATIONAL PHARMACEUTICAL | 0.106 | 5% | 0.005 | 250 | 15.6% | 4.7% | | 22/02/2018 |
| OMAN CABLES INDUSTRY | 1.130 | 45% | 0.045 | 4,037 | 59.0% | 4.0% | | |
| OOREDOO | 0.530 | 42% | 0.042 | 27,340 | 88.2% | 7.9% | | 5/3/2018 |
| UBAR HOTELS & RESORTS | 0.129 | 4% | 0.004 | 200 | 42.9% | 3.1% | | 20/03/2018 |
| HOTELS MANAGEMENT CO INT. | 1.250 | 100% | 1.000 | 3,000 | 116.1% | 80.0% | | 12/3/2018 |
| SAHARA HOSPITALITY | 2.500 | 15% | 0.150 | 875 | 35.3% | 6.0% | 5.0% | 27/02/2018 |
| SHELL OMAN MARKETING | 1.740 | 85% | 0.085 | 8,331 | 64.6% | 4.9% | | |
| OMAN OIL MARKETING COMPANY | 1.460 | 60% | 0.060 | 3,710 | 41.8% | 4.1% | | 18/03/2018 |
| AL MAHA PETROLEUM PRODUCTS M | 1.000 | 65% | 0.065 | 4,485 | 89.1% | 6.5% | | 15/03/2018 |
| PHOENIX POWER CO SAOG | 0.135 | 6% | 0.006 | 9,068 | 90.8% | 4.6% | | |
| SEMBCORP SALALAH POWER & WAT | 0.224 | 10% | 0.010 | 9,832 | 94.5% | 4.6% | | |

Source: MSM

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