

U Capital Morning Brief

8 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	870.2	-0.65	-0.07%	-10.69%	-	-	-
U Capital GCC 50 Index	1,305.0	2.38	0.18%	14.00%	-	-	-
U Capital MENA 200 Index	1,065.3	2.66	0.25%	7.06%	-	-	-
MSCI GCC Countries Index	534.8	0.04	0.01%	11.46%	14.17	1.75	4.0%
Muscat Securities Market	4,523.8	0.91	0.02%	-11.29%	11.26	0.98	5.4%
Saudi Stock Exchange	8,177.6	-69.78	-0.85%	13.16%	18.46	1.82	3.3%
Kuwait Stock Exchange	5,087.6	34.03	0.67%	NA	15.29	1.31	3.8%
Qatar Exchange	9,260.0	29.35	0.32%	8.64%	13.79	1.42	4.7%
Bahrain Stock Exchange	1,330.8	8.38	0.63%	-0.07%	8.68	0.86	6.2%
Dubai Financial Market	2,880.4	19.26	0.67%	-14.53%	9.28	1.09	5.9%
Abu Dhabi Exchange	4,603.2	9.30	0.20%	4.66%	12.33	1.39	5.2%
Beirut Stock Exchange	1,043.3	0.47	0.05%	-9.17%	5.63	0.63	9.3%
Palestine Stock Exchange	546.2	0.35	0.06%	-4.94%	13.18	1.21	4.4%
Tunis Se Index	8,098.4	5.24	0.06%	28.92%	21.14	2.88	1.6%
EGX 30 Index	16,125.3	-184.31	-1.13%	7.37%	16.04	2.58	2.1%
Amman General Index	2,057.3	0.00	0.00%	-3.27%	15.38	1.02	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,617.7	0.19%	-0.9%
DAX	Germany	12,496.2	0.26%	-3.3%
CAC 40	France	5,375.8	0.18%	1.2%
United States				
DJIA	USA	24,456.5	0.41%	-1.1%
S&P 500	USA	2,759.8	0.85%	3.2%
NASDAQ	USA	7,688.4	1.34%	11.4%
Asia Pacific				
NIKKEI 225	Japan	21,788.1	1.12%	-4.3%
HANG SENG	Hongkong	28,315.6	0.47%	-5.4%
KSE 100 Index	Pakistan	40,284.1	0.11%	-0.5%
NSE Nifty 50	India	10,772.7	0.21%	2.3%
SHANGHAI Composite	China	2,747.2	0.49%	-16.9%
KOSPI Index	South Korea	2,272.9	0.68%	-7.9%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.743	1.346
British Pound (GBP)	1.328	0.753
Canadian Dollar (CAD)	0.764	1.308
Chinese Renminbi (CNH)	0.150	6.664
Egyptian Pound (EGP)	0.056	17.909
Euro (EUR)	1.175	0.852
Indian Rupee (INR)	0.015	62.966
Japanese Yen (JPY)	0.009	110.470
New Zealand Dollar (NZD)	0.683	1.463
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.822	121.552
Russian Ruble (RUB)	0.016	68.879
Singapore Dollar (SGD)	0.737	1.358
Turkish Lira (TRY)	0.219	4.574

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	77.1	-0.36%	19.1%
WTI Crude (per bbl)	73.8	1.18%	22.1%
Oman Crude Oil (Last Closing)	74.2	-0.31%	16.0%
OPEC (per bbl)	75.2	-0.23%	16.7%
Precious Metals			
Gold100 OZ (per oz)	1,255.2	-0.21%	-3.7%
Silver (per oz)	16.0	-0.08%	-5.3%
Platinum (per oz)	844.5	0.28%	-9.2%
Other Metals			
Copper, MT	6,282	-0.99%	-13.3%
Aluminium, MT	2,080	0.00%	-8.3%
Lead, MT	2,332	-0.98%	-6.3%
Zinc, MT	2,735	1.30%	-17.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.57	43.2%
Saudi Arabia	2.61	37.6%
Kuwait	2.00	6.7%
Oman	2.44	27.6%
Qatar	2.64	-0.2%
Bahrain	3.50	28.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.1
Oman	1/17/2028	6.1
Bahrain	10/12/2028	8.6

Midswaps	Price	YTM %
3 year	99.98	2.6
5 year	99.57	2.7
10 year	100.45	2.8
30 year	103.88	2.9

USD Libor	Rate (%)	YTD
1m	2.09	33.4%
3m	2.33	37.6%
6m	2.51	36.5%
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

U Capital - Calm MSM trading ahead of results season

The last week saw sluggish trading (excluding the special deal on Dhofar Tourism). The investment activities were calm ahead of initial 1H 2018 results, which reflect investor caution. There was also selling pressure on a number of leading stocks. The MSM30 closed the week down by 1.05 per cent at 4,523.79. All sub-indices went down led by the Services Index (-1.65 per cent), then the Industrial Index (-1.24 per cent) and finally the Financial Index (-0.9 per cent). The MSM Shariah Index closed down by 2.21 per cent.

Source: [Oman Observer](#)

Power losses reduction saves millions of riyals for sector

The Sultanate's distribution and supply companies have notched up further gains in reducing the amount of electricity lost due to various technical and non-technical factors — improvements that translate into millions of Omani riyals in savings to the sector, as well as the economy. Electricity losses in the nation's two main grids — the Main Interconnected System (MIS) covering the northern half of the Sultanate, and Dhofar Power System (DPS) serving much of Dhofar Governorate — fell to 8.4 per cent in 2017, down from 8.8 per cent a year earlier.

Source: [Oman Observer](#)

IMF applauds Oman over move away from oil

International Monetary Fund (IMF) lauded the Oman government for its reforms and move towards private sector-led growth and economic diversification. IMF's executive made the observations in its report based on the consultations it held with Oman under article IV of its agreement with the Sultanate. The board had spoken with Oman's authorities on June 20. "Directors welcomed the authorities' efforts to bolster the fiscal position and encouraged implementation of structural reforms to boost private sector led growth, increase economic diversification, create jobs and foster inclusive growth.

Source: [Times of Oman](#)

Omantel, Equinix to open data centre in Oman

Oman Telecommunications Company (Omantel) and Equinix, the global interconnection and data centre company, announced that the companies have entered into a joint venture to deliver data centre and interconnection services to customers in the Middle East through the development of a new network-dense data centre that will be located in Barka. This joint venture will establish the first world-class, carrier-neutral hub in Oman where carriers, content providers and cloud providers co-locate critical IT infrastructure.

Source: [Times of Oman](#)

Credit Oman Promotes Omani Industries

"Since its establishment in 1991 to limit the business and non-business (political risks), the Export Credit Guarantee Agency S.A.O.C. (Credit Oman) has played an important role in serving Omani exports," said Emad bin Saud al-Harthy, Acting CEO of Credit Oman. "It also provided a number of compensations for its customers and provided the Omani exports with access to the promising markets without any worries regarding the buyer's failure to make payment. It also opened channels for dealing with new buyers and carry out the commercial and non-commercial risks related to the buyer's bankruptcy or failure to pay," he explained in a statement to Oman News Agency (ONA).

Source: [ONA](#)

Passengers at Muscat Intl Airport up by 12 pc

The total number of passengers at the Muscat International Airport grew by 11.6 per cent to 6.1 million in the first five months of 2018, over the same period last year. In addition, the total number of flights at the Muscat International Airport rose by 3.9 per cent to 47,506 flights during January-May period of 2018, from 45,715 flights for the same period of last year, according to the latest monthly statistics released by the National Centre for Statistics and Information (NCSI).

Source: [Oman Observer](#)

SV Pittie breaks ground on \$300m Oman training centre

Oman-based SV Pittie Sohar Textiles said it has broken ground on its new training centre for cotton-yarn manufacturing skills development at Sohar Free Zone. The manufacturing facility, which has already started its construction activity, will be operational in March next year. Being built with an investment of \$300 million, on a 27-hectare area, SV Pittie's plant will be equipped with 150,000 spindles and 2,400 rotors, and will provide nearly 1,500 job opportunities, said the statement from the company.

Source: [Trade Arabia](#)

DHOFAR INSURANCE - Record Date for The Second Capital Reduction

The Company would like to inform its shareholders that the record date for the second capital reduction from RO 12 million to RO 10 million will be Thursday, 12th July 2018.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

234,000 expats in Saudi Arabia lose jobs in Q1

Official data released at the weekend showed that 234,000 foreigners lost their jobs in the private and public sectors during the first quarter of 2018. The facts were reported by a survey based on the data of the General Authority of Statistics (GaStat). The number of non-Saudi employees fell from 10.42 million at the end of the fourth quarter of 2017 to 10.18 million at the end of the first quarter of 2018. Similarly, the rates of Saudi employees decreased to 3.15 million by the end of the first quarter of this year, compared to 3.16 million in the fourth quarter of last year.

Source: [Zawya](#)

Saudi housing approves subsidized loans for market's ready-made units

Saudi Arabia's housing ministry has allowed beneficiaries to get subsidized mortgage loans on ready-made residential units directly from the market not just from ministry projects. The step aims to give citizens more housing options to choose from. The ready-made units have to meet the regulations of subsidized housing and have to be approved by lenders, whether banks or real estate finance firms, the ministry said.

Source: [Argaam](#)

Preparations for listing Aramco stalled: WSJ

Public listing preparations of state-run Saudi Aramco have stalled, the Wall Street Journal reported on Thursday. Aramco, the world's biggest oil producer, has been expanding its global footprint by signing downstream deals and boosting the capacity of its plants ahead of the eagerly awaited initial public offering. The company's public listing is a part of Saudi Arabia's plan to open its economy but a senior Aramco executive told here the WSJ that "everyone is almost certain it (IPO) is not going to happen".

Source: [Reuters](#)

Saudi PIF said to double stake in ArcelorMittal Tubular Products

Saudi Arabia's Public Investment Fund (PIF) is planning to inject up to \$300 million into ArcelorMittal Tubular Products Jubail (AMTPJ), Bloomberg reported on Wednesday, citing unnamed sources familiar with the matter. The sovereign wealth fund aims to double its stake in the troubled steel pipe plant, co-owned by ArcelorMittal, to 40 percent through a debt-for-equity swap, with ArcelorMittal's holding not impacted.

Source: [Argaam](#)

\$200mIn organic farming plan unveiled by Saudi Arabia

The Ministry of Environment, Water and Agriculture unveiled its organic farming action plan, which was approved by the Cabinet, and has allocated SR750 million (\$200 million) to support it. The plan will be one of the most important means of supporting organic production, said the ministry's undersecretary, Ahmed bin Ali Al-Eyada. "The plan aims to increase organic production by 300 percent. Its other objectives include providing safe food, sustainable, highly profitable farming, which will be an important resource for the national economy.

Source: [Zawya](#)

Dubai's real estate deals net Dh111b in first half of 2018

Real estate transactions in Dubai totalled Dh111 billion in the first six months of the year from the robust Dh132 billion recorded same time last year. UAE nationals, Indians and Saudis continue to take up the top three spots in committing investments, accounting for Dh6.8 billion, Dh5.9 billion and Dh3.7 billion, respectively, according to figures from Dubai Land Department. In all, there were 27,642 deals registered with the government entity during the period, with the break up showing Dh40 billion from sales (18,191 deals), mortgage-based transactions totalling Dh57.6 billion (7,668 deals), and others totalling Dh13.4 billion (from 1,783 deals).

Source: [Gulf News](#)

Abraaj founder 'reaches settlement' over bounced cheque, lawyer says

Arif Naqvi, the founder of private equity firm Abraaj Group, which is battling allegations of misuse of investors' funds, has reached an out-of-court settlement with a creditor in a criminal case over a bounced cheque and is waiting to sign off on the deal, his lawyer said. "The parties reached an understanding late on Wednesday night over the main issues to repay the loan. A document is underway of drafting," Habib Al Mulla, executive chairman of Habib Al Mulla Baker Mackenzie, told *The National* in an emailed statement on Friday. He did not say when the agreement would be signed.

Source: [The National UAE](#)

Abu Dhabi Ports signs pact with Adnoc unit to manage oil spills

Abu Dhabi Ports has signed a pact with Adnoc Logistics & services, a unit of the state-owned oil firm, to help it manage big oil spills at ports in the emirate. Under the terms of the memorandum of understanding, Adnoc will help Safeen, a subsidiary of Abu Dhabi Ports, to handle tier-two oil spill incidents through containment, cleaning and maintenance activities, it said in a statement on Saturday. The tier-two spills involve larger areas of water and greater quantities of oil, which require a different set of technical expertise, than smaller tier-one spills, which Safeen is capable of controlling, it said.

Source: [The National UAE](#)

GFH - DIFC Courts Issues Judgment on David Haigh's Case

GFH would like to advise its shareholders and markets that the DIFC Courts in Dubai has concluded its decision in favor of GFH on every fronts against its former employee; David Haigh. The court has concluded that Mr. Haigh was guilty and his allegations against GFH were without substance. The court has awarded GFH a total sum of approximately USD 5,140,144, where GFH can start enforcement of this judgment on Mr. Haigh's assets in Dubai and the UK. It is expected that the collection of these amounts will have impact on GFH's financials for the year 2018/2019.

Source: [DFM](#)

Qatar-Pakistan trade jumps 104% at QR5.83bn

The bilateral trade volume between Qatar and Pakistan witnessed a remarkable triple digit-growth last year compared to previous year. The two-way trade exchange between the two friendly nations jumped by 104 percent to about QR5.83bn (\$1.6bn) in 2017 from QR2.84bn (\$782m) in 2016. The bilateral trade volume is set to witness further jump in the coming years as both the countries are working in close cooperation to further strengthen and deep economic cooperation in several promising areas.

Source: [TPQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

May wins support from divided government on Brexit plan

British Prime Minister Theresa May secured a cabinet agreement on Friday for her plans to leave the European Union, overcoming rifts among her ministers to win support for "a business-friendly" proposal aimed at spurring stalled Brexit talks. After an hours-long meeting at her Chequers country residence, May seemed to have persuaded the most vocal Brexit campaigners in the cabinet to back her plan to press for "a free trade area for goods" with the EU and maintain close trade ties.

Source: [Zawya](#)

Airline passenger demand presses on strong growth

The International Air Transport Association (IATA) announced global passenger traffic results for May showing that demand (measured in revenue passenger kilometers, or RPKs) rose 6.1% compared to the same month in 2017, which was a slight pickup from 6.0% year-over-year growth for April 2018. Capacity climbed 5.9% and load factor rose 0.1 percentage point to 80.1%. "May was another solid month in terms of demand growth. As had been expected, we saw some moderation, as rising airline costs are reducing the stimulus from lower airfares. In particular, jet fuel prices are expected to be up nearly 26% this year compared to 2017.

Source: [Saudi Gazette](#)

China says open for trade with east Europe as clash with U.S. ramps up

China remains open for trade with foreign partners and can only benefit from an economically strong Europe, its premier said on Saturday as he pressed for expanded ties with the continent's eastern wing while waging a tariff war with Washington. Li Keqiang told a summit with central and eastern European leaders that China would continue opening its markets and implementing other reforms that had fueled its economy, providing opportunities for EU members and aspirants in the bloc's poorer half.

Source: [Reuters](#)

Trump administration halts billions in insurance payments under Obamacare

The Trump administration on Saturday halted billions of dollars in payments to health insurers under the Obamacare healthcare law, saying that a recent federal court ruling prevents the money from being disbursed. The Centers for Medicare and Medicaid Services, which administers programs under the Affordable Care Act, said the action affects \$10.4 billion in risk adjustment payments. President Donald Trump's administration has used its regulatory powers to undermine Obamacare after the Republican-controlled Congress last year failed to repeal and replace the law. About 20 million Americans have received health insurance coverage through the program.

Source: [Reuters](#)

COMMODITIES NEWS

BP Is Front-Runner to Buy BHP's U.S. Shale Unit

BP Plc has emerged as the front-runner to buy BHP Billiton Ltd.'s onshore oil and gas operations in the U.S., according to a person familiar with the matter. The London-based oil major has made the highest offer for the assets, which BHP prefers selling in a single package, said the person, who asked to not be identified because the matter isn't public. A deal hasn't been completed and it could be weeks before an agreement is reached, the person said.

Source: [Bloomberg](#)

Oil Exploration Expands in U.S. With Benchmark Crude Reaching \$75

Oil explorers deployed more rigs in the U.S. this week as crude prices breached \$75 per barrel for the first time since 2014. U.S. working oil rigs rose by five this week to 863, halting two straight weeks of declines, according to data from Baker Hughes. Shale fields in the Southwest and Great Plains accounted for most of the increase. In the Bakken region of North Dakota, the tally rose by three to 57, while the Permian and Eagle Ford fields each added a single rig, according to Baker Hughes. The Permian, with 55 percent of all the active crude rigs in the country, is the busiest American field.

Source: [Bloomberg](#)

