








# U Capital Morning Brief

1 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U-Capital Oman 20 Index	974.29	965.56	8.73	0.90%	-1.29%	-7.47%
U-Capital GCC 50 Index	1,144.67	1,139.10	5.57	0.49%	2.02%	-2.85%
U-Capital MENA 200 Index	995.10	990.10	5	0.50%	2.61%	-2.31%
MSCI GCC Countries Index	479.77	479.79	-0.02	0.00%	3.33%	0.66%
 Muscat Securities Market	5,099.28	5,047.14	52.14	1.03%	-0.20%	-11.82%
 Saudi Stock Exchange	7,226.32	7,230.61	(4.29)	-0.06%	3.17%	0.22%
 Kuwait Stock Exchange	6,408.01	6,371.29	36.72	0.58%	3.41%	11.48%
 Qatar Exchange	8,523.38	8,526.00	(2.62)	-0.03%	10.49%	-18.33%
 Bahrain Stock Exchange	1,331.71	1,306.03	25.68	1.97%	3.74%	9.12%
 Dubai Financial Market	3,370.07	3,345.66	24.41	0.73%	-1.46%	-4.55%
 Abu Dhabi Sec. Exchange	4,398.44	4,369.40	29.04	0.66%	2.69%	-3.25%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
<b>Europe</b>					USD USD %			
FTSE 100	United Kingdom	7,687.8	64.89	0.85	Brent Crude (per bbl) Updated	66.87	0.71	1.07
DAX	Germany	12,917.6	(62.30)	(0.48)	WTI Crude (per bbl) Updated	60.42	0.58	0.97
CAC 40	France	5,312.6	(26.86)	(0.50)	Oman Crude Oil (Last Closing)	64.43	0.60	0.94
<b>United States</b>					Gold100 OZ (per oz)			
DJIA	USA	24,719.2	(118.29)	(0.48)	Silver (per oz)	16.95	0.01	0.05
S&P 500	USA	2,673.6	(13.93)	(0.52)	Platinum (per oz)			
NASDAQ	USA	6,903.4	(46.77)	(0.67)	Copper, MT	7,247.00	(42.00)	(0.58)
<b>Asia Pacific</b>					Aluminium, MT			
NIKKEI 225	Japan	22,764.9	(19.04)	(0.08)	Lead, MT	2,487.50	(36.50)	(1.45)
HANG SENG	Hongkong	29,919.2	55.44	0.19	Zinc, MT	3,319.00	14.00	0.42
<b>Selected Middle East</b>					Nickel, MT			
Tunis Se Index	Tunis	6,281.8	19.40	0.31		12,760.00	410.00	3.32
EGX 30 Index	Egypt	15,019.1	2.17	0.01				
Blom Stock Index	Lebanon	1,148.6	5.97	0.52				

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	1.201	0.833
British Pound	GBP	1.351	0.750
Japanese Yen	JPY	0.009	112.690
Chinese Renminbi	CNH	0.154	6.514
Indian Rupee	INR	0.016	63.816
Russian Ruble	RUB	0.017	57.626
Canadian Dollar	CAD	0.796	1.257
Australian Dollar	AUD	0.781	1.281

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

### Oman's first soybean extraction project planned at Sohar Port

Oman's first soybean extraction plant is proposed to come up at Sohar Port and Freezone, the latest in a series of investments by Oman Food Investment Holding Company (OFIC), which is implementing a large portfolio of strategically important ventures in support the nation's food security goals. The venture, according to a senior executive of state-owned OFIC, will produce high-quality soybean meal — a key protein supplement used in poultry diets — for the nation's rapidly expanding poultry farming industry.

Source: [Oman Observer](#)

### Fuel prices for January announced

Fuel prices for January 1 announced by the Ministry of Oil and Gas in Oman has the M95 costing 213 baisas, M91 to cost 199 baisas and diesel to cost 230 baisas. Earlier, many filling stations experienced large crowd on Sunday after the new announcement of fuel prices. The M91 fuel, which is the cheapest of the petrol available in the market, is suitable for most passenger vehicles that run on Omani roads today.

Source: [Oman Observer](#)

### Riyada moots 'green funds' for financing SME eco-projects

The importance of 'green funds' — national investment vehicles that will support renewables-based and climate-mitigation initiatives — is key to helping Omani small and medium enterprises (SMEs) build their capacities in order to take advantage of business opportunities arising out of the Sultanate's transition to renewables, according to a key expert from Riyada.

Source: [Oman Observer](#)

### OCTAL to drive 2 projects of Tanfeedh's Petrochemical Lab

OCTAL, the world's largest integrated PET resin and sheet producer, will be driving two of the five projects identified during the Petrochemical Lab by Tanfeedh (the National Program for Enhancing Economic Diversification). Mandated to advise on projects that will contribute to the diversification and growth of Oman's GDP, the Salalah-based OCTAL will help shape the sultanate's future economic strategy, growth and diversification away from hydrocarbons.

Source: [Muscat Daily](#)

### Ceramic Al Hael launches brand identity, factory to start production by Q1 2018

Ceramic Al Hael Company International (CACI) on Tuesday celebrated the launch of its new brand identity. Valued at around RO40mn, CACI is one of the largest ceramic and porcelain tiles manufacturers in Oman. The ceremony was held under the patronage of H H Sayyida Dr Muna bint Fahad bin Mahmoud al Said, and was attended by several senior government officials, business leaders and dignitaries.

Source: [Muscat Daily](#)

### Disclosure: Bank Dhofar Rights Issue – update

BankDhofar announced that the Capital Market Authority has approved the allotment for the Rights Issue on 31st December 2017. The Bank received applications for a total of OMR 44,882,736.040 against an issue size of OMR 40,000,000. Refunds are currently being processed and are expected to be completed by 01st January 2018.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### US policy spillovers to impact GCC's non-oil growth

The recent interest rate hike by the US Federal Reserve and potential guidance of three to four hikes in 2018 has adverse consequences for private sector credit growth, economic diversification efforts and economic growth of GCC countries in the year ahead and beyond. Economists expect that, with the growing optimism on US jobs and wage growth, the Fed is likely to raise policy rates four times in 2018 compared to the earlier forecast of three hikes.

Source: [Gulf News](#)

### 7 key initiatives announced by Saudi wealth fund in 2017

Saudi Arabia's Public Investment Fund (PIF) moved to the forefront of the Kingdom's investment strategy in 2017, signing a number of key deals at home and abroad. The fund, which is targeting annual returns of 8-9 percent by 2025-2030, is looking to boost its assets under management to SAR 1.5 trillion (over \$400 billion) by 2020.

Source: [Argaam](#)

### Saudi Arabia hikes gasoline prices

Saudi Arabia was set to raise local gasoline prices on Monday, state news agency SPA reported. The initiative, aimed at more efficient energy use, coincides with an ambitious reform plan to boost sources of revenue and wean the world's top crude exporter away from oil. It said Octane 91 will sell for 1.37 riyals a liter, up from 0.75 riyals, while Octane 95 will sell for 2.04 riyals a liter, up from 0.90 riyals. Diesel rates for trucks were left unchanged.

Source: [Reuters](#)

### **Saudi CMA issues rules for special purpose entities**

The Capital Market Authority's board has issued a resolution approving rules for Special Purposes Entities and the Special Purposes Entity bylaws, the regulator said in a statement. The rules will enter into force starting from April 1, 2018.

Source: [Argaam](#)

### **Tasnee subsidiary postpones trial of titanium sponge project to H2-18**

Advanced Metal Industries Co. (AMIC), which is equally owned by Tasnee and Cristal, has postponed the trial run and commercial startup of its titanium sponge project to the second half of 2018, due to delays in the construction of the raw material unit (titanium tetrachloride), Tasnee said in a bourse statement on Sunday.

Source: [Argaam](#)

### **Saudi parallel market opens to non-resident investors**

The capital markets regulator of Saudi Arabia, home to the largest equities market in the region, said it will allow non-resident foreigners to invest in its parallel market, also known as Nomu. The regulator will allow foreigners from January 1, the note on Tadawul's website said.

Source: [Gulf News](#)

### **STC to build largest MENA network operations centre**

The Saudi Telecom Company (STC) has started establishing the largest network operations centre in the Middle East and North Africa (MENA), BroadcastPro ME reported on Sunday. The centre will be located in King Abdulaziz Telecom Complex in Al Mursalat district in the capital Riyadh.

Source: [Mubasher](#)

### **Qatar's PPI hikes 21% in November**

The Producer Price Index (PPI) of manufacturing hiked 21% year-on-year in November 2017 to 60.8 points, Qatar's Ministry of Development Planning and Statistics (MDPS) said on Saturday. The PPI covers three main components, comprising mining with 72.7%, manufacturing with 26.8% and electricity and water with 0.5%, the report stated. The hike of PPI of manufacturing was attributed to the growth of the mining sector with 20.8% year-on-year as crude oil and natural gas advanced 6.9%, the data showed.

Source: [Mubasher](#)

### **Ooredoo mulls acquiring stake in Turk Telekom**

Ooredoo, the dual-listed company on Abu Dhabi Securities Exchange (ADX) and Qatar Stock Exchange (QSE), announced on Sunday that the company is still weighing up acquiring a stake in Turk Telekom, but has not started negotiations yet. The statement of Qatar's leading telecommunications service provider came to reply on some local news reported that the company is seeking to buy a stake in Turk Telekom.

Source: [Mubasher](#)

### **Qatar's foreign reserves drop 20% in November**

Qatari foreign reserves declined 19.6% year-on-year in November 2017, equating to QAR 32.88 billion (\$9.03 billion), according to the Qatar Central Bank's (QCB) monthly monetary bulletin on Sunday. Doha's total international reserves fell to QAR 134.46 billion (\$36.92 billion) in November 2017 from QAR 167.34 billion (\$45.95 billion) in the same period a year earlier, the data added. Overseas reserves of the world's biggest exporter of liquefied natural gas increased 2.3% month-on-month in November, boosted by the hike of liquid foreign assets to QAR 82.88 billion from QAR 69.28 billion in October, according to the QCB's data.

Source: [Mubasher](#)

### **Moody's & Fitch affirm QIIB's ratings at 'A2' and 'A'**

QIIB announced that global ratings agencies Moody's and Fitch Ratings have affirmed its ratings at A2 and A, respectively, reflecting the Bank's strong financial position and its ability to confront challenges and market factors.

Source: [The Peninsula Qatar](#)

### **New era in UAE as VAT takes effect**

The introduction of a Value Added Tax (VAT) regime in the UAE marks the beginning of a new era in the history of the UAE economy where the general public will start sharing the burden of budgetary expenditure, starting today (January 1, 2018). While the VAT is expected to contribute Dh12 billion to the UAE exchequer, studies show the consumption tax across GCC countries is expected to raise additional revenues between 1.2 to 1.6 per cent of GDP in the first year.

Source: [Gulf News](#)

### **Adnoc Distribution IPO to spur more listings in energy sector**

The successful listing of Adnoc Distribution on Abu Dhabi bourse is likely to encourage more energy companies from the region to go public to raise capital as low oil prices hurt their revenues, according to analysts. Adnoc Distribution, the fuel and retail arm of Abu Dhabi National Oil Company (Adnoc) was listed on Abu Dhabi Securities Exchange (ADX) on December 13 with the stock opening at Dh2.90 compared to the final IPO price of Dh2.50, a 16 per cent increase.

Source: [Gulf News](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Bank of England plots its own bitcoin-style digital currency

The Bank of England could green light its own Bitcoin-style digital currency as early as 2018, The Telegraph can disclose. A research unit set up by the Bank is investigating the possible introduction of a crypto-currency linked to sterling. If approved, a virtual currency issued by the bank would pave the way for a revolutionary shake up of high street banking.

Source: [Telegraph](#)

### Wall Street eyes 2018 gains with a side of caution

U.S. stocks are expected to keep rising in 2018 because a massive drop in the corporate tax rate is seen boosting the economy and corporate profits, but strategists say sizable gains could either be short-lived or elusive.

Source: [Reuters](#)

### As U.S. budget fight looms, Republicans flip their fiscal script

The head of a conservative Republican faction in the U.S. Congress, who voted this month for a huge expansion of the national debt to pay for tax cuts, called himself a "fiscal conservative" on Sunday and urged budget restraint in 2018.

Source: [Reuters](#)

### China Factory Momentum Remains Intact Amid Smog and Debt Curbs

China's official factory gauge maintained momentum, signaling campaigns to reduce both pollution and debt risk haven't curbed output. The manufacturing purchasing managers index edged down to 51.6 in December, in line with the forecast in Bloomberg's survey of economists, from 51.8 the prior month.

Source: [Bloomberg](#)

## COMMODITIES NEWS

### Higher Oil Prices Slow China's Crude Stockpiling

Taking advantage of the low oil prices, China increased its Strategic Petroleum Reserve (SPR) by almost 14 percent between June 2016 and June 2017, according to data by its National Energy Administration (NEA). As oil prices increased in the third and fourth quarter this year, the pace of the Chinese state oil reserve stockpiling has eased, according to analysts cited by Reuters.

Source: [Oil Price](#)

### OPEC wins over hedge funds to make 2017 oil's most bullish year

Oil bulls are charging into the new year with unprecedented vigor, and the credit goes to OPEC. The signs that the group is winning its tug of war with shale are compelling, and money managers have taken note: Their combined bets on rising prices for West Texas Intermediate and Brent crude reached record levels in December.

Source: [World Oil](#)