

U Capital Morning Brief

6 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	884.1	-6.08	-0.68%	-9.26%	-	-	-
U Capital GCC 50 Index	1,333.9	9.00	0.68%	16.53%	-	-	-
U Capital MENA 200 Index	1,089.1	6.60	0.61%	9.44%	-	-	-
MSCI GCC Countries Index	546.8	5.07	0.94%	13.97%	14.54	1.80	3.8%
Muscat Securities Market	4,592.2	7.21	0.16%	-9.94%	11.43	1.00	5.3%
Saudi Stock Exchange	8,406.9	71.51	0.86%	16.34%	18.95	1.87	3.2%
Kuwait Stock Exchange	4,874.5	10.67	0.22%	NA	14.49	1.25	4.0%
Qatar Exchange	9,310.5	193.12	2.12%	9.23%	13.87	1.43	4.7%
Bahrain Stock Exchange	1,267.8	2.45	0.19%	-4.80%	8.27	0.82	6.5%
Dubai Financial Market	3,044.8	10.13	0.33%	-9.65%	9.80	1.16	5.6%
Abu Dhabi Exchange	4,616.5	39.38	0.86%	4.96%	12.34	1.38	5.2%
Beirut Stock Exchange	1,098.7	-2.66	-0.24%	-4.34%	5.51	0.66	9.0%
Palestine Stock Exchange	540.2	-3.11	-0.57%	-5.99%	13.00	1.19	5.7%
Tunis Se Index	7,686.6	11.20	0.15%	22.36%	19.61	2.68	1.9%
EGX 30 Index	16,022.1	-382.22	-2.33%	6.68%	16.65	2.58	2.1%
Amman General Index	2,081.9	3.55	0.17%	-2.11%	15.62	1.03	4.6%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,686.8	-0.70%	0.0%
DAX	Germany	12,787.1	0.13%	-1.0%
CAC 40	France	5,461.0	-0.22%	2.8%
United States				
DJIA	USA	24,800.0	-0.06%	0.3%
S&P 500	USA	2,748.8	0.07%	2.8%
NASDAQ	USA	7,637.9	0.41%	10.6%
Asia Pacific				
NIKKEI 225	Japan	22,623.4	0.40%	-0.6%
HANG SENG	Hongkong	31,234.5	0.45%	4.4%
KSE 100 Index	Pakistan	43,735.5	0.07%	8.1%
NSE Nifty 50	India	10,638.3	0.43%	1.0%
SHANGHAI Composite	China	3,109.6	-0.15%	-6.0%
KOSPI Index	South Korea	2,453.8	0.25%	-0.6%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.766	1.306
British Pound (GBP)	1.340	0.746
Canadian Dollar (CAD)	0.773	1.294
Chinese Renminbi (CNH)	0.157	6.388
Egyptian Pound (EGP)	0.056	17.837
Euro (EUR)	1.172	0.854
Indian Rupee (INR)	0.015	62.149
Japanese Yen (JPY)	0.009	109.960
New Zealand Dollar (NZD)	0.704	1.420
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.864	115.623
Russian Ruble (RUB)	0.016	67.061
Singapore Dollar (SGD)	0.750	1.333
Turkish Lira (TRY)	0.217	4.599

Commodity Prices	Price	D/D	YTD
		USD	%
Oil			
Brent Crude (per bbl)	75.7	0.36%	16.2%
WTI Crude (per bbl)	65.8	0.43%	8.9%
Oman Crude Oil (Last Closing)	73.4	0.23%	14.7%
OPEC (per bbl)	73.6	-0.90%	14.1%
Precious Metals			
Gold100 OZ (per oz)	1,296.8	0.03%	-0.5%
Silver (per oz)	16.5	0.13%	-2.5%
Platinum (per oz)	902.0	0.00%	-3.1%
Other Metals			
Copper, MT	7,099	1.78%	-2.0%
Aluminium, MT	2,312	-0.09%	1.9%
Lead, MT	2,516	0.40%	1.1%
Zinc, MT	3,200	2.48%	-3.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.52	40.4%
Saudi Arabia	2.45	29.0%
Kuwait	1.94	3.3%
Oman	2.33	21.8%
Qatar	2.64	-0.1%
Bahrain	3.21	17.8%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
Kuwait	3/20/2027	3.9
Abu Dhabi	10/11/2027	4.0
Qatar	6/2/2026	4.2
Saudi Arabia	3/4/2028	4.3
Oman	1/17/2028	6.0
Bahrain	10/12/2028	8.8

Midswaps	Price	YTM %
3 year	99.99	2.6
5 year	99.88	2.8
10 year	99.47	2.9
30 year	100.70	3.1

USD Libor	Rate (%)	YTD
1m	2.01	28.7%
3m	2.31	36.6%
6m	2.48	35.2%
1 year	2.74	30.0%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Target to generate RO 700m via privatisation of state entities

A strategy for the privatisation of a number of government-owned enterprises (GOEs) is expected to raise around RO 700 million over the next four years, according to the Implementation Support & Follow-Up Unit (ISFU) tasked with overseeing the timely execution of a large portfolio of economic initiatives. Identified for initial privatisation are entities or subsidiaries that belong to GOEs such as Oman Tourism Development Company (Omran), Oman Food Investment Holding Company (SAOC), Electricity Holding Company (Nama Group), Oman Global Logistics Group (ASYAD) and Oman Oil Company (OOC).

Source: [Oman Observer](#)

Contractors welcome late payment penalty clause in govt contracts

Oman's beleaguered contracting community, which has had to endure lengthy delays in payments on government contracts owing to the challenging economic environment, has broadly welcomed moves by Sharakah — the Public Private Partnership Taskforce — to ensure that such companies are suitably compensated for payment delays. The Implementation Support and Follow-up Unit (ISFU), tasked with monitoring the timely execution of initiatives proposed by Sharakah, Tanfeedh (The National Programme for Enhancing Economic Diversification), and other economic agencies, announced recently that companies — contractors, vendors and service providers alike — will be eligible for compensation against delays in settlements in government contracts.

Source: [Oman Observer](#)

3.5% GROWTH IN VISITORS TO OMAN IN 2017: MOT

The annual report of the Ministry of Tourism (MoT) shows that the number of tourists to the sultanate grew by 3.5 per cent to reach 3.3mn in 2017 compared to 2016. The number of visitors by cruise ships grew by 2.3 per cent to reach 222,000 in 2017 compared to 217,000 visitors in 2016. The number of licensed hotel facilities grew by 8.9 per cent from 337 in 2016 to 367 in 2017. The number of hotel rooms also increased by 9.3 per cent from 18,825 in 2016 to 20,581 in 2017. The number of beds increased by 7.6 per cent from 29,538 in 2016 to 31,774 in 2017.

Source: [Muscat Daily](#)

OMAN'S CONSTRUCTION SECTOR GROWTH BEST IN MIDEAST: REPORT

Oman's construction sector has continued to record robust growth and is outpacing the MENA construction sector average, according to a new report from BMI Research. According to BMI, which provides macroeconomic, industry and financial market analysis, covering 24 industries and 200 global markets, this performance will continue over the course of next five years. This is due to favourable regulations in the sultanate that incentivise foreign investment, as well as an ambitious economic diversification agenda, robust government support for infrastructure sectors like renewables, water and logistics.

Source: [Muscat Daily](#)

Mazoon Dairy milk output to hit 200m litres by 2026

Under 50 per cent of all adults and children in Oman consume more than two glasses of milk a day, a new survey by Mazoon Dairy on World Milk Day reveals. Only 44 per cent of all Omanis and expatriates drink more than two glasses of milk every day according to a nationwide consumer survey conducted by Mazoon Dairy to mark World Milk Day on June 1.

Source: [Oman Observer](#)

OMAN-INDIA FUND INVESTS \$15MN IN AUTOMOTIVE FIRM, EYES GROWTH

The State General Reserve Fund (SGRF)-backed Oman India Joint Investment Fund (OIJIF) is exploring investment opportunities in areas such as automotive and consumer and financial services for future growth. OIJIF announced that it has acquired around 20 per cent stake in Indian auto-component maker Digvi TorqTransfer Systems for ₹1bn (around US\$15mn).

Source: [Muscat Daily](#)

MCD'S RISK ASSESSMENT RATING UPGRADED BY THOMAS MURRAY

Thomas Murray, the global post-trade risk and custody specialists, upgraded the central securities depository (CSD) risk assessment for Muscat Clearing and Depository Co (MCD) from 'BBB' to 'A'. The CSD risk assessment assesses the risk exposures for investors associated with the processes the CSD has in place to facilitate the clearing and settlement of securities. It assesses eight key risks (assessment components).

Source: [Muscat Daily](#)

Pact signed to build material market project in Oman

A shareholders' agreement has been signed for the development of a Building Material Market Project in Duqm. The agreement has been signed by Oman Wanfang, the developer and operator of the China-Oman (Duqm) Industrial Park, with Al Thabat Holding and Oman Company for the Development of a Special Economic Zone at Duqm (Tatweer). The project will be developed under a joint venture company, Duqm Material Market, 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: [Zawya](#)

CBO issues treasury bills worth OMR40 million

Oman's central bank raised OMR40 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 91 days, from June 6 June until September 5, 2018. The average accepted price reached 99.610 for every OMR100, and the minimum accepted price arrived at 99.610 per OMR100. Whereas the average discount rate and the average yield reached 1.56429 per cent and 1.57041 per cent, respectively.

Source: [Times of Oman](#)

Al Mouj Muscat discusses projects, development plans

Al Mouj Muscat, Oman's leading Integrated Tourism Complex, held its annual community meeting recently to form a new advisory committee, as well as to discuss the latest achievements, projects and development plans.

Source: [Times of Oman](#)

AL ANWAR HOLDING: Invitation to Attend the Extraordinary General Meeting & Ordinary Annual General Meeting

The Board of Directors of Al Anwar Holdings SAOG is pleased to invite all the Shareholders of the Company to attend Extraordinary General Meeting and Ordinary General Meeting to be held at 4 pm on Sunday 24th June 2018 at Grand Millennium Muscat, located behind Lulu Hypermarket Al Gubra to discuss the following agenda:

Firstly: Extraordinary General Meeting: Study and approve the increase of authorized capital from RO. 20 million to RO. 30 million and amend the Articles of Association accordingly. Second: Ordinary Annual General Meeting: ... Consideration and approval of the proposal to distribute cash dividends at the rate of 12.5% of the capital, i.e. Bzs 12.5 per share.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Abu Dhabi crown prince approves \$13.61bn in economic stimulus

Abu Dhabi's crown prince said on Tuesday he had approved 50 billion dirham (\$13.61 billion) worth of measures to stimulate growth in the emirate and make it easier to do business, create jobs and boost tourism. Sheikh Mohamed Bin Zayed, de facto leader of the United Arab Emirates (UAE), tweeted that the new initiative would also speed up contract payments to the private sector and exempt new licenses from the requirement of having a physical presence in the emirate in the first two years.

Source: [Zawya](#)

New institute to organize Saudi real estate market

More than 40 percent of real estate offices were run by expatriate workers before the correction process launched by the Interior Ministry and Labor & Social Development Ministry, said Abdulhadi Al-Qahtani, a member of the Saudi Real Estate Institute. "As a result of this government campaign thousands of illegal workers were arrested as they were controlling the market illegally. They were the reason for increasing prices of real estate property and housing units in the country," he told a seminar in Dhahran.

Source: [Zawya](#)

Saudi's SABIC in talks with banks for dollar bond- sources

Saudi Basic Industries Corp (SABIC) is in talks with banks for a potential U.S. dollar-denominated bond, banking sources familiar with the matter said. SABIC, the world's fourth-largest petrochemicals company, bought in a 25 percent stake in the Swiss specialty chemicals group Clariant in January, becoming the firm's largest shareholder. CEO Yousef al-Benyan said at the time that SABIC could self-finance the Clariant stake acquisition, but did not exclude the possibility of inviting banks to part-finance the deal.

Source: [Zawya](#)

Saudi private-sector growth recovers a bit in May after slump

Growth in Saudi Arabia's non-oil private sector recovered in May, a survey of businesses showed on Tuesday, after slowing in April to its lowest level since the survey was launched in August 2009. The seasonally adjusted Emirates NBD Saudi Arabia Purchasing Managers' Index rose to 53.2 last month, its highest since February, from 51.4 in April. Anything above 50 indicates expansion; anything below 50, contraction.

Source: [NASDAQ](#)

KFH-Bahrain Wealth Management department Introducing new real estate investment opportunities

After more than 2 years since its inauguration, KFH-Bahrain's Wealth Management Department has celebrated a new achievement and witnessed consistent growth and a surging customer appetite for their innovative wealth management solutions and services. This new achievement comes in line with the steady growth and development witnessed by the department since it was launched.

Source: [Zawya](#)

Saudi Aramco names new head of finance after govt reshuffle – sources

Saudi Aramco has named six new heads of departments including its finance unit after a government reshuffle last week saw several executives at the oil giant moving to other state posts, sources familiar with the matter said on Tuesday. Khalid Al Dabbagh was named acting service line head for finance, strategy and development at the world's largest oil producer, taking over on an interim basis from Abdullah Al Saadan, who was senior vice president of the department, the sources said.

Source: [Gulf News](#)

ANB, Riyad Bank, Samba shares hit 52-week high

Arab National Bank (ANB), Riyad Bank, and Samba Group all saw their stock hit a 52-week high on Tuesday, data compiled by Argaam showed.

Source: [Argaam](#)

Three Japanese banks said to start operations in Saudi by October

Three major Japanese banks are set to become operational in Saudi Arabia by October, Arab News reported, citing Japanese ambassador Tsukasa Uemura. "Mizuho Bank has been operating in Saudi Arabia since 2009, Sumitomo Mitsui Banking Corp. has already established a subsidiary focusing on consulting business this March. Mitsubishi UFJ Bank will also establish a full-fledged subsidiary in Riyadh this October," he told the daily.

Source: [Argaam](#)

Dubai's Mashreq applies for Saudi banking license: report

Dubai's Mashreq has applied to Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, for a banking license, Reuters reported, citing sources familiar with the matter. The bank sees opportunities in consumer and corporate banking, as well as renewable energy, healthcare and education, sources added.

Source: [Argaam](#)

Dana Gas Sukuk restructuring approved

Dana Gas announced today that, following the launch on 22nd May of a Tender Offer and Consent Solicitation / Exchange Offer to consider approval for the terms and conditions of an offer for the restructuring and refinancing of its US\$700 million Sukuk Al-Mudarabah, the Sukuk certificate holders have overwhelmingly approved the transaction.

Source: [Zawya](#)

UAE's ADNOC may sell more of distribution business –sources

Abu Dhabi National Oil Company is considering selling another 10 percent stake in its fuel distribution business, which listed in an initial public offering last year, but the timing is uncertain, three sources familiar with the matter said. ADNOC listed 10 percent of ADNOC Distribution in December last year, but the sale of another 10 percent would help ADNOC in its aim of joining the MSCI Emerging Markets Index and attract more international investors, two of the sources said.

Source: [Zawya](#)

Fitch Revises Qatar's Outlook to Stable; Affirms at 'AA-'

Fitch Ratings has revised Qatar's Outlook to Stable from Negative and affirmed its Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-'. The revision of the Outlook to Stable reflects the following key rating drivers: Qatar has successfully managed the fallout from last year's rupture of trade, financial and diplomatic relations with the Quartet consisting of the UAE, Saudi Arabia, Bahrain and Egypt. Public sector liquidity injections have stabilised the banking sector and stemmed the outflow of non-resident funding. The fiscal deficit has narrowed sharply and we expect it to turn into a surplus in 2019. The economy has reconfigured its supply chains and continues to grow at a robust pace. There has been no escalation of measures against Qatar.

Source: [Fitch](#)

Qatar's economic situation 1 year after diplomatic boycott

It has been a year now since Egypt, Saudi Arabia, the United Arab Emirates, and Bahrain cut all diplomatic ties with Qatar over charges including funding terrorist organizations, harboring terrorists, interfering in other Arab countries' internal affairs and destabilizing security of the Arab world. Yemen, the Maldives and Libya's eastern-based government later followed suit. A year after the boycott decision, Egypt Today reviews the economic effects of this decision on Qatar.

Source: [Egypt Today](#)

MIDEAST STOCKS-Qatar gains on fund flows, Egypt falls ahead of energy subsidy cuts

Fund flows continue into Doha after MSCI rebalancing. Industries Qatar gains 2 pct, Qatar Gas up 5.7 pct. Financials lead gains in Saudi ahead of MSCI move. Property stocks extend gains in Dubai. Egypt falls ahead of impending cut in energy subsidies.

Source: [Reuters](#)

GCC investment in renewables could rise 1600% between 2016 and 2020

Investment in GCC renewable energy could reach \$16 billion in 2020 with a cumulative total of \$40 billion between 2016 and 2020, provided the correct decisions and policies are adopted, according to a recent study by Strategy&. This projection is a dramatic rise from past numbers, as investment in renewables totaled less than \$1 billion in the GCC in 2016, compared to \$130 spent on renewable energies in 2016 globally. The GCC has many resources at its disposal that could lead the way in certain renewable energy sectors, especially solar, experts have stated.

Source: [CPI Financial](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Foreign investors dumped \$12.3bln in emerging market assets in May –IIF

A heavy emerging markets sell-off last month saw foreigners dump a combined \$12.3 billion of bonds and stocks, Institute of International Finance figures showed on Tuesday. Outflows were evenly split between debt and equities while regionally the biggest moves were \$8 billion out of Asia and \$4.7 billion from Africa and the Middle East combined, it said.

Source: [Zawya](#)

Asia stocks edge up as techs lift Wall Street, Italy still a worry

Asian stocks edged up on Wednesday after tech sector strength lifted Wall Street shares, while concerns about Italy's debt prompted investors to move into lower-risk government debt elsewhere, pushing U.S. Treasury yields down from recent highs. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.1 percent, while Japan's Nikkei edged down 0.1 percent.

Source: [Money Control](#)

UK government clears Fox's bid for broadcaster Sky, pending the sale of Sky News

After around 18 months of regulatory scrutiny, Britain's government said Tuesday it was now prepared to give Fox the go-ahead to buy Sky. Comcast submitted a competing offer for Sky in February, prompting Sky's independent board members to withdraw their recommendation of the offer from Fox. The media landscape has seen a flurry of takeover proposals in recent months, as established players look to try to consolidate in order to remain both relevant and profitable.

Source: [CNBC](#)

Apple CEO Tim Cook says iPhones won't see a tariff amid China trade tensions: 'I just don't see that'

"I don't think that [the] iPhone will get a tariff on it," Apple CEO Tim Cook told CNN in an interview Monday. Cook last month told President Donald Trump in a White House meeting that tariffs were the wrong approach. Apple customers are already seeing the highest iPhone prices in the phone's 10-year history.

Source: [CNBC](#)

COMMODITIES NEWS

Gold edges up as dollar, treasury yields ease

Gold prices inched higher in early Asian trade on Wednesday as the U.S. dollar and treasury yields eased amid lingering concerns about global trade after the United States imposed tariffs on its allies. * U.S. gold futures GCcv1 for August delivery were steady at \$1,301.80 per ounce.

Source: [NASDAQ](#)

U.S. Asks OPEC for 1 Million Barrel a Day Oil Output Hike

The U.S. government has quietly asked Saudi Arabia and some other OPEC producers to increase oil production by about 1 million barrels a day, according to people familiar with the matter. The rare request came after U.S. retail gasoline prices surged to their highest in more than three years and President Donald Trump publicly complained about OPEC policy and rising oil prices on Twitter.

Source: [Bloomberg](#)