

U Capital Morning Brief

25 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	853.65	-8.54	-0.99%	-12.38%	-	-	-
U Capital GCC 50 Index	1,351.00	3.21	0.24%	18.03%	-	-	-
U Capital MENA 200 Index	1,090.37	1.86	0.17%	9.57%	-	-	-
MSCI GCC Countries Index	553.90	0.03	0.01%	15.45%	14.34	1.80	3.9%
Muscat Securities Market	4,405.34	-27.72	-0.63%	-13.60%	10.74	0.89	6.2%
Saudi Stock Exchange	8,405.82	-42.66	-0.50%	16.32%	18.52	1.88	3.3%
Kuwait Stock Exchange	5,222.28	8.91	0.17%	NA	15.41	1.33	3.7%
Qatar Exchange	9,618.33	183.04	1.94%	12.85%	14.14	1.45	4.6%
Bahrain Stock Exchange	1,367.62	10.47	0.77%	2.70%	8.61	0.87	6.0%
Dubai Financial Market	2,925.74	-6.30	-0.21%	-13.18%	9.27	1.08	5.8%
Abu Dhabi Exchange	4,776.89	15.94	0.33%	8.60%	12.49	1.43	5.0%
Beirut Stock Exchange	1,046.66	9.28	0.89%	-8.87%	5.65	0.63	9.3%
Palestine Stock Exchange	541.57	-0.76	-0.14%	-5.75%	13.07	1.20	4.5%
Tunis Se Index	8,157.88	-14.25	-0.17%	29.86%	21.29	2.90	1.8%
EGX 30 Index	15,480.37	176.58	1.15%	3.07%	15.50	2.54	2.2%
Amman General Index	2,022.91	4.81	0.24%	-4.88%	15.13	1.00	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,709.1	0.70%	0.3%
DAX	Germany	12,689.4	1.12%	-1.8%
CAC 40	France	5,434.2	1.04%	2.3%
United States				
DJIA	USA	25,241.9	0.79%	2.1%
S&P 500	USA	2,820.4	0.48%	5.5%
NASDAQ	USA	7,840.8	-0.01%	13.6%
Asia Pacific				
NIKKEI 225	Japan	22,626.3	0.51%	-0.6%
HANG SENG	Hongkong	28,893.1	0.80%	-3.4%
KSE 100 Index	Pakistan	41,339.2	2.16%	2.1%
NSE Nifty 50	India	11,136.3	0.02%	5.8%
SHANGHAI Composite	China	2,908.1	0.09%	-12.1%
KOSPI Index	South Korea	2,274.9	-0.23%	-7.8%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.740	1.352
British Pound (GBP)	1.314	0.761
Canadian Dollar (CAD)	0.760	1.316
Chinese Renminbi (CNH)	0.147	6.814
Egyptian Pound (EGP)	0.056	17.899
Euro (EUR)	1.168	0.856
Indian Rupee (INR)	0.015	63.314
Japanese Yen (JPY)	0.009	111.320
New Zealand Dollar (NZD)	0.679	1.472
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.780	128.329
Russian Ruble (RUB)	0.016	68.899
Singapore Dollar (SGD)	0.733	1.365
Turkish Lira (TRY)	0.205	4.883

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	73.9	0.68%	14.2%
WTI Crude (per bbl)	68.7	0.29%	13.7%
Oman Crude Oil (Last Closing)	72.2	1.15%	12.8%
OPEC (per bbl)	71.9	0.39%	11.5%
Precious Metals			
Gold100 OZ (per oz)	1,223.9	-0.06%	-6.1%
Silver (per oz)	15.5	-0.07%	-8.8%
Platinum (per oz)	834.0	0.14%	-10.4%
Other Metals			
Copper, MT	6,295	2.69%	-13.1%
Aluminium, MT	2,085	0.75%	-8.1%
Lead, MT	2,161	1.27%	-13.1%
Zinc, MT	2,616	2.39%	-21.2%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.53	41.1%
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	8.1

Midswaps	Price	YTM %
3 year	99.71	2.7
5 year	99.15	2.8
10 year	99.48	2.9
30 year	101.23	3.1

USD Libor	Rate (%)	YTD
1m	2.06	31.9%
3m	2.34	37.8%
6m	2.52	37.2%
1 year	2.80	32.9%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Pact signed to develop dry-port in Khazaen

Asyad Group subsidiary Marafi has signed a Memorandum of Understanding (MoU) to work together with Khazaen Economic City (KEC) to develop and operate dry-port facilities in Khazaen. KEC, envisioned as an international logistics hub, is spread over a total area of 51 million sq.m. in South Al Batinah Governorate and will have a dry-port along with logistics, industrial, commercial, and residential zones. The proposed city will be developed in several phases to eventually become an integrated city. Marafi is a member of the Asyad group of companies, which was established to manage and operate maritime services and the handling of vessels at ports and terminals in Oman and abroad.

Source: [Times of Oman](#)

Oman set for robust growth in retail sector

Industry observers expect the country's retail sector to be at a prime position to significantly contribute to the GCC's continuing retail growth story as a result of the increasing demand among young markets, the growing interests of residents in new lifestyle experiences, and the influx of tourists entering the Sultanate. More than 6.2 million sq.m. of retail facilities are expected to take up significant spaces across the Gulf Cooperation Council (GCC) countries within the next five years, according to a recent report from Alpen Capital, which also said the market has the potential to grow by as much as US\$313 billion by 2021 and become a major contributor to the region's non-oil economic development.

Source: [Times of Oman](#)

Duqm Airport set to launch operations from new facility

Duqm Airport celebrated the fourth anniversary of starting operations on 23rd July 2014. Duqm Airport, which prepares for launching operations from the new facility, is an important aerial gateway that contributes to enhancing the economic and tourism activity witnessed by the Sultanate since the dawn of the Blessed Renaissance. "Duqm Airport is 100 per cent managed by Omanis since starting operations at the temporary port in July 2014. It has achieved the aims for which it was set up especially the construction works at the new passenger terminal is nearing completion and will be opened in September 2018," said Sheikh Ayman bin Ahmed Al Hosani, CEO of OAC.

Source: [Times of Oman](#)

Private wealth in Oman expected to grow 7% annually in next 5 years: report

Personal wealth in Oman is projected to accelerate at a compound annual growth rate (CAGR) of seven per cent over the next five years and expected to reach US\$59bn in investible assets by 2022, according to a new report. The report titled 'Global Wealth 2018: Seizing the Analytics Advantage' revealed that private wealth in Oman grew at five per cent between 2016 and 2017. In 2016 to 2017, private wealth was driven primarily by the positive development of life insurance and pensions, it said.

Source: [Muscat Daily](#)

Reductions in system losses yield RO 822m in savings for power sector

A comprehensive effort led by the Authority for Electricity Regulation Oman (AER) to achieve consistent reductions in losses incurred in the transmission, distribution and supply of electricity to consumers around the country continues to deliver solid gains. In value terms, when assessed against a peak loss of 24.6 per cent registered in 2004 around the time of the landmark restructuring and liberalization of power sector in Oman, the cumulative savings amount to a staggering RO 822 million, according to the regulator.

Source: [Oman Observer](#)

Oman agriculture sector's GDP share grows 5.1 per cent in 2017

The agriculture sector's contribution to Oman's Gross Domestic Product (GDP) grew 5.1 per cent to reach a value of RO 312 million in 2017, up from RO 297 million a year earlier, underscoring the importance being accorded by the Ministry of Agriculture and Fisheries, as indeed the Omani government, to this key sector. The ministry continues to develop programs aimed at boosting agriculture and farm production by exploiting available resources and promoting sustainable means. Complementing these programs are initiatives that advance the use of technology, quality assurance, and modern production and marketing systems.

Source: [Oman Observer](#)

Deadline issued for businesses in residential buildings in Oman

Municipal authorities in the Sultanate's capital issued a deadline for commercial activities in residential buildings in certain areas in the Governorate. Muscat Municipality (MM) said in a statement: "We note that the deadline for commercial activities in residential buildings outside the approved streets will expire by the end of 2018." "Licenses granted and contracts approved by the Municipality shall be automatically terminated at the end of the period, and the activities in the residential buildings shall not be continued after this date.

Source: [Times of Oman](#)

Oman primed to take center stage in GCC's continuing retail sector growth

With the increasing demand among young markets, the growing interests of residents in new lifestyle experiences, as well as the influx of tourists entering the Sultanate of Oman, industry observers are seeing the country's retail sector to be at a prime position to significantly contribute to the GCC's continuing retail growth story.

Source: [Saudi Gazette](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Gulf banks' lending growth to remain subdued — S&P

Banks in the Gulf Cooperation Council (GCC) tend to be among the most heavily deposit funded and well capitalized globally, both by regulatory and our measures. However, they operate mainly in cyclical economies and carry greater concentration risk on both sides of the balance sheet than some other investment-grade banks, S&P Global Ratings said in its report titled "Gulf Banks' Capital Remains A Solid Shield Against Risks." The report said as they continue to operate in the region's less-supportive economic environment, "we expect lending growth to remain subdued and asset quality indicators to deteriorate slightly."

Source: [Saudi Gazette](#)

IMF urges Saudi Arabia to maintain reforms amid oil price recovery

The International Monetary Fund urged Saudi Arabia to accelerate its privatization program and warned against slowing the pace of its economic reforms as oil prices recover. Saudi Arabia's reform agenda is progressing well, the IMF said in a report on Tuesday following consultations with the authorities. If oil prices rise higher than the levels accounted for in the budget, the government should save the additional revenues to rebuild its fiscal buffers.

Source: [Reuters](#)

Saudi lender NCB lifted by rise in fees and investment income

Saudi Arabia's National Commercial Bank (NCB), the kingdom's largest lender, reported a 6.7 percent rise in first-quarter net profit on Tuesday on increased fees, commission and investments. It was the fourth Saudi bank to report earnings on Tuesday, with the other two reporting higher profit and the third, Banque Saudi Fransi (BSF), the kingdom's fifth-largest bank by assets, posting an 8.4 percent profit fall.

Source: [Reuters](#)

Saudi Cable's accumulated losses reach 72.6% of capital

Saudi Cable Co.'s (SCC) accumulated losses stood at SAR 293.5 million for the year ending June 30, representing 72.6 percent of SAR 404 million capital, the company announced in a statement on Tadawul Tuesday. The losses are attributed to lower value of one of the important investments in Bahrain.

Source: [Argaam](#)

Bahrain's Bank Alkhair sells stake in Turkish investment firm

Bahrain's Bank Alkhair has sold its majority stake in Turkish investment firm Alkhair Capital a decade after it entered the market, as the Islamic lender streamlines its business lines and exits some markets. The lender received approval to transfer its 95.79 percent shareholding of Alkhair Capital to Ankara-based A1 Capital, according to a filing with Turkey's capital market regulator. It did not disclose a value of the transaction. Bank Alkhair entered the Turkish market in 2007, acquiring an initial 75 percent stake in the investment firm.

Source: [Reuters](#)

Emaar asset sale could help fund Dubai Creek plans, says chairman

The planned sale of some of Emaar Properties' hotel assets could help fund a Dh10 billion (\$2.7bn) retail complex at Dubai Creek Harbour as Dubai's biggest developer seeks to become "asset light", its chairman said on Tuesday. Asked by reporters whether a potential hotel asset sale would help the company finance Dubai Square, Mohamed Alabbar said: "I think you guys know us very well...we'll IPO [Emaar Hospitality as planned] so we'll give most of the money to our shareholders, but then if we need it we can use that money."

Source: [The National](#)

Transportation costs see Abu Dhabi consumer inflation rise to 3.6%

Consumer inflation in Abu Dhabi rose to 3.6 percent in the first six months of 2018 and is likely to increase 3.3 percent year-on-year in the third quarter of the year, according to the Statistics Centre – Abu Dhabi (SCAD). According to SCAD report, the level of inflation in H1 is driven by the increase in the consumer price index to 111.9 percent, compared to 108 percent in H1 2017.

Source: [Arabian Business](#)

QIC Group posts QR384m profit for H1, 2018

Qatar Insurance Company (QIC), the leading insurer in Qatar and the Middle East North African (Mena) region, reported a 5 percent growth in its Gross Written Premium (GWP) for the first six months of the year ended June 30, 2018, which reached at QR6.6bn. The QIC Group reported profits of QR384m for the period, representing 91 percent of the full year 2017 profits. This performance reflects the steady and systematic expansion of QIC Group's international operations, which has further expanded in select low volatility classes.

Source: [TPQ](#)

Kuwait's sovereign fund UK unit said to buy oil, gas pipeline firm

The British infrastructure arm of Kuwait's sovereign wealth fund has agreed to buy oil and gas pipeline firm North Sea Midstream Partners (NSMP) for around £1.3 billion (\$1.7 billion) from ArLight Capital, according to two sources. Wren House, the London-based infrastructure investment arm of the Kuwait Investment Authority (KIA), fought off bids from JP Morgan, Blackstone, and private equity fund KKR to buy NSMP, according to one of the sources.

Source: [Arab Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

UK accounting regulator under pressure post-Carillion collapse

Britain's accounting watchdog is in the strange position of updating the country's corporate governance code while simultaneously fighting for its life. The Financial Reporting Council (FRC) is reeling from the collapse of Carillion earlier this year. The construction firm's demise exposed a host of governance failings: auditors missed red flags in the accounts; the board failed to challenge management; and investors waved through fat pay packets and juicy dividends. As the FRC sifts through the wreckage, critics are attacking it for being toothless and the government is reviewing its future.

Source: [The National](#)

Trump wants \$12 billion in aid to U.S. farmers suffering from trade war

The Trump administration on Tuesday said it will use a Great Depression-era program to pay up to \$12 billion to help U.S. farmers weather a growing trade war with China, the European Union and others that the president began. It is a clear signal the U.S. President Donald Trump is determined to stick with tariffs as his weapon of choice in the conflict.

Source: [Reuters](#)

Asia stocks track Wall Street gains; U.S.-EU meet keeps trade in focus

Asian stocks were higher on Wednesday, supported by strong Wall Street earnings and hopes China's government spending would boost growth but trade tensions remain in focus ahead of a meeting between the U.S. and European Commission presidents. MSCI's broadest index of Asia-Pacific shares outside Japan, MIAPJ0000PUS gained 0.2 percent. The index extended the previous day's gains made after China said it will adopt a more vigorous fiscal policy to cushion the impact of external uncertainties.

Source: [Reuters](#)

Bitcoin bounces above \$8,400 — but it's still worth almost \$200 billion less than its record high

Bitcoin has recovered somewhat in the past few days, but its value is still almost \$200 billion less than when it hit its record high in December 2017. The flagship cryptocurrency is trading just above \$8,400 on Wednesday, according to CoinDesk, but that's still some 58 percent off the \$19,783.21 record from December. Market capitalization or value is down by almost \$200 billion since then.

Source: [CNBC](#)

Facebook plans innovation hub in China despite tightening censorship

Facebook has set up a subsidiary in China and plans to create an "innovation hub" to support local start-ups and developers, the social media company said on Tuesday, ramping up its presence in the restrictive market where its social media sites remain blocked.

Source: [Reuters](#)

The Only Way Out of Turkey's Loop May Be Another Emergency Hike

Turkey may pay a high price for its failure to maintain central bank credibility in investors' eyes. By unexpectedly holding rates on Tuesday, policy makers fueled investor fears that monetary policy under President Recep Tayyip Erdogan's watch will remain too loose to contain price pressures. That threatens to set off the type of rout that forced the central bank to raise rates aggressively earlier this year.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil prices rise for second day, buoyed by fall in U.S. inventories

Oil prices rose for a second day on Wednesday after industry group data showed U.S. crude inventories fell more than expected last week, easing worries about oversupply that had dragged on markets in recent sessions. Brent crude was up 54 cents, or 0.7 percent, at \$73.98 a barrel by 0318 GMT. The global benchmark settled 38 cents higher at \$73.44 a barrel on Tuesday, after climbing to as high as \$74. U.S. West Texas Intermediate rose 24 cents, or 0.4 percent, to \$68.76, having settled the previous session up 63 cents, or nearly 1 percent.

Source: [Reuters](#)

Russian Oil Getting Ready for Biggest Tax Overhaul in 20 Years

Russia, one of the world's top three crude producers, is preparing the most radical shakeup of its oil-tax system since 1999. The changes, which will allow the nation's producers to export crude and oil products duty-free while raising their costs at the wellhead, is set to get the go-ahead from President Vladimir Putin by year-end, bringing in much-needed funds for a multibillion-dollar plan to revitalize the faltering economy.

Source: [Bloomberg](#)

Uthar 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



Disclaimer: This report has been prepared by Uthar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.