

# U Capital Morning Brief

9 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	871.5	1.28	0.15%	-10.55%	-	-	-
U Capital GCC 50 Index	1,311.5	6.58	0.50%	14.58%	-	-	-
U Capital MENA 200 Index	1,068.6	3.26	0.31%	7.39%	-	-	-
MSCI GCC Countries Index	538.9	4.11	0.77%	12.32%	14.33	1.77	3.9%
Muscat Securities Market	4,520.0	-3.77	-0.08%	-11.36%	11.27	0.98	5.4%
Saudi Stock Exchange	8,222.5	44.92	0.55%	13.79%	18.72	1.84	3.2%
Kuwait Stock Exchange	5,138.0	50.32	0.99%	NA	15.44	1.32	3.8%
Qatar Exchange	9,325.2	65.20	0.70%	9.41%	13.89	1.43	4.7%
Bahrain Stock Exchange	1,336.3	5.49	0.41%	0.35%	8.72	0.87	6.1%
Dubai Financial Market	2,885.4	4.93	0.17%	-14.38%	9.31	1.10	5.9%
Abu Dhabi Exchange	4,615.5	12.26	0.27%	4.93%	12.36	1.40	5.2%
Beirut Stock Exchange	1,043.3	0.47	0.05%	-9.17%	5.63	0.63	9.3%
Palestine Stock Exchange	545.0	-1.17	-0.21%	-5.15%	13.15	1.20	4.5%
Tunis Se Index	8,098.4	5.24	0.06%	28.92%	21.14	2.88	1.6%
EGX 30 Index	15,839.8	-285.50	-1.77%	5.46%	15.74	2.54	2.2%
Amman General Index	2,057.1	-0.25	-0.01%	-3.28%	15.38	1.02	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
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%
<b>United States</b>				
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%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,065.8	1.29%	-3.1%
HANG SENG	Hongkong	28,740.1	1.50%	-3.9%
KSE 100 Index	Pakistan	40,170.2	-0.30%	-0.7%
NSE Nifty 50	India	10,817.6	0.42%	2.7%
SHANGHAI Composite	China	2,792.6	1.65%	-15.6%
KOSPI Index	South Korea	2,285.2	0.54%	-7.4%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.746	1.341
British Pound (GBP)	1.330	0.752
Canadian Dollar (CAD)	0.764	1.308
Chinese Renminbi (CNH)	0.151	6.633
Egyptian Pound (EGP)	0.056	17.887
Euro (EUR)	1.176	0.850
Indian Rupee (INR)	0.015	62.945
Japanese Yen (JPY)	0.009	110.460
New Zealand Dollar (NZD)	0.684	1.462
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.823	121.552
Russian Ruble (RUB)	0.016	68.708
Singapore Dollar (SGD)	0.737	1.357
Turkish Lira (TRY)	0.219	4.563

Commodity Prices	Price	D/D	YTD
		USD	%
<b>Oil</b>			
Brent Crude (per bbl)	77.4	0.41%	19.6%
WTI Crude (per bbl)	74.1	0.35%	22.6%
Oman Crude Oil (Last Closing)	74.2	-0.31%	16.0%
OPEC (per bbl)	75.2	-0.23%	16.7%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,259.3	0.33%	-3.4%
Silver (per oz)	16.1	0.57%	-4.8%
Platinum (per oz)	855.2	1.27%	-8.1%
<b>Other Metals</b>			
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	2.52	40.5%
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	99.95	2.6
5 year	99.49	2.7
10 year	100.30	2.8
30 year	103.58	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

### Privatization of Oman's government-owned enterprises to raise RO700mn by 2021

In order to enhance value creation for the economy, Oman is planning to expedite an effective privatization program for government owned enterprises (GOEs), generating around RO700mn by 2021. Oman has around 70 GOEs spread over different sectors, some of which, over the years, have witnessed reduced profits, according to the Implementation Support & Follow-Up Unit (ISFU) tasked with overseeing timely execution of economic initiatives. In order to facilitate and supervise the privatization of GOEs, a privatization committee was established by July 2017.

Source: [Muscat Daily](#)

### Sohar Port signs deal with Omani firm

Sohar Port and Freezone has signed a contract with Omani company Nakheel Environmental & Industrial Solutions for the installation, operation, and maintenance of an Ambient Air Quality Monitoring Network (AQMN) within the freezone on July 4. The signing of the contract is in line with the Ministry of Environment and Climate Affairs' (MECA) commitment to enhance environmental monitoring at Sohar port.

Source: [Times of Oman](#)

### Economy rebounds with 8.7 pc growth

The Sultanate's economy rebounded and recorded a broad-based recovery with a growth of 8.7 per cent during 2017. This was confirmed in the latest report by the Central Bank of Oman (CBO), which says, "The recovery in oil prices and positive results of diversification efforts conditioned the broad-based uptick in the economy." Oil prices made further gains and the price of Omani crude oil averaged \$62.9 a barrel during January-April 2018 as against \$51.6 a barrel during the same period last year.

Source: [Oman Observer](#)

### 11 hotels under construction in Buraimi

The number of licensed hotel facilities in the Governorate of Al Buraimi stands at 28. The hotels will contribute towards covering the growing demand by visitors and tourists from inside and outside the Sultanate. Work is under way to set up 11 new hotels by the private sector to keep pace with the tourism development in the wilayats of Al Buraimi, Mahdha and Al Suninnah. Zahran bin Mohammed al Nabhani, Director of Tourism Department in the Governorate of Al Buraimi, said that the private sector is currently implementing 5 hotels of different stars, in addition to Al Salam resort, 5 normal to deluxe hotel apartment projects which are under way and a luxury tourism camp. The Governorate of Al Buraimi has many natural potential, such as spas, wadis, aflaj 'ancient irrigation system' and deserts.

Source: [Oman Observer](#)

### Oman's June inflation rises by 1.37 percent

The inflation rate in Oman, calculated in terms of consumer price index (CPI), rose marginally by 1.37 percent in June 2018, over the same period in 2017, according to the data released by the Centre. The marginal increase in inflation was mainly driven by a growth in cost of major segments like transport that rose by 6.04 percent, education that rose 4.90 percent and furnishing and household equipment with a rise of 0.75 percent in June 2018, over the same period of last year. However, food and non-alcoholic beverages group showed a marginal fall in prices, shows NCSI data.

Source: [NCSI](#)

### Total number of passengers at Muscat International Airport grows by 12 percent to 6.1m

The total number of passengers at the Muscat International Airport grew by 11.6 percent to 6.1 million in the first five months of 2018, over the same period of last year. In addition, the total number of flights at the Muscat International Airport rose by 3.9 percent 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: [NCSI](#)

### New environmental policy for Oman's energy sector

Oman's authorities are formulating a new National Environmental Policy for the Energy Sector (NEPES) aimed at ensuring that the nation's landmark transition to renewable and alternative energy sources is in harmony with the country's environmental safeguards. Overseeing the delivery of a comprehensive and efficacious policy framework is the Implementation Support & Follow-up Unit (ISFU), a task force operating under the auspices of the Diwan of Royal Court. ISFU's mandate is to ensure the timely implementation of a large portfolio of initiatives proposed by Tanfeedh, Sharakah and other programs to help advance Oman's economic diversification efforts.

Source: [Oman Observer](#)

### Nod for Masirah Island's first Independent Water Project

Masirah Island's first Independent Water Project (IWP) — designed, financed, constructed, operated and maintained entirely by the private sector — is slated to come into operation by the first quarter of 2023 — an investment that underscores the Island's growing strategic and economic importance. A Request for Qualifications (RFQ) — marking the first step in a competitive tendering process — is expected to be issued before the end of this year, according to Oman Power and Water Procurement Company (OPWP), the sole procurer of new power and water capacity under the Sector Law.

Source: [Oman Observer](#)

### **OOREDOO - Mobile License renewal**

Ooredoo would like to inform the market regarding the ongoing process for the renewal of its Mobile License which expires on 18 February 2020. The Company has been engaged with the Telecommunications Regulatory Authority of Oman regarding a renewal of its Mobile License for a further period after expiration of the current Mobile License. In that context the TRA has sent a letter to the Company on 5 July 2018 informing the Company that it is willing to renew the Mobile License for a period of 15 years and proposing a new form of license and terms for renewal. The Company is currently assessing the proposed license and terms of renewal and will discuss the same with its Board, the TRA and other relevant stakeholders.

Source: [MSM](#)

### **IDDL EAST ECONOMIC & CORPORATE NEWS**

#### **The Saudi Stock Exchange (Tadawul) announces the 2nd quarter 2018 Indices Maintenance**

The Saudi Stock Exchange (Tadawul) announces that the following REITs have been included to TASI and REITs Industrial Group index:

- Al Rajhi REIT Fund
- Derayah REIT Fund
- SEDCO Capital REIT Fund
- And the inclusion of the shares of Saudi Cable Co. to TASI and Capital Goods Industry Group index.

As per the close prices on 05/07/2018 (21/10/1439H).

Source: [Tadawul](#)

#### **Maaden eyes potential acquisitions, plans restructuring**

Tadawul-listed Saudi Arabian Mining Co. ([Maaden](#)) is working with financial advisers to restructure its balance sheet as it seeks potential acquisitions, Bloomberg reported, citing people familiar with the matter. HSBC Holdings is advising on its capital market plans, while JP Morgan Chase is helping the mining giant to identify potential deal opportunities. Michael Klein, a former Citigroup investment banker, is working as a strategic advisor, the report added.

Source: [Argaam](#)

#### **Saudi general reserves rise SAR 1.15 bln in May**

Saudi Arabia's general reserves increased by SAR 1.15 billion to SAR 572.6 billion in May - the first increase since March 2017, data issued by the Saudi Arabian Monetary Authority (SAMA) showed. The Kingdom's current account increased by SAR 12 billion in May to about SAR 53 billion, when compared to the previous month.

Source: [Argaam](#)

#### **Saudi Electricity Company starts operating Al Jolla power station**

Saudi Electricity Company (SEC) has started operating the main SR590 million (\$157 million) Al Jolla station with 33/132/380 KV, to serve a number of cities and villages in Riyadh, especially in Quwaiyyah, Muzahmih and Dharmah. SEC said that the plant was established in the framework of the policy of the company supporting local manufacturers in the field of electric power, noting that the station is operated by national cadres trained engineers and technicians.

Source: [Zawya](#)

#### **UAE to invest over \$23bln in airport development**

The UAE is investing Dh85 billion (\$23.16 billion) in airport development and expansion that will see its airports develop combined capacity to handle more than 300 million passengers per year, said the organizers of the upcoming Global Investment in Aviation Summit (GIAS) in Dubai. Dubai will host the first Global Investment in Aviation Summit (GIAS), running from January 27 to 29 will be attended by the world's 500 top aviation investors. The high-profile delegates from 40 countries will include 20 Aviation Ambassadors, 10 Knowledge Partners, 200 Aviation Officials and 300 Investors brainstorming throughout the three days.

Source: [Zawya](#)

#### **UAE acquires 69% of Australia's GCC investments in 2017**

Australia's Export Credit Agency (ECA) unveiled that the UAE acquired about 69% of total Australian investments in the GCC countries in 2017. Australian investments in the UAE reached AED 9.86 billion (AUD 3.565 billion) out of AED 14.29 billion (AUD 5.301 billion) total investments in the GCC, senior officials at the ECA highlighted during a recent meeting held by Dubai Foreign Direct Investment (Dubai FDI) in Sydney. Meanwhile, Saudi Arabia has attracted Australian investments worth AUD 1.16 billion, while Kuwait's share of the investments stood at AUD 115 million, Al Bayan Newspaper reported.

Source: [Mubasher](#)

#### **9.9% growth in Abu Dhabi's Construction Cost Index in Q1**

The Construction Cost Index, CCI in Abu Dhabi reached a level of 103.5 percent during the first quarter of 2018, an increase of 9.9 percent compared to the first quarter of 2017, according to statistics issued by the Statistics Centre-Abu Dhabi, SCAD. Construction costs also rose during the first quarter of 2018 by 5.6 percent, compared to the fourth quarter of 2017. The statistics issued by SCAD show that the workforce category was the most important group in the index, and contributed to the rise in average construction cost during the first quarter of 2018, which increased by 19.9 percent compared to the fourth quarter of the previous year.

Source: [Zawya](#)

### **UAE giant eyes 2019 launch for \$1.4bn Guinea bauxite mine**

Emirates Global Aluminum, the largest industrial company in the UAE outside oil and gas, has announced that its project to develop a bauxite mine and associated export facilities in the Republic of Guinea, West Africa, has reached 50 percent construction completion. More than 4,000 Guineans, 90 percent from the Boké region, are currently working to construct the Guinea Alumina Corporation project, the company said in a statement. GAC has a total budgeted project cost of approximately \$1.4 billion and first bauxite exports are expected during the second half of 2019.

Source: [Arabian Business](#)

### **UAE banks close 17 branches in 5M; employees' number rises**

The UAE's national banks have slashed the number of their branches across the country to 754 by May-end, compared to 771 by the end of 2017, according to the Central Bank of the UAE's (CBUAE) recent data. While the number of exchange companies stood at 51 by 2017-end, the central bank's data showed. In the same vein, the branches of foreign lenders operating in the GCC nation declined to 81 on 31 May, down from 82 in December 2017. On the other hand, employees at the UAE state-run banks stood at 35,010 in the same period, up from 34,670, the data found. Meanwhile, foreign banks' staff dropped 0.3% to 5,598 employees.

Source: [Mubasher](#)

### **Dana Gas receives \$44m in dividends from Kurdistan operations in H1 2018**

Dana Gas received about \$44 million (Dh161m) in dividends from Iraq's Kurdistan region in the first half of this year and expects its output from operations there to rise by 25 per cent in the third quarter of 2018. Pearl Petroleum Company, a consortium of five energy firms, has made the dividend payment for condensate and LPG sales in the Iraqi region, Dana said in a statement to the Abu Dhabi Securities Exchange, where its shares are traded. Total payments include \$7m received by the energy producer in June, it said.

Source: [The National UAE](#)

### **'Kuwait to be hardest hit if Iran closes Strait of Hormuz'**

Analysts have pointed out that Iran's threat to prevent the passage of oil shipments through Strait of Hormuz if America pushes ahead with its plan to stop all countries from buying Iranian oil will leave a dark shadow on Gulf countries in general and Kuwait in particular, reports Al-Rai daily. They said Kuwait will be hardest hit by the closure of Hormuz Strait as it is the only way for Kuwaiti oil export — around two million barrels per day. They warned that if Iran closes the strait, it will prevent oil shipment of about 10 to 15 million barrels per day and this is considered a real catastrophe. They stressed it is more dangerous if the small oil reserve of Kuwait abroad (four billion barrels) is taken into consideration.

Source: [Arab Times](#)

### **Stellar H1 performance by QSE, surge in foreign buying**

The Qatar Stock Exchange (QSE) Index emerged as the second best GCC market index performer during the first half of 2018 (H1, 18) by recording an increase of 5.52 percent to reach 9,024 points compared to 8,620 at the beginning of the year. As Saudi's Tadawul rose by 15.51 percent, the Abu Dhabi Securities Market edged up a lower 3.32 percent and the Kuwait Exchange and Dubai Financial Market recorded a decrease of 6.20 percent and 16.91 percent, respectively.

Source: [TPQ](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **China's GDP to ease around 6.6 per cent in the second half of 2018**

China's broad economic growth was expected to ease to around 6.6 per cent in the second half of this year, the State Information Centre said on Saturday. The official China Securities Journal quoted the State Information Centre (SIC) saying the Chinese economy is likely to experience a mild slowdown in the second half of the year as financial market risks become "obvious" and demand is expected to decline. The SIC is an official think tank affiliated with the National Development and Reform Commission, the country's top economic planning agency.

Source: [The National UAE](#)

### **Iran calls for EU help as shipping giant pulls out for fear of U.S. sanctions**

One of the world's biggest cargo shippers announced on Saturday it was pulling out of Iran for fear of becoming entangled in U.S. sanctions, and President Hassan Rouhani demanded that European countries to do more to offset the U.S. measures. The announcement by France's CMA CGM that it was quitting Iran deals a blow to Tehran's efforts to persuade European countries to offer economic benefits to offset the new U.S. sanctions.

Source: [Reuters](#)

### **Shares of Chinese smartphone maker Xiaomi open for trade below IPO price**

Shares of Chinese smartphone maker Xiaomi opened for trade down more than 2 percent on their debut in Hong Kong on Monday, following a disappointing pricing and a listing delay in mainland China. Xiaomi shares opened down at 16.60 Hong Kong dollars (\$2.12) a share, according to Dow Jones, below the initial public offering price of HK\$17 (\$2.17). Shares traded at HK\$16.90 apiece as of 1:11 p.m. HK/SIN.

Source: [CNBC](#)

### Third of sovereign funds plan to cut equity holdings, cite trade war fear

Over a third of sovereign investors plan to cut their equity exposure over the next three years after a strong run in 2017, citing trade wars, geopolitics and high valuations as headwinds to performance, a study by asset manager Invesco showed. The annual report, which is based on interviews with 126 sovereign investors and central bank reserve managers with \$17 trillion in assets, found equities had overtaken bonds to become the biggest asset class in portfolios, averaging 33 percent. This is up from 29 percent in 2017.

Source: [Reuters](#)

## COMMODITIES NEWS

### Oil prices edge up as investors eye tight market

Oil prices rose on Monday as investors focused on tight market conditions after data late last week showed U.S. crude inventories fell to their lowest in more than three years. Global benchmark Brent rose 37 cents, or 0.5 percent, to \$77.48 a barrel by 0305 GMT. U.S. crude futures added 29 cents, or 0.4 percent, to \$74.09. Official data that came out on Thursday, a day later than normal due to the July 4 public holiday, showed inventories at Cushing, the delivery point for U.S. crude futures, fell to their lowest in 3-1/2 years.

Source: [Reuters](#)

### Gold prices edge up as dollar hovers near 3-1/2 week lows

Gold prices inched up early Monday as the dollar hovered close to a 3-1/2-week low after U.S. jobs data showed an increase in the unemployment rate and slower wage growth.

- Spot gold Was 0.2 percent higher at \$1,256.85 an ounce at 0055 GMT.
- U.S. gold futures for August delivery were up 0.1 percent at \$1,257.60 an ounce.
- The dollar struggled near 3-1/2-week lows against its peers on Monday after U.S. jobs data showed slower-than-expected wages growth.

Source: [Reuters](#)

## Ubhar Capital SAOC (U Capital)