

U Capital Morning Brief

24 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	862.19	-0.22	-0.03%	-11.51%	-	-	-
U Capital GCC 50 Index	1,347.79	-2.01	-0.15%	17.74%	-	-	-
U Capital MENA 200 Index	1,088.51	1.81	0.17%	9.39%	-	-	-
MSCI GCC Countries Index	553.87	1.40	0.25%	15.45%	14.34	1.80	3.9%
Muscat Securities Market	4,433.06	-15.22	-0.34%	-13.06%	10.74	0.89	6.2%
Saudi Stock Exchange	8,448.48	-18.14	-0.21%	16.91%	18.71	1.89	3.3%
Kuwait Stock Exchange	5,213.37	11.91	0.23%	NA	15.37	1.32	3.7%
Qatar Exchange	9,435.29	72.87	0.78%	10.70%	13.85	1.42	4.7%
Bahrain Stock Exchange	1,357.15	5.03	0.37%	1.91%	8.52	0.86	6.0%
Dubai Financial Market	2,932.04	10.69	0.37%	-13.00%	9.29	1.09	5.8%
Abu Dhabi Exchange	4,760.95	-10.10	-0.21%	8.24%	12.76	1.44	5.0%
Beirut Stock Exchange	1,037.38	4.63	0.45%	-9.68%	5.60	0.63	9.4%
Palestine Stock Exchange	542.33	-0.56	-0.10%	-5.61%	13.09	1.20	4.5%
Tunis Se Index	8,172.13	8.64	0.11%	30.09%	21.33	2.91	1.8%
EGX 30 Index	15,303.79	-112.52	-0.73%	1.90%	15.26	2.51	2.2%
Amman General Index	2,018.10	-0.25	-0.01%	-5.11%	15.09	1.00	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,655.8	-0.30%	-0.4%
DAX	Germany	12,548.6	-0.10%	-2.9%
CAC 40	France	5,378.3	-0.37%	1.2%
United States				
DJIA	USA	25,044.3	-0.06%	1.3%
S&P 500	USA	2,807.0	0.18%	5.0%
NASDAQ	USA	7,841.9	0.28%	13.6%
Asia Pacific				
NIKKEI 225	Japan	22,526.1	0.58%	-1.0%
HANG SENG	Hongkong	28,681.8	1.52%	-4.1%
KSE 100 Index	Pakistan	40,958.1	1.21%	1.2%
NSE Nifty 50	India	11,140.7	0.50%	5.8%
SHANGHAI Composite	China	2,907.6	1.68%	-12.1%
KOSPI Index	South Korea	2,282.3	0.57%	-7.5%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.738	1.356
British Pound (GBP)	1.309	0.764
Canadian Dollar (CAD)	0.759	1.318
Chinese Renminbi (CNH)	0.146	6.829
Egyptian Pound (EGP)	0.056	17.913
Euro (EUR)	1.168	0.856
Indian Rupee (INR)	0.015	63.068
Japanese Yen (JPY)	0.009	111.290
New Zealand Dollar (NZD)	0.678	1.476
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.779	128.509
Russian Ruble (RUB)	0.016	68.948
Singapore Dollar (SGD)	0.732	1.367
Turkish Lira (TRY)	0.211	4.745

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	72.8	-0.40%	12.4%
WTI Crude (per bbl)	67.6	-0.35%	11.9%
Oman Crude Oil (Last Closing)	71.4	0.44%	11.6%
OPEC (per bbl)	71.6	0.93%	11.0%
Precious Metals			
Gold100 OZ (per oz)	1,220.2	-0.35%	-6.4%
Silver (per oz)	15.4	-0.16%	-9.4%
Platinum (per oz)	830.4	-0.22%	-10.8%
Other Metals			
Copper, MT	6,130	-0.28%	-15.4%
Aluminium, MT	2,069	1.97%	-8.8%
Lead, MT	2,134	-0.05%	-14.2%
Zinc, MT	2,555	-0.78%	-23.0%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.51	39.8%
Saudi Arabia	2.61	37.6%
Kuwait	2.06	10.0%
Oman	2.48	29.8%
Qatar	2.62	-1.0%
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	4.2
Oman	1/17/2028	6.1
Bahrain	10/12/2028	8.2

Midswaps	Price	YTM %
3 year	99.73	2.7
5 year	99.13	2.8
10 year	99.38	2.9
30 year	100.80	3.1

USD Libor	Rate (%)	YTD
1m	2.07	32.3%
3m	2.34	38.2%
6m	2.52	37.4%
1 year	2.80	33.0%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Huge growth in use of Oman's ePayment Gateway

The number of electronic transactions effected via Oman's National ePayment Gateway nearly doubled in 2017, underscoring the increasingly important role of this portal in enabling secure payments for e-government services, eCommerce, eTendering, online donations, and a host of other online transactions. According to the Information Technology Authority (ITA), which operates the National ePayment Gateway, around 1.9 million transactions were made via this portal in 2017, up from around 1.1 million a year earlier. Revenues handled by the portal soared to RO 365 million last year, up from RO 207 million a year earlier.

Source: [Oman Observer](#)

Real estate emerges from lackluster 2017 with accelerated growth

The last two years have been challenging for Oman's economy, which is still working its way through an exacting period. The burden of that downward spiral of the economy was considerably felt by the real estate market, resulting in a reduction in overall demand. However, the year 2018 has begun on a positive note and property consultants in the country also forecast a stabilized if not robust market through the year. As an indication of the market trend, the total value of property transactions in the January-March period this year increased by 6.8 per cent to RO776.3mn, from RO726.8mn in the same period of last year, according to NCSI.

Source: [Muscat Daily](#)

New platform for dispute management unveiled

The Central Bank of Oman (CBO), in its endeavor to continuously enhance the payment infrastructure in the country, has announced the launch of GO-LIVE for the Dispute Management System (DMS) on Renaissance Day, July 23. The launch marks another milestone in the development of payment systems as it provides a platform for the settlement of disputes arising from transactions effected through various existing payment systems.

Source: [Muscat Daily](#)

Oman Air Advances 9 Places in Skytrax Ranking for Best Airlines in the World

Oman Air has advanced 9 positions in Skytrax World Ranking for the best airlines in the world for 2018. Oman Air was ranked 44th at the global level, instead of 53rd in 2017. It was also ranked 4th in the Arab world after Qatar Airways, Fly Emirates and Etihad Airways. Skytrax, the world's leading airline rating agency, has ranked Oman Air as a four-star airline.

Source: [ONA](#)

Oman's budget carrier SalamAir aims for profitability by end of 2019 and considers IPO

Oman's budget carrier SalamAir is aiming for profitability by the end of 2019, with a target to list its shares by 2024, as it swells its fleet with re-engined Airbus single-aisle jets. The carrier plans to add 11 A320 Neo aircraft within 5 years to the three leased planes it currently operates and six to be delivered by 2019, Mohamed Ahmed, chief executive of SalamAir, said in an interview. It is studying 20 new destinations, including points in East Africa, for the next phase of its network expansion by 2020.

Source: [The National UAE](#)

Macro conditions make Oman unfavorable, but improvement could follow

The Muscat Securities Index hit a nine-year low in the first half of 2018, as its benchmark index fell by 10 percent, making Oman's stock market the second-worst performer in the region behind Dubai. The sultanate has struggled to plug budget shortfalls in recent years as oil prices have slumped, with its sovereign debt being downgraded to 'junk' status last year by ratings agency S&P. Yet in April the International Monetary Fund praised Oman's progress in bringing down its budget deficit to 12.8 percent of gross domestic product (GDP) last year, from 21 percent in 2016.

Source: [Zawya](#)

SMEs set to play key role in Oman's GDP

Small and Medium Enterprises (SMEs) are expected play a key role in Oman's GDP in the future. This year, more measures were taken by both public and private sectors to enhance the role of SMEs. The number of SMEs registered by the Public Authority for Small and Medium Enterprises Development (Riyada) stood at 606 by end of January this year, bringing the total number of these institutions to 32,441, according to preliminary data released by the National Centre for Statistics and Information (NCSI). However, there has been a drop in the number of SMEs being registered in the first month of 2018 compared with the same period last year.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Kuwait's Alothman calls on EFG Hermes for stake in Human Soft

Alothman Commercial Enterprises Co has called on Egypt's EFG Hermes to sell 17% equity in Human Soft Holding. Alothman intends to sell about 20.78 million of its shares in Human Soft, according to a bourse statement on Monday. Currently, Alothman owns a stake of 37.07% in Human Soft of which capital stands at KWD 12.22 million distributed on 122.24 million shares. Alothman clarified that it wants to shrink its equity ownership in Human Soft to below 30%.

Source: [Mubasher](#)

Kuwait sovereign fund's UK unit buys NSMP for \$1.7bn: source

The British infrastructure arm of Kuwait's sovereign wealth fund said on Monday it had agreed to buy oil and gas pipeline firm North Sea Midstream Partners (NSMP) from private equity firm ArcLight Capital. Wren House, the London-based infrastructure investment arm of the Kuwait Investment Authority (KIA), declined to disclose the financial terms of the transaction. However, two sources told Reuters it was paying around 1.3 billion pounds (\$1.70 billion).

Source: [Zawya](#)

KD 95.2 Million Net Profit for KFH shareholders in H1 2018 - an increase of 16.6%

Kuwait Finance House (KFH), reported net profits to shareholders of KD 95.22 million for the first half of 2018 for KFH shareholders compared to KD 81.64 million for the same period last year i.e. an increase of 16.6%. Total financing income for H1 this year reached KD 424.14 million i.e. a growth of 22.2% compared to the same period last year. Net financing income for H1 this year reached KD 277.84 million i.e. a growth of 31.8% compared to the same period last year. Total operating income for the first half of the year reached KD 389.87 million, i.e. an increase by 13.6% and net operating income reached KD 235.80 million, i.e. a growth of 17.7% compared to the same period last year.

Source: [Zawya](#)

Abu Dhabi DED is implementing Dh50bn stimulus linked initiatives

The Abu Dhabi Department of Economic Development is implementing seven of the 10 strategic initiatives linked to a three-year Dh50 billion stimulus package for the emirate unveiled in June, its head told *The National* on Sunday. The package, announced by Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, is aimed at supporting entrepreneurs, small to medium sized businesses and the private sector by bolstering growth, attracting more foreign direct investment and creating jobs.

Source: [The National UAE](#)

SABIC deal lets Saudi Arabia delay Aramco IPO, spend on growth: sources

A proposed reshuffle of state assets would allow Saudi Arabia to delay the listing of national oil giant Aramco until 2020 or beyond while still spending on economic development projects, according to three sources familiar with the matter. Late last week Aramco confirmed a Reuters report that it was working on a possible purchase of a "strategic stake" in local petrochemicals maker Saudi Basic Industries Corp 2010.SE from the Public Investment Fund (PIF), the kingdom's top sovereign wealth fund.

Source: [Reuters](#)

Saudi Arabia evaluating four bids for \$500mln wind farm

Saudi Arabia has received four bids for its 400 megawatt Dumat al-Jandal wind project, the kingdom's first utility-scale wind farm. The Saudi Ministry of Energy said that four bids were submitted for the \$500 million project by pre-qualified consortiums led by international and regional renewable energy developers ACWA Power, EDF Energies Nouvelles, Enel Green Power and International Power, SA Dubai branch (ENGIE).

Source: [Zawya](#)

Expatriate exodus: Saudi construction sector worst hit

The Saudi construction sector has been the worst hit due to the exodus of expat workers during the first three months of 2018, according to a new labor market report released this month. "Between Q4 2017 and Q1 2018, about 221,000 foreign workers left the labor market. All sectors saw a drop in the number of foreign workers, with construction losing the biggest number, at about 126,000 foreigners, with 18,000 Saudis leaving the sector in Q1 2018," said Jadwa Investment's latest update on the Saudi labor market.

Source: [Saudi Gazette](#)

Clients' deposits in Qatar banking sector rise 6% YoY in June – QCB

Value of customers' deposits in Qatari banking sector has increased 6.2% year-on-year in June, Qatar Central Bank's (QCB) data revealed. Total value of deposits amounted to QAR 818.3 billion (\$224.79 billion) by the end of June, compared to QAR 770.7 billion (\$211.71 billion) in the same month a year before, QCB added. On a monthly basis, clients' deposits in Qatari banks rose 4.2%, from QAR 785.4 billion. The monthly growth was attributed to a 7.1% increase in non-residents deposits, reaching QAR 150.06 billion during June, compared to QAR 140.06 billion in May.

Source: [Mubasher](#)

Ooredoo signs a new USD200m term loan agreement with Kfw Iplex-bank

Ooredoo ("Ooredoo") announced that it has signed a new USD 200 million Term Loan Agreement for a 5-year period with KFW IPEX-BANK GMBH, Frankfurt, a state owned German Bank. The loan will be used to fund Ooredoo's capital investment program sourced from European supply chain partners. Sheikh Saud Bin Nasser Al Thani, Ooredoo Group CEO, commented: "Ooredoo and KFW IPEX-Bank have been business partners for a long time and we are delighted to strengthen our relationship further. We will use the loan to fund our ambitious investments programs using network equipment. This further supports our strategy towards digitization and enhances the digital life of our customers across the group".

Source: [QE](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China Unveils New Measures to Aid Growth Amid Trade Uncertainty

China unveiled a package of policies to boost domestic demand as trade tensions threaten to worsen the nation's economic slowdown, sending stocks higher. From a tax cut aimed at fostering research spending to special bonds for infrastructure investment, the measures announced late Monday following a meeting of the State Council in Beijing are intended to form a more flexible response to "external uncertainties" than had been implied by budget tightening already in place for this year.

Source: [Bloomberg](#)

Alphabet trounces profit estimates as Google reins in costs

Alphabet Inc. on Monday reported that expenses from its Google search business grew more slowly in the second quarter while revenue rose more steeply than analysts had anticipated, boosting profit above Wall Street targets and pushing shares up 3.6 percent after hours. Google's dominance in online advertising has been challenged this year by the antitrust battle over its Android mobile software, which led to a \$5 billion fine for the quarter, and other regulatory actions, including new European privacy rules.

Source: [Arab News](#)

National security advisor John Bolton doubles down on Trump's Iran threat

National security advisor John Bolton on Monday doubled down on President Donald Trump's all-caps tweet directed at the Iranian regime. In a statement, Bolton said: "I spoke to the President over the last several days, and President Trump told me that if Iran does anything at all to the negative, they will pay a price like few countries have ever paid before." Sunday night, Trump fired off a tweet in response to what he called a threat made by Iranian President Hassan Rouhani. The president's response triggered new concerns that the already-tense situation could escalate into a potential military conflict.

Source: [CNBC](#)

U.S. home sales sag as prices race to record high

U.S. home sales unexpectedly fell in June, posting their third straight monthly decline as a persistent shortage of properties on the market drove house prices to a record high. The report on Monday from the National Association of Realtors (NAR) added to last week's soft homebuilding data in suggesting that the housing market lagged an apparent acceleration in economic growth in the second quarter.

Source: [Reuters](#)

Bonds fear fading stimulus, China shares at one-month top

Global bond markets were tense on Tuesday amid talk of central bank tightening and the risk of a robust reading on U.S. economic growth later in the week, though stellar results from internet giant Alphabet supported tech stocks in Asia. Shares in the parent of Google climbed 3.6 percent after hours to hit a record high, valuing the group at a cool \$870 billion.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices drop on worries about oversupply

Oil prices extended declines into a second session on Tuesday as attention shifted to the risk of oversupply, with market participants shrugging off escalating tensions between the US and Iran. Brent crude oil was down 19 cents, or 0.3 percent, at \$72.87 a barrel by 0345 GMT, after settling down 1 cent on Monday. US crude was down 21 cents, or 0.3 percent, at \$67.68 a barrel. The contract fell 37 cents the previous day. Earlier in Monday's session, the market had risen after President Donald Trump warned of dire consequences for Iran if it threatened the US.

Source: [Arab News](#)

U.S. refiners boost purchases of CPC Blend to record as prices drop

U.S. refiners will import a record monthly volume of crude from the Caspian region in July after snapping up the cargoes when prices reached near six-year lows, according to market sources and Thomson Reuters shipping data. The unusually large volume of crude is one of many changes in the international oil trade caused by a flood of U.S. shale oil headed overseas.

Source: [Reuters](#)

Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net



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