

U Capital Morning Brief

4 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 | 870.8 | -7.91 | -0.90% | -10.62% | - | - | - |
| U Capital GCC 50 Index | 1,302.6 | -1.22 | -0.09% | 13.80% | - | - | - |
| U Capital MENA 200 Index | 1,062.7 | -2.18 | -0.20% | 6.79% | - | - | - |
| MSCI GCC Countries Index | 534.2 | -1.03 | -0.19% | 11.34% | 14.21 | 1.76 | 3.9% |
| Muscat Securities Market | 4,536.1 | -19.96 | -0.44% | -11.05% | 11.29 | 0.98 | 5.4% |
| Saudi Stock Exchange | 8,235.6 | -39.42 | -0.48% | 13.97% | 18.52 | 1.83 | 3.3% |
| Kuwait Stock Exchange | 4,963.4 | 59.17 | 1.21% | NA | 14.92 | 1.27 | 3.9% |
| Qatar Exchange | 9,188.2 | 45.88 | 0.50% | 7.80% | 13.68 | 1.41 | 4.8% |
| Bahrain Stock Exchange | 1,310.6 | 1.06 | 0.08% | -1.58% | 8.55 | 0.85 | 6.3% |
| Dubai Financial Market | 2,838.5 | 9.37 | 0.33% | -15.77% | 9.14 | 1.08 | 6.0% |
| Abu Dhabi Exchange | 4,569.9 | -7.19 | -0.16% | 3.90% | 12.24 | 1.38 | 5.3% |
| Beirut Stock Exchange | 1,038.9 | -13.39 | -1.27% | -9.55% | 5.61 | 0.63 | 9.5% |
| Palestine Stock Exchange | 545.4 | -1.67 | -0.31% | -5.07% | 13.16 | 1.20 | 5.0% |
| Tunis Se Index | 8,065.5 | -0.74 | -0.01% | 28.39% | 21.05 | 2.87 | 1.8% |
| EGX 30 Index | 16,421.3 | 58.73 | 0.36% | 9.34% | 16.34 | 2.63 | 2.7% |
| Amman General Index | 2,058.5 | -11.14 | -0.54% | -3.21% | 15.39 | 1.02 | 4.4% |

| World Markets | Country | Value | D/D | YTD |
|----------------------|-------------|----------|--------|--------|
| | | | % | % |
| Europe | | | | |
| FTSE 100 | UK | 7,593.3 | 0.60% | -1.2% |
| DAX | Germany | 12,349.1 | 0.91% | -4.4% |
| CAC 40 | France | 5,316.8 | 0.76% | 0.1% |
| United States | | | | |
| DJIA | USA | 24,174.8 | -0.54% | -2.2% |
| S&P 500 | USA | 2,713.2 | -0.49% | 1.5% |
| NASDAQ | USA | 7,502.7 | -0.86% | 8.7% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 21,714.6 | -0.33% | -4.6% |
| HANG SENG | Hongkong | 28,239.1 | -1.05% | -5.6% |
| KSE 100 Index | Pakistan | 41,277.9 | -0.70% | 2.0% |
| NSE Nifty 50 | India | 10,690.4 | -0.09% | 1.5% |
| SHANGHAI Composite | China | 2,767.9 | -0.68% | -16.3% |
| KOSPI Index | South Korea | 2,268.3 | -0.20% | -8.1% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.741 | 1.350 |
| British Pound (GBP) | 1.320 | 0.758 |
| Canadian Dollar (CAD) | 0.761 | 1.314 |
| Chinese Renminbi (CNH) | 0.151 | 6.638 |
| Egyptian Pound (EGP) | 0.056 | 17.892 |
| Euro (EUR) | 1.167 | 0.857 |
| Indian Rupee (INR) | 0.015 | 63.131 |
| Japanese Yen (JPY) | 0.009 | 110.460 |
| New Zealand Dollar (NZD) | 0.677 | 1.478 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.823 | 121.549 |
| Russian Ruble (RUB) | 0.016 | 68.519 |
| Singapore Dollar (SGD) | 0.734 | 1.363 |
| Turkish Lira (TRY) | 0.214 | 4.673 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|--------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 78.2 | 0.50% | 20.7% |
| WTI Crude (per bbl) | 74.6 | 0.65% | 23.5% |
| Oman Crude Oil (Last Closing) | 75.0 | 0.70% | 17.3% |
| OPEC (per bbl) | 75.3 | -0.54% | 16.8% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,257.2 | 0.37% | -3.5% |
| Silver (per oz) | 16.1 | 0.32% | -5.1% |
| Platinum (per oz) | 839.2 | -0.33% | -9.8% |
| Other Metals | | | |
| Copper, MT | 6,491 | -0.49% | -10.4% |
| Aluminium, MT | 2,080 | -0.86% | -8.3% |
| Lead, MT | 2,390 | 0.17% | -3.9% |
| Zinc, MT | 2,789 | -1.17% | -16.0% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|-------|
| UAE | 2.57 | 43.2% |
| Saudi Arabia | 2.61 | 37.4% |
| Kuwait | 2.00 | 6.7% |
| Oman | 2.44 | 27.6% |
| Qatar | 2.58 | -2.6% |
| 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 | 4.0 |
| Saudi Arabia | 3/4/2028 | 4.2 |
| Oman | 1/17/2028 | 6.4 |
| Bahrain | 10/12/2028 | 8.8 |

| Midswaps | Price | YTM % |
|----------|--------|-------|
| 3 year | 100.02 | 2.6 |
| 5 year | 99.55 | 2.7 |
| 10 year | 100.38 | 2.8 |
| 30 year | 103.28 | 3.0 |

| USD Libor | Rate (%) | YTD |
|-----------|----------|-------|
| 1m | 2.10 | 34.2% |
| 3m | 2.34 | 38.3% |
| 6m | 2.51 | 36.6% |
| 1 year | 2.77 | 31.5% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

OMR3.7bn sent home by expats from Oman last year

Experts are calling for remittances to be invested in Oman, after new figures from the country's leading financial authority revealed that OMR3.7 billion was sent home by expatriates in 2017. The Central Bank of Oman reported that in 2017, up to OMR3.7 billion was sent overseas by expatriates living in the country, a slight drop from the OMR3.95 billion the previous year. According to the CBO annual report, remittances made by expats to their families back home have soared from 2012 onwards, when the amount of money sent home by foreign workers in Oman hovered around OMR3.1 billion, and climbed steadily up to OMR3.5 billion in 2013, OMR3.96 billion in 2014, and peaked at OMR4.23 billion in 2015.

Source: [Times of Oman](#)

'21 new road projects being executed in Oman'

Oman currently has 21 road projects under development, according to a senior official at the Ministry of Transport and Communications. Speaking at a press conference on Monday, Salim bin Mohammed Al Naimi, Undersecretary of Roads at the Ministry of Transport and Communications, said, "There are currently 21 asphalt road projects in development throughout Oman, with a total length of 778 kilometres."

Source: [Times of Oman](#)

CBO issues treasury bills worth OMR45mn

Oman's central bank raised OMR45 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 91 days, from July 4 until October 3, 2018. The average accepted price reached 99.565 for every OMR100, and the minimum accepted price arrived at 99.420 per OMR100. Whereas the average discount rate and the average yield reached 1.74433 per cent and 1.75213 per cent, respectively.

Source: [Times of Oman](#)

Tender for RO 300m North-South Interconnect project likely before year-end

A tender for the execution of Phase 1 of the North-South Interconnect Project – an ambitious initiative to integrate the nation's two main power grids as well as incorporate Oman's new economic powerhouse in Duqm into a unified network – is expected to be floated before the end of this year, according to a key project official. Eng Ali bin Said al Haddabi, CEO of Oman Electricity Transmission Company (OETC), which is a key player in the strategically vital power infrastructure project, said the initiative – estimated to cost around RO 300 million – already has the backing of key stakeholders, including the Authority for Electricity Regulation Oman (AER), Petroleum Development Oman (PDO) and Nama Group, the holding company of state-owned power procurement, generation, transmission, distribution and supply entities.

Source: [Oman Observer](#)

MoCI to host new Investment Service Centre for strategic investors

Seeking to enhance Oman's appeal as an investment destination, the Ministry of Commerce and Industry (MoCI) plans to set up an Investment Service Centre which will exclusively focus on assisting "strategic investors" get their businesses up and running with minimum hassles and delays. The proposed facility will supplement the ministry's hugely successful 'Invest Easy' portal, which enables Omani entrepreneurs to access a wide array of government e-services, such as: starting a business, updating company info in the commercial register, finding information for licensing terms, submitting digital license applications, preparing financial reports, and so on.

Source: [Oman Observer](#)

Sultanate, Morocco Discuss Investment Opportunities in Tourism, Aviation Sectors

The Sultanate and the Kingdom of Morocco discussed in Casablanca the ways to enhance cooperation between the two countries and to benefit from the investment opportunities available in the tourism and aviation sectors. This came during the talks session held on the sidelines of inaugurating Oman Air's Muscat-Casablanca Route today. The Omani side was headed by Ahmed bin Nasser al-Mahrazi, Minister of Tourism, whilst the Moroccan side was headed by Mohammed Sajid, Moroccan Minister of Tourism, Air Transport, Crafts and Social Economy.

Source: [ONA](#)

DME Oman crude oil deliveries hit 2bn barrels

Dubai Mercantile Exchange (DME), the premier international energy futures and commodities exchange in the Middle East, announced on Tuesday the delivery of its second billionth barrel of Oman crude oil since inception in June 2007, following the expiry of its August delivery contract at the end of June 2018. Ali A. Al Riyami, Director General of Marketing, Ministry of Oil and Gas, Oman, said: "DME has proved to be a great success in enabling Oman, its equity partners and customers to transact Oman crude oil at a fair and transparent price. The 2 billion barrels of delivered Oman crude are a clear demonstration that transacting and pricing oil through a fully regulated exchange are very positive steps for buyers and sellers."

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Value of Riyadh's development projects hit SAR 343 bln at 2017-end

The developmental projects undertaken in Riyadh had reached 2946 projects at the end of 2017, with a total value of SAR 342.9 billion, including private and not-for-profit ventures, Arriyadh Development Authority revealed. The pipeline of projects across the capital city had increased slightly, compared to the first half of 2017, when total value stood at SAR 341.5 billion. Governmental projects grabbed a lion's share of total projects at 2,457 projects with a total value of SAR 240 billion.

Source: [Argaam](#)

Saudi private sector growth starting to rebound from slump: PMI

Growth in Saudi Arabia's non-oil private sector accelerated in June to its fastest rate this year as the economy showed signs of emerging from a severe slump triggered by government austerity policies, a survey of companies showed on Tuesday. The seasonally adjusted Emirates NBD Saudi Arabia Purchasing Managers' Index rose to 55.00 last month from 53.2 in May. A level above 50 indicates expansion. In April, the PMI dropped to its lowest level since the survey was launched in 2009 as private businesses were hit by the introduction of 5 percent value-added tax and domestic fuel price hikes at the start of this year.

Source: [Reuters](#)

Air Arabia receives two new Airbus A320s

Air Arabia, the Sharjah-based low-cost carrier (LCC), has taken delivery of two new Airbus A320 aircraft, bringing its total operating fleet to 53 aircraft, it said on Tuesday. The latest Airbus A320 arrived on schedule from the Airbus facility in Toulouse, France, marking the completion of all deliveries this year. In a statement, Adel Al Ali, group CEO of Air Arabia, said: "The delivery of our last two aircraft for 2018 marks a significant step in the development of our fleet expansion strategy, especially as we added 12 new routes this year.

Source: [Gulf News](#)

Ruler of Ajman issues Amiri decree to reduce tourism fee to 7%

HH Sheikh Humaid bin Rashid Al Nuaimi, Member of the Supreme Council and Ruler of Ajman, issued Amiri Decree No. 8 of 2018 which reduces the tourism fee to be collected at hotel facilities and tourist establishments in the Emirate of Ajman from 10 percent to seven percent, effective 1 July through 31 December 2018. The decree aims to accelerate the Vision of Ajman 2021 plan, which seeks to attract investments to the emirate's tourism and hotel sectors.

Source: [Zawya](#)

Billions worth of cheques bounced in 5 months in UAE

Nearly 4.3 per cent of cheques issued by the UAE residents and entities bounced during the first half of 2018 with a total value of Dh26.2 billion, revealed Central Bank's data. In total, over 12 million cheques worth Dh592 billion were passed through the UAE cheque clearing system, according to statistics published today by the Central Bank of the UAE. The value of the cheques that were circulated from January to the end of May, represented around 39.3 per cent of the total value of the cheques circulated in 2017, which reached Dh1.5 trillion.

Source: [Zawya](#)

Sultan Center to consider KWD 25m capital hike late July

Sultan Center Food on Tuesday announced that the extraordinary general meeting (EGM) has been rescheduled to Wednesday, 18 July, due to lack of quorum during a meeting held the previous day. The shareholders will discuss increasing the authorised capital by KWD 25 million to KWD 82.88 million from KWD 57.88 million, according to a bourse filing. Upon this capital rise, the number of shares will increase to 828.8 from 578.8 million at a par value of 100 fils per share.

Source: [Mubasher](#)

International Financial Advisor - Disclosure

IFA Company signed a settlement agreement with a foreign bank to settle a portion of the loan in the amount of KD 12,708,684 in kind. As a result of this settlement, goodwill impairment losses of KW 3.1mn will appear in the third quarter of 2018

Source: [DFM](#)

Foreign, GCC traders invest KWD 50m in Boursa Kuwait

The transactions of Boursa Kuwait during the first six months of 2018 showed that foreign and Gulf investors have executed purchasing deals valued at KWD 50 million (\$165.4 million). Foreign and GCC traders, including individuals, institutions and companies, funds, and clients' portfolios, have executed purchasing transactions worth KWD 305.94 million in H1-18 compared to KWD 255.95 million representing sales. About 20.8% of the total purchasing transactions in H1-18 was executed by foreign and Gulf investors, while the selling deals formed 17.4% of the total KWD 1.47 billion in the first six months.

Source: [Mubasher](#)

Deep-rooted Kuwaiti-Chinese ties raise trade exchange to \$12 billion

Kuwait and China are witnessing deep-rooted and developed relations in all fields, mainly the economic sector, supported by the strategic visions of the two countries' leaders that pushed ties to new levels. Exchange trading volumes between the two countries rose from USD 9.5 billion in 2016 to USD 12.04 billion in 2017, thanks to the political will of the two leaders.

Source: [Arab Times](#)

New York's Iconic Plaza Hotel Sold to Qatar Fund for \$600 Million

A fund controlled by the Gulf state of Qatar has emerged as a surprise buyer of New York's famed Plaza Hotel, according to people familiar with the matter. Katara Hospitality, which buys and manages hotels around the world for the Qatar government, has acquired full ownership of the 1907 property for about \$600 million, these people said.

Source: [WSJ](#)

Uber Is in Talks with Careem to Merge in Middle East

Uber Technologies Inc. and Careem Networks FZ are in preliminary talks to combine their Middle Eastern ride-hailing services, hoping to resolve a costly rivalry as Uber prepares for a public offering next year, according to three people familiar with the matter. The companies have discussed a number of potential deal structures, but they haven't come to an agreement on the contours, according to the people, who asked not to be identified because the talks are private. Uber has sold operations in Southeast Asia, Russia and China, and insisted that it was done selling off its global business piecemeal.

Source: [Bloomberg](#)

Egypt's economy grew 5.4% in 12 months to June 30: PM

Egypt's gross domestic product grew by 5.4 percent in the 2017-2018 fiscal year that ended on June 30, new Prime Minister Mostafa Madbouly said on Tuesday, the fastest growth rate of growth in a decade. In a televised address to parliament to present his administration's four-year program, Madbouly also vowed that his government would push ahead with a campaign against Islamist militants.

Source: [Zawya](#)

15 Egyptian firms deny ties with Abraaj Group

Fifteen companies listed on the Egyptian Exchange (EGX) have denied their ties with the ailing private equity firm Abraaj Group. Orascom Development Egypt, Egyptian Resorts, North Africa For Real Estate Investment, Paints & Chemical Industries Co (Pachin), and Canal Shipping Agencies have denied their connection with the Dubai-based group, the companies stated in filings to the EGX on Thursday.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Global trade disputes value at \$31bn

Sheikh Dr. Thani bin Ali Al Thani, member of the International Court of Arbitration of the International Chamber of Commerce (ICC), said yesterday that the value of trade disputes submitted to the court reached \$31bn last year, according to statistics released by the ICC Court. He pointed out that cases filed in 2017 involved 2,300 parties from a record 142 countries, noting that the number of arbitration requests reached 810 disputes. Sheikh Dr. Thani noted that arbitration requests included cases of extraction of primary materials and natural resources, power generation, heavy industries, construction, food industries, pharmaceuticals and insurance.

Source: [TPQ](#)

China presses Europe for anti-U.S. alliance on trade

China is putting pressure on the European Union to issue a strong joint statement against President Donald Trump's trade policies at a summit later this month but is facing resistance, European officials said. In meetings in Brussels, Berlin and Beijing, senior Chinese officials, including Vice Premier Liu He and the Chinese government's top diplomat, State Councillor Wang Yi, have proposed an alliance between the two economic powers and offered to open more of the Chinese market in a gesture of goodwill.

Source: [Reuters](#)

Over 40 countries object at WTO to U.S. car tariff plan

Major U.S. trading partners including the European Union, China and Japan voiced deep concern at the World Trade Organization (WTO) on Tuesday about possible U.S. measures imposing additional duties on imported autos and parts. Japan, which along with Russia had initiated the discussion at the WTO Council on Trade in Goods, warned that such measures could trigger a spiral of counter-measures and result in the collapse of the rules-based multilateral trading system, an official who attended the meeting said.

Source: [Reuters](#)

India's massive state banks are in trouble. That's great news for some

India's banking sector crisis has left most state lenders hamstrung with mounting levels of bad loans, investigations into fraud and restricted growth opportunities. Amid that storm, private banks are set to emerge as winners. India's public-sector financial institutions control about 70 percent of all banking assets in the country, but they have the highest exposure to soured loans amounting to as much as \$150 billion. In fact, the 21 state-owned banks had stressed loans of about 8.26 trillion rupees (\$120 billion) as of Dec. 31, Reuters reported. Private sector lenders, meanwhile, reportedly had a bad loan pile of just about 1.1 trillion rupees.

Source: [CNBC](#)

Asian shares slip on trade war anxiety, yuan steadies

Asian stocks slipped on Wednesday on the specter of a Sino-U.S. trade war ahead of an end-of-week deadline for U.S. tariffs on \$34 billion worth of Chinese imports while the yuan stabilized after China's central bank moved to calm nervous investors. MSCI's broadest index of Asia-Pacific shares outside Japan edged down 0.2 percent, a day after it hit a nine-month low. Japan's Nikkei lost 0.7 percent.

Source: [Reuters](#)

SocGen to buy Commerzbank's equity markets and commodities arm

Societe Generale has agreed to buy Commerzbank's equity markets and commodities business (EMC), strengthening its presence in areas such as derivatives while Commerzbank itself looks to sell off non-core assets. The two banks did not disclose a price for the transaction, although Commerzbank said on Tuesday that its EMC division had 2017 gross revenues of 381 million euros (\$443.18 million).

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices edge up as U.S. supply tightens, Iran sanctions loom

Oil prices edged up on Wednesday following a report of tightening U.S. fuel inventories amid an outage at Syncrude Canada oil sands facility in Alberta, which usually supplies the United States. Prices were also pushed up by looming U.S. sanctions against Iran, which threaten to cut supplies to an already tight market despite pledges by producer cartel OPEC to raise output to make up for the disruptions.

Source: [Reuters](#)

Iran hints at threat to neighbors' exports if oil sales halted

President Hassan Rouhani appeared on Tuesday to threaten to disrupt oil shipments from neighboring countries if Washington presses ahead with its goal of forcing all countries to stop buying Iranian oil. The comments, published on Iran's presidential website on Tuesday and partially repeated at a later news conference in Switzerland, could be open to interpretation. However, when asked whether he intended to make a threat, Rouhani declined to provide a clarification.

Source: [Reuters](#)