

U Capital Morning Brief

5 June 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	890.2	-5.86	-0.65%	-8.63%	-	-	-
U Capital GCC 50 Index	1,324.9	9.96	0.76%	15.74%	-	-	-
U Capital MENA 200 Index	1,082.5	7.69	0.72%	8.78%	-	-	-
MSCI GCC Countries Index	541.7	3.99	0.74%	12.91%	14.39	1.78	3.9%
Muscat Securities Market	4,585.0	-17.13	-0.37%	-10.09%	11.41	0.99	5.3%
Saudi Stock Exchange	8,335.4	5.84	0.07%	15.35%	18.79	1.85	3.2%
Kuwait Stock Exchange	4,863.9	6.62	0.14%	NA	14.46	1.25	4.0%
Qatar Exchange	9,117.4	186.41	2.09%	6.97%	13.58	1.40	4.8%
Bahrain Stock Exchange	1,265.3	-0.32	-0.03%	-4.99%	8.25	0.82	6.5%
Dubai Financial Market	3,034.6	47.39	1.59%	-9.95%	9.77	1.15	5.6%
Abu Dhabi Exchange	4,577.2	11.10	0.24%	4.06%	12.24	1.37	5.2%
Beirut Stock Exchange	1,101.4	-0.11	-0.01%	-4.11%	5.53	0.66	8.9%
Palestine Stock Exchange	543.3	1.66	0.31%	-5.45%	13.22	1.18	5.6%
Tunis Se Index	7,675.4	27.73	0.36%	22.18%	19.58	2.67	1.9%
EGX 30 Index	16,404.3	-270.98	-1.63%	9.22%	17.04	2.64	2.1%
Amman General Index	2,078.4	-3.23	-0.16%	-2.28%	15.61	1.03	4.6%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Currency		
FTSE 100	UK	7,741.3	0.51%	0.7%	Australian Dollar (AUD)	0.763	1.311
DAX	Germany	12,770.8	0.37%	-1.1%	British Pound (GBP)	1.331	0.751
CAC 40	France	5,472.9	0.14%	3.0%	Canadian Dollar (CAD)	0.773	1.294
United States					Chinese Renminbi (CNH)	0.156	6.408
DJIA	USA	24,813.7	0.72%	0.4%	Egyptian Pound (EGP)	0.056	17.850
S&P 500	USA	2,746.9	0.45%	2.7%	Euro (EUR)	1.169	0.856
NASDAQ	USA	7,606.5	0.69%	10.2%	Indian Rupee (INR)	0.015	62.066
Asia Pacific					Japanese Yen (JPY)	0.009	109.890
NIKKEI 225	Japan	22,518.2	0.19%	-1.1%	New Zealand Dollar (NZD)	0.703	1.423
HANG SENG	Hongkong	31,059.2	0.21%	3.8%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	43,341.4	0.17%	7.1%	Pakistani Rupee (PKR)	0.865	116.000
NSE Nifty 50	India	10,578.4	-0.47%	0.5%	Russian Ruble (RUB)	0.016	67.188
SHANGHAI Composite	China	3,106.1	0.48%	-6.1%	Singapore Dollar (SGD)	0.749	1.335
KOSPI Index	South Korea	2,452.2	0.18%	-0.6%	Turkish Lira (TRY)	0.218	4.596

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	75.4	0.21%	15.8%	UAE	2.46	36.9%
WTI Crude (per bbl)	65.0	0.43%	7.6%	Saudi Arabia	2.45	28.9%
Oman Crude Oil (Last Closing)	73.5	0.33%	14.9%	Kuwait	2.00	6.7%
OPEC (per bbl)	74.2	-1.25%	15.1%	Oman	2.33	21.8%
Precious Metals						
Gold100 OZ (per oz)	1,291.2	-0.06%	-0.9%	Qatar	2.64	-0.1%
Silver (per oz)	16.4	-0.11%	-3.2%	Bahrain	3.21	17.8%
Platinum (per oz)	897.2	-0.49%	-3.6%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,975	1.15%	-3.8%		Maturity date	YTM, %
Aluminium, MT	2,314	0.39%	2.0%	Kuwait	3/20/2027	3.9
Lead, MT	2,506	2.54%	0.7%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	3,122	0.68%	-5.9%	Qatar	6/2/2026	4.2
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.7

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.95	2.6	1m	2.00	28.2%
5 year	99.84	2.8	3m	2.32	36.8%
10 year	99.47	2.9	6m	2.47	34.7%
30 year	100.84	3.1	1 year	2.72	29.3%

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's Bank Sohar hires banks for \$250 mln syndicated loan – sources

Bank Sohar, Oman's fourth largest bank by assets, is seeking to raise \$250 million through a syndicated loan after recently completing a \$300 million debt facility, banking sources said. The bank has hired Bank ABC and Emirates NBD to lead the new transaction, which has a three-year maturity and offers a margin of 190 basis points over the London Interbank Offered Rate (Libor), said the sources. The Omani lender, which did not immediately respond to a request for comment, said in March it had closed a \$300 million syndicated loan for general funding purposes.

Source: [Reuters](#)

NAMA GROUP PLANS TO RAISE RO453MN IN THIRD TRANCHE OF LAMAR PROJECT

After successful completion of tranche 1 and 2 of its long-term fund raising program (Project Lamar), Nama Group has commenced preparation to launch tranche 3 of Lamar Project to raise RO453mn. Nama Group has floated an open tender that is limited to established local and international banking institutions for organizing long-term funding to support the capital expenditure (capex) program of transmission and distribution companies. The companies are Oman Electricity Transmission Co, Mazoon Electricity Co, Muscat Electricity Distribution Co, Majan Electricity Co, Dhofar Power Co and Rural Areas Electricity Co.

Source: [Muscat Daily](#)

Oman FDI law will be ratified this year: Report

Foreign Direct Investment Law is expected to be ratified and come into force this year, said The Implementation Support and Follow-Up Unit (ISFU) in its annual report. The aim of the Foreign Direct Investment Law is to regulate and encourage investments and protect the rights of investors. The objective of the initiative is to revise the law in order to allow for 100 per cent foreign ownership and provide investors an open market in Oman, said the report. "The removal of a minimum capital requirement was another measure suggested to attract foreign investment to the Sultanate. Challenges, issues and potential solutions were identified as first steps to drafting the new law," ISFU said.

Source: [Oman Observer](#)

Sohar unit to manufacture 960 tons of scaffolding

The construction of a scaffolding unit by Triangle Engineering has been completed in Sohar and is set to manufacture 960 tons of scaffolding equipment this year, a report has revealed. Scaffoldings are temporary structures that are used to support work crew and materials in the construction and repair of structures.

Source: [Times of Oman](#)

OMAN WANFANG SIGNS DEAL FOR BUILDING MATERIAL MARKET PROJECT IN DUQM

Oman Wanfang LLC, the developer and operator of China-Oman (Duqm) Industrial Park, signed a shareholder agreement with Al Thabat Holding LLC and Oman Company for Development of Special Economic Zone at Al Duqm SAOC (Tatweer) for the development of a building material market project in Duqm. According to a press release, the project will be developed under a joint venture company Duqm Material Market SAOC where Oman Wanfang will invest 51 per cent while Al Thabat and Tatweer will hold 34 per cent and 15 per cent equity, respectively.

Source: [Muscat Daily](#)

Sultanate committed to balanced development

Supporting a proposal raised by Majlis Ash'shura members on the need to have a draft climate law, Mohammed bin Salim al Toobi, Minister of Environment and Climate Affairs, emphasized the role of the ministry in highlighting the environmental dimension as part of the country's development system which aims to find mechanisms to comply with environmental regulations and standards and to ensure a balance between requirements of sustainable development and preservation of environment and human health.

Source: [Oman Observer](#)

Govt mulls movement of expats in same group firm

The government is working on setting up mechanisms and criteria for flexible movement of expatriate workers and the companies on which such criteria will be applied. It also aims to allow recruitment of non-Omani workers under temporary licences in specific specialised jobs for a set period of time. The Implementation Support and Follow-Up Unit in its annual report, which reviewed Tanfeeth projects, said the government seeks to enhance labour mobility of non-Omani workers between enterprises registered within the same entity.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Dubai, Qatar lead gains in most Gulf markets

Gulf markets mostly ended higher on Monday, led by Dubai and Qatar and fueled by heavyweight stocks, while Saudi market stayed firm for the second straight day following appointment of new market-friendly labor minister. The Dubai index jumped 1.6 percent, on a 2.6 percent gain by the market's largest listed developer, Emaar Properties, which hit a one-month high, closing at 5.4 dirhams. Shares in DAMAC Properties reached a four-week high, rising 2.6 percent to 2.4 dirhams.

Source: [Reuters](#)

MSCI says decision on Saudi Arabia upgrade on June 20

The global index compiler MSCI will announce a decision on the potential upgrade of Saudi Arabia to an emerging market status on June 20, as part of its 2018 Annual Market Classification Review. Last June, the Saudi benchmark was added to a watch-list for possible inclusion in MSCI Emerging Markets index, after the country passed a series of market reforms, including easing foreign ownership requirements, reducing settlement cycles and introducing short-selling.

Source: [Argaam](#)

Sipchem announces its position with regards to the recent media speculations relating to the potential business merger with Sahara Petrochemicals Company (Sahara)

Reference is made to the recent media speculations regarding the potential merger with Sahara which included information relating to the procedures, terms, structure and phases of the proposed merger, Saudi International Petrochemical Company (Sipchem) would like to confirm that it has not reached any agreement with Sahara with respect to these matters and that the negotiations with Sahara are still ongoing regarding the potential merger conditions and its structure including the valuation of the two companies which will determine the number of shares that the offer or company will issue to the shareholders of the offeree company if the merger is completed.

Source: [Tadawul](#)

Saudi Aramco restructures non-oil assets ahead of IPO: report

Saudi Aramco has created a subsidiary for its multibillion-dollar pension fund and could also spin off its aviation division, Reuters reported, citing unidentified sources. The changes could be part of the national oil firm's attempt to restructure some assets not related to oil and gas, ahead of its planned initial public offering (IPO), it added. The move is designed to streamline Aramco's operations and could make it easier to value since its business risk would be clearer and that may help it achieve a higher price for its shares, financial and industry sources told Reuters.

Source: [Argaam](#)

Buruj recommends 20% capital hike through bonus shares

Buruj Cooperative Insurance Co.'s board of directors has recommended a 20 percent capital hike to SAR 300 million from SAR 250 million through the issue of one bonus share for every five share held. The capital hike will be financed from retained earnings. The step aims to support the capital base to assist in increasing growth rate and business expansion.

Source: [Argaam](#)

Mouwasat approves 100% capital hike through bonus shares

Mouwasat Medical Services Co.'s extraordinary general assembly approved on Sunday a 100 percent capital hike to SAR 1 billion from SAR 500 million through the issue of one bonus share for every share held, the company said in a statement on Tadawul. The process will be financed through capitalizing SAR 500 million from retained earnings. The capital increase aims to support expansion, in addition to boosting solvency margin and financial position.

Source: [Argaam](#)

Dana Gas seeks shareholders nod for special Sukuk Issue of up to \$560 mln

Dana Gas seeks shareholders nod for special Sukuk issue to holders of existing Sukuk of up to \$560 million for 3 years with 4 percent profit margin per annum. Says new Sukuk to replace the existing Sukuk, issued in May 2013

Source: [Reuters](#)

Abraaj expects deal on secured debt, Kuwaiti creditor holds out

Private equity firm Abraaj said on Monday it hopes to reach a deal with its secured creditors, although sources said that a Kuwaiti unsecured creditor was holding out, potentially stalling the sale of its investment management business. Dubai-based Abraaj Holdings is trying to push through a sale of Abraaj Investment Management to New York-based Cerberus Capital Management as it tries to stem the fallout from allegations it misused investor money in a \$1 billion healthcare fund.

Source: [Zawya](#)

Interview: Takaful Emarat looks to data as a differentiator

Takaful Emarat's new Sheikh Zayed Road headquarters in Dubai was a hive of activity on the day that Zawya arrived to interview new chief executive Fadi Hindi last month. The building's lift lobby was filled with blue and orange balloons, each colour representing one of the company's two new brands, tlife and tinsure. A ribbon-cutting event was due to take place later that evening, when a huge new 't' representing parent brand Takaful Emarat was illuminated to attract the attention of passing cars.

Source: [Zawya](#)

Emirates Clark Says Any Etihad Merger Plan Is Up to Shareholders

Emirates Airline said any merger plan with Abu Dhabi's Etihad Airways PJSC is for shareholders to decide and no such development is likely any time soon. "That is in the hands of the shareholders," Emirates President Tim Clark said in a Bloomberg Television interview Tuesday in Sydney. "On the short-term, medium-term horizon, I would say no." Local press reports have said United Arab Emirates' ruling families that control Emirates and Etihad have held talks about possibly combining the two. The Abu Dhabi carrier posted a loss of \$1.87 billion in 2016 following the failure of an alliance-building strategy that saw it pour cash into Air Berlin Plc and Alitalia SpA, both of which later filed

for insolvency. Emirates Chairman Sheikh Ahmed bin Saeed Al Maktoum said in May there have never been talks with Etihad about a merger.

Source: [Bloomberg](#)

Fitch: UAE Eases Foreign Ownership for Growth, Free Zones Tested

Fitch Ratings-London-04 June 2018: The United Arab Emirates (UAE) cabinet's decision to relax mainland foreign ownership restrictions, to be implemented by end-2018, is intended to encourage foreign investments to accelerate economic growth and maintain the country's regional hub status, Fitch Ratings says. However, this will test the free zone framework and business offering, as one of the key benefits of operating in free zones is the right to 100% foreign corporate ownership. The current rules restrict foreign corporate ownership outside of free zones to 49%. The proposed changes will allow a 100% foreign ownership and ability to operate in the mainland. The precise scope of changes, including whether they will apply to all sectors/industries, and if this comes with a tax tag, has not been announced.

Source: [Fitch](#)

Kuwait Urges Its Parliament to Look Beyond Rise in Oil Prices

Kuwait's finance minister is trying again to win swift parliamentary support for an economic and fiscal reform program, saying that a critical state fund would remain a "concern" even if oil prices were to jump to \$100 a barrel. The General Reserve Fund, where all revenue is deposited, "is under pressure due to growing budget expenditure and a low oil-price environment in recent years," Nayef Al-Hajraf told lawmakers in a closed meeting on Sunday.

Source: [Bloomberg](#)

Qatar's Year of Solitude: A Gulf Embargo's Impact in Six Charts

It's been a year since shocked investors sold off Qatari assets after a Saudi Arabia-led group of nations severed economic and diplomatic ties with the gas-rich country. While the standoff shows no sign of ending, pressure on Qatari assets has eased. Bets against the nation's long-held dollar peg have subsided and the government managed this year's largest sovereign bond sale in the Middle East and Africa. Shares in Qatar's biggest lender are higher than they were 12 months ago.

Source: [Bloomberg](#)

SAVILLS ACQUIRES CLUTTONS MIDDLE EAST

International real estate advisor Savills has completed the acquisition of Cluttons Middle East, a leading real estate consultancy business in the Gulf region. The business employs 190 staff in seven locations throughout the Gulf region, providing agency, management and consultancy advice in both commercial and residential sectors.

Source: [Muscat Daily](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks edge down after rally, focus back on fundamentals

Asian stocks pulled back on Tuesday as investors paused for breath after the previous day's rally, although tech-inspired Wall Street gains supported broader sentiment as focus shifted to bullish economic fundamentals, away from trade concerns. MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.1 per cent after surging 1.4 per cent the previous day. Japan's Nikkei gained 0.2 per cent and South Korea's KOSPI lost 0.15 per cent. Hong Kong's Hang Seng shed 0.2 per cent and the Shanghai Composite Index was little changed.

Source: [The Global](#)

Cash-rich companies are set to pour \$2.5 trillion into buybacks, dividends and M&A this year

Companies are expected to push \$2.5 trillion of "flow" into the economy this year in the form of share buybacks, dividends and M&A, according to UBS. The moves should help boost a stock market that has been stuck in neutral for much of the year. Buybacks have skewed toward tech stocks, which have easily outperformed the rest of the market. May set a record for share repurchases, and the month was the best for stocks since January and the best May since 2009.

Source: [CNBC](#)

Apple shares hit record on first day of developer conference

Apple shares hit a new all-time high on Monday, as tens of thousands of developers flooded into San Jose, California, for WWDC, the company's annual developer conference. The stock rose as much as 1.7 percent to \$193.42, pushing Apple's market capitalization past \$940 billion. The shares have gained 24 percent over the past year. All three of the world's most valuable publicly traded companies climbed to records on Monday, with Amazon and Microsoft also claiming new highs. The three tech companies are now worth a combined \$2.5 trillion.

Source: [CNBC](#)

June 12 could be a big date for US-China ties — and not because of North Korea

A senior U.S. official is expected to attend a June 12 launch for the American Institute in Taiwan's new office in a move that could irritate China. The non-profit organization operates as the de-facto U.S. embassy in Taipei and its new facility represents strengthened U.S.-Taiwan relations. Beijing opposes other countries pursuing relations with the island.

Source: [CNBC](#)

Trade Tensions Intensify With Trump and Allies Set For Showdown

President Donald Trump is headed for a showdown with America's allies at a Group of Seven summit this week in Quebec, with the European Union and Canada threatening retaliatory measures unless he reverses course on new steel and aluminum levies. China, meanwhile, is warning it will withdraw commitments it made on trade if the president carries out a separate threat to impose tariffs on the Asian country.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil rises on expected stockpile drop, but U.S. output, possible OPEC increase drag

Oil prices rebounded on Tuesday after falling in the previous session on expectations that inventories in the United States may decline but increasing U.S. production and concerns that OPEC may raise output continue to weigh on sentiment. Brent crude futures LCOc1 added 14 cents, or 0.19 percent, to \$75.43 a barrel at 0301 GMT, after settling down 2 percent at \$75.29 on Monday. U.S. West Texas Intermediate (WTI) crude CLc1 was up 32 cents, or 0.49 percent, at \$65.07 a barrel. It finished the previous session 1.6 percent lower at \$64.75.

Source: [Reuters](#)

Gold flat as dollar inches up against yen

Gold prices held steady on Tuesday after three days of falls, as the dollar rose to a near two-week high against the yen after strong U.S. economic data sparked expectations of more U.S. interest rate hikes. * Spot gold was nearly unchanged at \$1,291.40 per ounce by 0112 GMT. * U.S. gold futures for August delivery were down 0.2 percent at \$1,295.40 per ounce. * The dollar index, which measures the greenback against a basket of six major currencies, was up 0.1 percent at 94.063. The U.S. dollar rose to 109.99 yen, the highest since May 24.

Source: [Reuters](#)

OPEC Holds Production Steady While Ministers Discuss Next Move

OPEC is holding oil production steady even as it debates an increase. The Organization of Petroleum Exporting Countries pumped 31.9 million barrels a day last month, unchanged from revised levels for April, according to a Bloomberg News survey of analysts, oil companies and ship-tracking data. April's output was the lowest in a year.

Source: [Bloomberg](#)