

U Capital Morning Brief

7 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U-Capital Oman 20 Index	978.07	971.61	6.46	0.66%	0.39%	0.39%
U-Capital GCC 50 Index	1,154.69	1,151.31	3.38	0.29%	0.88%	0.88%
U-Capital MENA 200 Index	999.56	998.79	0.77	0.08%	0.45%	0.45%
MSCI GCC Countries Index	486.40	486.41	-0.01	0.00%	1.38%	1.38%
Muscat Securities Market	5,104.87	5,088.72	16.15	0.32%	0.11%	0.11%
Saudi Stock Exchange	7,277.06	7,224.29	52.77	0.73%	0.70%	0.70%
Kuwait Stock Exchange	6,454.16	6,401.08	53.08	0.83%	0.72%	0.72%
Qatar Exchange	8,630.67	8,608.31	22.36	0.26%	1.26%	1.26%
Bahrain Stock Exchange	1,312.33	1,325.43	(13.10)	-0.99%	-1.46%	-1.46%
Dubai Financial Market	3,463.57	3,458.79	4.78	0.14%	2.77%	2.77%
Abu Dhabi Sec. Exchange	4,548.43	4,481.30	67.13	1.50%	3.41%	3.41%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					USD USD %			
FTSE 100	United Kingdom	7,724.2	28.34	0.37	Brent Crude (per bbl) <i>Updated</i>	67.62	(0.45)	(0.66)
DAX	Germany	13,319.6	151.75	1.15	WTI Crude (per bbl) <i>Updated</i>	61.44	(0.57)	(0.92)
CAC 40	France	5,470.8	57.06	1.05	Oman Crude Oil (Last Closing)	65.22	(0.38)	(0.58)
United States					Gold 100 OZ (per oz)			
DJIA	USA	25,295.9	220.74	0.88	Silver (per oz)	17.13	(0.09)	(0.54)
S&P 500	USA	2,743.2	19.16	0.70	Platinum (per oz)			
NASDAQ	USA	7,136.6	58.64	0.83	Copper, MT	7,121.00	(67.50)	(0.94)
Asia Pacific					Aluminium, MT			
NIKKEI 225	Japan	23,714.5	208.20	0.89	Lead, MT	2,540.00	(47.00)	(1.82)
HANG SENG	Hongkong	30,814.6	78.16	0.25	Zinc, MT	3,354.00	(8.00)	(0.24)
Selected Middle East					Nickel, MT			
Tunis Se Index	Tunis	6,265.0	16.10	0.26		12,525.00	(125.00)	(0.99)
EGX 30 Index	Egypt	14,782.4	(51.35)	(0.35)				
Blom Stock Index	Lebanon	1,161.4	(0.48)	(0.04)				

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	1.203	0.831
British Pound	GBP	1.357	0.737
Japanese Yen	JPY	0.009	113.050
Chinese Renminbi	CNH	0.154	6.479
Indian Rupee	INR	0.016	63.371
Russian Ruble	RUB	0.018	56.990
Canadian Dollar	CAD	0.806	1.241
Australian Dollar	AUD	0.786	1.272

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 closed up on expansionary budgeted figure

The start day of the previous week was the last day in 2017, thus the market saw fund and portfolio managers repositioning and restructuring their investments. The next day, the general budget of 2018 was announced along with the listing of Muscat City Desalination Co as first listing of 2018. The stock gained 35.35% on the listing date and formed 82.99% of total traded shares in terms of value. Remaining trading days witnessed normal activities although trades were good ahead of the announcement of initial yearly results expected this week.

Source: [Muscat Daily](#)

CMA fixes OMR20m minimum capital for REIT fund

Oman's market regulator Capital Market Authority (CMA) has stipulated a minimum capital of OMR20 million for establishing a real estate investment trust (REIT) fund. The new regulation, which will enable property developers to unlock their assets and allow small investors to invest in real estate projects, will be announced this week, Sheikh Abdullah Salim Al Salmi, the Executive President of the CMA, told the Times of Oman in an exclusive interview. As per the new regulation, the funds can invest only in real estate projects that are 90 per cent complete.

Source: [Times of Oman](#)

Broad money supply in Oman rises 3.2% to OMR16.1b

Broad money supply M2 (M1 plus quasi-money) of banks in Oman grew by 3.7 per cent to reach OMR16.1 billion at the end of October 2017 during the same period in 2016. Narrow money stock (M1) registered a year-on-year (YoY) decline of 1.9 per cent to reach OMR5 billion, at the end of October 2017. However, quasi-money (Rial Omani saving and time deposits, certificates of deposit issued by banks, margin deposits and foreign currency denominated deposits) witnessed a growth of 6.4 per cent during the period.

Source: [Times of Oman](#)

Oman signs agreements worth RO81mn with Saudi fund for Duqm projects

Oman's government signed two agreements worth RO81mn with the Saudi Fund for Development. The two agreements, which come within the Program for the Development of GCC States, are related to financing two projects in Duqm. The Saudi Fund for Development will provide financing for the development of infrastructure in the Special Economic Zone in Duqm (SEZD) and the construction of a fishing harbour in Duqm. The first agreement worth RO20mn is related to financing the completion of the second part of the main road No 32 (13km) from the middle to south of Duqm City.

Source: [Muscat Daily](#)

Hotels occupancy declines 0.4pc

Occupancy rate of hotels which come under three-star and five-star categories in the Sultanate by the end of November 2017 declined by 0.4 per cent to reach to 56.5 per cent, compared to 56.7 per cent in the same period in 2016, while the revenue increased by 2.4 per cent to reach to RO 174,49,000, compared to RO 169,961,000 during the same period of 2016.

Source: [Oman Observer](#)

Award for PDO's 100 MW solar energy project in June

Petroleum Development Oman (PDO) has invited Expressions of Interest (Eoi) from international firms eager to participate in a competitive tender for a 100 MW utility scale solar photovoltaic project to be located in Amin in southern Oman. The project is the second such utility-scale solar PV venture unveiled in as many weeks, and underscores a rapidly intensifying push towards renewable and sustainable energy resource development in the Sultanate. The project is set to be majority government-owned PDO's first renewable energy venture being developed as an Independent Power Producer (IPP).

Source: [Oman Observer](#)

PHOENIX POWER: Board of Directors resolution's disclosure

The management of the Phoenix Power Company SAOG (the "Company") on behalf of the Board of Directors of the Company advises the Capital Market Authority, the Muscat Securities Market and the investors' community that in accordance with the resolutions passed at the Annual General Meeting of the Company on the 21st March 2017 and as resolved by the Board of Directors at their recent meeting : "To distribute cash dividend of Baizas 3.0 per share, out of the retained earnings as per the audited financial statements for the financial year ended 31st December 2016 to the shareholders of the Company who are registered in the Company's shareholders' register with the Muscat Clearing & Depository Company SAOC as on 18th January 2018."

Source: [MSM](#)

Turnover of Muscat bourse touches OMR993m

Oman's Muscat bourse posted a turnover of OMR992.7 million in 2017, showing a growth of 3.5 per cent over the previous year. This increase was supported by a higher turnover in the bond and sukuk market, which rose to OMR76.1 million, compared to OMR13.4 million in 2016. The value of trading in the equity market declined by 3 per cent to OMR916.6 million, compared to OMR945.4 million in 2016. The market recorded a decline in the number of transactions in 2017, which were some 164,000, compared to more than 200,000 transactions in 2016.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi telcos ordered to extend coverage to rural areas within 60 days

Saudi Arabia's mobile operators were directed to extend network coverage across the Kingdom's rural areas within a maximum of 60 days, minister of communications and information technology and chairman of the Communications and Information Technology Commission (CITC), Abdullah Al-Sawaha, said. All mobile firms were required to ensure the availability of local roaming services and network sharing in 21,000 villages and rural areas, representing 16 percent of the Kingdom's total population.

Source: [Argaam](#)

Saudi Aramco converts to SAR 60 bln joint stock firm

Saudi Arabia's cabinet has changed the status of Saudi Aramco into a joint-stock company as of Jan. 1, ahead of its planned initial public offering (IPO), the Kingdom's official gazette reported on Friday. The state will remain the direct major shareholder in the oil-giant, while the company's first board of directors will be formed upon a cabinet decree, as proposed by the minister of energy. Under the company's articles of association, Saudi Aramco has SAR 60 billion in capital, divided into 200 billion ordinary shares.

Source: [Argaam](#)

Restructuring Saudi power market to generate SR15bn in economic surplus

Restructuring Saudi Arabia's power generation sector coupled with price reforms can deliver annual aggregate economic gains of more than SR15 billion, according to the recent study published by the King Abdullah Petroleum Studies and Research Center (KAPSARC). With the aim of helping policymakers achieve sufficient supply reliability during peak demand and reduce the inefficient consumption of energy, the study "Restructuring Saudi Arabia's Power Generation Sector: Model-Based Insights" developed a model to simulate the introduction of private generation companies in the power sector along with reforming fuel prices to an energy equivalent of \$3/MMBtu.

Source: [Zawya](#)

Royal Handouts Cheer Saudis But Show Struggle to Revamp Economy

Saudi authorities said they'll spend billions to help citizens offset the impact of a value-added tax and a surge in gasoline and utility prices, a move that will help ease public discontent while highlighting the kingdom's struggle to overhaul its economy. King Salman, in a series of royal orders early on Saturday, restored an annual pay rise for Saudi civil servants, suspended as part of attempts to rein in a hefty public-sector wage bill.

Source: [Bloomberg](#)

EFECO wins AED 250 million Project in Opera District from TAV Tepe Akfen Construction

Arabtec Holding PJSC ("Arabtec" or "Group"), a leading contractor for social and economic infrastructure, today announced that its wholly owned subsidiary, EFECO (Emirates Falcon Electromechanical Co.) has entered into a contract with TAV Tepe Akfen Construction for a AED 250 million project for the MEP works of Tower A2 and A3 of Plot A in the Opera District by Emaar Properties. The project consists of MEP works for two Towers, A2 and A3 with a common basement in Plot A of the Opera District in Downtown Dubai. The total number of apartments is 809 over a built-up area of 2.35m square feet. The project works will commence in January 2018 for a duration of 34 months.

Source: [DFM](#)

VAT on UAE banks' fees and commissions will dent income only slightly

The flourishing fees and commission business of banks and financial institutions in the UAE will be hit the hardest with the introduction of value added tax. However, the core business of lending in one of the region's top financial hubs is exempted from the new levy. While the growth in fee and commission income business – a segment most banks sought to branch out to in recent years amid lower interest rates – may slow down going forward, the scale of the impact will be limited.

Source: [The National](#)

Kuwaiti gov't inks KWD 12m deal on Al Doha station

The Kuwaiti oil minister and the minister of electricity and water Bakheet Al Rashidi has signed a contract valued at KWD 12 million regarding the periodical annual maintenance works at Al Doha East Power Plant, according to a recent statement. This contract comes included in the government's plans to improve the power network in Kuwait; the maintenance works will last for 60 months starting from the date of signing the contract.

Source: [Mubasher](#)

Kuwait: Tax alternative to VAT studied

Kuwait is preparing to impose a tax system concurrently with the implementation of the Value- Added Tax (VAT) system in other member states of the Gulf Cooperation Council (GCC), reports Al-Anba daily. In this regard, governmental sources said Kuwait might resort to a progressive tax system as an alternative to VAT if the latter is not sanctioned by the parliament.

Source: [Zawya](#)

BRIEF-Noor Financial Investment to Discuss Issue of Bonds or Sukuk on Jan 22

Noor Financial Investment Co: * Calls OGM on Jan 22 to discuss issue of bonds or Sukuk

Source: [Reuters](#)

Gulf North Africa to claim \$2.9m from Turkey's Emporia developer

Gulf North Africa Holding announced that it will claim an amount of \$2.9 million from the developer of Emporia project in Turkey. This amount represents the value of this investment, in addition to expected profits, according to a bourse statement on Thursday. Gulf North Africa clarified that this claim is due to the default of Emporia's developer to meet the requirements mentioned in the contract.

Source: [Mubasher](#)

No trading suspension on AGM days as from January 2018: QFMA

Qatar Stock Exchange (QSE) yesterday announced that Qatar Financial Markets Authority (QFMA) has approved a proposal not to suspend trading on the shares of the companies listed on the Qatar Stock Exchange on AGM days as of January 1, 2018.

Source: [The Peninsula Qatar](#)

Qatar allows full ownership for foreign investors

Qatar has approved legislation allowing 100 per cent ownership for foreign investors in most sectors of the economy in a bid to boost non-energy revenues, the government said on Thursday. The move comes at a time of political crisis in the Gulf, with Qatar under an economic and diplomatic boycott by neighboring countries for the past seven months.

Source: [Dawn](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

World stocks hit record; US up, Treasury yields rise despite jobs report

World stocks continued their strong start to 2018, with both the S&P and Nasdaq posting their best weekly gains in more than a year, while U.S. Treasury yields rose despite a weaker-than-expected U.S. jobs report. MSCI's gauge of stocks across the globe gained 0.66 percent, reaching a fresh record high on the day.

Source: [The Star](#)

U.S. fund managers expect value stocks to jump in 2018

Value stocks are getting a once-over from some U.S. growth fund managers in early 2018 as they prowl for overlooked shares they think have more upside in a market that gained nearly 20 percent last year.

Source: [Reuters](#)

Williams paints benign picture of Fed rate hikes, strong U.S. economy

The Federal Reserve should raise interest rates three times this year given the already strong economy will get a boost from tax cuts, and can tighten more or less aggressively if needed, a key U.S. rate-setter said on Saturday.

Source: [Reuters](#)

COMMODITIES NEWS

Oil retreats on U.S. output after hitting near 2-yr high

Oil prices fell on Friday, dropping from highs last seen in 2015, as soaring U.S. production undermined a 10 percent rally from December lows that was driven by tightening supply and political tensions in OPEC member Iran. Rising U.S. production and weaker refined products demand weighed on the market, traders said.

Source: [NASDAQ](#)

Gold dips as dollar climbs despite lackluster U.S. payrolls data

Gold prices fell on Thursday after hitting a 3-1/2-month high the session before, pulled down as investors took profits and as the U.S. dollar firmed. Spot gold was down 0.4 percent at \$1,306.72 an ounce at 0333 GMT.

Source: [NASDAQ](#)

