

U Capital Morning Brief

29 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	946.91	950.91	-4.00	-0.42%	-2.81%	-2.81%
U Capital GCC 50 Index	1,213.44	1,205.61	7.83	0.65%	6.01%	6.01%
U Capital MENA 200 Index	1,044.93	1,040.53	4.4	0.42%	5.01%	5.01%
MSCI GCC Countries Index	506.37	507.00	-0.63	-0.13%	5.54%	5.54%
Muscat Securities Market	4,991.38	5,007.77	(16.39)	-0.33%	-2.12%	-2.12%
Saudi Stock Exchange	7,538.38	7,521.64	16.74	0.22%	4.32%	4.32%
Kuwait Stock Exchange	6,629.11	6,651.91	(22.80)	-0.34%	3.45%	3.45%
Qatar Exchange	9,411.53	9,459.61	(48.08)	-0.51%	10.42%	10.42%
Bahrain Stock Exchange	1,342.32	1,341.77	0.55	0.04%	0.80%	0.80%
Dubai Financial Market	3,464.14	3,468.65	(4.51)	-0.13%	2.79%	2.79%
Abu Dhabi Sec. Exchange	4,631.86	4,643.54	(11.68)	-0.25%	5.31%	5.31%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,665.5	49.70	0.65	Brent Crude (per bbl) <i>Updated</i>	70.45	(0.07)	(0.10)
DAX	Germany	13,340.2	41.81	0.31	WTI Crude (per bbl) <i>Updated</i>	66.37	0.23	0.35
CAC 40	France	5,529.2	47.94	0.87	Oman Crude Oil (Last Closing)	67.41	(0.09)	(0.13)
United States								
DJIA	USA	26,616.7	223.92	0.85	Gold 100 OZ (per oz)	1,348.52	(1.28)	(0.09)
S&P 500	USA	2,872.9	33.62	1.18	Silver (per oz)	17.41	0.01	0.06
NASDAQ	USA	7,505.8	94.61	1.28				
Asia Pacific								
NIKKEI 225	Japan	23,632.7	0.60	0.00	Platinum (per oz)	1,011.53	(0.97)	(0.10)
HANG SENG	Hongkong	33,142.5	(11.61)	(0.04)	Copper, MT	7,085.00	(53.00)	(0.74)
Selected Middle East								
Tunis Se Index	Tunis	6,385.9	7.04	0.11	Aluminium, MT	2,257.00	16.00	0.71
EGX 30 Index	Egypt	15,311.2	140.42	0.93	Lead, MT	2,593.00	(12.00)	(0.46)
Blom Stock Index	Lebanon	1,163.2	0.00	0.00	Zinc, MT	3,478.00	13.00	0.38
					Nickel, MT			
					13,650.00 (35.00) (0.26)			

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	1.241	0.806
British Pound	GBP	1.414	0.707
Japanese Yen	JPY	0.009	108.740
Chinese Renminbi	CNH	0.158	6.329
Indian Rupee	INR	0.016	63.523
Russian Ruble	RUB	0.018	56.225
Canadian Dollar	CAD	0.811	1.233
Australian Dollar	AUD	0.810	1.235

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

MoU with Qatar signed on food production, marketing

An official session of talks between the Sultanate and the State of Qatar was held at the Ministry of Agriculture and Fisheries in Muscat on Sunday. The session was chaired from the Sultanate's side by Dr Fuad bin Jaafar al Sajwani, Minister of Agriculture and Fisheries while the session was headed from the Qatari side by Mohammed bin Abdullah al Rumaihi, Minister of Municipality and Environment. The session touched on fields of agriculture, livestock and fisheries, as well as ways to develop them and open wider avenues to promote cooperation and exchange of experiences and views between the two countries.

Source: [Oman Observer](#)

25pc growth in Oman's water desalination capacity by 2022

The Sultanate's domestic water desalination capacity is projected to grow by around 25 per cent to 2 million cubic metres per day by the year 2022, up from around 1.5 million cubic metres per day presently, according to an official of Oman Power and Water Procurement Company (OPWP). Abrar al Zaabi, of OPWP's Planning and Economics Department, said the new capacity will primarily come from as many as six Independent Water Projects (IWPs) planned for implementation at various locations around the Sultanate.

Source: [Oman Observer](#)

Average price of oil rises 27.8 pc

The average price of a barrel of Omani crude oil increased by 27.8 per cent at the end of 2017 to reach to \$51.3 per barrel compared with \$40.1 by the end of 2016, according to the data released by the National Centre for Statistics and Information (NCSI). These statistics show that the Sultanate's total exports of crude oil and condensates was 294,215,600 barrels by the end of 2017, which is a decline of 8.6 per cent from the end of 2016 when the total exports stood at 321,940,700 barrels.

Source: [Oman Observer](#)

Food cluster taking shape at Sohar Port

One of the major highlights for Sohar Port in 2017 was the establishment of a 40-hectare food cluster at the port which will include a major flour mill, a world-class sugar refinery, and a grain silo complex. The former, operated by Sohar Flour Mills will have a capacity of 500 tons per day, while the planned sugar refinery, owned and operated by the Oman Sugar Refinery Company, will boast a production capacity of one-million tons per annum. Sohar Port now operates a terminal at the port dedicated exclusively for the food cluster.

Source: [Times of Oman](#)

New Muscat airport opening date to be announced in a 'few days'

The opening date of the new Muscat International Airport will be announced in the days to come, said a government aviation official on Sunday (January 28). Dr Mohammed Al Zaabi, director of the General Authority of Civil Aviation, also said that 75 per cent of the airport trials were complete, and the number of volunteers at the trials will be increased to 25,000. Speaking about the new airport, Al Zaabi noted, "As we have already mentioned, it is undergoing operational trials. Almost 75 per cent of the trials are complete, and the remaining 11 trials will be implemented during the coming period."

Source: [Times of Oman](#)

Sohar Port and Freezone records robust growth in 2017

Despite volatility in the global maritime sector, Sohar Port and Freezone once again posted a year of consistent growth with an average of over 1mn tonnes of cargo handled by the port every week in 2017. Containers traffic rose 36 per cent last year compared to 2016, while dry bulk throughput increased 25 per cent year-on-year, according to a press release. Sohar Port received 3,075 vessel calls in 2017, marking a significant increase of 17 per cent, despite the continued global trend towards consolidation and larger ships.

Source: [Muscat Daily](#)

Gwadar, Duqm port links to get boost, ferry services soon

Port routes between Gwadar in Pakistan and Duqm in Oman will be activated again, Prof Ahsan Iqbal, Pakistan's Minister for Interior Planning, Development and Reforms, has said. "A new link to the supply link that had existed in the past will be activated again," he said. Speaking to Observer, Prof Iqbal hoped the connectivity projects would bring collaboration and cooperation among the regional economies, which will "offer new growth opportunities not only for the region but also for global businesses". Pakistan and Oman are also in talks for plying ferry services between the two countries.

Source: [Oman Observer](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Some Gulf states may hike VAT rate to 10% to boost revenue: S&P

Some GCC countries could double VAT rate to 10 per cent mainly due to discrepancy between five per cent statutory and effective tax rate, says a new study released on Sunday. "We project the regional VAT rollout would push up government revenues on average by about 1.7-2 per cent of GDP, based on a collection-efficiency ratio of 50-60 per cent. A ratio in this range would reflect an effective tax rate of 2.5-3 per cent, lower than the 5 per cent statutory rate, owing to expected administrative inefficiencies and the ability countries have to exempt and zero-rate selected sectors," international ratings agency S&P said in a note on Sunday.

Source: [Zawya](#)

Qatar Agrees to Transparency to Resolve U.S. Airline Dispute

Qatar Airways will commit to greater financial transparency and to not run any indirect flights to the U.S. through other countries as part of an agreement with the Trump administration addressing U.S. carriers' accusations that their Gulf competitors get unfair government help. Airlines are hailing the agreement as a victory, if not a complete one, in one of the biggest trade disputes in U.S. history. They've estimated that Qatar gave \$17 billion or more to Qatar Airways over a 10-year period.

Source: [Bloomberg](#)

Qatar Dec. Real Estate Prices Fall 9.9% Y/y; Rise 1.8% M/m

Qatar Central Bank reports real estate price indices for October, November, December on website.

* Real estate prices were down 0.6% m/m in Nov. vs. -2.3% in Oct.

Source: [Bloomberg News Alert](#)

Commercial Bank of Qatar in talks about potential loan -sources

Commercial Bank of Qatar (CBQ), the Gulf state's third-largest lender by assets, is in talks with banks about a syndicated loan of up to \$500 million, two sources familiar with the matter told Reuters. Raising money through a loan was one option open to the bank, which was also considering bonds as part of its normal funding pattern, one of the sources said. Qatari banks have been looking to diversify their funding sources since June last year when Qatar became locked in a dispute with Saudi Arabia, the United Arab Emirates, Egypt and Bahrain.

Source: [Daily Mail](#)

Qatar could issue \$10bn worth bonds in 2018

An estimated \$72bn of the net sovereign issuance is expected to come from the Middle East and Africa this year, of which \$44bn should be primarily from four GCC countries- Qatar, Saudi Arabia, Oman and Kuwait. Qatar is expected to issue bonds/sukuks worth \$10bn, Bank of America Merrill Lynch (BofAML) said yesterday.

Source: [TPQ](#)

Dubai's GulfNav in talks for stake in Singapore's Atlantic Navigation

Dubai's Gulf Navigation (GulfNav) Holding said on Sunday it was in discussions to acquire a majority stake in Singapore Atlantic Navigation Holdings. Atlantic, an offshore marine logistic services group listed on the Singapore Stock Exchange, has total assets of \$177m. GulfNav said the acquisition coincides with talks with major oil companies in the Gulf region to provide project solution and offshore services and would create added opportunities for both companies.

Source: [Gulf Business](#)

UAE's Al Ghurair to build \$1bn sugar plant in Egypt

Canal Sugar Co, a subsidiary of UAE-based Al Ghurair Group, has signed two main agreements worth \$1 billion with the Egyptian government, represented in the General Authority for Reconstruction Projects and Agricultural Development. The first deal includes setting up an integrated investment project with \$550 million in investment, on which the group will lease and reclaim 181.1 acres of desert land in Minya governorate, Canal Sugar Co said in a statement.

Source: [Mubasher](#)

Investing in IOT may hit SAR 30bn by 2030 – STC

Investment opportunities in internet of things (IOT) market are large and they are expected to reach SAR 30 billion until 2030 in Saudi Arabia, said Tarig Enaya, senior vice president of the Saudi Telecom Company (STC) enterprise business unit. STC continues its plan to implement digital transformation in the Kingdom, aiming to achieve its role in the Saudi Vision 2030, Enaya added.

Source: [Mubasher](#)

SABIC to continue cost cutting in FY 2018

Saudi Basic Industries Corp. (SABIC) plans to continue cutting costs by 5-7 percent in fiscal year 2018, CEO Yousef Al-Benyman said at a press conference following the company's Q4 2017 earnings announcement. The company is restructuring its business to help offset costs of higher feedstock prices. Commenting on the performance of SABIC's Hadeed, or steel segment, Al-Benyman said that the company posted assets impairment loss of SAR 350 million in Q4.

Source: [Argaam](#)

Saudi foreign reserves rise for third straight month

The Saudi Arabian central bank's foreign reserves rose in December for a third consecutive month, a sign that higher oil prices may be easing pressure on the government's finances, official data showed on Sunday. The bank's net foreign assets grew \$2.0 billion from November to \$488.9 billion last month, after increasing \$1.0 billion in November and \$8.3 billion in October. It was the first time since mid-2014 that the reserves have risen for three straight months.

Source: [Zawya](#)

Saudi Arabia to raise SME lending to 5% by 2020: Finance minister

Saudi Arabia seeks to increase bank credit for small and medium sized enterprises (SMEs) from 2 to 5 percent by 2020, finance minister Mohammed Al-Jadaan told Saudi Press Agency at the World Economic Forum in Davos. He said the increase aims to open up new opportunities for the essential sector and help revive the economy at large. The finance minister said investors showed positive sentiment in past weeks pumping large money into the stock market, as they realized the positive impact of the anti-corruption effort.

Source: [Argaam](#)

SISCO completes expansion of Red Sea Gateway Terminal

Saudi Industrial Services Co. (SISCO) on Sunday announced that the Red Sea Gateway Terminal (RSGT) expansion project was completed as scheduled. The total berth length of the terminal after expansion is 1,355 meters, SISCO said in a bourse statement. The terminal, which has been equipped with 14 ship-to-shore quay cranes, can now handle three mega vessels at a time. The project involved the purchase of eight new rubber-tire gantry (RTGs) cranes and twelve new trucks/trailers to improve yard handling capacity.

Source: [Argaam](#)

Saudi's Kingdom Holding shares soar

Shares in Riyadh-listed international investment company Kingdom Holding soared at the opening on Sunday after the company's owner, Prince Alwaleed bin Talal, was released after being detained for over two months in a corruption probe. The stock immediately jumped its 10 percent daily limit to 10.04 riyals in unusually active trade.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia shares extend bull run, dollar crawls off lows

Asian shares extended their bull run on Monday amid upbeat corporate earnings and strong global economic growth, while the dollar tried to bounce even as the White House continued to complain of "unfair" trade practices by competitors. MSCI's broadest index of Asia-Pacific shares outside Japan added 0.4 percent, aiming for a 12th straight session of gains.

Source: [Reuters](#)

UK economic growth exceeds forecasts, ONS says

The UK economy expanded by a better-than-expected 0.5% in the last three months of 2017, official figures say. Economists had expected a 0.4% expansion in the three months to December. However, the Office for National Statistics (ONS) said the broader picture was "slower and more uneven" growth. In 2017 as a whole, growth was 1.8% compared with 1.9% in 2016 - the slowest since 2012.

Source: [BBC News](#)

China's eight-year-long smartphone growth comes to an end

China's smartphone market has fallen for the first time, with annual shipments down by 4% in 2017, according to data from research firm Canalys. The decline ends eight years' growth in the world's largest mobile phone market. Smartphone brands Huawei, Oppo and Vivo continue to dominate the Chinese handset market.

Source: [BBC News](#)

Business survey says Brexit biggest threat to UK financial centre

Uncertainty over Britain's future trading relations with the European Union after Brexit is the most serious threat to London as the world's top financial centre, a business survey showed on Monday. The quarterly survey from business lobby CBI and consultants PwC said optimism in the financial services sector fell for the third consecutive quarter in the three months to December, marking two years of flat or falling sentiment, though transactions remained stable overall.

Source: [Reuters](#)

COMMODITIES NEWS

Oil markets firm on strong demand, ongoing OPEC-led supply restraint

Oil prices held firm on Monday, supported by strong demand, a weak dollar and ongoing supply cuts lead by OPEC and Russia, although soaring U.S. output means many analysts expect crude prices to fall later in the year. U.S. West Texas Intermediate (WTI) crude futures were at \$66.34 a barrel at 0144 GMT, up 20 cents, or 0.3 percent, from their last settlement. Brent crude futures were at \$70.49 per barrel, 3 cents below their last settlement.

Source: [Zawya](#)

MSM Proposed Cash Dividends

Company Name	Price OMR	Cash Div %	DPS OMR	Div payout %	Dividend Yield %
NATIONAL BANK OF OMAN SAOG	0.205	15.0%	0.015	52.8%	7.3%
HSBC BANK OMAN	0.121	5.7%	0.006	59.8%	4.7%
AHLI BANK	0.166	10.0%	0.010	53.4%	6.0%
TAAGEER FINANCE	0.125	10.0%	0.010	53.9%	8.0%
SALALAH MILLS CO	1.330	50.0%	0.050	66.5%	3.8%
OMAN CABLES INDUSTRY	1.130	45.0%	0.045	59.4%	4.0%
SAHARA HOSPITALITY	2.500	15.0%	0.150	35.3%	6.0%
SHELL OMAN MARKETING	1.750	85.0%	0.085	62.6%	4.9%
PHOENIX POWER CO SAOG	0.125	6.2%	0.006	90.8%	5.0%

Source: MSM

Includes Interim Dividend Paid in 2017 for some companies