

# U Capital Morning Brief

5 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	536.8	2.60	0.49%	11.88%	14.28	1.76	3.9%
Muscat Securities Market	4,522.9	-13.18	-0.29%	-11.30%	11.26	0.98	5.4%
Saudi Stock Exchange	8,247.4	11.83	0.14%	14.13%	18.62	1.83	3.3%
Kuwait Stock Exchange	5,053.6	90.20	1.82%	NA	15.19	1.30	3.8%
Qatar Exchange	9,230.6	42.44	0.46%	8.30%	13.75	1.42	4.8%
Bahrain Stock Exchange	1,322.4	11.83	0.90%	-0.70%	8.63	0.86	6.2%
Dubai Financial Market	2,861.2	22.63	0.80%	-15.10%	9.21	1.09	5.9%
Abu Dhabi Exchange	4,593.9	24.05	0.53%	4.44%	12.30	1.39	5.2%
Beirut Stock Exchange	1,041.0	2.19	0.21%	-9.36%	5.62	0.63	9.5%
Palestine Stock Exchange	545.8	0.39	0.07%	-5.00%	13.17	1.21	4.5%
Tunis Se Index	8,072.2	6.77	0.08%	28.50%	21.06	2.87	1.8%
EGX 30 Index	16,309.7	-111.67	-0.68%	8.59%	16.22	2.61	2.1%
Amman General Index	2,057.3	-1.23	-0.06%	-3.27%	15.38	1.02	4.4%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					<b>Currency</b>		
FTSE 100	UK	7,573.1	-0.27%	-1.5%	Australian Dollar (AUD)	0.737	1.358
DAX	Germany	12,317.6	-0.26%	-4.6%	British Pound (GBP)	1.323	0.756
CAC 40	France	5,320.5	0.07%	0.1%	Canadian Dollar (CAD)	0.760	1.315
<b>United States</b>					Chinese Renminbi (CNH)	0.150	6.657
DJIA	USA	24,174.8	-0.54%	-2.2%	Egyptian Pound (EGP)	0.056	17.889
S&P 500	USA	2,713.2	-0.49%	1.5%	Euro (EUR)	1.167	0.857
NASDAQ	USA	7,502.7	-0.86%	8.7%	Indian Rupee (INR)	0.015	63.227
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	110.470
NIKKEI 225	Japan	21,515.6	-0.94%	-5.5%	New Zealand Dollar (NZD)	0.676	1.478
HANG SENG	Hongkong	27,954.2	-1.03%	-6.6%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	40,584.2	0.59%	0.3%	Pakistani Rupee (PKR)	0.822	121.450
NSE Nifty 50	India	10,754.2	-0.15%	2.1%	Russian Ruble (RUB)	0.016	68.771
SHANGHAI Composite	China	2,742.1	-0.62%	-17.1%	Singapore Dollar (SGD)	0.732	1.367
KOSPI Index	South Korea	2,246.3	-0.85%	-9.0%	Turkish Lira (TRY)	0.214	4.676

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	77.7	-0.68%	20.0%	UAE	2.67	48.8%
WTI Crude (per bbl)	73.8	-0.49%	22.1%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	75.1	0.11%	17.4%	Kuwait	2.00	6.7%
OPEC (per bbl)	74.6	-0.88%	15.7%	Oman	2.44	27.6%
<b>Precious Metals</b>						
Gold100 OZ (per oz)	1,254.2	-0.03%	-3.8%	Qatar	2.63	-0.6%
Silver (per oz)	16.0	-0.34%	-5.4%	Bahrain	3.50	28.4%
Platinum (per oz)	840.1	-0.37%	-9.7%	<b>GCC Latest 10-Yr Government Bond Yields</b>		
<b>Other Metals</b>						
Copper, MT	6,386	-1.62%	-11.9%		<b>Maturity date</b>	<b>YTM, %</b>
Aluminium, MT	2,089	0.43%	-7.9%	Kuwait	3/20/2027	3.8
Lead, MT	2,322	-2.85%	-6.7%	Abu Dhabi	10/11/2027	3.9
Zinc, MT	2,700	-3.19%	-18.7%	Qatar	6/2/2026	4.1
				Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.4
				Bahrain	10/12/2028	8.9

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.98	2.6	1m	2.09	33.3%
5 year	99.49	2.7	3m	2.34	37.9%
10 year	100.28	2.8	6m	2.51	36.5%
30 year	103.14	3.0	1 year	2.77	31.6%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **Oman Oil Co subsidiaries' privatization under study**

Oman Oil Company (OOC), the Omani government's energy investment arm, has confirmed that it is looking to divest part of its stake in Block 61, which hosts the prolific Khazzan and Ghazeer gas developments in the oilfield heartland of the Sultanate. OOC Chief Executive Officer Eng Isam Saud al Zadjali (pictured) said the Block 61 divestment plan is part of a slew of initiatives for the privatization of some of the Group's diverse subsidiaries.

Source: [Oman Observer](#)

### **Full steam ahead for economy — thanks to Oman's ports**

Oman's three major port projects could power the economy for decades to come, a number of senior economists in the country have said. As the Sultanate begins to diversify its economy under the Tanfeeth plans for economic expansion, the government is actively committing resources to its logistics sector, as a result of which the ports of Sohar, Salalah, and Duqm and their surrounding free zones have seen major investments in the last few years.

Source: [Times of Oman](#)

### **Economic Development Law amendment move gathers steam in Oman**

The State Council on Wednesday took another step towards amending the Economic Development Law. The Council discussed the issue at its 14th session of the third annual sitting for the sixth term under the chair of HE Dr. Yahya bin Mahfoudh Al Mantheri, Chairman of State Council. The proposal to amend the Economic Development Law issued by Royal Decree No. 9/75, was submitted by the Economic Committee of the Council.

Source: [Times of Oman](#)

### **Big projects booming in Duqm: Sezad**

The Special Economic Zone Authority at Duqm (Sezad) recently revealed that it is attracting an increasing number of foreign and local investments. Sezad said big projects such as the Duqm Refinery, Little India, the Karwa bus assembly unit, and the Chinese industrial city have been booming and coming along well. Sezad officials cited the ground-breaking ceremony for the Duqm Refinery, which was held on April 26, and the expansive Little India project, which would include real estate projects, five star hotels, restaurants, a commercial complex, theatres, luxury villas, and apartment units.

Source: [Times of Oman](#)

### **OMAN AND EMIRATES INV. HOLDING - Refund of 50% capital by ISKAN OMAN INVESTMENT CO SAOC and Distribution of Cash Dividends at 20%**

Iskan Oman Investment Co SAOC (ISKAN), in which Oman & Emirates Investment Holding Co SAOG (OEIHC) has an equity stake of 10%, as a Founder member from 2006, has decided to return 50% of the Capital of the Company and also approved payment of Cash Dividend at 20% for the year 2018. This was decided by ISKAN upon the sale of its equity stake in one of its subsidiary companies, which is in education sector. By this OEIHC shall receive RO 1,250,000 towards return of the Capital and RO 500,000 by way of Cash Dividend.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **Saudi Arabia plans first change in Asia crude oil price formula in decades, to use DME Oman**

Saudi Aramco plans to change the formula used to price its long-term crude oil sales to Asia starting from October, marking the first change in benchmarks for its official selling prices (OSP) since the mid-1980s, multiple trade sources said on Wednesday. The new formula will be based on the average monthly prices of Oman crude futures traded on the Dubai Mercantile Exchange (DME) and the average cash price for Dubai assessed by pricing agency S&P Global Platts, instead of the average of Oman and Dubai prices assessed by Platts, the sources said.

Source: [Gulf News](#)

### **Saudi Arabia's PIF takes 15.2 percent direct stake in ACWA Power**

Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), has taken a 15.2 percent direct stake in Riyadh-based ACWA Power, a developer and operator of power and water plants, the two announced in a joint statement on Wednesday. The PIF already owns a 9.8 percent stake in ACWA through a subsidiary, Sanabil Direct Investments Company, bringing its total shareholding in the company to 25 percent, the statement said. The investment will be in the form of a capital increase and proceeds will be used to "support ACWA's growth strategy and investment plan," it said.

Source: [Arab News](#)

### **Saudi hospital operator seeks banks for stake sale —sources**

Saudi Arabia's Sulaiman Al-Habib Medical Group (HMG), one of the largest private providers of healthcare in the Gulf Arab region, has invited banks to pitch for advisory work on a planned minority stake sale, three banking sources told Reuters. HMG sent a request for proposals to banks during the Muslim fasting month of Ramadan to pitch for the mandate, the sources said, declining to be named because of the commercial sensitivity of the matter.

Source: [Reuters](#)

### **Kingdom Holding renames Alwaleed bin Talal as chairman**

Kingdom Holding Co.'s board of directors has reappointed Prince Alwaleed bin Talal Al Saud as board chairman, the company said in a bourse statement on Wednesday. The board has also renamed Abdullah Al Suhem as deputy chairman and elected members of the investment, audit and nominations & remunerations committees. The decisions are pending approvals by the company's general assembly, the statement added.

Source: [Argaam](#)

### **Dubai regulator probes Abraaj over alleged mismanagement – sources**

Dubai's financial regulator is investigating allegations of mismanagement at private equity firm Abraaj, which is on the verge of financial collapse after a scandal over its use of investor money, two sources familiar with the matter said. The Dubai Financial Services Authority (DFSA) has interviewed the firm's founder, Arif Naqvi, and other senior executives in the past few months as part of the probe, the sources said. The DFSA declined to comment. Abraaj said in a statement discussion between it and the regulator were "ongoing."

Source: [Reuters](#)

### **Dubai court upholds GFH claim against 'fraudster' David Haigh**

A Dubai court ordered a former deputy chief executive of GFH Capital, the investment banking arm of Bahrain's GFH Financial Group, to pay out \$6 million in damages and other costs to GFH Financial on Wednesday, after he was convicted of fraud and embezzlement in 2015. DIFC Courts Judge Sir Jeremy Cooke referred to the defendant David Haigh as a "fraudster" in his judgment issued on Wednesday afternoon, seen by The National. He granted GFH Capital's claim in full, plus legal costs and exchange rate fees as the monies to be paid are in different currencies.

Source: [The National UAE](#)

### **UAE cenbank withdraws \$1.9bln of surplus liquidity from market in May –WAM**

The central bank of the United Arab Emirates withdrew 7 billion dirhams (\$1.9 bln) of surplus liquidity from the market during May, according to a statement carried by state news agency WAM on Wednesday. The move comes after the central bank injected 16.1 billion dirhams into the money supply in April, the statement said.

Source: [Zawya](#)

### **Tax in UAE: New designated zones provide more relief from VAT**

The UAE's Federal Tax Authority (FTA) has added three new free zones to the list of designated zones that will be out of the five per cent VAT scope imposed earlier this year. The new addition sees the total designated zones increasing to 23 across the UAE. Federal Decree Law No. (8) of 2017 on VAT specifies that any area meeting certain conditions and mentioned in the Cabinet decision is termed as designated zone for VAT purposes and should be treated as being outside the state for VAT purposes.

Source: [Zawya](#)

### **KIA to adopt new strategy in 'management' of fund**

Kuwait Investment Authority (KIA) will follow a new strategy in the management of cash of the State's Public Reserve Fund through its focus during the coming period on short-term investment of assets and investments to facilitate withdrawals from this reserve, reports Al-Jaridah daily quoting informed sources. The sources explained that the usual strategy of the KIA in the management of the general reserve is still ongoing, but preferred to make adjustments to its cash management, through the short term investment of assets instead of longterm so as to be able to exit from the short-term easily, unlike long-term that is difficult to exit when needed to provide liquidity to meet government withdrawals from the general reserve.

Source: [Arab Times](#)

### **Yields drop as Qatar c.bank sells \$220mln of T-bills**

Qatar's central bank sold 800 million riyals (\$220 million) of Treasury bills in its monthly auction, with yields dropping from the previous sale, the bank said on Wednesday. It sold 400 million riyals of three-month bills at 2.26 percent, 200 million riyals of six-month at 2.56 percent and 200 million riyals of nine-month at 2.79 percent. In early June, it had sold 700 million riyals of three-month bills at 2.38 percent, 300 million riyals of six-month at 2.63 percent and 200 million riyals of nine-month at 2.83 percent.

Source: [Zawya](#)

### **LEGAL CASE AGAINST INVESTMENT HOLDING GROUP AND FOUR OTHER DEFENDANTS**

Investment Holding Group has announced that, Ahli Bank Qatar has filed a legal case amount of 178,529,133.61 QAR against Investment Holding Group Q.P.S.C and a group of defendants, all being guarantors of bank facilities for Doha Convention Center project, executed by the Joint Venture of Debbas Contracting Qatar w.l.l and ETA Star Engineering and Contracting w.l.l, being the "Sub-Contractor"; where Investment Holding Group Q.P.S.C share is 25.5 %. The case was registered by number 2926 / 2018, and the next session was adjourned to 23/10/2018 for re-notifying the Parties. knowing that this case is related to another case previously filed by the Sub-Contractor against the Main Contractor for due payments of 222,573,596 + 353,288,061 + 50,000,000, and the next session was adjourned to 17/10/2018, knowing that the Independent Engineer Expert appointed by the Sub-Contractor confirmed dues for Sub-Contractor that exceed the amount of claim.

Source: [Qatar Exchange](#)

### **Qatari Venture Wins Estate Approval for Almost 1,000 London Homes**

A Qatari Diar Real Estate Investment Co. venture won approval to build almost 1,000 homes in the U.K. capital's Elephant and Castle district. Southwark Council approved the revised plans to replace a shopping mall with apartment towers, a new college campus and stores late on Tuesday. Investor Delancey, Dutch pension fund APG Asset Management NV and the Qatari sovereign-wealth fund's property development unit will develop the project using their firm Get Living.

Source: [Bloomberg](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **As deadline looms on \$71bn Fox deal, several outcomes on horizon**

In meetings with investors in recent weeks, Comcast's chief executive officer has made it clear he wants 21st Century Fox's entertainment assets and will spare nothing to beat Walt Disney's \$71.3 billion offer. With Fox shareholders scheduled to vote July 27 on Disney's bid, a deadline looms. Comcast, the largest US cable provider, has been mulling next steps, including a possible partnership with private-equity firms, to compete with Disney. The company needs to sweeten its \$65bn all-cash offer enough to win over Rupert Murdoch and his family, the largest shareholders of New York-based Fox. While the popular view is that Mr Roberts is competing for all of the Fox businesses for sale, at least one person familiar with his thinking says he could be open to splitting the assets. Comcast declined to comment.

Source: [The National UAE](#)

### **Jaguar Land Rover warns of £80 billion 'Bad Brexit' toll**

Jaguar Land Rover, Britain's biggest carmaker, warned prime minister Theresa May's government that a "bad Brexit" deal without "frictionless" access to the European Union would jeopardise as much as £80 billion (\$106 billion) in investments over the next five years. Extra costs and delays in parts deliveries coming from outside the UK would cut profit by £1.2 billion a year, Ralf Speth, chief executive officer of the manufacturer owned by Tata Motors, said late Wednesday in an emailed statement.

Source: [The National UAE](#)

### **Drugmaker Sanovel Hires Barclays for Sale After Abraaj Deal Collapsed**

The owners of Turkish drugmaker Sanovel Ilac Sanayi ve Ticaret AS hired Barclays Plc to look into selling the company after a deal with Dubai's embattled Abraaj Group Ltd. collapsed, three people with knowledge of the matter said. Turkish businessmen Ahmet and Zafer Toksoz are considering divesting all or part of the Istanbul-based firm after failing to reach a deal with Abraaj, the buyout firm that's being restructured, the people said, asking not to be identified because the matter is private. Sanovel, Barclays and Abraaj declined to comment.

Source: [Bloomberg](#)

### **South Korea May Force Sale of \$13 Billion in Samsung Shares**

About 15 trillion won (\$13 billion) worth of shares in Samsung Electronics Co. are poised to flood South Korea's stock market, as lawmakers and regulators seek to restrict the control that chaebol families exert over their business empires. Samsung Life Insurance Co. is facing pressure to sell its stock in the electronics maker, as President Moon Jae-in's party prepares to push a bill through parliament that bans insurance firms from having a stake in an affiliate of more than 3 percent of its assets. The measure would change accounting rules so that such holdings would be valued at their current price instead of their acquisition cost, putting the stake over the regulatory threshold.

Source: [Bloomberg](#)

## **COMMODITIES NEWS**

### **Oil falls as Trump urges OPEC to cut prices; potential China duty on U.S. crude looms**

Oil prices fell on Thursday after U.S. President Donald Trump sent a strident tweet demanding that OPEC cut prices for crude. The escalating trade row between Washington and Beijing also cast a shadow over markets, with China warning it could introduce duties on U.S. crude imports at an as yet unspecified date. Brent crude futures LCOc1 were at \$77.68 per barrel at 0405 GMT, down 56 cents, or 0.7 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were down 29 cents, or 0.4 percent, at \$73.85 per barrel.

Source: [Reuters](#)

### **Asian energy giants hedge U.S. LNG buying spree with European deals**

Asian utilities are increasingly striking up European partnerships and hunting for acquisitions to hedge their large multi-billion-dollar purchases of U.S. liquefied natural gas (LNG) supplies. In the latest example, Japan's JERA, the world's largest buyer of liquefied gas, will absorb the LNG trading desk of France's EDF Trading (EDFT) (EDF.PA) to gain wholesale access to European gas markets and sharpen its trading edge.

Source: [Reuters](#)

