

# U Capital Morning Brief

14 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	967.76	968.70	-0.94	-0.10%	-0.67%	-0.67%
U Capital GCC 50 Index	1,171.00	1,168.86	2.14	0.18%	2.30%	2.30%
U Capital MENA 200 Index	1,016.20	1,014.52	1.68	0.17%	2.12%	2.12%
MSCI GCC Countries Index	494.97	494.90	0.07	0.01%	3.17%	3.17%
Muscat Securities Market	5,087.47	5,099.53	(12.06)	-0.24%	-0.23%	-0.23%
Saudi Stock Exchange	7,338.04	7,300.37	37.67	0.52%	1.55%	1.55%
Kuwait Stock Exchange	6,560.63	6,525.23	35.40	0.54%	2.38%	2.38%
Qatar Exchange	9,135.86	9,048.17	87.69	0.97%	7.19%	7.19%
Bahrain Stock Exchange	1,316.88	1,317.81	(0.93)	-0.07%	-1.11%	-1.11%
Dubai Financial Market	3,494.63	3,499.36	(4.73)	-0.14%	3.70%	3.70%
Abu Dhabi Sec. Exchange	4,591.11	4,579.74	11.37	0.25%	4.38%	4.38%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
<b>Europe</b>					<b>Commodity Prices*</b>			
					USD USD %			
FTSE 100	United Kingdom	7,778.6	15.70	0.20	Brent Crude (per bbl) <i>Updated</i>	69.87	0.61	0.88
DAX	Germany	13,245.0	42.13	0.32	WTI Crude (per bbl) <i>Updated</i>	64.30	0.50	0.78
CAC 40	France	5,517.1	28.51	0.52	Oman Crude Oil (Last Closing)	67.10	0.43	0.64
<b>United States</b>								
DJIA	USA	25,803.2	228.46	0.89	Gold 100 OZ (per oz)	1,337.95	15.58	1.18
S&P 500	USA	2,786.2	18.68	0.67	Silver (per oz)	17.25	0.26	1.53
NASDAQ	USA	7,261.1	49.29	0.68				
<b>Asia Pacific</b>								
NIKKEI 225	Japan	23,653.8	(56.61)	(0.24)	Platinum (per oz)	994.50	9.63	0.98
HANG SENG	Hongkong	31,412.5	292.15	0.94	Copper, MT	7,110.00	(30.50)	(0.43)
<b>Selected Middle East</b>								
Tunis Se Index	Tunis	6,301.3	46.34	0.74	Aluminium, MT	2,214.00	38.50	1.77
EGX 30 Index	Egypt	15,242.5	49.93	0.33	Lead, MT	2,535.00	(14.00)	(0.55)
Blom Stock Index	Lebanon	1,162.7	9.24	0.80	Zinc, MT	3,383.50	(2.50)	(0.07)
					Nickel, MT			
					12,725.00			
					105.00			
					0.83			

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	1.220	0.820
British Pound	GBP	1.373	0.728
Japanese Yen	JPY	0.009	111.060
Chinese Renminbi	CNH	0.155	6.461
Indian Rupee	INR	0.016	63.629
Russian Ruble	RUB	0.018	56.643
Canadian Dollar	CAD	0.803	1.246
Australian Dollar	AUD	0.792	1.263

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 closes down on speculative activity

Despite encouraging General Budget data and government announcements, which include supportive plans and figures that shall result in positive outlook and better confidence among investors, the cautious sentiment continued to dominate the market. This was likely due to investor interest for more results disclosures on one hand and speculative activities aiming for quick gains on the other.

Source: [Oman Observer](#)

### Oman's largest bond issue attracts huge response

The Omani government has sold a \$6.5 billion bond, its largest ever, in a sign of how rising oil prices are increasing investor confidence in the Gulf's energy exporting countries. The debt sale late on Wednesday attracted a whopping \$15 billion of orders, helped by this week's leap of the Brent crude oil price to around \$69 from around \$50 in late July. The Omani issue may set the tone for other regional sovereigns which are expected to borrow internationally in the first half of this year, including Saudi Arabia and Qatar.

Source: [Times of Oman](#)

### Oman's trade surplus surges to OMR1.4 billion

Oman recorded a surplus of OMR1,402.9 million in international trade at the end of September 2017, compared with OMR944.3 million during the same period of 2016, according to data released by the National Centre for Statistics and Information (NCSI). The total value of exports from the Sultanate by the end of September 2017 was OMR9,143.2 million, an increase of 21.8 per cent compared to the same period in 2016, where the total commodity exports was OMR7,504.8 million.

Source: [Times of Oman](#)

### Power sector ESCOs market set to take off in Oman

The Authority for Electricity Regulation Oman (AER) is preparing the groundwork to enable the growth of Energy Services Companies (ESCOs) to help support the government's energy efficiency goals. The move is part of a slate of initiatives planned by the Authority for development and implementation during this calendar year. Key priorities and objectives on the agenda, also known as the 'Forward Work Programme for 2018', were outlined at a press briefing by the Authority here last week.

Source: [Oman Observer](#)

### Jacobs wins Khazzan gas field contract from BP

Jacobs Engineering Group has been selected by BP to provide engineering, procurement and construction management (EPCM) services for the Phase 2 of the Khazzan Project in the Sultanate. Under the terms of the three-year contract, Jacobs will continue to deliver engineering, procurement and construction management services in support of the project, including the ongoing expansion of the gas gathering system, wellsite facilities and export pipelines.

Source: [Times of Oman](#)

### Record fall in vehicle registrations

While new vehicle registrations in the Sultanate continue to decrease, September 2017 marked the biggest-ever fall in recent times. According to data, registrations averaged 9,716.93 from 2012 until 2017, reaching an all-time high of 14,717 in September 2012 and a record low of 5,449 in September 2017. Data from the National Centre for Statistics and Information (NCSI) also shows that registrations dropped to 6,017 in November from 7,478 in October in the previous year, reaching a total fall of 18.3 per cent. The greatest decline was in the commercial vehicle segment, which saw a 31.9 per cent fall in the first 11 months of the previous year.

Source: [Oman Observer](#)

### Oman sees oil price trading within \$65-\$70 range

Oman's Oil Minister Mohamed bin Hamad al-Rumhi said on Friday he was not concerned about the current rise in oil prices and that he expected prices to trade within a "healthy" range of \$65 to \$70 a barrel for few weeks. Oman's current production was around 965,000 to 970,000 barrels per day, he said, complying with the global oil production cut agreement.

Source: [Gulf Times](#)

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

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MSCI expects to add Aramco to Saudi Arabia index from time of IPO

Global equity index compiler MSCI on Thursday said it will include state-run Saudi Aramco in its Saudi Arabia Index at the time of the oil giant's initial public offering (IPO). "Saudi Aramco will be included in the MSCI Saudi Arabia Index at the time of the IPO as long as it fulfills all eligibility criteria, including the listing of the company's shares on an eligible stock exchange and related market segment, e.g., Tadawul's Main Market, MSCI added in a statement on the potential reclassification of the Saudi Index.

Source: [Argaam](#)

### **Saudi Aramco shortlists Hong Kong, London, New York for IPO: report**

Saudi Aramco picked New York, London and Hong Kong for the international portion of its planned initial public offering (IPO), Reuters reported on Thursday, citing unnamed sources familiar with the matter. The Kingdom could single out one of them or choose two if not all three international venues for the IPO, which also includes the Saudi Stock Exchange (Tadawul).

Source: [Argaam](#)

### **Merger of Saudi banks Alawwal and SABB to go ahead despite delays: sources**

The proposed merger of Saudi British Bank 1060.SE(SABB) and Alawwal Bank 1040.SE has been delayed but not derailed, financial sector sources said. SABB, 40 percent owned by HSBC Holdings (HSBA.L), and Alawwal, 40 percent owned by Royal Bank of Scotland (RBS.L), announced in April that they had agreed to start talks. But progress has since faltered because of the complexity of the deal and for shareholder assessment of any potential impact from the kingdom's anti-corruption drive, the sources said.

Source: [Reuters](#)

### **Abu Dhabi fund approves \$25m for projects in Mauritius and Rwanda**

The Abu Dhabi Fund for Development (ADFD) and the International Renewable Energy Agency (Irena) have earmarked \$25 million in ADFD concessional loans for two solar photovoltaic (PV) projects in Mauritius and Rwanda. Announced at the eighth session of the Irena Assembly, the two projects are being financed through the fifth funding cycle of the Irena/ADFD project facility. Established in 2013, the seven-cycle program offers \$350 million to assist developing countries in accessing low-cost capital for renewable energy projects.

Source: [Zawya](#)

### **UAE dominates as MENA's start-up hub**

The UAE continued to dominate the startup industry in the Mena region, both in terms of deal counts and value in 2017. According to the Mena Annual Venture Report for 2017, UAE startups secured \$400 million (Dh1.47 billion) or 84 per cent out of the \$475 million (Dh1.74 billion) raised by regional startups last year. It is largely due to the Careem and Starz Play deals as nearly half of the fund-raising came from these two transactions. Careem and Starz Play raised \$150 million and \$125 million, respectively.

Source: [Zawya](#)

### **Yields for Dubai's affordable homes set to decline**

Residential yields in Dubai's affordable market are expected to decline much faster than in the prime market, say a report released by real estate consultancy Core Savills. Over 2014-2016, the prime segment saw a combination of weakening prices but comparatively stable rents, encouraging a share of tenants to shift towards ownership. This drove down rental demand and gradually caused prices to stabilize over 2017.

Source: [Zawya](#)

### **S&P affirms Abu Dhabi credit rating as stable on strong asset position**

S&P Global Ratings affirmed on Friday its AA/A-1+ sovereign credit rating for Abu Dhabi, with the Government's large net asset position said to provide a "considerable buffer" against the impact of commodity market volatility. "The stable outlook on Abu Dhabi reflects our expectation that economic growth will gradually pick up and its fiscal position will remain extremely strong over the next two years, although structural and institutional weaknesses will likely persist," the rating agency said.

Source: [The National](#)

### **Abu Dhabi fund said to weigh options for US\$920mil RHB stake**

Abu Dhabi sovereign fund Mubadala Investment Co. is exploring options for its stake in RHB Bank Bhd., Malaysia's fourth-biggest lender, including a possible sale, people with knowledge of the matter said. Mubadala has held informal discussions with potential advisers to seek suggestions on its 17.8% holding in RHB Bank, according to the people. The fund sees its RHB Bank holding as non-core and is considering options for the stake as part of a broader review of its portfolio, one of the people said, asking not to be identified because the information is private. Mubadala's stake is worth about RM3.66bil ringgit (US\$920mil) based on Thursday's closing price.

Source: [The Star](#)

### **Qatari dairy firm plans \$550m IPO**

Qatari company Baladna, which is creating a dairy industry in the desert to help the country to cope with a boycott by other Arab states, is planning an initial public offer of its shares (IPO) to raise funds and bring in strategic investors, sources familiar with the matter said. The privately-owned firm has chosen QNB Capital, the investment banking arm of Qatar National Bank, to arrange the IPO for the first half of 2018, said the sources, who declined to be named because the matter isn't public.

Source: [The News](#)

### **Qatar National Bank sells \$720 mln Formosa bond**

Qatar National Bank, the Gulf's largest bank, issued a \$720 million, 30-year Formosa bond earlier this week, two sources familiar with the matter said. Formosa bonds are sold in Taiwan by foreign issuers and are denominated in currencies other than the Taiwanese dollar. The fundraising is the latest indication of Qatari banks' efforts to diversify their funding resources amid an ongoing regional diplomatic rift that started over six months ago.

Source: [Reuters](#)

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### **BRIEF-KFH Says Has Not Signed MoU on Merger with Ahli United Bank**

KUWAIT FINANCE HOUSE: \* SAYS HAS NOT YET SIGNED ANY CONTRACT OR MOU ON MERGER WITH AHLI UNITED BANK

Source: [Reuters](#)

### **SAMA raises first-home buyers' mortgage limit to 90%**

The Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, allowed lenders on Thursday to raise the mortgage loan limit up to 90 percent, from 85 percent of the total value of unit value for Saudi first-time buyers, it said in a statement. The move aims to spur growth in the home mortgage sector and achieve the housing objectives under the Saudi Vision 2030, while maintaining the banking sector's financial stability and health.

Source: [Argaam](#)

### **Binladin Group shareholders may transfer stakes to settle government dues: report**

Some shareholders in Saudi Binladin Group (SBG) may transfer part of their stakes to the government to settle outstanding dues with authorities, Reuters reported on Saturday, citing a company statement. "The firm remains a private sector company owned by its shareholders," the statement said. The construction group added that it is continuing its work with the government, which accounts for the majority of its business, including the projects of the Two Holy Mosques, which began several months ago and are scheduled for completion before Ramadan.

Source: [Argaam](#)

### **Egypt's tourism revenues jump 123.5% to \$7.6 bln in 2017: Officials**

Egypt's tourism revenues jumped 123.5 percent year-on-year to \$7.6 billion in 2017, according to a government official on Saturday. The official who preferred to remain anonymous added that the number of tourists who visited Egypt in that time jumped 54 percent to 8.3 million. The tourism sector is one of the country's main sources of foreign currency but it has struggled since a 2011 uprising that led the then president to step down.

Source: [Nile International](#)

### **Egypt hikes 2017-18 economic growth forecast to 5.3-5.5 percent**

Egypt has revised up its economic growth forecast for fiscal 2017-18 that began in July to 5.3 to 5.5 percent from 4.8 percent previously, the planning minister said on Saturday. Hala al-Saeed said gross domestic product was expected to have grown 5.2 to 5.3 percent in the second quarter that ended in December, adding that the government was aiming for 6 percent growth in 2018-19.

Source: [Reuters](#)

## **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](#)

### **Dollar hits three-year low vs euro; Wall St hits new highs**

The U.S. dollar fell to a more than three-year low against the euro on Friday, extending recent losses on expectations European Central Bank policymakers are preparing to reduce stimulus, while U.S. stocks continued to rally and marked record closing highs. Optimism about fourth-quarter earnings boosted stocks. Bank shares climbed following quarterly results from JPMorgan Chase & Co and Wells Fargo. A global stock index registered an eighth straight week of gains.

Source: [The Star](#)

### **GM executives defend NAFTA, Mexican truck plant**

General Motors Chief Executive Mary Barra expressed optimism on Saturday that the North American Free Trade Agreement would survive, and other senior GM executives stood by the company's plans to continue building trucks in Mexico.

Source: [CNBC](#)

### **Facebook shares fall 4% after it announces big changes to the News Feed**

Facebook shares fell 4 percent Friday morning after it announced major changes to its News Feed Thursday night. Shares fell as much as 6.1 percent ahead of the market open, after closing just below the flatline on Thursday. Mark Zuckerberg, the CEO of the social media giant, said that the News Feed — one of the key areas of Facebook where advertising is placed — will start prioritizing "meaningful social interactions" versus "relevant content."

Source: [CNBC](#)

### **One of the Biggest Crypto Exchanges Goes Dark and Users Are Getting Nervous**

Kraken went offline at 9 p.m. Pacific Time on Wednesday for maintenance that was initially scheduled to last two hours, plus an additional two to three hours for withdrawals, according to an announcement on the San Francisco-based company's website.

Source: [Bloomberg](#)

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## COMMODITIES NEWS

### **OPEC need not rush into changing oil pact: UAE**

OPEC need not respond to a rise in oil prices by rushing to change a global supply-cutting pact, United Arab Emirates Energy Minister Suhail al-Mazroui said on Friday. This year's rapid rise in oil prices, which hit \$70 this week, is backed by strong demand growth and a fall in oversupply on the back of the OPEC and non-OPEC pact, not only by political tensions, Mazroui said. "We don't look at the price in a day and say we are in a point where we need to do changes. We need to give the market time," Mazroui, who holds the OPEC presidency, added.

Source: [Zawya](#)

### **Gold set for 5th week of gains as dollar slumps**

Gold rose to a four-month high on Friday and was on track for a fifth straight weekly gain as the dollar fell against the euro on an agreement for a political coalition in Germany. Spot gold rose 0.7 percent to \$1,331.62 an ounce by 1102 GMT, having touched its highest since Sept. 15 at \$1,333.02. The precious metal is up 0.9 percent this week and set for its longest run of weekly gains since April. US gold futures were up 0.7 percent at \$1,332.30.

Source: [Qatar Tribune](#)

### **Gulf OPEC producers plan to keep Q1 oil output below year-earlier level**

Gulf OPEC producers plan to keep their oil output in the first quarter of 2018 below the year-earlier level despite strong demand growth and a decline in global inventories, a senior OPEC source familiar with Gulf oil thinking said on Friday. "Gulf oil producers want to make sure that the excess in commercial oil inventories which was built over the past three years will be wiped out completely," the source said.

Source: [Economic Times](#)

### MSM Net Profit OMR, '000

Financial Sector	4Q'16	3Q'17	4Q'17	QoQ	YoY	FY'16	FY'17	YoY
Bank Nizwa	650	1,007	1,477	46.7%	127.4%	110	3,787	3355.3%
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%
<b>Total Financial Sector</b>	<b>4,119</b>	<b>3,121</b>	<b>6,213</b>	<b>99.1%</b>	<b>50.9%</b>	<b>10,933</b>	<b>15,510</b>	<b>41.9%</b>
Industrial Sector	4Q'16	3Q'17	4Q'17	QoQ	YoY	FY'16	FY'17	YoY
NATIONAL BISCUIT INDUSTRIES	189	70	227	223.4%	20.2%	647	565	-12.7%
OMAN CHROMITE	417	74	193	161.3%	-53.7%	489	541	10.7%
AL-ANWAR CERAMIC TILES CO	(717)	366	449	22.9%	162.7%	1,806	1,850	2.5%
<b>Total Industrial Sector</b>	<b>(111)</b>	<b>510</b>	<b>869</b>	<b>70.5%</b>	<b>881.4%</b>	<b>2,942</b>	<b>2,956</b>	<b>0.5%</b>
Services Sector	4Q'16	3Q'17	4Q'17	QoQ	YoY	FY'16	FY'17	YoY
UBAR HOTELS & RESORTS	252	(28)	149	626.4%	-40.7%	473	467	-1.2%
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%
AL KAMIL POWER CO	772	524	722	37.8%	-6.5%	3,728	1,862	-50.1%
ACWA POWER BARKA SAOG	3,722	3,581	2,800	-21.8%	-24.8%	12,090	8,945	-26.0%
<b>Total Services Sector</b>	<b>7,583</b>	<b>6,280</b>	<b>7,469</b>	<b>18.9%</b>	<b>-1.5%</b>	<b>23,892</b>	<b>19,090</b>	<b>-20.1%</b>
<b>Total Market</b>	<b>11,590</b>	<b>9,910</b>	<b>14,551</b>	<b>46.8%</b>	<b>25.5%</b>	<b>37,766</b>	<b>37,556</b>	<b>-0.6%</b>

Source: Bloomberg, U Capital

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

### Ubar Capital SAOC (U Capital)

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