

# U Capital Morning Brief

31 January 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	954.72	949.64	5.08	0.53%	-2.01%	-2.01%
U Capital GCC 50 Index	1,221.51	1,218.17	3.34	0.27%	6.71%	6.71%
U Capital MENA 200 Index	1,049.69	1,048.23	1.46	0.14%	5.49%	5.49%
MSCI GCC Countries Index	509.22	508.04	1.18	0.23%	6.14%	6.14%
Muscat Securities Market	5,007.65	5,002.69	4.96	0.10%	-1.80%	-1.80%
Saudi Stock Exchange	7,631.17	7,568.36	62.81	0.83%	5.60%	5.60%
Kuwait Stock Exchange	6,664.03	6,672.95	(8.92)	-0.13%	4.00%	4.00%
Qatar Exchange	9,328.24	9,450.07	(121.83)	-1.29%	9.44%	9.44%
Bahrain Stock Exchange	1,352.26	1,344.54	7.72	0.57%	1.54%	1.54%
Dubai Financial Market	3,439.91	3,455.24	(15.33)	-0.44%	2.07%	2.07%
Abu Dhabi Sec. Exchange	4,638.75	4,626.42	12.33	0.27%	5.46%	5.46%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
<b>Europe</b>					USD USD %			
FTSE 100	United Kingdom	7,588.0	(83.55)	(1.09)	Brent Crude (per bbl) <i>Updated</i>	68.51	(0.51)	(0.74)
DAX	Germany	13,197.7	(126.77)	(0.95)	WTI Crude (per bbl) <i>Updated</i>	63.98	(0.52)	(0.81)
CAC 40	France	5,473.8	(47.81)	(0.87)	Oman Crude Oil (Last Closing)	66.30	(0.85)	(1.27)
<b>United States</b>					Gold100 OZ (per oz)			
DJIA	USA	26,076.9	(362.59)	(1.37)	Silver (per oz)	17.18	0.03	0.20
S&P 500	USA	2,822.4	(31.10)	(1.09)	Platinum (per oz)			
NASDAQ	USA	7,402.5	(64.03)	(0.86)	Copper, MT	7,050.00	(35.00)	(0.49)
<b>Asia Pacific</b>					Aluminium, MT			
NIKKEI 225	Japan	23,325.1	31.87	0.14	Lead, MT	2,592.00	(10.00)	(0.38)
HANG SENG	Hongkong	32,745.2	137.90	0.42	Zinc, MT	3,496.00	(54.00)	(1.52)
<b>Selected Middle East</b>					Nickel, MT			
Tunis Se Index	Tunis	6,422.6	19.58	0.31		13,350.00	(455.00)	(3.30)
EGX 30 Index	Egypt	15,315.7	(53.47)	(0.35)				
Blom Stock Index	Lebanon	1,184.1	7.89	0.67				

Source: Bloomberg, UCapital- at 8:30AM Muscat time

Source: Bloomberg, UCapital- at 8:30AM Muscat time

## Cross Rate for Major Currencies\*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.243	0.805
British Pound	GBP	1.418	0.706
Japanese Yen	JPY	0.009	108.860
Chinese Renminbi	CNH	0.158	6.327
Indian Rupee	INR	0.016	63.745
Russian Ruble	RUB	0.018	56.378
Canadian Dollar	CAD	0.812	1.232
Australian Dollar	AUD	0.808	1.238

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

### 12th Muscat Securities Market (MSM) Forum

The 12th Muscat Securities Market (MSM) Forum will open on February 12 at Oman Convention and Exhibition Centre. The two-day forum is organized by MSM in cooperation with Sultan Qaboos University (SQU) represented by the College of Economics and Political Science. Participating institutions, including the Capital Market Authority (CMA), Muscat Clearing and Depository Company (MCDC), **Uthmaniyah**, a brokerage company, National Investments Development Company (TANMIA) one of the investment funds, BankMuscat through the Junior Investor Project, and Omantel, through which they present their experience as a public joint stock company, the MSM Brokerage Association and Amwal Financial Investments.”

Source: [Oman Observer](#)

### Topaz's order backlog at \$1.5b

Topaz's total revenue backlog remains at \$1.5 billion, showing a market-leading position. Significantly, \$1 billion of this will be invoiced over the coming three years, said a company release. This means the company has already secured revenue greater than 2017 in each of the coming three years. In addition, the company has built a very healthy bidding pipeline, underscoring its more positive outlook. The Renaissance Group comprises two core businesses – Topaz and Renaissance.

Source: [Times of Oman](#)

### Pact inked for financing of Phase 1 of Frontier Town project in Duqm

Bank Nizwa signed a financing agreement with Duqm Development Company LLC (DDC), a member of the Asyad Group (Asyad), to finance Phase 1 of the Duqm Frontier Town project. The project covers 23 hectares and comprises retail shops, recreational facilities and luxury units, of which 250 are residential apartments and 94 villas. The partnership comes as part of the bank's strategy to diversify its expanding portfolio of corporate clients. Commenting on the agreement, Khalid al Kayed, CEO of Bank Nizwa said, “At Bank Nizwa, we are committed to support the Government's efforts by providing financing to projects of strategic importance in SEZAD.

Source: [Oman Observer](#)

### TRA survey to measure coverage, mobile services quality in Oman

The Telecommunications Regulatory Authority (TRA), in cooperation with a consultancy firm, is conducting a technical field survey to measure the coverage and quality of mobile telecommunications services in all governorates of the sultanate. The survey covers all populated villages and towns as per the population and housing census data. The project aims to create an updated and approved database on the level of coverage and quality of mobile services in villages and governorates through field visits. The database will serve as a reference for expansion of communication networks for current and future plans.

Source: [Muscat Daily](#)

### Renaissance believes recovery in oil may boost sales

Diversified business group, Renaissance Services on Monday organized an investors & analysts meeting at the Muscat Securities Market (MSM) to give an update about the company's performances and answer queries from key stake holders. In the meeting, Renaissance senior management discussed the performance of the company during the past two, three years along with its future plans and strategies. The management team of the company was headed by its group chief executive officer Stephen R Thomas and group chief financial officer (CFO) Vishal Goenka. He was assisted by Topaz CEO Rene Kofod-Olsen and Jay Daga, CFO at Topaz.

Source: [Muscat Daily](#)

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

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### U Capital: Gulf region awaits major IPOs in 2018 – Report

A recent report by Uthmaniyah Capital showed that with oil prices recouping, several companies in the GCC region are planning to go public. The research note issued on Tuesday estimates that liquidity would improve in the coming period, which might channel into equity markets. More than 30 companies, excluding REITs, are reportedly expected to go public in 2018, majority of them on local markets and few big names are yet undecided where to list.

Source: [Mubasher](#)

### \$16 billion of rail contracts planned to be awarded this year: Report

Middle East Rail, the largest railway industry event across the Middle East, North Africa, South and Central Asian region, will take place on March 12- 13 at Dubai International Convention Centre. Etihad Rail, X Rail, Greenbrier, Virgin Hyperloop, CAF, AECOM, Progress Rail, Department for International Trade, UK, are back in full force to showcase their plans for future railway systems. Keeping up with the industry trends and to accommodate increased interest, the show has expanded in scope for the 2018 edition.

Source: [Oman Observer](#)

### **Saudi Sipchem Mulls First U.S. Petrochemicals Investment**

Saudi Arabia's Sipchem is considering investing in petrochemical production in the U.S. based on shale gas in what would be the company's first foreign venture, as it faces higher costs and a shortage of feedstock at home in Saudi Arabia. Saudi International Petrochemical Co., may seek a U.S. partner in its effort to tap into the booming shale industry, Chief Executive Officer Ahmad Al Ohali said in a Bloomberg television interview. Sipchem would initially use cash to pay for the project instead of borrowing money, he said.

Source: [Bloomberg News Alert](#)

### **Kuwait Finance House Plans Sale of \$500 Million in Assets in '18**

Kuwait Finance House plans the sale of non-strategic assets of as much as 150 million dinars (\$500 million) this year to free up capital for financing operations, Chief Executive Officer Mazin Al Nahedh said. "We are planning exits of between 140 million to 150 million dinars in 2018," Al Nahedh said in an interview with Sky News Arabia. "The returns on these investments are low and don't fit with the bank's strategy." Kuwait Finance House, the OPEC nation's second-biggest lender, posted a 12 percent increase in profit last year. Al Nahedh told CNBC Arabia in a separate interview that he expects growth in Turkey, which accounted for 20 percent of the profit in 2017, to be strong this year, offsetting a decline in revenue after the lira weakened.

Source: [Bloomberg News Alert](#)

### **IMF praises economic progress in Arab region, calls for more**

The International Monetary Fund on Tuesday said that Arab countries have made significant economic progress over the past few years, but noted that the continued "public dissatisfaction" indicated that more actions were needed. "There has been progress – though not enough," IMF managing director Christine Lagarde said in a two-day regional conference held in Marrakesh, Morocco. Lagarde praised the reform actions that have been implemented in the region such as leveraging technology to boost economic and financial inclusion and taking further steps to improve the business environment.

Source: [Mubasher](#)

### **Qatar National Bank Is Said to Sign \$3 Billion Loan Next Week**

The Middle East's largest lender is expected to sign loan deal in next week, according to people familiar with the matter.

\* Bank of America, Barclays, Deutsche Bank, Intesa Sanpaolo, Mizuho International, MUFG, Sumitomo Mitsui Banking, Standard Chartered and United Overseas Bank are underwriting the deal

\* Pricing not impacted by Qatar's ongoing rift with Saudi-led bloc: 2 people

\* Loan to be used to refinance an existing facility that matures in March

\* People asked not to be identified because information is private

\* Qatar National Bank didn't immediately respond to request for Comment

Source: [Bloomberg News Alert](#)

### **Saudi Arabia awards first contracts for \$500 bln NEOM project**

Saudi Arabia has awarded the first construction contracts to build five palaces and other infrastructure in the planned \$500 billion NEOM City on the Red Sea Coast, MEED reported, citing unnamed sources. The Kingdom's Royal Court has awarded local contractors El-Seif Engineering & Construction and Mac packages for four palaces and one palace, respectively. The project manager for the palace packages will be appointed by next week.

Source: [Argaam](#)

### **Tasnee CEO says confident Cristal-Tronox merger will happen**

Chief Executive Officer of National Industrialization Co., (Tasnee) Mutlaq Al-Morished, has expressed confidence that the merger of subsidiary Cristal and Tronox will happen, even though one of the parties may have to offload assets to dilute the market impact of the merger. US-based Tronox Limited announced plans to acquire the titanium dioxide business of Cristal, a 79 percent subsidiary of Saudi National Industrialization Co. (Tasnee), but the deal faced regulatory block in the US and EU, on antitrust grounds.

Source: [Argaam](#)

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Source: [Bloomberg News Alert](#)

### **Saudi Arabia plans up to \$11bln investments in water sector in 2018**

Saudi Arabia is attracting investments worth \$11 billion into large-scale water projects across several regions of the kingdom, primarily in water desalination, a Saudi official has said. Around \$10 billion will be invested in desalinated water projects, and \$1 billion in sewage water treatment plants, according to Mohamed S. Al-Abdalla, energy and water sector manager at the Saudi Arabian General Investment Authority (SAGIA).

Source: [Zawya](#)

### **UAE stands to be a big winner from China's \$900bn Belt & Road plan – report**

The United Arab Emirates has been ranked as third in a global index of nations that stand to benefit most from China's Belt and Road Initiative, according to a new report released on Tuesday by property consultancy Knight Frank. Only Singapore and Qatar finished higher on the Belt & Road Index, a measure drawn up by Knight Frank that looks at the investment potential of markets along the route). It measured countries via six categories - economic potential, demographic advantage, infrastructure development, institutional effectiveness, market accessibility and resilience to natural disasters.

Source: [Zawya](#)

### **UAE's Emaar to distribute \$1bn as special dividends**

Leading UAE developer Emaar Properties said it has won approval from the company board to distribute Dh4 billion (\$1.08 billion) as special dividends (Dh0.56 per share) to its shareholders. The dividends will be paid in two parts with the first tranche of Dh3 billion (\$816 million), representing 42 per cent of the capital set for distribution this month, while the second Dh1 billion tranche will be given during the annual general meeting in April, said the top developer in its statement to Dubai Financial Market.

Source: [Zawya](#)

### **Egypt signs \$3 bln agreement with International Islamic Trade Finance Corporation to fund basic commodities import**

Egypt to halt flour subsidy and cut wheat imports by up to 10 pct. Investment and International Cooperation Minister Sahar Nasr signed a \$3 billion agreement with International Islamic Trade Finance Corporation (IITFC) CEO Hani Salem Sonbol to fund the import of basic commodities including oil, petroleum products and wheat, the ministry announced in a statement on Tuesday. The IITFC provided \$6.97 billion to Egypt by 2017, mainly to fund the purchase of crude and petroleum products by the Egyptian General Petroleum Company. The corporation is an autonomous entity within the Islamic Development Bank Group. Egypt is the world's largest importer of wheat. Egypt's imports in the financial year ending on 30 June reached 5.58 million tonnes, up from 4.4 million the previous year, according to Reuters.

Source: [Ahrām](#)

### **Emirates NBD hires banks for Singapore dollar bond issue**

Emirates NBD Bank, Dubai's largest lender, has mandated banks to arrange a series of fixed income investor meetings in Singapore ahead of a potential bond issue denominated in Singapore dollars, a document by one of the banks leading the deal showed on Tuesday. DBS Bank, Emirates NBD Capital, HSBC and Standard Chartered Bank have been hired as joint lead managers and bookrunners for the potential deal. The meetings will take place on February 1 and a Regulation S offering of fixed rate notes with short to intermediate maturity will follow, subject to market conditions.

Source: [Salaam Gateway](#)

### **Al Rayan Bank plans 250 mln pound mortgage-backed sukuk**

Birmingham-based Al Rayan Bank has mandated banks to raise 250 million pounds (\$352 million) via Islamic bonds, or sukuk, using a residential mortgage-backed securitisation, the sharia-compliant lender said. Al Rayan has appointed Standard Chartered and itself to arrange investor meetings ahead of what would be its debut sukuk and one of the first such transactions in Britain. The proposed sukuk from Al Rayan, owned by Qatar's Masraf Al Rayan, would help fund its ongoing efforts to expand into commercial real estate, private banking and financing for small- and medium-sized businesses.

Source: [Gulf Base](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Asia stocks slip as high bond yields weigh, dollar steadies**

Asia stocks pulled further back from record highs on Wednesday as the recent rise in global bond yields weighed on equities, while the dollar steadied ahead of the Federal Reserve's policy decision. In his first State of the Union address since becoming U.S. President, Donald Trump urged Republicans and Democrats to work toward compromises on immigration and infrastructure and implement legislation that generates at least US\$1.5 trillion for new infrastructure investment. Market reaction to the address was limited.

Source: [Channel News Asia](#)

### **Trump urges Congress to help stimulate \$1.5 trillion in infrastructure spending**

President Donald Trump called on the U.S. Congress on Tuesday to pass legislation to stimulate at least \$1.5 trillion in new infrastructure spending. In his State of the Union speech to Congress, Trump offered no other details of the spending plan, such as how much federal money would go into it, but said it was time to address America's "crumbling infrastructure." Rather than increase federal spending massively, Trump said: "Every federal dollar should be leveraged by partnering with state and local governments and, where appropriate, tapping into private-sector investment."

Source: [Reuters](#)

### **Blackstone bets big on Wall St. information business with Thomson Reuters deal**

U.S. private equity firm Blackstone Group LP catapulted itself into the major leagues of Wall Street's financial information industry on Tuesday with the acquisition of a majority stake in the Financial and Risk business of Thomson Reuters Corp. The \$20 billion deal is

Blackstone's biggest bet since the financial crisis and pits co-founder Stephen Schwarzman against fellow billionaire and former New York Mayor Michael Bloomberg. Bloomberg's eponymous terminals are the market leader in providing traders, bankers and investors with news, data and analytics.

Source: [Reuters](#)

#### **US is reportedly probing Apple over updates that slow older phones**

The Justice Department and SEC is requesting documents from Apple related to the company's decision to slow down older iPhones, Bloomberg reported Tuesday. The news agency said any possible investigation is still in "early stages." Apple's stock, which was already trading lower on Tuesday, was down 1.4 percent in the afternoon.

Source: [CNBC](#)

#### **Turkey Becoming a Battleground for Gulf Lenders' Expansion**

Dubai's biggest bank is in talks to potentially acquire Sberbank PJSC's wholly-owned Turkish unit, joining peers from Qatar and Kuwait that have expanded in the country. Emirates NBD PJSC started preliminary discussions for Denizbank AS, it said in a statement on Tuesday. Moscow-based Sberbank is also holding discussions with other banks from the Gulf Cooperation Council region, people familiar with the matter said, asking not to be identified because the talks are private.

Source: [Bloomberg](#)

### **COMMODITIES NEWS**

#### **Oil prices fall for third day on inventory build**

US oil prices fell for a third day on Wednesday after data from an industry body showed crude stocks rose more than expected last week, while a selloff in other commodities, stocks and bonds added to the bearish tone. US West Texas Intermediate futures were down 1 per cent, pushed below \$64 at \$63.87 by 0012 GMT. Brent crude was yet to trade. On Tuesday, US crude fell 1.6 per cent to close at \$64.50 a barrel, the contract's decline far outpacing a 0.6 per cent drop in the price of Brent.

Source: [Economic Times](#)

#### **Gold treads water ahead of Trump speech, Fed meeting**

Gold marked time early on Wednesday amid a firm dollar and rising bond yields as markets waited for US President Donald Trump's annual State of the Union address and the outcome of the Federal Reserve's two-day meeting. Spot gold was little changed at \$1,337.60 per ounce at 0114 GMT. US gold futures were up 0.2 per cent at \$1,337.60 per ounce. Gold prices have risen 2.8 per cent so far this month...

Source: [Economic Times](#)

#### **Biggest OPEC Producer Deals Blow to Tiny Rival in Top Oil Market**

Tiny OPEC producer Qatar is paying the price for top member Saudi Arabia's oil strategy in Asia. Oil exports from Qatar, one of OPEC's smaller crude producers, to Japan last year slumped by almost a quarter to its lowest level since 1990, while shipments from giant supplier Saudi Arabia grew 8.1 percent, boosting its market share in the Asian nation to a record. Over in South Korea, imports from Qatar sank 26 percent to the least in seven years.

Source: [Bloomberg](#)

## MSM Proposed Cash Dividends

Company Name	Price, OMR	Cash Div %	DPS, OMR	Proposed Cash OMR '000	Div payout, %	Dividend Yield, %	AGM Date
BANKMUSCAT SAOG	0.406	30%	0.030	81,281	46.0%	7.4%	
BANK DHOFAR SAOG	0.208	12%	0.012	27,094	56.9%	5.8%	27/03/2018
BANK SOHAR	0.156	5%	0.005	8,923	35.0%	3.2%	
NATIONAL BANK OF OMAN SAOG	0.215	15%	0.015	23,228	52.8%	7.0%	
HSBC BANK OMAN	0.121	6%	0.006	11,402	59.6%	4.7%	
AHLI BANK	0.166	10%	0.010	14,250	53.4%	6.0%	
TAAGEER FINANCE	0.125	10%	0.010	2,536	53.9%	8.0%	
OMAN REFRESHMENT CO	2.050	75%	0.075	3,750	35.0%	3.7%	27/02/2018
SALALAH MILLS CO	1.330	50%	0.050	2,669	66.5%	3.8%	
OMAN PACKAGING	0.280	20%	0.020	649	62.6%	7.1%	1/3/2018
OMAN CABLES INDUSTRY	1.130	45%	0.045	4,037	59.0%	4.0%	
SAHARA HOSPITALITY	2.500	15%	0.150	875	35.3%	6.0%	
SHELL OMAN MARKETING	1.750	85%	0.085	8,330	64.6%	4.9%	
OMAN OIL MARKETING COMPANY	1.460	60%	0.060	3,710	41.8%	4.1%	18/03/2018
PHOENIX POWER CO SAOG	0.124	6%	0.006	9,068	90.8%	5.0%	

Source: Bloomberg

### Ubhar Capital SAOC (U Capital)

Website: [www.u-capital.net](http://www.u-capital.net)

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: [research@u-capital.net](mailto:research@u-capital.net)



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