








U Capital Morning Brief

11 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	968.70	969.30	-0.60	-0.06%	-0.57%	-0.57%
U Capital GCC 50 Index	1,168.86	1,166.78	2.08	0.18%	2.11%	2.11%
U Capital MENA 200 Index	1,014.52	1,012.75	1.77	0.17%	1.95%	1.95%
MSCI GCC Countries Index	492.84	491.45	1.39	0.28%	2.72%	2.72%
 Muscat Securities Market	5,099.53	5,106.28	(6.75)	-0.13%	0.00%	0.00%
 Saudi Stock Exchange	7,300.37	7,290.96	9.41	0.13%	1.02%	1.02%
 Kuwait Stock Exchange	6,525.23	6,518.99	6.24	0.10%	1.83%	1.83%
 Qatar Exchange	9,048.17	9,002.46	45.71	0.51%	6.16%	6.16%
 Bahrain Stock Exchange	1,317.81	1,315.17	2.65	0.20%	-1.04%	-1.04%
 Dubai Financial Market	3,499.36	3,503.44	(4.08)	-0.12%	3.84%	3.84%
 Abu Dhabi Sec. Exchange	4,579.74	4,593.11	(13.37)	-0.29%	4.12%	4.12%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					USD			
FTSE 100	United Kingdom	7,748.5	17.49	0.23	Brent Crude (per bbl) <i>Updated</i>	69.10	(0.10)	(0.14)
DAX	Germany	13,281.3	(104.25)	(0.78)	WTI Crude (per bbl) <i>Updated</i>	63.49	(0.08)	(0.13)
CAC 40	France	5,504.7	(19.26)	(0.35)	Oman Crude Oil (Last Closing)	66.60	0.32	0.48
United States					USD			
DJIA	USA	25,369.1	(16.67)	(0.07)	Gold 100 OZ (per oz)	1,317.64	0.65	0.05
S&P 500	USA	2,748.2	(3.06)	(0.11)	Silver (per oz)	17.00	0.04	0.24
NASDAQ	USA	7,153.6	(10.01)	(0.14)	Platinum (per oz)	973.75	1.95	0.20
Asia Pacific					USD			
NIKKEI 225	Japan	23,668.9	(111.49)	(0.47)	Copper, MT	7,153.00	51.00	0.72
HANG SENG	Hongkong	31,010.5	(63.22)	(0.20)	Aluminium, MT	2,182.00	29.50	1.37
Selected Middle East					USD			
Tunis Se Index	Tunis	6,235.6	(33.18)	(0.53)	Lead, MT	2,550.00	5.00	0.20
EGX 30 Index	Egypt	15,192.6	33.18	0.22	Zinc, MT	3,336.00	1.00	0.03
Blom Stock Index	Lebanon	1,154.2	(6.00)	(0.52)	Nickel, MT	12,935.00	240.00	1.89

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	1.195	0.837
British Pound	GBP	1.349	0.741
Japanese Yen	JPY	0.009	111.760
Chinese Renminbi	CNH	0.153	6.524
Indian Rupee	INR	0.016	63.766
Russian Ruble	RUB	0.018	57.022
Canadian Dollar	CAD	0.797	1.255
Australian Dollar	AUD	0.788	1.270

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: A prudently structured 2018 State Budget

Following a year of austerity, Oman issued a somewhat expansionary budget that gives the economy much needed stimulus and a push towards sustainable growth. The budget announcement met our expectation as we believed the sustainable recovery in oil prices would energize the Sultanate in coming out with a budget which meets the anticipation of all the segments of the society.

Source: [Oman Observer](#)

Investors plan 24 projects in Oman

Investors have sought permission from Oman government for establishing 24 projects with a combined investment of OMR1.5 billion. These projects are in different sectors, including manufacturing industry, said the country's minister of commerce and industry H.E. Dr Ali bin Masoud Al Sunaidi, while addressing the Majlis Al Shura here on Wednesday. Also, nearly 57 per cent of the manufacturing projects have been completed as part of the Tanfeeth program, which has a combined estimated investment of around OMR956 million.

Source: [Times of Oman](#)

13 IPOs raised RO 603m in 2017

Initial Public Offerings (IPOs) floated on the Muscat Securities Market (MSM) raised a whopping RO 603 million in 2017 — a trend that is expected to continue in 2018 as well with as many as six government entities due to be privatized, said Shaikh Abdullah Salim al Salmi, Executive President of the Capital Market Authority (CMA). Speaking at celebrations marking the 19th anniversary of the CMA, Al Salmi said a total of 13 issues were floated on the Muscat bourse last year for a total offering of RO 370.5 million. The strong investor response helped increase the market value of the MSM to about RO 18 billion last year, versus RO 17.3 billion at the end of 2016.

Source: [Oman Observer](#)

PetroLeb makes Oman foray with Block 57

Lebanese upstream oil and gas firm PetroLeb SAL yesterday signed an Exploration and Production Sharing Agreement (EPSA) with the Omani government covering Block 57 — also known as the Al Afif concession — in the southwest of the Sultanate. Dr Mohammed bin Hamed al Rumhy, Minister of Oil & Gas, signed the agreement on behalf of the government. PetroLeb SAL was represented by its CEO, Salah El Khayat. Also present were top officials from the Ministry of Oil & Gas, and senior executives representing the Beirut-based upstream firm.

Source: [Oman Observer](#)

Oman starts marketing triple-tranche US dollar bond- IFR News

Oman has opened books on a triple-tranche US dollar bond offering, according to leads. The sovereign has started marketing five-year notes at Treasuries plus 205bp area, a 10-year bond at plus 325bp area and a 30-year tranche at plus 410bp area. All three tranches will be of benchmark size. The deal is today's business via Citigroup, HSBC, JP Morgan, Standard Chartered and SMBC Nikko.

Source: [Zawya](#)

AER plans regulatory framework for EVS

The Authority for Electricity Regulation (AER) plans to prepare a regulatory framework to support the introduction of electric vehicles (EV) in Oman. According to AER officials, the authority believes that the recent rise in fuel prices in local market could open up the market for electric vehicles. Speaking at a press conference on Tuesday, the AER executive director Qais bin Saud al Zakwani said, "The authority intends to carry out a review of international best practices in relation to the regulatory framework to support the introduction of electric vehicles in the sultanate."

Source: [Muscat Daily](#)

For 4Q17/2017 initial results of MSM listed companies, kindly see the last page of the report.

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Tadawul introduces new changes to improve investor access, liquidity

The Saudi Stock Exchange (Tadawul) on Wednesday announced a series of enhancements to improve market access, efficiency and liquidity, the bourse said in a statement. Tadawul will update its independent custody model (ICM) to enhance Qualified Foreign Investor (QFIs) access to the market by provide more flexibility in trading limits for ICM clients. New measures will be introduced to mitigate credit risks linked to the settlement process for all participants.

Source: [Argaam](#)

Saudi Arabia's ACWA Power invites banks to arrange IPO – sources

Saudi Arabia's ACWA Power has invited banks to bid to arrange its initial public offer of shares, which is expected to value the company at up to \$1 billion, sources told Reuters on Wednesday. A request for proposals was sent to foreign and local banks last week, according to four sources, who declined to be named because of the commercial sensitivity of the matter. ACWA Power, a developer of electricity and water projects in the Middle East, Africa and southeast Asia, did not immediately respond to a request for comment.

Source: [Zawya](#)

Saudi Aramco working to raise cheap loans before IPO - banking sources

Saudi Aramco is working to secure billions of dollars in cheap loans from banks seeking to strengthen their ties with the oil giant before its stock listing, banking and export credit agency (ECA) sources said.

Source: [Reuters](#)

Saudi Bourse 'Taking All Measures' for Successful Aramco IPO

Saudi Arabia's stock market is pulling out all the stops for what could be the world's largest initial public offering. The exchange, known as Tadawul, is prepared for Saudi Arabian Oil Co.'s share sale regardless of the structure that the company decides to use for the listing, Chief Executive Officer Khalid Al Hussan said in an interview on Wednesday.

Source: [Bloomberg](#)

Bahri Dry Bulk secures SR 360m financing from Bank Albilad

Bahri Dry Bulk, a business unit of global transportation and logistics leader Bahri, has announced that it has secured a Shariah-compliant funding of SR360 million from Bank Albilad, one of the fast-growing banks in Saudi Arabia, to finance the purchase of four new bulk carriers as part of an agreement signed by the company in 2017 with Hyundai Mipo Dockyard (HMD), a member of Hyundai Heavy Industries (HHI) Group, the world's largest shipbuilding company based in South Korea.

Source: [Saudi Gazette](#)

UAE's Union Properties buys 5.68% stake in Egypt's Palm Hills

Dubai-based developer Union Properties PJSC said on Wednesday that it has bought a 5.68 percent stake in Palm Hills Developments (PHD), a leading real estate developer in Egypt, as part of an investment expansion plan. In a statement to Dubai Financial Market, the company said it acquired the stake through its investment arm, UPP Capital Investment, which was created last year to carry out direct and indirect real estate investments.

Source: [Zawya](#)

UAE, Saudi sovereign wealth funds lead Arab peers

The UAE topped the list of largest sovereign wealth funds (SWFs) in the Arab region with assets standing at \$1.3 trillion, SWF Institute's data showed. Saudi Arabia took the second position with assets valued at \$717.9 billion. Kuwait's investment authority (KIA) came third with 18 percent of the regional sovereign asset pie, followed by Qatar (11 percent).

Source: [Argaam](#)

Derayah REIT closes IPO, 123% oversubscribed

Derayah REIT has been oversubscribed by 123 percent upon closure of the initial public offering period on January 7. The fund manager said the initial public offering of Derayah REIT on the Saudi Stock Exchange was 123 percent oversubscribed. "Over a subscription period of 8 business days, more than 10,500 subscribers participated in the offering of 36,174,421 units in Derayah REIT," fund manager added.

Source: [Argaam](#)

BRIEF - Ithmaar Holding Gets Bahrain C.Bank Nod to List On DFM

ITHMAAR HOLDING: * SAYS GETS FINAL APPROVAL FROM BAHRAIN CENTRAL BANK TO LIST ITS SHARES ON DFM

Source: [Reuters](#)

Emirates to Seek \$1 Billion Sukuk to Diversify Funding

Emirates, the world's largest airline by international passengers, is talking to banks about raising as much as \$1 billion through an Islamic bond sale that could happen in the first half, people familiar with the matter said. The Dubai government-owned carrier joins a list of regional issuers seeking funding from international debt markets before higher U.S. interest rates push up borrowing costs. International bonds are particularly popular as cheap oil limits local banks' ability to underwrite large debt sales or to extend loans.

Source: [Bloomberg](#)

Qatar's investment in Turkey exceeds \$19bn

Qatar's investment in Turkey has surged over \$19bn (about QR70bn), which is expected to increase further in the coming years. Qatari investments in Turkey is the second highest value by any country in Turkey. The investment is diversified in different sectors of the fast growing Turkish economy such as real estate, banking, food processing industries among others.

Source: [The Peninsula Qatar](#)

Ceramic Tiles 2017 GCC Market Expected to Grow at CAGR 11.71% and Forecast to 2021

A significant increase in construction activities in the GCC is providing an impetus to the ceramic tiles market in the region. Saudi Arabia, the UAE, and Qatar are the leading consumers of ceramic tiles in the region. It is expected that the demand for ceramic tiles in the GCC will increase during the forecast period because of commercial and infrastructure construction for the FIFA World Cup 2022 in Qatar and Dubai Expo 2020.

Source: [NB Herald](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares step back from New Year rally as trade concerns resurface

The New Year rally in Asian shares ran out of steam on Thursday as concerns about the U.S. administration's protectionist stance hit Wall Street while U.S. bonds were dented by speculation China may curtail buying.

Source: [Reuters](#)

China Weighs Slowing or Halting Purchases of U.S. Treasuries

China added to bond investors' jitters on Wednesday as traders braced for what they feared could be the end of a three-decade bull market. Senior government officials in Beijing reviewing the nation's foreign-exchange holdings have recommended slowing or halting purchases of U.S. Treasuries, according to people familiar with the matter. The news comes as global debt markets were already selling off amid signs that central banks are starting to step back after years of bond-buying stimulus.

Source: [Bloomberg](#)

Higher Treasury yields knock emerging markets

Rising global bond yields knocked emerging markets lower on Wednesday, with stocks down for the second straight day and local bond markets broadly following the lead of their developed peers. U.S. Treasury yields are at 10-month highs while German yields are the highest since end-October, causing some wobbles on world equity markets. MSCI's emerging equity index slipped 0.4 percent, edging further off 6-1/2-year highs.

Source: [Reuters](#)

COMMODITIES NEWS

Goldman: OPEC Will Talk Oil Prices Down If Brent Tops \$70

OPEC doesn't want central banks around the world to start responding to inflationary pressure from oil prices above \$70 a barrel, nor do they want U.S. shale investments to rise, so the cartel will try to talk oil prices down if Brent exceeds \$70 per barrel in the coming days, according to Goldman Sachs. At 09:32 a.m. on Wednesday, Brent Crude was up 0.41 percent at \$69.10, just shy of the \$70-a-barrel mark, after the American Petroleum Institute (API) reported a staggeringly large draw of 11.19 million barrels of United States crude oil inventories for the week ending January 5, marking six large draws in as many weeks.

Source: [Oil Price](#)

Oil prices are close to levels not seen since the Thanksgiving 2014 bloodbath

A rally that kicked off in June has boosted oil prices to the highest closing levels in more than three years. The oil price downturn is now 3½ years old, but it didn't gather devastating momentum until OPEC's fateful Thanksgiving day meeting in 2014. During that meeting, Saudi Arabia, OPEC's biggest producer and the world's top exporter, refused to cut production to kill a global oil glut and stop a five-month slide in prices.

Source: [CNBC](#)

Gold rises on dollar weakness, pause in stocks rally

Gold prices rose for a second day on Thursday, extending the gains in the previous session when prices climbed to the highest since September, as dollar weakness and a flagging rally in equities enticed investors to buy the yellow metal.

Source: [Reuters](#)

MSM Net Profit OMR, '000

Financial Sector	4Q'16	3Q'17	4Q'17	QoQ	YoY	FY'16	FY'17	YoY
National Finance	2,103	1,006	3,205	218.6%	52.4%	6,349	7,020	10.6%
Taageer Finance	1,366	1,108	1,531	38.2%	12.1%	4,474	4,703	5.1%
Services Sector	4Q'16	3Q'17	4Q'17	QoQ	YoY	FY'16	FY'17	YoY
HOTELS MANAGEMENT CO INTERNA	1,063	(191)	1,262	759.9%	18.7%	1,877	2,583	37.7%
SALALAH PORT SERVICES	1,774	2,395	2,536	5.9%	43.0%	5,725	5,233	-8.6%
ACWA POWER BARKA SAOG	3,722	3,581	2,800	-21.8%	-24.8%	12,090	8,945	-26.0%
Total Market	10,028	7,899	11,334	43.5%	13.0%	30,514	28,484	-6.7%

Source: Bloomberg, U Capital

Note: Profit for the companies with Year-end in December