

U Capital Morning Brief

7 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	885.1	1.02	0.12%	-9.15%	-	-	-
U Capital GCC 50 Index	1,333.9	0.01	0.00%	16.53%	-	-	-
U Capital MENA 200 Index	1,088.5	-0.57	-0.05%	9.38%	-	-	-
MSCI GCC Countries Index	546.1	-0.69	-0.13%	13.83%	14.53	1.80	3.8%
Muscat Securities Market	4,580.3	-11.82	-0.26%	-10.18%	11.40	0.99	5.3%
Saudi Stock Exchange	8,383.2	-23.67	-0.28%	16.01%	18.89	1.87	3.1%
Kuwait Stock Exchange	4,897.6	23.10	0.47%	NA	14.56	1.26	3.9%
Qatar Exchange	9,327.8	17.26	0.19%	9.44%	13.89	1.43	4.7%
Bahrain Stock Exchange	1,267.0	-0.80	-0.06%	-4.86%	8.27	0.82	6.5%
Dubai Financial Market	3,055.7	10.97	0.36%	-9.33%	9.84	1.16	5.5%
Abu Dhabi Exchange	4,652.1	35.59	0.77%	5.77%	12.44	1.39	5.2%
Beirut Stock Exchange	1,098.7	0.00	0.00%	-4.34%	5.51	0.66	9.0%
Palestine Stock Exchange	539.0	-1.16	-0.21%	-6.19%	13.01	1.19	5.0%
Tunis Se Index	7,705.8	19.25	0.25%	22.67%	19.46	2.68	1.9%
EGX 30 Index	15,908.9	-113.20	-0.71%	5.92%	16.53	2.60	2.1%
Amman General Index	2,070.5	-11.37	-0.55%	-2.64%	15.54	1.03	4.4%

World Markets	Country	Value	D/D	YTD
Europe				
%				
FTSE 100	UK	7,712.4	0.33%	0.3%
DAX	Germany	12,830.1	0.34%	-0.7%
CAC 40	France	5,457.6	-0.06%	2.7%
United States				
DJIA	USA	25,146.4	1.40%	1.7%
S&P 500	USA	2,772.4	0.86%	3.7%
NASDAQ	USA	7,689.2	0.67%	11.4%
Asia Pacific				
NIKKEI 225	Japan	22,823.6	0.87%	0.3%
HANG SENG	Hongkong	31,434.0	0.57%	5.1%
KSE 100 Index	Pakistan	44,200.3	0.14%	9.2%
NSE Nifty 50	India	10,775.5	0.85%	2.3%
SHANGHAI Composite	China	3,116.3	0.04%	-5.8%
KOSPI Index	South Korea	2,472.2	0.75%	0.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.766	1.306
British Pound (GBP)	1.344	0.744
Canadian Dollar (CAD)	0.773	1.294
Chinese Renminbi (CNH)	0.157	6.385
Egyptian Pound (EGP)	0.056	17.886
Euro (EUR)	1.180	0.848
Indian Rupee (INR)	0.015	61.791
Japanese Yen (JPY)	0.009	109.930
New Zealand Dollar (NZD)	0.705	1.419
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.619
Russian Ruble (RUB)	0.016	67.093
Singapore Dollar (SGD)	0.751	1.331
Turkish Lira (TRY)	0.220	4.543

Commodity Prices	Price	D/D	YTD
USD			
%			
Oil			
Brent Crude (per bbl)	75.9	0.66%	16.5%
WTI Crude (per bbl)	65.2	0.68%	7.8%
Oman Crude Oil (Last Closing)	73.5	0.34%	14.9%
OPEC (per bbl)	72.8	-1.06%	12.9%
Precious Metals			
Gold100 OZ (per oz)	1,297.8	0.10%	-0.4%
Silver (per oz)	16.7	0.00%	-1.5%
Platinum (per oz)	906.2	0.10%	-2.6%
Other Metals			
Copper, MT	7,220	1.70%	-0.4%
Aluminium, MT	2,345	1.43%	3.4%
Lead, MT	2,527	0.44%	1.6%
Zinc, MT	3,193	-0.22%	-3.8%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.53	41.0%
Saudi Arabia	2.45	29.1%
Kuwait	1.94	3.3%
Oman	2.33	21.8%
Qatar	2.62	-0.9%
Bahrain	3.23	18.3%

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	4.4
Oman	1/17/2028	6.2
Bahrain	10/12/2028	8.8

Midswaps	Price	YTM %
3 year	99.94	2.6
5 year	99.74	2.8
10 year	99.22	3.0
30 year	100.06	3.1

USD Libor	Rate (%)	YTD
1m	2.02	29.4%
3m	2.32	36.9%
6m	2.48	35.0%
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

Zubair Corp signs collaboration MoU with Muscat University

Recognising the benefits to be derived from increased collaboration, cooperation and interaction, The Zubair Corporation (Z-Corp) has signed a memorandum of understanding (MoU) with Muscat University. The MoU provides an opportunity for Z-Corp and Muscat University to collaborate and exchange expertise in common areas of interest. The agreement was signed by Rashad bin Mohammad al Zubair, Chairman, The Zubair Corporation, and Prof Yusra Mouzughhi, Vice-Chancellor, Muscat University.

Source: [Oman Observer](#)

OMAN FISHERIES EMBARKS ON AMBITIOUS GROWTH PLAN

In order to boost the company's growth and complete the value chain model, Oman Fisheries Company (OFC) is embarking on an ambitious business growth plan and planning to invest in new projects soon. The company's new business growth plan is devised to restructure Oman Fisheries into five separate wings, according to its yearly financial report submitted to the Muscat Securities Market.

Source: [Muscat Daily](#)

MCH TO MANAGE OMAN-SPAIN INVESTMENT FUND

Oman's State General Reserve Fund (SGRF) and the Compañía Española de Financiación del Desarrollo (COFIDES) of Spain have selected MCH Private Equity to manage the Oman-Spain Joint Investment Fund. MCH was selected following a rigorous bidding process that was launched at the end of December 2017.

Source: [Muscat Daily](#)

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](#)

Foreigners lap up houses in tourism complexes

With the opening up of Oman's real estate sector for non-Omanis, housing projects in Integrated Tourism Complexes (ITC) are witnessing heavy demand from foreign investors. While the number of GCC nationals who own real estate properties in Oman increased by nine per cent in 2017, people from many countries in the Middle East, Europe and India are thronging to buy properties. At the same time, experts familiar with Oman's real estate sector feel that regulations may also be introduced to allow expats to own properties outside the ITCs.

Source: [Oman Observer](#)

The Capital Market Authority has approved the increase ownership request in HSBC Oman

This is to bring to your attention that a letter dated 29th of May 2018, requesting an increase in the ownership of HSBC Oman was sent by His Excellency Dr. Omar Al Zawawi to the Capital Market authority Oman. The letter was sent in reference to CBO notice issued on 28th of May 2018 allowing the same. The letter detailing the request of increase in ownership percentage of His Excellency Dr. Omar Al Zawawi from 19.68 % to 25% in HSBC Oman, was accepted by CMA on 5th of June 2018. Kindly note that the validity of this approval will remain for 6th months from the date of issue.

Source: [MSM](#)

OMINVEST: Unsecured Perpetual Subordinated Bond Issue

Further to Oman International Investment and Development Company S.A.O.G ("OMINVEST") disclosure on 31st of May 2018; regarding Capital Market Authority Approval of Perpetual Bonds, we would like to disclose the following updates:

The issue date is 6th June 2018.

Interest Payment Dates shall be 6th June and 6th December in each year.

The first Interest Payment Date shall be 6th December 2018 and the second Interest Payment Date shall be 6th June 2019.

Furthermore; the above information will be available in the Prospectus

Source: [MSM](#)

Tender Board approves projects worth RO 4m

The Tender Board on Wednesday held its third meeting under the chairmanship of Dr Rasheed bin al Safi al Huraibi, Chairman of the Tender Board. During the meeting, the Board awarded RO 4,146,259 worth tenders for the following projects:

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Zain KSA refinances its SAR 5.9 billion existing Murabaha facility for five years

Mobile Telecommunications Company Saudi Arabia (Zain KSA) announces that it has successfully refinanced and extended the maturity date of its existing syndicated SAR 5.9 billion (\$1.57 billion) Murabaha facility for five years. Additionally, the agreement includes a working capital facility of SAR 647 million (\$172 million) for two years, bringing additional liquidity to Zain KSA to fund its digitally focused growth plans. This long-term preferential extension comes after detailed and productive discussions with the regional Islamic and conventional banking community.

Source: [Arab Times](#)

\$26.5b average annual net profit of Kuwaiti sovereign fund in 3 yrs

A document obtained by the Al-Anba newspaper shows the Kuwait Investment Authority (KIA) has made a net profit of 24.07 billion dinars (\$79.5 billion) by investing state reserves in the form of sovereign funds assets during fiscal 2014/2015, 2015/2016 and 2016 / 2017, reports Al-Anba daily. The average annual net profit of Kuwaiti sovereign fund assets over the past three years is \$26.5 billion, with an annual return of 4.5 percent according to Fitch Ratings for sovereign assets of \$590 billion.

Source: [Arab Times](#)

CMA approves IPO of Leejam Sports Company

Saudi Arabia's Capital Market Authority (CMA) has approved the listing of a 30 percent or 15.72 million shares of Leejam Sports Company, it said in a statement on Wednesday. The prospectus will include all relevant information including the share price, company's financial statements, activities and management. The document will be published within sufficient time prior to the start of the subscription period.

Source: [Argaam](#)

Swiss private bank in talks on Saudi partnership: report

Swiss private bank Lombard Odier is holding talks to set up a local partnership with a Saudi bank in order to strengthen its presence in the GCC, Reuters reported, citing Arnaud Leclercq, its managing director. The Geneva-based bank, which had \$281 billion in total client assets as of the end of last year, has a representative office in Dubai and is now looking at potential partnership options across the region.

Source: [Argaam](#)

Industrial fund raises lending cap for Tadawul-listed firms

The Saudi Industrial Development Fund (SIDF) has raised its lending cap for the industrial projects owned by, or affiliated with, Tadawul-listed firms, Saudi Press Agency (SPA) reported. The lending cap for the projects of Saudi-listed companies across major cities was incremented to SAR 1.2 billion, while the lending limit for private companies stood at SAR 300 million.

Source: [Argaam](#)

Saudi Arabia, UAE boost cooperation as multiple joint projects announced

Saudi Arabia and the United Arab Emirates outlined a unified vision aimed at boosting the two nations' global stature by announcing 44 joint projects. The strategic partnership seeks to move the two allies closer on economic and security grounds as well as developing better living standard for citizens.

Source: [Zawya](#)

Barwa gets approval to raise non-Qatari shareholding

Barwa Real Estate Company, one of the major real estate developers in Qatar, yesterday held the company's Extraordinary General Assembly (EGA) and got approval for all the items on the agenda of the meeting, including a proposal to increase the shareholding percentage of non-Qataris in the shares of the company from 25 percent to 49 percent of the total shares of the company. The board also got shareholders' nod to amend the company's Articles of Association to be in accordance with the amendments of non-Qatari ownership percentages.

Source: [TPQ](#)

Franklin Templeton Sheds Bahrain Debt, Warns of Economic Crisis

Franklin Templeton Investments has cut back its debt holdings in Bahrain, citing the "very serious" threat that the cash-strapped nation will experience an economic crisis in the next 12 months if financial aid from neighbors doesn't come through. Templeton's exposure is "much reduced today" because the government seems to lack a credible reform plan, according to Mohieddine Kronfol, the firm's chief investment officer for global sukuk and Middle East and North Africa fixed income. At the same time, he's holding onto a small stake in the nation's bonds, in case Bahrain gets support from its Gulf Arab allies.

Source: [Bloomberg News Alert](#)

Abu Dhabi, Qatar among top five global real estate investors- report

Abu Dhabi Investment Authority (ADIA) and Qatar Investment Authority (QIA) are among the top five real estate investors in the world, a research report said, a sign of gulf sovereign wealth funds (SWFs) growing their alternate investments portfolio. SWFs in the Gulf have helped diversify their economies away from oil and invest in a wide range of non-oil related assets.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China is working to change global commodities trading — to its own benefit

Chinese exchanges are wooing international commodities traders in a bid to overtake longstanding benchmark prices — many of which are set in Europe and the U.S. — reflecting ambitious plans by the world's second-largest economy to expand its influence overseas. In the last few months, Chinese exchanges have opened up the trading of derivatives products for a few major commodities to international participants.

Source: [CNBC](#)

Stung by compliance costs, Asia banks urge watchdogs to approve more fintech

Regulators have to do more to allow new technologies that can help financial institutions in the fight against money laundering, according to the Asia Securities Industry and Financial Markets Association. The industry group said it would like to see greater use of new technologies in "know your client" or KYC anti-money laundering checks, as they promise to notably cut costs. Last week, the Commonwealth Bank of Australia was fined a record \$530 million for breaching money laundering and terror financing laws.

Source: [CNBC](#)

Wall Street rises on economic data, easing trade worries

Wall Street indexes rallied on Wednesday with help from financial stocks as investors eyed strong economic data and trade war fears took a back seat while the Nasdaq registered its third straight record closing high. White House economic adviser Larry Kudlow said late in the trading day that U.S. President Donald Trump will meet French President Emmanuel Macron and Canadian Prime Minister Justin Trudeau during a G7 summit this week.

Source: [Zawya](#)

Euro gains after ECB comments on ending stimulus

The euro rose to a nearly two-week high against the dollar on Wednesday after officials said the European Central Bank could wind down its stimulus program by the end of the year, as inflation has risen to its target. Europe's common currency was on track to post its largest weekly gain versus the dollar since mid-February.

Source: [Zawya](#)

India raises interest rates amid inflation strains

India's central bank announced on Wednesday that it would increase interest rates for the first time in over four years, in response to concerns over inflationary pressures driven by higher oil prices and currency depreciation. The Reserve Bank of India (RBI) decided to increase the benchmark repo rate that reflects the level of lending to commercial banks, by 0.25% to 6.25%.

Source: [Mubasher](#)

COMMODITIES NEWS

Copper prices extend rally on supply fears, weaker dollar

Copper rose more than 2 percent in Shanghai on Thursday to a fresh 3-month top, while the metal came within striking distance of its 2018 high in London as concerns over supply disruption in Chile and a weaker dollar index lent support to prices. A weaker greenback makes dollar-denominated metals cheaper for holders of other currencies.

Source: [Zawya](#)

Oil prices rise on Venezuelan supply troubles, but U.S. output surges

Oil prices rose on Thursday to shake off some of the previous session's losses, supported by plunging exports by OPEC-member Venezuela. Brent crude futures LCOc1 were up 33 cents, or 0.4 percent, to \$75.69 a barrel at 0101 GMT. U.S. West Texas Intermediate (WTI) crude CLc1 was up 38 cents, or 0.6 percent, at \$65.11 a barrel. It ended the previous session 1.2 percent lower at \$64.73 a barrel.

Source: [Reuters](#)

Gold rises on weaker dollar, despite potential US rate hikes

Gold prices rose on Wednesday propped by a weaker US dollar and lower Treasury yields, but anticipated US rate hikes curbed gains. By 1:07 pm GMT, gold futures, for August delivery, edged up 0.03% to \$1,302.60 per ounce, while spot gold added 0.17% to \$1,298.47 per ounce. In the meantime, the US dollar index fell 0.32% to 93.5740.

Source: [Mubasher](#)

