

U Capital Morning Brief

11 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	868.4	-1.17	-0.13%	-10.87%	-	-	-
U Capital GCC 50 Index	1,333.7	20.64	1.57%	16.51%	-	-	-
U Capital MENA 200 Index	1,083.3	13.73	1.28%	8.86%	-	-	-
MSCI GCC Countries Index	549.4	6.42	1.18%	14.51%	14.51	1.80	3.9%
Muscat Securities Market	4,498.3	-18.93	-0.42%	-11.78%	11.25	0.97	5.5%
Saudi Stock Exchange	8,417.9	91.32	1.10%	16.49%	19.14	1.88	3.2%
Kuwait Stock Exchange	5,179.0	47.79	0.93%	NA	15.43	1.33	3.7%
Qatar Exchange	9,395.8	130.81	1.41%	10.24%	13.99	1.44	4.7%
Bahrain Stock Exchange	1,334.8	0.37	0.03%	0.23%	8.71	0.87	6.2%
Dubai Financial Market	2,895.6	20.32	0.71%	-14.08%	9.35	1.10	5.8%
Abu Dhabi Exchange	4,668.6	51.59	1.12%	6.14%	12.50	1.41	5.1%
Beirut Stock Exchange	1,036.1	-0.72	-0.07%	-9.80%	5.59	0.63	9.4%
Palestine Stock Exchange	544.7	0.32	0.06%	-5.20%	13.15	1.20	4.5%
Tunis Se Index	8,056.1	-13.42	-0.17%	28.24%	21.03	2.87	1.6%
EGX 30 Index	15,921.0	135.10	0.86%	6.00%	15.83	2.55	2.1%
Amman General Index	2,050.0	-2.27	-0.11%	-3.61%	15.33	1.02	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,692.0	0.05%	0.1%
DAX	Germany	12,609.9	0.53%	-2.4%
CAC 40	France	5,434.4	0.67%	2.3%
United States				
DJIA	USA	24,919.7	0.58%	0.8%
S&P 500	USA	2,793.8	0.35%	4.5%
NASDAQ	USA	7,759.2	0.04%	12.4%
Asia Pacific				
NIKKEI 225	Japan	21,951.7	-1.12%	-3.6%
HANG SENG	Hongkong	28,273.6	-1.42%	-5.5%
KSE 100 Index	Pakistan	39,452.8	0.00%	-2.5%
NSE Nifty 50	India	10,956.4	0.08%	4.0%
SHANGHAI Composite	China	2,774.8	-1.87%	-16.1%
KOSPI Index	South Korea	2,283.4	-0.47%	-7.5%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.742	1.348
British Pound (GBP)	1.326	0.754
Canadian Dollar (CAD)	0.761	1.313
Chinese Renminbi (CNH)	0.150	6.674
Egyptian Pound (EGP)	0.056	17.899
Euro (EUR)	1.173	0.853
Indian Rupee (INR)	0.015	61.742
Japanese Yen (JPY)	0.009	111.090
New Zealand Dollar (NZD)	0.681	1.468
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.823	121.552
Russian Ruble (RUB)	0.016	68.815
Singapore Dollar (SGD)	0.736	1.359
Turkish Lira (TRY)	0.212	4.712

Commodity Prices	Price	D/D	YTD
		USD	%
Oil			
Brent Crude (per bbl)	78.1	-0.96%	20.6%
WTI Crude (per bbl)	73.6	-0.67%	21.8%
Oman Crude Oil (Last Closing)	76.2	1.25%	19.0%
OPEC (per bbl)	75.2	0.98%	16.7%
Precious Metals			
Gold100 OZ (per oz)	1,251.0	-0.36%	-4.0%
Silver (per oz)	15.9	-0.67%	-5.8%
Platinum (per oz)	838.7	-0.96%	-9.9%
Other Metals			
Copper, MT	6,333	-0.90%	-12.6%
Aluminium, MT	2,090	-1.46%	-7.8%
Lead, MT	2,313	-1.11%	-7.0%
Zinc, MT	2,630	-2.77%	-20.8%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.56	42.6%
Saudi Arabia	2.61	37.5%
Kuwait	2.00	6.7%
Oman	2.44	27.6%
Qatar	2.64	-0.1%
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	3.7
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.1
Oman	1/17/2028	6.0
Bahrain	10/12/2028	8.6

Midswaps	Price	YTM %
3 year	99.91	2.7
5 year	99.46	2.7
10 year	100.28	2.8
30 year	103.52	2.9

USD Libor	Rate (%)	YTD
1m	2.08	32.8%
3m	2.33	37.7%
6m	2.51	36.6%
1 year	2.78	31.8%

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, China discuss joint cooperation

HE Yusuf bin Alawi bin Abdallah, Minister Responsible for Foreign Affairs, held talks with Wang Yi, Chinese Foreign Minister. The talks are aimed at enhancing areas of joint cooperation between the two countries in different fields. Alawi, who is attending the eighth ministerial meeting of the China-Arab States Cooperation Forum (CASCF), said that the Sultanate appreciates and actively supports the 'Belt and Road' initiatives and hopes that it will enhance cooperation with China in funds, investment, tourism and other fields to achieve joint interests.

Source: [Oman Observer](#)

Muscat Municipality at World Cities Summit in Singapore

Muscat Municipality is taking part in the World Cities Summit, which is being held in the Republic of Singapore under the theme "Liveable and Sustainable Cities: Embracing the Future through Innovation and Collaboration" from 8 to 12 July, with the participation of city mayors, municipality chairmen and delegations from around the world. The summit aims to discuss the urban and economic challenges of cities in terms of urban planning and share best practices that help in finding solutions and alternatives.

Source: [Oman Observer](#)

CBO issues treasury bills worth OMR61mn

Oman's central bank raised OMR61 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from July 11, until August, 8, 2018. The average accepted price reached 99.847 for every OMR100, and the minimum accepted price arrived at 99.830 per OMR100. Whereas the average discount rate and the average yield reached 1.99810 per cent and 2.00119 per cent, respectively.

Source: [Times of Oman](#)

Haya Water Unveils Masterplan for Sanitary Drainage Projects 2018-2045

Oman Wastewater Services Company organized a seminar to unveil the broad lines of its masterplan for the future sanitary drainage projects, which cover all parts of the Sultanate except for Muscat and Dhofar Governorates. The seminar was attended by representatives of the various stakeholders. "The (2018 – 2045) masterplan, which will cost about RO 6 billion, seeks to integrate the public private partnership in building the plants and benefiting from the revenues generated from the sale of treated water and fertilizers," al-Qasmi concluded.

Source: [ONA](#)

Zero tax rate for fully managed Omani SMEs

Corporate income tax payable by Omani owned, managed and operated SMEs has been zero-rated in line with the government's broader strategy to sustain the growth of an entrepreneur-led business culture in the Sultanate, according to a well-known Muscat-based tax expert. Tens of thousands of businesses and corporate organizations in the Sultanate were required to file their tax returns by the June 30 deadline (extended by a day in light of the intervening weekend holiday). They include an estimated 30,000-plus small and medium enterprises (SMEs) registered as such by the Public Authority for SME Development (Riyada).

Source: [Oman Observer](#)

Oman crude price averages \$73.61 per barrel in June

Shipments of Omani crude to China climbed 9.65 per cent to 83.55 per cent of total exports during June 2018, entrenching China's position as the top destination for oil exports from the Sultanate. India was the next big importer with an 8.52 per cent share, which was higher by 4.73 per cent on a month-to-month basis. Supplies to Japan declined 0.4 per cent to 5.91 per cent, while demand from Thailand rose slightly to reach a 2.02 per cent share of total exports in June. Accordingly, to the monthly report of the Ministry of Oil and Gas, output of crude oil and condensate in June 2018 totaled 29.205 million barrels, yielding a daily average of 973,500 barrels. Of this total, 23,476,212 barrels, averaging 782,540 barrels per day, were exported.

Source: [Oman Observer](#)

Please find MSM-listed companies' 2Q'18 initial results on the last page.

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Regional M&A transactions reach \$33.9bn in second quarter

The value of announced merger and acquisition (M&A) transactions in the Middle Eastern & North African (Mena) involvement reached an eight-year high of US\$33.9 billion in the second quarter of 2018, an increase of 74 per cent compared to the same period in 2017. Deals with Mena targets reached an all-time high of \$21.3 billion, up 110 per cent from the same period in 2017, while inter-Mena or domestic deals reached a five-year high after rising 232 per cent year-on-year, according a new report.

Source: [Times of Oman](#)

800,000 expats have left Saudi Arabia, creating a hiring crisis

The Saudization policy of Saudi Crown Prince Mohammed bin Salman has coincided with an "expat exodus" and a drop in foreign investment. Saudi businesses are complaining that locals don't want to do "low-status" jobs that many expats worked — creating a real

problem for the economy. In November, a paper by the Institute of International Finance projected capital outflows in 2017 at \$101 billion, 15% of gross domestic product.

Source: [Business Insider](#)

Saudi securities regulator awards first two fintech licenses

Saudi Arabia's securities regulator approved its first two financial technology licenses on Tuesday, part of a drive to develop a fintech sector in the Arab world's biggest economy under reforms designed to reduce reliance on oil exports. The Capital Market Authority approved licences allowing Riyadh-based start-up Manafa Capital and another firm, Scopeer, to offer crowdfunding investment services on a trial basis, the CMA said on Tuesday.

Source: [Zawya](#)

Saudi ETF outperforms emerging markets peers in 2018

An exchange-traded fund (ETF) tracking Saudi Arabian shares has delivered the biggest return among peers so far this year, Bloomberg reported on Tuesday. The iShares MSCI Saudi Arabia ETF, or KSA, has returned 17 percent year-to-date, more than any other of the 229 ETFs focused on emerging-market equities tracked by Bloomberg, the news agency said.

Source: [Bloomberg](#)

Saudi Arabia signs \$453 mln road contracts

Saudi Arabia's transport ministry has signed contracts worth 1.7 billion riyals (\$453.3 million) to extend 23 roads across the kingdom as part of a plan to upgrade its infrastructure. The contracts are part of 75 projects worth 2.7 billion riyals signed so far this year, said an emailed statement, without naming any of the 18 companies that were awarded the contracts.

Source: [Nasdaq](#)

Kuwait's non-oil exports shrink 21% in May

Kuwait's non-oil exports registered a decline of 21% in May 2018 compared to the same month last year, according to a report by the trade and industry ministry of Kuwait. Non-oil exports shrank to KWD 8.05 million (\$26.66 million) in May 2018 from KWD 10.19 million (\$33.75 million) in May 2017, the report added. On a monthly basis, Kuwait's non-oil exports declined by 9.1% compared to KWD 8.86 million (\$29.34 million) in April.

Source: [Mubasher](#)

Gulf Cable receives KWD 3m purchase request

Gulf Cable and Electrical Industries has received a purchase request by a local contracting company. The purchase request contract is valued at KWD 2.88 million (\$9.54 million) for supplying low- and medium-pressure cables, according to a bourse statement on Tuesday. An operating profit of 2% is expected to be realized from the request value, however, this percentage can be changed based on prices and execution circumstances.

Source: [Mubasher](#)

UAE-listed companies declare their exposure to the Abraaj liquidation - latest updates

Companies declaring limited exposure:

- **First Abu Dhabi Bank**, the bank formed with the merger of First Gulf Bank and National Bank of Abu Dhabi, said it has direct exposure to Abraaj through a fully secured three-year loan of \$21.4 million (Dh78.6m), due to mature in April 2019.
- **United Arab Bank** has indirect exposure "through customers represented with two entities [funds] that are partially [and indirectly] owned by Abraaj", the bank said in a filing to Abu Dhabi Securities Exchange.
- **Al Qudra Holding** has indirect exposure totaling Dh61.6m through two independently managed funds, the Abraaj Infrastructure and Growth Capital Fund, and Abraaj Buyout Fund II. But the company said it has been reassured that the Abraaj restructuring has not affected the portfolio management or its value, as it is linked to market fluctuations and under independent management.
- **Waha Capital** has an indirect connection through Aqua Consortium, of which Waha owns a 49 per cent stake and the other 51 per cent is held by Abraaj. However, Waha said it has no financial exposure to Abraaj through the shareholding and foresees no direct financial loss as a result.
- **Al Buhaira National Insurance Company** has Dh8.4m worth of exposure to Abraaj.
- **Emirates Insurance** said it has \$2.45m exposure.
- **Shuaa Capital** with its clients hold 3.6% interest in the Abraaj Buyout Fund II. The exposure is valued at USD 8.8mn (USD 4.9mn for Shuaa Capital and USD 3.92mn for Shuaa Clients).

Companies declaring, they have no exposure:

- Dubai Islamic Bank
- Abu Dhabi Commercial Bank
- Umm Al Qaiwain General Investments
- International Holding Company
- Foodco Holding
- National Corporation for Tourism and Hotels
- Gulf Cement
- Bank of Sharjah

- Sharjah Cement
- Finance House
- Eshraq properties Co.
- Invest Bank
- RAK Properties
- RAKBank
- RAK Ceramics
- Julphar Gulf
- Aramex

Source: [Zawya, ADX & DFM](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

U.S. ratchets up China trade war, threatens tariffs on \$200 bln of goods

The Trump administration raised the stakes in its trade dispute with China on Tuesday, saying it would slap 10 percent tariffs on an extra \$200 billion worth of Chinese imports, including numerous consumer items, sending stocks in Asia skidding. China's commerce ministry said it was "shocked" by the latest U.S. trade action and would complain to the World Trade Organisation, but did not immediately say how it would retaliate. It called the actions "completely unacceptable" in a statement released around midday on Wednesday.

Source: [Reuters](#)

Stock markets roiled as U.S. ups ante in trade conflict

A sell-off in Chinese markets knocked Asian stocks on Wednesday as U.S. threats of tariffs on an additional \$200 billion worth of Chinese goods pushed the world's two biggest economies ever closer to a full-scale trade war. Washington proposed the extra tariffs after efforts to negotiate a solution to the dispute failed to reach an agreement, senior administration officials said on Tuesday.

Source: [Reuters](#)

Boeing's first-half deliveries up seven percent, orders surge past Airbus

Boeing Co's (BA.N) first-half aircraft deliveries rose more than 7 percent, lifted by demand for its bestselling 737 jetliners as airlines seek more fuel-efficient planes, and orders were more than double those of European rival Airbus SE (AIR.PA). The announcement on Tuesday caps a successful half year for the world's largest planemaker and comes a week ahead of the Farnborough Airshow in Britain, where airlines typically place orders.

Source: [Reuters](#)

Tesla moves first to hike prices in China as trade war hits car makers

U.S. carmaker Tesla Inc (TSLA.O) has hiked prices on its Model X and S cars by about 20 percent in China, becoming the first automaker to raise prices in the world's largest automotive market in response to a U.S.-China trade war. The move is the first indication of how much higher Chinese tariffs on certain U.S. imports will flow through to showroom floors, with other automakers likely to follow suit or shift a greater portion of production to China.

Source: [Reuters](#)

COMMODITIES NEWS

Oman's June oil production reaches 29.21mn

Oman's crude oil and condensate production throughout June 2018 amounted to 29.21 million barrels, equivalent to a daily average of 973,500 barrels, according to the monthly report issued by the Ministry of Oil and Gas (MOG). Meanwhile, a total of 23.47 million barrels of Oman Crude Oil were exported in June 2018, representing a daily average of 782,540 barrels.

Source: [Times of Oman](#)

Reduce Prices or Expect Demand to Sink, Oil Guzzler Warns OPEC

The world's fastest growing crude consumer has a warning for OPEC: Start reducing prices, or waning demand will mean a curb in purchases from the crude cartel. At least that's the suggestion from Sanjiv Singh, chairman of Indian Oil Corp., the country's biggest refiner. If prices continue rising at the pace they've been gaining in the past month and a half, the South Asia nation's consumers will likely see alternatives such as electric vehicles and gas as more cost effective, replacing 1 million barrels of the country's daily oil use by 2025, he said.

Source: [Bloomberg](#)

Why Libya's Oil-Export Revival Stumbled, Once Again

The latest blow to Libya's oil exports offers proof that the country's crude won't flow reliably without a political solution to seven years of strife. Libya has struggled to revive its oil industry since a NATO-backed war in 2011, with militias clashing over energy facilities in the prized "oil crescent" along its central coast. Last month, forces loyal to Khalifa Haftar, a military leader with sway in eastern Libya, recaptured two key export terminals from rivals. He then transferred control of the ports and three others to an oil authority lacking international recognition. As a result, tanker loadings at the ports have ceased, depriving world markets of some 800,000 barrels a day. Libya's instability complicates OPEC's effort to pump more crude as well as United Nations-backed efforts to hold elections this year.

Source: [Bloomberg](#)

MSM Net Profit OMR, '000

Financial Sector	2Q'17	1Q'18	2Q'18	QoQ	YoY	1H'17	1H'18	YoY
THE FINANCIAL CORP	34	169	(4)	-102.3%	-111.1%	69	165	139.7%
DHOFAR INTL DEVELOPMENT	(7,282)	2,086	(29,140)			3,909	(27,054)	-792.2%
Investment & Brokerage Sub Sector	(7,248)	2,255	(29,144)	-1392.4%		3,977	(26,889)	-776.1%
Total Financial Sector	(7,248)	2,255	(29,144)	-1392.4%		3,977	(26,889)	-776.1%
Industrial Sector	2Q'17	1Q'18	2Q'18	QoQ	YoY	1H'17	1H'18	YoY
OMAN REFRESHMENT CO	2,338	1,844	2,941	59.5%	25.8%	3,767	4,785	27.0%
OMAN EUROPE FOODS INDUSTRIES	(35)	(5)	(65)			(23)	(70)	
Food & Beverage Industry Sub Sector	2,303	1,839	2,876	56.4%	24.9%	3,744	4,715	25.9%
OMAN CHROMITE	172	143	167	16.6%	-3.0%	274	310	13.1%
Mining Sub Sector	172	143	167	16.6%	-3.0%	274	310	13.1%
AL-ANWAR CERAMIC TILES CO	486	369	101	-72.5%	-79.2%	1,035	470	-54.6%
Construction Materials Support Sub Sector	486	369	101	-72.5%	-79.2%	1,035	470	-54.6%
OMAN PACKAGING	259	121	111	-8.4%	-57.3%	556	232	-58.3%
Paper, Glass & Packaging	259	121	111	-8.4%	-57.3%	556	232	-58.3%
OMAN CABLES INDUSTRY	2,452	2,090	1,935	-7.4%	-21.1%	5,708	4,025	-29.5%
Electical & Mechanical	2,452	2,090	1,935	-7.4%	-21.1%	5,708	4,025	-29.5%
Total Industrial Sector	5,672	4,562	5,190	13.8%	-8.5%	11,317	9,752	-13.8%
Services Sector	2Q'17	1Q'18	2Q'18	QoQ	YoY	1H'17	1H'18	YoY
UBAR HOTELS & RESORTS	30	266	(177)	-166.4%	-698.0%	346	89	-74.1%
HOTELS MANAGEMENT CO INTERNA	272	1,650	256	-84.5%	-5.7%	1,513	1,905	26.0%
Tourism & Hospitality Sub Sector	301	1,916	79	39.8%	23.0%	1,859	1,995	7.3%
SALALAH PORT SERVICES	1,322	1,739	(978)	-156.2%	-174.0%	302	761	152.0%
Logistics Sub Sector	1,322	1,739	(978)	-28.9%		302	761	152.0%
AL SUWADI POWER	7,309	(2,621)	6,663		-8.8%	1,581	4,042	155.7%
MUSCAT CITY DESALINATION	(13)	353	317	-10.2%		(1,057)	670	
Energy Sub Sector	7,297	(2,268)	6,980	-185.2%	66.5%	524	4,712	799.2%
Total Services Sector	8,920	1,387	6,081	338.5%	-31.8%	2,685	7,468	178.2%
Total Market	7,344	8,204	(17,873)	-317.9%	-343.4%	17,979	(9,670)	-153.8%

Source: Bloomberg, U Capital

Note: Profit for the companies with Year-end in December

