

# U Capital Morning Brief

**1 July 2018**

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	880.9	-0.50	-0.06%	-9.58%	-	-	-
U Capital GCC 50 Index	1,301.2	1.07	0.08%	13.67%	-	-	-
U Capital MENA 200 Index	1,062.3	-1.67	-0.16%	6.75%	-	-	-
MSCI GCC Countries Index	535.6	0.04	0.01%	11.65%	14.25	1.76	3.9%
Muscat Securities Market	4,571.8	-4.98	-0.11%	-10.35%	11.38	0.99	5.4%
Saudi Stock Exchange	8,314.2	-3.08	-0.04%	15.05%	18.73	1.85	3.2%
Kuwait Stock Exchange	4,890.4	-15.88	-0.32%	NA	14.56	1.26	4.0%
Qatar Exchange	9,024.0	95.29	1.07%	5.87%	13.44	1.39	4.9%
Bahrain Stock Exchange	1,311.0	4.73	0.36%	-1.56%	8.55	0.85	6.3%
Dubai Financial Market	2,821.0	6.11	0.22%	-16.29%	9.08	1.07	6.0%
Abu Dhabi Exchange	4,560.0	15.36	0.34%	3.67%	12.21	1.38	5.3%
Beirut Stock Exchange	1,052.2	-4.22	-0.40%	-8.39%	5.68	0.64	9.4%
Palestine Stock Exchange	540.7	-0.30	-0.06%	-5.90%	13.05	1.19	5.0%
Tunis Se Index	8,059.1	-5.05	-0.06%	28.29%	21.20	2.88	1.8%
EGX 30 Index	16,348.6	172.14	1.06%	8.85%	16.75	2.62	2.7%
Amman General Index	2,070.4	-3.93	-0.19%	-2.65%	15.62	1.03	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,636.9	0.28%	-0.7%
DAX	Germany	12,306.0	1.06%	-4.7%
CAC 40	France	5,323.5	0.91%	0.2%
<b>United States</b>				
DJIA	USA	24,271.4	0.23%	-1.8%
S&P 500	USA	2,718.4	0.08%	1.7%
NASDAQ	USA	7,510.3	0.09%	8.8%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,304.5	0.15%	-2.0%
HANG SENG	Hongkong	28,955.1	1.61%	-3.2%
KSE 100 Index	Pakistan	41,910.9	-0.21%	3.6%
NSE Nifty 50	India	10,714.3	1.18%	1.7%
SHANGHAI Composite	China	2,847.4	2.17%	-13.9%
KOSPI Index	South Korea	2,326.1	0.51%	-5.7%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.741	1.350
British Pound (GBP)	1.321	0.757
Canadian Dollar (CAD)	0.761	1.313
Chinese Renminbi (CNH)	0.151	6.636
Egyptian Pound (EGP)	0.056	17.916
Euro (EUR)	1.168	0.856
Indian Rupee (INR)	0.015	62.742
Japanese Yen (JPY)	0.009	110.760
New Zealand Dollar (NZD)	0.677	1.476
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.823	121.510
Russian Ruble (RUB)	0.016	68.470
Singapore Dollar (SGD)	0.734	1.362
Turkish Lira (TRY)	0.218	4.593

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	79.2	2.09%	22.3%
WTI Crude (per bbl)	74.2	0.95%	22.7%
Oman Crude Oil (Last Closing)	76.6	1.39%	19.6%
OPEC (per bbl)	74.3	2.23%	15.3%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,253.2	0.39%	-3.8%
Silver (per oz)	16.1	0.71%	-4.9%
Platinum (per oz)	853.0	0.39%	-8.3%
<b>Other Metals</b>			
Copper, MT	6,626	0.05%	-8.6%
Aluminium, MT	2,133	-1.02%	-6.0%
Lead, MT	2,410	0.52%	-3.1%
Zinc, MT	2,854	-1.48%	-14.0%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.43	35.4%
Saudi Arabia	2.59	36.8%
Kuwait	2.00	6.7%
Oman	2.38	24.5%
Qatar	2.64	-0.2%
Bahrain	3.50	28.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.8
Abu Dhabi	10/11/2027	4.0
Qatar	6/2/2026	4.1
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	6.4
Bahrain	10/12/2028	8.5

Midswaps	Price	YTM %
3 year	100.01	2.6
5 year	99.48	2.7
10 year	100.13	2.9
30 year	102.67	3.0

USD Libor	Rate (%)	YTD
1m	2.09	33.6%
3m	2.34	37.9%
6m	2.50	36.2%
1 year	2.76	31.2%

**Source: Bloomberg**
*Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday*

## OMAN ECONOMIC & CORPORATE NEWS

### U Capital - Despite strong macro fundamentals, MSM ended the week down

Investment activities continued to increase in the last week on better investment sentiment, positive news at macro level and nearing of announcement related to 2Q 2018 results. The MSM30 closed the week down by 0.83 per cent at 4,571.75. The Services sub index was the only gainer as it closed up by 0.59 per cent. Both the Financial and Industrial indices went down by 2.05 per cent and 0.28 per cent respectively. The MSM Shariah Index closed up by 0.12 per cent.

Source: [Oman Observer](#)

### Plan for Oman's new \$2.5 billion seaport project in Sur firms up

Construction work on Oman's newest seaport — planned at Sur on the South Al Sharqiyah coast — could commence as early as next year, according to a key player in the estimated \$2.5 billion project. Suez Capital Ltd, a Maltese based firm which says it has been granted the exclusive mandate by the Omani government to design, finance, build and operate the Port of Sur on a concession basis, has wrapped up Phase 1 of the project centering on the completion of feasibility studies and preliminary design work.

Source: [Oman Observer](#)

### Omani banks extend OMR20.90bn in credit

Credit extended by commercial banks in the Sultanate in the first quarter of 2018 stood at OMR20.90 billion, a 6 per cent increase from the OMR19.72 billion recorded during the same period in 2017. The quarterly statistical bulletin issued by the Research and Statistics Department of the Central Bank of Oman (CBO) showed that personal loans accounted for OMR8,227.7 million or 39.4 per cent of the total banking credit extended during the first quarter of 2018, while OMR2,027.2 million or 9.7 per cent went to the construction sector and OMR2,021.3 million or 9.7 per cent was extended to the services sector. The industry sector received OMR1,510.6 million or 7.2 per cent of the total amount.

Source: [Times of Oman](#)

### Number of Vehicles on Omani Roads Crosses 1.46 Million

The total number of vehicles registered for road use in the Sultanate stood at 1.46 million by the end of May 2018, according to the latest statistics released by the National Centre for Statistics and Information (NCSI). In addition, new vehicle registrations in the Sultanate stood at 26,311 during the first five months of 2018, down by 15.8 per cent from 31,263 new registrations for the same period of the previous year. This does not include vehicles that were re-exported or given temporary registrations. Most of the categories, including private vehicles, commercial vehicles and taxis, witnessed a fall in new registrations during January-May period of 2018, shows the NCSI data, which was prepared based on preliminary information from the Royal Oman Police (ROP).

Source: [ONA](#)

### SME registrations decline in January-May period

The new registrations of small and medium enterprises (SMEs) in Oman stood at 2,801 in the first five months of 2018, down from 4,328 new registrations for the same period of last year, shows the monthly data released by the (NCSI). The SME units include medium, small and micro business enterprises. Among various governorates, Muscat governorate witnessed new registrations of 1,041 SME units in January-May period of 2018, constituting 36 per cent of total new registrations. However, it was down from 1,498 new registrations in the same period of last year, added NCSI report, quoting the Public Authority for Small and Medium Enterprises Development (Riyada) data.

Source: [NCSI](#)

### Power sector to weigh gas imports under new fuel policy

A new Fuel Diversification Policy approved by the Omani government earlier this year mandates, among other things, the study of energy alternatives such as imported gas to help supplant domestic natural gas as a fuel resource for electricity generation in the Sultanate. The policy — which green-lights a strategic shift to solar, wind, clean coal and even waste-to-energy as alternatives to natural gas as the primary fuel resource for power generation — was formally endorsed by the high-powered Financial and Energy Resources Council in January this year.

Source: [Oman Observer](#)

### Pact signed for funding engineering design lab

As part of the efforts to strengthen the partnership between the College of Engineering at Sultan Qaboos University (SQU), and the public and private sector organizations in Oman, a letter of agreement (LoA) was signed between SQU and Oman Oil Refineries and Petroleum Industries Company (Orpic) for partial funding of the engineering design lab.

Source: [Times of Oman](#)

### Dhofar Insurance deploys Beyontec Suite

Beyontec, a global insurance information and technology solutions provider, has been selected by Dhofar Insurance Company (SAOG), a leading insurance provider in the Sultanate, to implement the Beyontec Suite, its core solution, across all major lines of business. After a thorough due diligence across solutions and vendors, Dhofar Insurance chose Beyontec, which specialises in configurable technology solutions for the global insurance industry, as its technology partner. The company will implement its award winning insurance solution, the Beyontec Suite, a workflow-driven insurance system that caters to the growing and changing needs of the insurance industry in Oman.

Source: [Oman Observer](#)

### **BANK MUSCAT - approves new Chief Executive Officer appointment and Revised Management Structure**

The bank is pleased to announce that the Board of Directors at its meeting on June 27, 2018 approved the Executive Managements recommendation to appoint Sheikh Waleed K. Al Hashar as Chief Executive Officer of the bank commencing January 1, 2019. This comes in line with the Senior Management Succession Plan endorsed by the Board in 2015. Mr. Abdul Razak Ali Issa, current Chief Executive and Mr. Ahmed Al Abri, Chief Operating Officer will retire from their positions on December 31, 2018 after more than 30 years of service with the bank. Mr. Abdul Razak Ali Issa and the Executive Management will oversee the completion of the transition in the upcoming months.

Source: [MSM](#)

### **MIDDLE EAST ECONOMIC & CORPORATE NEWS**

#### **SEC's unit starts operating plant at SAR 590m**

Saudi Electricity for Project Development Co, the wholly-owned subsidiary of Saudi Electricity Company (SEC) has announced that it started operating a plant at a value of SAR 590 million. This plant will contribute to enhance the reliability and safety of electrical service of the company in various regions, according to a statement that was issued on Saturday. This project is considered a part of SEC expansion plans in all regions in Saudi.

Source: [Mubasher](#)

#### **Saudi regulator warns 14 insurance firms that licenses could be withdrawn**

Saudi Arabian Monetary Authority (SAMA) has warned several insurance firms in the kingdom that their licenses could be withdrawn due to non-compliance with regulations stipulated for firms operating in the sector, a statement on SAMA's website said. The statement named 14 insurance firms that it said have not complied with all the regulatory requirements and instructions related to insurance activity. The statement did not indicate the reasons for non-compliance, and SAMA did not respond to a request from Zawya for further details.

Source: [Zawya](#)

#### **Filling & Packing Material MFG. Co. (FIPCO) announces the latest developments on its subsidiary project (FPC Industries Co.)**

With regard to FIPCO announcements that was published on Tadawul dated Jan. 31, 2017 and Oct. 17, 2018 FIPCO is pleased to announce for its shareholders that the main production lines for FPC project have been successfully supplied and installed. The Trial production has taken place by end of this quarter as announced earlier, and scheduled to be continued for 2-4 months. Accordingly, the financial impact on FIPCO financial statements will start after the real commercial production announcement.

Source: [Tadawul](#)

#### **Saudi finance ministry completes domestic Sukuk issuance**

Saudi Arabia's ministry of finance completed a Sukuk issuance of additional investors applications, after re-opening an issue originally made in April, under the Saudi Arabian government SAR-denominated Sukuk program, Saudi Press Agency (SPA) reported. The issuance size was set at SAR 3.1 billion, bringing the Sukuk issuance to the total of SAR 12.05 billion. The Sukuk issuance was divided into three tranches: the first tranche amounts to 9.425 billion and matures in 2023; the second tranche amounts to SAR 1.5 billion and matures in 2025; and the third tranche amounts to SAR 1.15 billion and matures in 2028.

Source: [Argaam](#)

#### **Saudi Arabia issued 65 steel, cement export licenses: report**

Saudi Arabia's Ministry of Commerce and Investment has issued 65 steel and cement export licenses, Abdulrahman Al Hussein, the ministry's spokesman, told Al Eqtisadiyah newspaper. The ministry has issued export licenses to 40 steel producers and 25 cement companies, he said. Meanwhile, eight steel and cement export license applications are under study, he added. According to data compiled by Argaam, the Kingdom has canceled cement export fees as of Feb. 1. In July 2017, a ministerial committee suspended steel export fees for two years.

Source: [Argaam](#)

#### **Arabian Cement to launch Rabigh mills in Q1 2019**

Arabian Cement Co. said on Thursday that it expects to start operations at its cement mills at Rabigh in the first quarter of 2019, as construction work is still ongoing. The delay in operations is due to the non-compliance of the contractor with the time frame, the Saudi-listed firm said in a statement to the Saudi Stock Exchange (Tadawul). It is difficult to measure the financial impact of the mills, as this depends on market supply and demand, the statement added.

Source: [Argaam](#)

#### **KIPIC, banks ink \$2.3bn pact to fund LNG project**

Kuwait Integrated Petroleum Industries Company (KIPIC) signed a contract with the local and foreign banks to finance the company's \$2.3 billion Liquefied Natural Gas (LNG) import, reports Al-Anba daily. The National Bank of Kuwait and Kuwait Finance House (KFH) will jointly put up \$500 million for the project. However, the sources said all traditional local and Islamic banks are involved in local financing with different financing ratios. The total cost of the project is estimated at one billion dinars, equivalent to 3.3 billion dollars, of which 30 percent is self-financing from the Petroleum Corporation (about \$1 billion) and \$2.3 million or 70 percent is fully funded by various financing channels, whether local or international.

Source: [Arab Times](#)

### **Qatar's trade surplus surges 39.5% in May**

Qatar's foreign merchandise trade balance, which is the difference between total exports and imports, in May 2018 showed a surplus of QR14.9bn that was QR4.2bn or 39.5 percent higher than same month previous year. The surplus has increased by nearly QR0.1bn or 0.5 percent compared to April 2018, according to a report on trade balance released yesterday by the Ministry of Development Planning and Statistics. In May 2018, the total exports of goods (including exports of goods of domestic origin and re-exports) amounted to around QR24.8bn, showing an increase of 22 percent compared to May 2017, and increase by 3.4 percent compared to April 2018.

Source: [TPQ](#)

### **ENBD REIT seeks acquisitions in Dubai, Abu Dhabi – Chairman**

ENBD REIT is planning to invest more in alternative assets and to seek more acquisitions in Dubai, Abu Dhabi, and other emirates, the trust's chairman Tariq Bin Hendi told Mubasher. Bin Hendi added that ENBD REIT is keen on the diversification of its portfolio by investing in different asset types. The top official stressed the quality of tenants' role in the improvement of the trust and the avoidance of credit issues. "Currently we have a number of high-quality tenants renting floor space in the ENBD REIT portfolio. A few that stand out are Oracle, which is in The Edge and whose brand is on the building, as well as Snapchat and McGraw Hill," Bin Hendi commented.

Source: [Mubasher](#)

### **DP World to Double India Transport Sector Investment, WAM Says**

Dubai-based company plans "huge" investment in India transport sector, CEO Sultan Bin Sulayem is cited as saying by state-run WAM news agency. To support development of logistics facilities and infrastructure in line with Indian government's plan to increase exports to Dubai. Also considering building logistics complex in Ethiopia to serve land-locked African country.

Source: [Bloomberg News Alert](#)

### **QATAR NATIONAL CEMENT: PROVISIONAL ACCEPTANCE AT PLANT NO.5**

Qatar National Cement Company announces that the remaining parts (kiln, crusher, raw mill and homogenizing) of Plant No.5 has been handed over to our Company. The designed capacity of the kiln is 5000 ton per day clinker. Accordingly, the full plant has been handed over to our Company.

Source: [QE](#)

### **BARWA AL-SADD signed purchase agreement for purchasing a percentage of 25% of millennium plaza hotel and the wellness center**

Barwa Real Estate Company announced the signing by its subsidiary, BARWA Al-Sadd Company -fully owned by BARWA Group- a purchase agreement for purchasing a percentage of 25% of Millennium Plaza Hotel and the Wellness Center located at BARWA Al-Sadd Development, from Katara Hospitality at a purchase price of QAR 167,214,172 (one hundred sixty-seven million and two hundred and fourteen thousand and one hundred and seventy-two) Qatari Riyals. The company aims from this purchase transaction to support the operating real estate portfolio of BARWA Real Estate Group in a way that contributes in realizing the sustainable growth and enhances the rights of the stakeholders. It is worth mentioning that there is no conflict of interests between the parties related to this transaction.

Source: [QE](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Canada hits back at U.S. on tariffs, says it will not back down**

Canada struck back at the Trump administration over U.S. steel and aluminum tariffs on Friday, vowing to impose punitive measures on C\$16.6 billion (\$12.63 billion) worth of American goods until Washington relents. The announcement by Foreign Minister Chrystia Freeland marks a new low in ties between the neighbors and trading partners which have become increasingly strained since U.S. President Donald Trump took power in January 2017.

Source: [Reuters](#)

### **China factory growth slows in June as trade tensions rise**

Growth in China's manufacturing sector slowed in June after a better-than-expected performance in May, official data showed, as escalating trade tensions with the United States fuel concerns about a slowdown in the world's second-biggest economy. China's economy has already felt the pinch from a multi-year crackdown on riskier lending that has driven up corporate borrowing costs, prompting the central bank to pump out more cash by cutting reserve requirements for lenders. The official Purchasing Managers' Index (PMI) released on Saturday fell to 51.5 in June, below analysts' forecast of 51.6 and down from 51.9 in May, but it remained well above the 50-point mark that separates growth from contraction for a 23rd straight month.

Source: [Reuters](#)

### **Bitcoin Jumps Back Above \$6,000 to Give Respite to Investors**

The weekend is offering some respite for Bitcoin investors.

The bellwether of the cryptocurrency world rose 8 percent to \$6,338.22 as of 5:30 p.m. in New York on Saturday, according to Bitstamp prices. The gain, which comes after the digital asset crashed through the \$6,000 threshold last week for the first time since February, means the token has still lost about two-thirds of its value since reaching a record high of nearly \$20,000 in December.

Source: [Bloomberg](#)

### Thyssenkrupp, Tata Steel seal landmark steel joint venture deal

Germany's Thyssenkrupp and India's Tata Steel signed a final agreement on Saturday to establish a long-expected steel joint venture, the European steel industry's biggest shake-up in more than a decade. The largest deal in Europe's steel industry since the takeover of Arcelor by Mittal in 2006, the 50-50 joint venture - to be named Thyssenkrupp Tata Steel - will have about 48,000 workers and about 17 billion euros (\$19.9 billion) in sales.

Source: [CNBC](#)

### COMMODITIES NEWS

#### Saudi king said will boost oil output if needed - White House

The leader of Saudi Arabia promised President Donald Trump that he can boost oil production if needed and the country has 2 million barrels per day of spare capacity available, the White House said on Saturday. Trump told King Salman bin Abdulaziz Al Saud that the oil market could with more supply when the men spoke on Friday, the White House said. The Saudi leader said he was ready to raise output if needed, the White House said in a statement.

Source: [Reuters](#)

#### Kuwait to raise oil output by 85,000 bpd: minister

Kuwait will raise oil output by 85,000 barrels per day (bpd) starting on Sunday, part of an agreement between OPEC and non-OPEC producers to increase production by one million bpd, Energy Minister Bakhit al-Rashidi told a local newspaper on Saturday. "Kuwait will raise its oil production from tomorrow to 2.785 million barrels, a daily increase of 85,000 compared to May, based on last week's production cut agreement," Rashidi told Arabic-language daily Al-Rai.

Source: [Reuters](#)

#### DGCX Records Best H1 Since Inception with Volumes up 44%

Dubai Gold and Commodities Exchange (DGCX) has recorded its best H1 ever in its 13-year history, trading over 11,300,000 contracts so far in 2018, up 44% year-on-year (Y-O-Y). Traded value for the first six months of 2018 breached USD 250 billion for the first time too. The Exchange's record-breaking performance was sealed following a robust month of trading in June, which saw 2,046,806 contracts traded, up 74% from June 2017. June 2018 traded value reached USD 42.3 billion.

Source: [Zawya](#)

### Ubhar Capital SAOC (U Capital)