

U Capital Morning Brief

2 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	880.1	-0.81	-0.09%	-9.67%	-	-	-
U Capital GCC 50 Index	1,311.1	9.94	0.76%	14.54%	-	-	-
U Capital MENA 200 Index	1,071.0	8.69	0.82%	7.63%	-	-	-
MSCI GCC Countries Index	538.7	3.06	0.57%	12.28%	14.33	1.77	3.9%
Muscat Securities Market	4,560.5	-11.24	-0.25%	-10.57%	11.35	0.99	5.4%
Saudi Stock Exchange	8,339.9	25.67	0.31%	15.41%	18.82	1.86	3.2%
Kuwait Stock Exchange	4,894.6	4.11	0.08%	NA	14.59	1.26	4.0%
Qatar Exchange	9,114.2	90.20	1.00%	6.93%	13.57	1.40	4.8%
Bahrain Stock Exchange	1,313.6	2.57	0.20%	-1.36%	8.57	0.85	6.2%
Dubai Financial Market	2,864.4	43.42	1.54%	-15.00%	9.22	1.09	5.9%
Abu Dhabi Exchange	4,621.2	61.12	1.34%	5.06%	12.38	1.40	5.2%
Beirut Stock Exchange	1,052.2	-4.22	-0.40%	-8.39%	5.68	0.64	9.4%
Palestine Stock Exchange	541.7	1.01	0.19%	-5.73%	13.07	1.20	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%	16.63	2.62	2.7%
Amman General Index	2,063.4	-7.08	-0.34%	-2.98%	15.54	1.03	4.4%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
					Currency		
Europe							
FTSE 100	UK	7,636.9	0.28%	-0.7%	Australian Dollar (AUD)	0.738	1.356
DAX	Germany	12,306.0	1.06%	-4.7%	British Pound (GBP)	1.317	0.759
CAC 40	France	5,323.5	0.91%	0.2%	Canadian Dollar (CAD)	0.759	1.318
United States							
DJIA	USA	24,271.4	0.23%	-1.8%	Chinese Renminbi (CNH)	0.150	6.649
S&P 500	USA	2,718.4	0.08%	1.7%	Egyptian Pound (EGP)	0.056	17.916
NASDAQ	USA	7,510.3	0.09%	8.8%	Euro (EUR)	1.165	0.859
Asia Pacific							
NIKKEI 225	Japan	21,992.0	-1.41%	-3.4%	Indian Rupee (INR)	0.015	62.830
HANG SENG	Hongkong	28,955.1	1.61%	-3.2%	Japanese Yen (JPY)	0.009	110.750
KSE 100 Index	Pakistan	42,121.4	0.49%	4.1%	New Zealand Dollar (NZD)	0.677	1.477
NSE Nifty 50	India	10,653.5	-0.57%	1.2%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,815.1	-1.13%	-14.9%	Pakistani Rupee (PKR)	0.823	121.510
KOSPI Index	South Korea	2,289.3	-1.58%	-7.2%	Russian Ruble (RUB)	0.016	68.494
					Singapore Dollar (SGD)	0.732	1.366
					Turkish Lira (TRY)	0.216	4.633

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
			USD			
Oil						
Brent Crude (per bbl)	78.2	-1.35%	20.7%	UAE	2.42	34.8%
WTI Crude (per bbl)	73.3	-1.20%	21.3%	Saudi Arabia	2.60	37.0%
Oman Crude Oil (Last Closing)	76.6	1.39%	19.6%	Kuwait	2.00	6.7%
OPEC (per bbl)	74.3	2.23%	15.3%	Oman	2.38	24.5%
				Qatar	2.64	-0.2%
				Bahrain	3.50	28.4%

Precious Metals	Price	D/D	YTD	GCC Latest 10-Yr Government Bond Yields		
				Maturity date	YTM, %	
Gold100 OZ (per oz)	1,250.8	-0.19%	-4.0%	Kuwait	3/20/2027	3.8
Silver (per oz)	16.0	-0.58%	-5.4%	Abu Dhabi	10/11/2027	4.0
Platinum (per oz)	846.9	-0.72%	-9.0%	Qatar	6/2/2026	4.1
Other Metals						
Copper, MT	6,626	0.05%	-8.6%	Saudi Arabia	3/4/2028	4.2
Aluminium, MT	2,133	-1.02%	-6.0%	Oman	1/17/2028	6.4
Lead, MT	2,410	0.52%	-3.1%	Bahrain	10/12/2028	8.5
Zinc, MT	2,854	-1.48%	-14.0%			

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.02	2.6	1m	2.09	33.6%
5 year	99.52	2.7	3m	2.34	37.9%
10 year	100.22	2.9	6m	2.50	36.2%
30 year	102.80	3.0	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

Power sector subsidy dips 8.3pc to RO 456m in 2017

The Omani government's subsidy to the electricity sector fell 8.3 per cent in 2017 to reach a value of RO 456 million, down from RO 497 million a year earlier — a decrease attributed in large part to Cost Reflective Tariffs (CRT) that came into force for large consumers last year. According to figures released by Nama Group — the holding company of state-owned power procurement, generation, transmission, distribution and supply subsidiaries — the average subsidy per customer also declined 14 per cent to RO 398 in 2017, down from RO 463 in 2016.

Source: [Oman Observer](#)

Wadi Dayqah water project to go ahead this year

An ambitious plan to harness the prodigious water capacity of the Wadi Dayqah reservoir in Muscat Governorate is back on track, with the state-owned Oman Power and Water Procurement Company (OPWP) set to launch an international competitive tender for this unique project. Envisaged is an Independent Water Project (IWP) of a capacity ranging from 90,000 to 125,000 cubic metres /day (equivalent to 20 – 27.5 million imperial gallons per day MIGD) that will tap the Wadi Dayqah reservoir — the largest surface water resource in the Sultanate — to supply potable and irrigational water to parts of the capital area.

Source: [Oman Observer](#)

Omani banks achieve 7.7% growth in credit till April 2018

The Sultanate's financial institutions, including Islamic banks, have achieved a robust credit growth in the first four months of this year. The Omani banks, which include Islamic banks, have achieved a year-on-year growth of 7.7 per cent in total credit at OMR24.13 billion by the end of April 2018. The average interest rate on total credit grew by 3.3 per cent to 5.1 per cent by April-end of 2018, from 4.9 per cent for the same period of last year, according to the latest monthly statistics released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

Sezad seeks more Omani investments in Duqm

Officials from Special Economic Zone Authority at Duqm (Sezad) said that they wanted to get local communities more involved in Duqm, besides drawing in more Omani investment. They added that Sezad's goals were two-fold, one was to attract the foreign investors in building 'anchor projects' and the other was to make sure that local communities took full advantage of the benefits, emanating from these projects. According to the Corporate Social Responsibility (CSR) rules in the Duqm free zone, 10 per cent of all government procurements should be allocated to Small and Medium Sized Enterprises (SMEs) within the zone.

Source: [Times of Oman](#)

Galfar Engineering registers One Person Company in Kuwait

Galfar Engineering has registered a One Person Company (OPC), which is 100% owned by Galfar Engineering and Contracting, according to a bourse statement on Sunday. The new entity has been registered under the name "Galfar Oman General Contracting for Building" in Kuwait, with an initial capital of KWD 10, 000. The Muscat Securities Market (MSM)-listed company clarified that the new company will apply to be registered for executing the same works Galfar is registered for in Oman.

Source: [Mubasher](#)

PHOENIX POWER - Board of Directors resolutions disclosure

The management of the Phoenix Power Company SAOG (the "Company") on behalf of the Board of Directors of the Company advises the Capital Market Authority, the Muscat Securities Market and the investors' community that in accordance with the resolutions passed at the Annual General Meeting of the Company on the 19th March 2018 and as resolved by the Board of Directors at their recent meeting: "To distribute cash dividend of Baizas 2.0 per share, out of the retained earnings as per the audited financial statements for the financial year ended 31st December 2017 to the shareholders of the Company who are registered in the Company's shareholders' register with the Muscat Clearing & Depository Company SAOC as on 12th July 2018."

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi economy grows 1.15% in the first quarter on rising oil prices

The Saudi Arabian economy bounced back into growth mode in the first quarter of this year, according to National Accounts figures from the General Authority for Statistics. Gross domestic product (GDP) saw a 1.2 percent rise in the three months to the end of March, compared with the same period last year. This improvement follows four consecutive quarters of falling GDP, or recession, the Authority said. "This indicates a recovery in the Saudi economy following the slowdown in 2017. Moreover, it is evidence of the resilience of the Saudi economy and its ability to recover from both the reduction in oil prices and the structural reforms," it added.

Source: [Arab News](#)

Saudi Arabia kick starts sale of state flour mills

Saudi Arabia on Thursday kicked off the sale of its flour mills, one of the first privatisations of the kingdom and a litmus test for other large state asset sales to follow. Saudi's state grain buyer SAGO said it would start accepting applications for qualification of potential interested

investors on Aug. 26. The kingdom will also make an announcement regarding the timeline for the qualification process on the same day, SAGO said in a statement. HSBC Saudi Arabia — the financial advisor for the privatisation — said the launch of the qualification phase preceded the potential bidding phase. The sale of Saudi's flour milling sector is part of a wide-reaching overhaul of its economy and has drawn interest from some of the world's largest agribusiness firms.

Source: [Reuters](#)

Qatar Q1 GDP rises 1.4 pct y/y, shrinks from previous quarter

Qatar's gross domestic product, adjusted for inflation, grew 1.4 percent from a year earlier in the first quarter of 2018, the ministry of planning and statistics said on Sunday. GDP shrank 3.6 percent from the previous quarter.

Source: [Reuters](#)

ALIJARAH HOLDING QATAR ANNOUNCES THE MODIFY THE CONCESSION CONTRACT KARWA BY REDUCING THE NUMBER OF TAXIS

Alijarah Holding agreed with Mowasalat (Karwa) to reduce the numbers of operated taxis from 1000 to 500 starting 01 July 2018.

Source: [QE](#)

BARWA LAUNCHES QAR 105 MILLION AL-KHOR EXPANSION PROJECT

Barwa Real Estate Group announced the award of the construction of the project of the Expansion of Al-Khor Sports Facilities to the Contractor "Al Bader Construction and Steel Works W.L.L" for a value of QAR 105,000,000, with the implementation of this project to be completed within a period of 18 months. The project is an extension of the project of Al-Khor Recreation Facilities for workers which is located in the Industrial Area of Al-Khor City. It will be constructed on a plot area of 69,757 sq. m and a hypermarket with an area measuring 8,000 sq. m, in addition to a multipurpose hall measuring 300 sq. m. The infrastructure work includes the construction of an electricity substation, internal roads and all services required from water, electricity, sewage, irrigation,

Source: [QE](#)

DP World considering logistics facility in Ethiopia - state news agency

DP World is considering setting up a logistics facility in landlocked Ethiopia to handle goods from a port it is developing in the semi-autonomous region of Somaliland, according to United Arab Emirates (UAE) state news agency WAM. About 95 percent of Ethiopia's inbound trade is handled by Djibouti which neighbors both Ethiopia and Somaliland. The Ethiopian facility would receive and transport goods to other landlocked African countries, WAM quoted DP World Chairman Sultan Ahmed bin Sulayem in a June 30 report which did not provide further details.

Source: [Reuters](#)

UAE bank lending to commercial, industrial sectors rises 3.4% in 2018

The total value of loans provided by banks operating in the UAE to the commercial and industrial sectors rose 3.4%, or AED 25.6 billion, to AED 774.5 billion by the end of May, compared to AED 748.9 billion in December 2017. The credit facilities of the commercial and industrial activities represented about 48% of the total bank lending to all sectors by the end of the fifth month of this year, Emirates News Agency (WAM), reported, citing the Central Bank of the UAE's (CBAUAE) data. In the first quarter of 2018, the two sectors obtained around AED 15.3 billion in loans, the data showed.

Source: [Zawya](#)

ADNOC Distribution expands vehicle inspection facilities across the UAE

ADNOC Distribution has announced the launch of its first Vehicle Inspection Centre at an ADNOC Autoserv complex. The new facility, situated at ADNOC Distribution's Sea Palace Autoserv location in Abu Dhabi, will be managed by Al Masaoood's Tyre, Batteries and Accessories Division and will offer customers comprehensive maintenance, vehicle testing and inspection services. ADNOC Distribution's Acting CEO Saeed Al Rashdi said: "ADNOC Distribution completed around 800,000 inspections at our existing sites last year, and we are continuously looking at ways to further improve customer service and convenience.

Source: [ADX](#)

Bahrain central bank's net foreign assets fall in May as currency under threat

Net foreign assets at Bahrain's central bank fell in May, according to official data released on Sunday that may fuel concern about the country's ability to defend its currency against a current account deficit and rising public debt. The assets dropped to 671.1 million dinars (\$1.78 billion) from 779.4 million dinars in April, the central bank said. Net foreign assets at Bahraini retail banks also fell, to minus 1.20 billion dinars from minus 1.17 billion, meaning liabilities exceeded assets. Combined, the net foreign assets of the central bank and retail banks sank to minus 526.1 million dinars in May - the lowest level on record.

Source: [Zawya](#)

KFAED grants loans amounting to KD 1.26b

Kuwait Fund for Arab Economic Development has granted loans amounting to KD 1.26 billion (\$4.2 billion) in last five years; including KD 167,000 — 12 percent of the total — in the form of grants and technical assistance, reports Al-Qabas daily. This is in response to parliamentary questions about the contributions of the fund, especially in several Arab and international development establishments. The fund affirmed that its contributions strengthen Kuwait's presence and status internationally; while contributing to the international arena in addressing political issues and economic welfare.

Source: [Arab Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks decline as China turns lower once again; wave of tariffs on the horizon

Major Asian markets declined on Monday, the first trading day of the second half of the year, as heavy losses were recorded in China ahead of a looming deadline when tariffs from both Washington and Beijing are expected to take effect. In Tokyo, the Nikkei 225 declined 0.95 percent, touching a session low despite continued weakness in the yen. Losses were broad-based, with retailers and the food sector among the worst performers in the afternoon. Retail stocks were down 2.6 percent, with Fast Retailing lower by 1.37 percent.

Source: [CNBC](#)

Euro slips as German coalition crisis deepens, Mexican peso firms

The euro slipped back in early Monday trade after German Chancellor Angela Merkel was dealt a fresh blow when her interior minister offered to quit in an escalating row over migration policy. Interior Minister Horst Seehofer, who has called for tougher border controls, said he was ready to step down as minister and as chair of his Christian Social Union (CSU), junior coalition partner in Merkel's government. While the euro initially rose to as high as \$1.1698 in a knee-jerk reaction to the news, it quickly lost steam as Seehofer's departure would be seen as making Merkel's future even more uncertain.

Source: [CNBC](#)

Canada retaliatory tariffs on US goods come into force

Canada's countermeasures against the Trump administration's steel and aluminum levies have come into effect. On Sunday, the day the country celebrates its national holiday, Canada imposed a 25% tariff on assorted US metals products. Tariffs of 10% have also been imposed on over 250 other US goods like beer kegs, whiskey and orange juice. Canada-US trade tensions are high amidst the metals levies and North American Free Trade Agreement talks.

Source: [BBC](#)

Deutsche Bank's US unit fails Fed's stress test

Deutsche Bank's US division has failed the second round of the Federal Reserve's annual two-stage stress tests, designed to assess how well the sector could withstand another financial crisis. The German lender suffered from "widespread and critical deficiencies" in parts of its business, the Fed said. Goldman Sachs and Morgan Stanley were only granted "conditional" passes. But 31 of the 35 banks tested were given the all-clear. Stress tests were introduced in the wake of the 2008 financial crisis and every year America's central bank, the Federal Reserve, puts the country's banks, including foreign subsidiaries operating in the country, through their paces.

Source: [BBC](#)

Nissan scraps potential \$1 billion sale of battery unit to China's GSR

Nissan Motor has canceled a potential \$1 billion sale of its electric car battery unit to China's GSR Capital, opening the door to other likely suitors keen on a component that is vital for the booming electric vehicles industry. Japan's second-biggest automaker said the Chinese investment firm lacked the funds to make the purchase. The deal could not be closed by the June 29 deadline, Nissan said, ending a process which had faced several delays since its announcement almost a year ago.

Source: [Reuters](#)

COMMODITIES NEWS

Oil falls amid rising Saudi output, Asian economic slowdown

Oil prices fell by more than 1 percent on Monday as supplies from top exporter Saudi Arabia rose and as signs of an economic slowdown in Asia dented the outlook for demand. Brent crude oil futures LCOc1 were at \$78.16 per barrel at 0316 GMT, down \$1.07, or 1.35 percent, from their last close. U.S. West Texas Intermediate crude futures Clc1 were down 94 cents, or 1.3 percent, at \$73.21 a barrel, after rising more than 8 percent last week.

Source: [Reuters](#)

Iran eyes private oil exports to help beat U.S. sanctions

Iran will allow private companies to export crude oil, part of a strategy to counter U.S. sanctions, and is urging fellow OPEC members, including regional rival Saudi Arabia, not to break output agreements, state media and officials said on Sunday. Iran is looking at ways to keep exporting oil as well as other measures to counter sanctions after the United States told allies to cut all imports of Iranian oil from November. "Iranian crude oil will be offered on the bourse and the private sector can export it in a transparent way," First Vice President Eshaq Jahangiri told an economic event in Tehran broadcast live on state television.

Source: [Reuters](#)

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