

U Capital Morning Brief

20 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	953.96	953.59	0.37	0.04%	-0.15%	-2.09%
U Capital GCC 50 Index	1,200.12	1,196.94	3.18	0.27%	-1.47%	4.84%
U Capital MENA 200 Index	1,032.32	1,029.86	2.46	0.24%	-1.33%	3.74%
MSCI GCC Countries Index	499.23	497.11	2.12	0.43%	-1.69%	4.06%
Muscat Securities Market	5,007.52	5,014.41	(6.89)	-0.14%	0.15%	-1.80%
Saudi Stock Exchange	7,528.24	7,508.44	19.80	0.26%	-1.59%	4.18%
Kuwait Stock Exchange	6,711.04	6,720.97	(9.93)	-0.15%	0.35%	4.73%
Qatar Exchange	9,106.77	9,079.43	27.34	0.30%	-1.06%	6.84%
Bahrain Stock Exchange	1,332.73	1,332.51	0.22	0.02%	-1.33%	0.08%
Dubai Financial Market	3,298.07	3,292.05	6.02	0.18%	-2.84%	-2.14%
Abu Dhabi Sec. Exchange	4,579.48	4,582.48	(3.00)	-0.07%	-0.49%	4.12%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,247.7	(47.04)	(0.64)	Brent Crude (per bbl) Updated	65.43	(0.24)	(0.37)
DAX	Germany	12,385.6	(66.36)	(0.53)	WTI Crude (per bbl) Updated	62.38	0.70	1.13
CAC 40	France	5,256.2	(25.40)	(0.48)	Oman Crude Oil (Last Closing)	62.15	0.15	0.24
United States								
DJIA	USA	25,219.4	19.01	0.08	Gold100 OZ (per oz)	1,341.53	(4.91)	(0.36)
S&P 500	USA	2,732.2	1.02	0.04	Silver (per oz)	16.59	(0.08)	(0.51)
NASDAQ	USA	7,239.5	(16.97)	(0.23)				
Asia Pacific								
NIKKEI 225	Japan	21,953.8	(195.85)	(0.88)	Platinum (per oz)	1,005.65	(1.34)	(0.13)
HANG SENG	Hongkong	31,054.4	(90.89)	(0.29)	Copper, MT	7,118.00	(115.00)	(1.59)
Selected Middle East								
Tunis Se Index	Tunis	6,562.2	(10.73)	(0.16)	Aluminium, MT	2,214.00	6.00	0.27
EGX 30 Index	Egypt	15,158.1	112.56	0.75	Lead, MT	2,575.00	(38.00)	(1.45)
Blom Stock Index	Lebanon	1,167.4	0.62	0.05	Zinc, MT	3,555.00	(20.00)	(0.56)
					Nickel, MT			
					13,590.00 (330.00) (2.37)			

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	1.239	0.807
British Pound	GBP	1.398	0.715
Japanese Yen	JPY	0.009	106.760
Chinese Renminbi	CNH	0.158	6.311
Indian Rupee	INR	0.016	64.421
Russian Ruble	RUB	0.018	56.456
Canadian Dollar	CAD	0.795	1.257
Australian Dollar	AUD	0.793	1.262

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

Orpic in talks for potential debut dollar bond sale

Oman Oil Refineries and Petroleum Industries Co (Orpic) is in talks with banks about a potential US dollar-denominated bond sale, sources familiar with the matter said. The company, owned by the government of Oman, has not appointed banks yet for the possible financing and talks are still at an early stage, said the sources. Orpic, which operates four industrial plants at two locations in Muscat and Sohar, has borrowed extensively in the past through project financing and bank debt, but the potential bond sale would be its first deal in the international debt capital markets.

Source: [Times of Oman](#)

Omani firms celebrate OMR66m in contracts with BP Oman

As many as fifteen Omani companies were recognized for their contribution to delivering gas to Oman through the Khazzan development at an In Country Value (ICV) networking event held at BP Oman's Muscat headquarters on February 19. The companies were awarded contracts by BP Oman with a total value of OMR66 million during the second half of 2017. The total in-country value contribution of BP Oman's third party spend in 2017 was over 40 per cent by value, compared to 35 per cent in 2016. The networking and recognition event gave the Omani companies the chance to meet and talk with one another, as well as hearing about the ongoing progress of the Khazzan development.

Source: [Times of Oman](#)

25pc jump in industrial applications: PEIE

Applications for investment in various industrial estates managed by the Public Establishment for Industrial Estates (PEIE) have jumped 25 per cent to 76 in January 2018, up from 61 during the same period in 2017. Raysut Industrial Estate recorded the strongest interest with 14 applications, followed by 12 applications for Sohar Industrial Estate, nine for Sur Industrial Estate, seven for Samayil Industrial Estate, three for Nizwa Industrial Estate, and two for Al Buraimi Industrial Estate. The trend is expected to grow further during the coming period, especially in light of the recent announcements by PEIE to introduce new incentives and investment regulations designed to attract and encourage investors to invest in the Sultanate.

Source: [Oman Observer](#)

Sezad to submit report on gas requirement

The Special Economic Zone Authority in Duqm (Sezad) is going to submit a report on gas requirements of various industries planned within the free zone to the Ministry of Oil and Gas. The move is expected to help the authorities prioritise these industries. This will also help investors to get clarity on long-term gas commitments for various industries from the Oman government before taking a final investment decision on different projects, Reggy Vermeulen, chief executive officer of the Port of Duqm, told the Times of Oman in an exclusive interview.

Source: [Times of Oman](#)

OMAN NATIONAL ENGINE. INVT.: Award of Tender

To inform our esteem shareholders and investors that Mazoon Electricity Company SAOC has awarded Oman National Engineering & Investment Company SAOG (ONEIC) on 19/2/2018 the contract for construction of booster transformer and upgrade of ALFASHGAH PSS to 1x6 MVA at Wadi Bni Khalid in ALSHARQIYAH North Governorate (Tender 62/2017) for the sum of RO 649,418 (Only Six Hundred Forty Nine Thousand and Four Hundred Eighteen Omani Rials) for the period of (365) days commencing on 21/2/2018.

Source: [MSM](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia approves regulations for PPPs in health sector

King Salman approved on Sunday a number of decisions taken by the Saudi Health Council (CHS), including the establishment of a public-private partnership (PPP) program in the health sector. This will involve developing regulations and national policies for PPPs, as well as defining the strategy under which such models would operate, and monitoring mechanisms to oversee the implementation of PPPs, according to a statement carried by the official Saudi Press Agency (SPA).

Source: [Argaam](#)

NCB gets CMA nod for capital hike

National Commercial Bank (NCB) has received approval from Saudi Arabia's Capital Market Authority (CMA) to raise its capital from SAR 20 billion to SAR 30 billion, the market regulator said in a statement to Tadawul on Monday. The bank will issue one bonus share for every two existing shares owned by shareholders registered at the Security Depository Center on the second day after the due date, to be determined later by the bank. Outstanding shares will be increased to 3 billion from 2 billion, while the capital increase will be financed from transferring SAR 10 billion from NCB's retained earnings.

Source: [Argaam](#)

For timing of Aramco IPO, watch forward oil price curve

It's the burning question in the oil industry: when will Saudi Arabia pull the trigger on the Aramco stock market listing? Many industry experts are focusing on the current level of oil prices. However, another key consideration for Saudi officials in floating up to 5 percent of the state oil producer is where they see prices in one to two years' time, two sources close to the IPO said. The Riyadh government is carefully analyzing the future price curve structure in oil markets because it regards prices further out as an important element in achieving a high valuation in what could be the biggest initial public offering in history, the sources told Reuters.

Source: [Reuters](#)

Al Futtaim to open 100 Carrefour stores in Egypt

Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer, and exclusive franchise owner of the Carrefour brand in 38 markets across the Middle East, Africa and Asia, has signed a cooperation protocol agreement with the Ministry of Investment and International Cooperation and the National Service Projects Organization with the aim of opening an additional 100 Carrefour stores in industrial zones across various governorates in Egypt. This is directly aligned with the Egyptian government directions to provide high quality commodities with fair market value to Egyptians, in addition to ensuring the facilitation and availability of these commodities to all citizens. The protocol signing ceremony was attended by Abdalla El Nockrashy, Country Head, Egypt,

Source: [Saudi Gazette](#)

Saudi Arabia, Switzerland to increase cooperation in financial sector

Switzerland has assured the Kingdom that the two countries can work closely together in the financial sector by holding regular meetings and that it will provide all necessary assistance to Saudi financial regulators and bankers. The assurances were given by Ueli Maurer, Swiss vice president and finance minister, at a press briefing on Sunday night. Maurer, who held wide-ranging talks with King Salman, said: "Switzerland and Saudi Arabia have agreed to hold a periodic financial dialogue at both political and technical levels. We have discussed Swiss training options for Saudi personnel working in the financial and banking sector." He also referred to an agreement on double taxation signed by the two sides on Sunday.

Source: [Arab News](#)

Bankruptcy bill seen boosting investment into Saudi Arabia

Saudi Arabia has enacted a law that will equip it with a new, modern framework for corporate bankruptcy that experts believe will help attract foreign direct investment into the Kingdom. The legislation was approved by the Council of Ministers and decreed by King Salman last week, according to legal sources, and will be implemented soon. It is seen as a groundbreaking event in the business history of the Kingdom, and regarded as an essential element in the drive to diversify the economy away from oil dependency under the Vision 2030 strategy.

Source: [Arab News](#)

Dubai luxury spas to grow by 10.7% to 2021; Oman, Bahrain outperform

Dubai's 5-star hotel spas are expected to grow by a 10.7% compound annual growth rate (CAGR) by 2021, according to data released by Colliers International. The number of 5-star hotel spas in Dubai is set to rise to 157 by 2021 from 107 in 2017, the report forecast, noting that this increase "is in close correlation with the emirate's hotel pipeline." Visit Dubai projects annual revenues for the emirate's hotels will reach \$495 million by 2019. Wellness trips to the GCC hiked to 44% in 2015 compared to 2013 after the number spas grew by 27%. Oman and Bahrain led the growth across the GCC in 2015, the report said, indicating that Bahrain witnessed the highest revenue growth of 17% during the same period.

Source: [Mubasher](#)

Tadawul's MSCI inclusion could lead to inflows of \$4 bln per month

The inclusion of Saudi Stock Exchange on the MSCI Emerging Markets Index could lead to inflows of approximately \$4 billion per month, boosting not only the Kingdom's equities but also other markets in the GCC, said Tariq Bin Hendi, acting Chief Investment Officer at Emirates NBD. "If it does happen, you are looking at Saudi taking a potentially 2.5 percent to 3 percent weightage on (MSCI EM) index, which will translate to approximately \$4 billion flowing into (Saudi) market per month," Bin Hendi said on Monday at a press conference to launch the bank's 2018 investment outlook.

Source: [Argaam](#)

Bank Albilad urged to pay SAR 615 mln extra zakat levy

Bank Albilad said it would have to pay an additional zakat claim of SAR 615.3 million for the years 2006-2014, after the zakat authority applied a new accounting method to the long-term investments of banks, according to the lender's financial statements seen by Argaam. In 2016, the bank paid SAR 58 million in zakat claims for 2006, but appealed GAZT's decision before the appeal committee. The final assessments for the years 2015 and 2016 are yet to be raised by the GAZT.

Source: [Argaam](#)

Dubai State Holding Firm Is Said to Seek \$1 Billion Refinancing

Investment Corp. of Dubai is seeking to raise a \$1 billion loan to refinance existing debt, according to two people with knowledge of the plan. The emirate's main state-owned holding company is talking to banks to raise a five-year loan to partly repay a \$2.55 billion facility that matures in June, said the people, asking not to be identified because the information is private. ICD will use its own cash to repay the rest of the loan, they said. ICD owns stakes in some of Dubai's biggest companies including Emirates, the world's biggest carrier by

international passengers, Emaar Properties PJSC, the developer of the world's tallest skyscraper and Emirates NBD PJSC, the emirate's biggest lender. ICD declined to comment.

Source: **Bloomberg News Alert**

Qatar's trade balance surplus with Japan rises 38.6% in January

Qatar's trade balance surplus with Japan surged 38.6% year-on-year in January 2018, according to the Japanese Ministry of Finance's monthly bulletin on Monday. The trade balance surplus between the two nations amounted to JPY 131.9 billion (\$1.23 billion) in the first month of the year, the official data showed. Exports of the world's biggest exporter of liquefied natural gas (LNG) to Japan jumped 37.1% year-on-year to JPY 144.71 billion (\$1.36 billion) in January.

Source: **Mubasher**

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks slip after European surge fades, dollar edges up

Asian stocks slipped on Tuesday, their recent recovery stalling after European equities broke a winning streak, while the dollar edged up to pull further away from three-year lows. MSCI's broadest index of Asia-Pacific shares outside Japan shed 0.5 per cent. Australian stocks fell 0.3 per cent, South Korea's KOSPI lost 0.7 per cent and Hong Kong's Hang Seng dropped 0.85 per cent. Japan's Nikkei retreated 1.25 per cent after three successive days of gains.

Source: **The Business Line**

'No equity bear market but more corrections' seen by Citi strategists

Synchronized tapering of global central bank stimulus programs could prompt more volatility in equity and corporate and sovereign bonds, Citi global macro strategists said in a research note Monday. Exploring current market themes, Citi's Jeremy Hale, Maximilian Moldashl, Amir Amin, Jamie Fahy and Skylar Montgomery Koning added that there was no need for a "bear market." Synchronized reductions of asset purchases by central banks, a process known as tapering, and the tightening of monetary policy, increasing interest rates, had several implications for markets, they said.

Source: **CNBC**

Europe's largest bank sees reported profit rise more than 140 percent in 2017

HSBC's fortune turned around in 2017 with an increase in the year's profit. The bank, largest in Europe by assets, said Tuesday its full-year profit before tax rose 10.9 percent to \$20.99 billion after adjusting for foreign currency translation and one-off items. That's beating the estimated \$19.59 billion by Reuters and reversing the decline seen one year ago in 2016. The bank's reported profit before tax, meanwhile, rose 141.4 percent to \$17.17 billion in the year 2017. Reuters said that's below its average estimate of \$19.7 billion.

Source: **CNBC**

Europe is getting its biggest IPO in years

German conglomerate Siemens (SIEGY) said Monday that it plans to sell shares in its health care division -- Siemens Healthineers -- in the first half of the year. It will retain a majority stake. The unusually named company -- which merges "health" and "engineers" -- specializes in imaging and diagnostic equipment used in hospitals. The IPO on the Frankfurt Stock Exchange is expected to value the company between \$40 billion to \$50 billion. It has over 47,000 employees and annual revenue close to €14 billion (\$17.4 billion).

Source: **CNN**

COMMODITIES NEWS

Oil markets mixed on lower Canadian flows, firmer dollar

Oil markets were split on Tuesday, with U.S. crude was pushed up by reduced flows from Canada while international Brent prices eased. U.S. West Texas Intermediate (WTI) crude futures were at \$62.16 a barrel at 0153 GMT, up 48 cents, or 0.8 percent, from their last settlement. Traders said the higher WTI prices were a result of reduced flows from Canada's Keystone pipeline, which has been operating below capacity since late last year due to a leak, cutting Canadian supplies into the United States. Outside North America, Brent crude eased on the back of a dip in Asian stocks and a stronger dollar, which potentially curbs demand as it makes fuel more expensive for countries using other currencies domestically.

Source: **Zawya**

Gold prices inch up on weaker dollar

Gold prices edged up on Monday on a softer U.S. dollar and as investors bought the yellow metal as a hedge against inflation. Spot gold rose 0.2 percent to \$1,350.51 an ounce at 0120 GMT. It hit a three-week high of \$1,361.76 on Friday. The metal rose 2.4 percent last week, its best weekly gain since the week ended Sept. 1.

Source: **Zawya**

MSM Proposed Dividends

Company Name	Cash Div %	Cash DPS, OMR	Proposed Cash OMR '000	Cash Div payout, %	Cash Dividend Yield, %	Stock Dividend %	AGM Date	Total Payout
BANKMUSCAT SAOG	30%	0.030	81,281	46.0%	7.3%	5%		53.6%
BANK DHOFAR SAOG	12%	0.012	27,094	56.9%	5.7%	8%	27/03/2018	94.8%
BANK SOHAR	5%	0.005	8,923	35.2%	3.2%	10%		105.7%
NATIONAL BANK OF OMAN SAOG	15%	0.015	23,228	52.8%	7.1%	5%	25/03/2018	70.4%
HSBC BANK OMAN	6%	0.006	11,402	59.6%	5.3%			59.6%
AHLI BANK	10%	0.010	14,250	53.4%	6.2%	5%		80.2%
Banking Sector			166,178	49%	5.8%			67.7%
OMAN UNITED INSURANCE CO	30%	0.030	3,000	89.7%	8.1%		29/03/2018	89.7%
AL AHLIA INSURANCE CO SAOC	27%	0.027	2,700	73.1%	7.5%		22/03/2018	73.1%
OMAN QATAR INSURANCE CO	8%	0.008	800	42.7%	5.4%		21/03/2018	42.7%
MUSCAT CITY DESALINATION	9%	0.009	1,451	n/m	5.9%		27/03/2018	-482.2%
Insurance Sector			7,951	42%	2.9%			42.2%
MUSCAT FINANCE	8%	0.008	2,283	55.1%	7.0%	5%	25/03/2018	89.5%
UNITED FINANCE CO	4%	0.004	1,222	56.2%	2.8%			56.2%
AL-OMANIYA FINANCIAL SERVICE	17%	0.017	4,705	67.4%	6.2%	3%		79.3%
TAAGEER FINANCE	10%	0.010	2,536	53.9%	8.3%			53.9%
Leasing Sector			10,746	35%	4.0%			42.9%
Total Financial Sector			184,876	45.3%	4.8%			61.6%
SWEETS OF OMAN	20%	0.020	140	64.5%	1.5%		14/03/2018	64.5%
OMAN REFRESHMENT CO	75%	0.075	3,750	34.7%	3.8%		27/02/2018	34.7%
SALALAH MILLS CO	50%	0.050	2,669	66.5%	3.8%			66.5%
A'SAFFA FOODS SAOG	20%	0.020	2,400	62.5%	3.5%		29/03/2018	62.5%
Food & Beverage Sector			8,959	48%	3.0%			48.1%
OMAN CEMENT CO	30%	0.030	9,926	102.6%	7.4%			102.6%
Cement Sector			9,926	60%	3.4%			59.8%
MUSCAT THREAD MILLS CO	5%	0.005	76	40.1%	5.5%	5%	06/03/2018	80.2%
Textiles Sector			76	40%	5.5%			80.2%
OMAN CHROMITE	16%	0.160	480	87.6%	4.4%		5/3/2018	87.6%
Mining Sector			480	53%	0.9%			53.5%
AL-ANWAR CERAMIC TILES CO	6%	0.006	1,777	96.1%	4.6%		21/03/2018	96.1%
AL JAZEERA STEEL PRODUCTS CO	24%	0.024	2,998	63.6%	7.7%			63.6%
Construction Materials Support Sector			4,775	65%	4.6%			64.7%
OMAN PACKAGING	20%	0.020	649	63.9%	7.1%		01/03/2018	63.9%
COMPUTER STATIONERY INDS	7%	0.007	70	75.0%	2.7%		6/3/2018	75.0%
Paper, Glass & Packaging			719	103%	2.8%			102.9%
NATIONAL DETERGENT CO SAOG	45%	0.045	766	91.9%	6.9%		12/3/2018	91.9%
Chemicals			766	37%	1.7%			36.5%
NATIONAL PHARMACEUTICAL	5%	0.005	250	15.6%	4.7%		22/02/2018	15.6%
Pharmaceuticals			250	16%	4.7%			15.6%
OMAN CABLES INDUSTRY	45%	0.045	4,037	59.0%	4.0%			59.0%
Electical & Mechanical			4,037	41%	3.0%			41.0%
Total Industrial Sector			29,987	118.7%	2.9%			119.0%
OOREDOO	42%	0.042	27,340	88.2%	8.2%		5/3/2018	88.2%
Telecom Sector			27,340	88%	2.3%			88.2%
UBAR HOTELS & RESORTS	4%	0.004	200	42.9%	3.1%		20/03/2018	42.9%
HOTELS MANAGEMENT CO INT.	100%	1.000	3,000	116.1%	80.0%		12/3/2018	116.1%
SAHARA HOSPITALITY	15%	0.150	875	35.3%	6.0%	5%	27/02/2018	47.1%
Tourism & Hospitality Sector			4,075	73%	4.7%			78.3%
SHELL OMAN MARKETING	85%	0.085	8,331	64.6%	4.9%			64.6%
OMAN OIL MARKETING COMPANY	60%	0.060	3,710	41.8%	4.1%		18/03/2018	41.8%
AL MAHA PETROLEUM PRODUCTS M	65%	0.065	4,485	89.1%	6.5%		15/03/2018	89.1%
MUSCAT GASES COMPANY SAOG	72%	0.072	2,159	155.7%	12.5%		13/03/2018	155.7%
Oil & Gas Marketing Sector			18,685	62%	5.1%			61.5%
UNITED POWER	150%	1.500	1,600	409.2%	33.3%		8/3/2018	409.2%
PHOENIX POWER CO SAOG	6%	0.006	9,068	90.8%	4.4%			90.8%
SEMBCORP SALALAH POWER & WAT	10%	0.010	9,832	89.6%	4.6%			89.6%
Energy Sector			20,500	39%	2.0%			38.9%
Total Service Sector			70,600	83.3%	2.4%			83.6%
Total Market			285,463	55.1%	3.6%			68.0%

Source: MSM



Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.