

# U Capital Morning Brief

11 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	889.3	-1.87	-0.21%	-8.72%	-	-	-
U Capital GCC 50 Index	1,319.8	-12.46	-0.94%	15.30%	-	-	-
U Capital MENA 200 Index	1,081.8	-7.79	-0.71%	8.71%	-	-	-
MSCI GCC Countries Index	541.6	-2.40	-0.44%	12.89%	14.41	1.78	3.8%
Muscat Securities Market	4,601.6	5.08	0.11%	-9.76%	11.45	1.00	5.3%
Saudi Stock Exchange	8,278.5	-65.88	-0.79%	14.56%	18.66	1.84	3.2%
Kuwait Stock Exchange	4,804.3	-1.25	-0.03%	NA	14.28	1.23	4.0%
Qatar Exchange	9,224.7	-17.56	-0.19%	8.23%	13.74	1.42	4.8%
Bahrain Stock Exchange	1,274.5	10.69	0.85%	-4.30%	8.31	0.83	6.4%
Dubai Financial Market	3,058.6	4.11	0.13%	-9.24%	9.85	1.16	5.5%
Abu Dhabi Exchange	4,692.2	0.53	0.01%	6.68%	12.55	1.41	5.1%
Beirut Stock Exchange	1,086.4	-4.33	-0.40%	-5.41%	5.45	0.65	9.1%
Palestine Stock Exchange	541.4	2.04	0.38%	-5.77%	13.07	1.20	5.0%
Tunis Se Index	7,676.5	-29.21	-0.38%	22.20%	19.20	2.68	1.9%
EGX 30 Index	16,142.7	219.06	1.38%	7.48%	16.54	2.64	2.0%
Amman General Index	2,099.5	33.49	1.62%	-1.28%	15.76	1.04	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,681.1	-0.30%	-0.1%
DAX	Germany	12,766.6	-0.35%	-1.2%
CAC 40	France	5,450.2	0.03%	2.6%
<b>United States</b>				
DJIA	USA	25,316.5	0.30%	2.4%
S&P 500	USA	2,779.0	0.31%	3.9%
NASDAQ	USA	7,645.5	0.14%	10.8%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,827.0	0.58%	0.3%
HANG SENG	Hongkong	31,038.0	0.25%	3.7%
KSE 100 Index	Pakistan	44,145.2	0.45%	9.1%
NSE Nifty 50	India	10,810.2	0.39%	2.7%
SHANGHAI Composite	China	3,045.9	-0.69%	-7.9%
KOSPI Index	South Korea	2,468.3	0.68%	0.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.760	1.315
British Pound (GBP)	1.341	0.746
Canadian Dollar (CAD)	0.771	1.298
Chinese Renminbi (CNH)	0.156	6.402
Egyptian Pound (EGP)	0.056	17.857
Euro (EUR)	1.180	0.848
Indian Rupee (INR)	0.015	62.523
Japanese Yen (JPY)	0.009	109.800
New Zealand Dollar (NZD)	0.704	1.421
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.865	115.610
Russian Ruble (RUB)	0.016	67.319
Singapore Dollar (SGD)	0.749	1.335
Turkish Lira (TRY)	0.223	4.482

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	76.2	-0.34%	17.0%
WTI Crude (per bbl)	65.6	-0.27%	8.5%
Oman Crude Oil (Last Closing)	74.4	-1.20%	16.2%
OPEC (per bbl)	73.6	0.78%	14.2%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,298.2	-0.09%	-0.4%
Silver (per oz)	16.9	0.47%	-0.4%
Platinum (per oz)	908.8	0.19%	-2.3%
<b>Other Metals</b>			
Copper, MT	7,312	-0.27%	0.9%
Aluminium, MT	2,299	-0.56%	1.4%
Lead, MT	2,466	-2.68%	-0.9%
Zinc, MT	3,202	0.60%	-3.5%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.30	28.0%
Saudi Arabia	2.45	29.4%
Kuwait	1.94	3.3%
Oman	2.33	21.8%
Qatar	2.64	-0.2%
Bahrain	3.25	19.3%

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	8.9

Midswaps	Price	YTM %
3 year	99.95	2.6
5 year	99.78	2.8
10 year	99.28	3.0
30 year	100.48	3.1

USD Libor	Rate (%)	YTD
1m	2.05	30.8%
3m	2.33	37.3%
6m	2.49	35.5%
1 year	2.74	30.1%

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 Islamic banking assets hit ro4bn mark

Total assets of Islamic banks and windows in Oman reached to RO4bn mark as of the end of March 2018, accounting for 12.4 per cent of total banking system assets in the sultanate. Islamic banking entities provided financing to the extent of RO3.2bn as of the end of March this year as compared to RO2.6bn a year ago.

Source: [Muscat Daily](#)

### GlassPoint partners with Napco

Through its partnership with the National Aluminum Products Company (Napco), Oman's largest aluminum provider, GlassPoint Solar, continues to generate sustainable in-country value (ICV) within the Sultanate. Building the Miraah solar plant with Petroleum Development Oman (PDO), GlassPoint is committed to developing a solar hub in Oman and contributing to the country's economic diversification.

Source: [Times of Oman](#)

### New Suhar cement plant to launch this year

Suhar Cement — the Sultanate's third cement mill after Oman Cement and Raysut Cement — will be brought into operation later this year, helping add to domestic production capacity and reduce the nation's dependence on imports for this strategically important commodity. The new facility, featuring a cement-grinding unit with a capacity of around 240 tons per hour, is being developed by a partnership of Sohar Cement (holding 70 per cent of the equity) and UAE-based Fujairah Cement Co (owning the balance 30 per cent of the equity).

Source: [Oman Observer](#)

### Forum to be held for local vendors and suppliers

Oman Drydock Company (ODC), a subsidiary of the government-owned holding company Asyad, will be organizing a forum for local vendors and suppliers by the end of this month. The forum is being held with the intention to offer local vendors and suppliers an overview of the company and make them cognizant of the business opportunities available at the drydock.

Source: [Times of Oman](#)

### Pact signed to prepare code of governance for industrial units

An agreement has been signed for preparing a code of governance for Public Establishment for Industrial Estates (PEIE). Besides monitoring and examining governance practices in the industrial estates in Oman the agreement also includes for the preparation of a draft study and governance manual containing a description of the present status of governance and other processes.

Source: [Times of Oman](#)

### 65,000 tourists likely from China, Russia and Iran

Oman is expected to receive 65,129 tourists from China, Russia and Iran in 2018, thanks to the progress made in the visa facilitation process, says an official report. "The initiative aims to ease visa applications process for the emerging tourist markets such as China, Iran and Russia. It focuses on activating an e-visa system and thereby increase the number of users of e-visa system.

Source: [Oman Observer](#)

### Oman airspace handles 1,600 aircraft daily, revenues up

The Sultanate's airspace last year managed 548,000 aircraft, 1,600 aircraft per day in 2017, an increase of five percent from 2016 and 30 per cent in 2013. Passenger traffic at Muscat International Airport has grown by 17 per cent over the last year compared to 2016, with more from 14 million compared to 12.32 million in 2016, and air cargo increased by 24 per cent from 198,335 tons, compared to 159,554 tons in the previous year.

Source: [Oman Observer](#)

### Oman gears up for shipbuilding at Duqm yard

Wholly government-owned Oman Drydock Company (ODC) — a subsidiary of ASYAD Group — is preparing the groundwork to scale up its capabilities with the goal of venturing into shipbuilding for the first time in the nation's modern history. The announcement came against the backdrop of ODC's participation in 'Posidonia 2018', the world's leading expo of the global shipping industry, which concluded in Athens — Greece recently.

Source: [Oman Observer](#)

### OMINVEST: Listing of OMINVEST Unsecured Perpetual Subordinated Bonds

Oman International Development and Investment Company S.A.O.G ("OMINVEST") would like to disclose that OMINVEST has issued by way of private placement Unsecured Perpetual Subordinated Bonds ("Bonds") for RO 60,637,586 (60,637,586 bonds of face value RO 1.000 per bond) which have been listed on Bond and Sukuk market of Muscat Securities Market.

Source: [MSM](#)

### OMAN QATAR INSURANCE: Disclosure of Impact of Mekunu Cyclone - Reference

"With reference to our disclosure dated 3, June 2018 under the subject of the impact of Cyclone Mekunu, we would like to update you that the tentative net of reinsurance claim exposure for OQIC books will be RO 260,000. However, we are constantly monitoring the situation and will update the actual net financial exposure to company in due course". Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Dubai lifted by new incentives, Qatar hurt by Commercial Bank

Banking and property shares helped drive up Dubai's stock market on Sunday, while the Qatari index fell on news that Commercial Bank's talks to sell its stake in United Arab Bank (UAB) to a UAE investor had failed. Dubai's benchmark index closed up 0.4 percent after the government announced over the weekend additional measures to boost the economy.

Source: [Zawya](#)

### Investors Flock to DIB Capital Raising

Dubai Islamic Bank, the largest Islamic bank in the UAE announced a highly successful closing to the bank's capital raising. The issuance of 1.6 bln additional shares at price of AED 3.11 per share was announced earlier in April with the aim to boost the core capital (CET1) of the bank by over AED 5 bln. The transaction generated massive interest with subscriptions crossing AED 14 bln clearly denoting the huge interest from local and international investors in one of the fastest and most profitable banks in the region. The transaction is part of the bank's strategic agenda to preemptively create capacity to support its growth plans that have placed the institution amongst the top performers in the region.

Source: [DIB](#)

### S&P sees Abu Dhabi's economic growth picking up gradually

Global ratings agency S&P on Sunday affirmed Abu Dhabi's "AA" long-term and expects the economic growth will gradually pick up and that the country's fiscal position will remain strong over the next two years. Following 0.5 per cent contraction in real terms in 2017 due to the Opec's oil production cuts, S&P forecast gradual rising real GDP growth of the emirate on the back of recovering oil prices and production and a revival in investment.

Source: [Zawya](#)

### UAE regulator examines Abraaj investor impact

United Arab Emirates' top securities regulator is working with the Dubai Financial Services Authority (DFSA) to ascertain whether local investors have been affected by the financial woes of private equity firm Abraaj, the watchdog said on Sunday. These are the first public comments by a regulator in the UAE about possible scrutiny of Abraaj as concerns grow on the financial state of the firm, the funds of which have also attracted money from UAE institutions and family offices.

Source: [Zawya](#)

### Deloitte Is Said to Find Dubai's Abraaj Commingled \$95 Million

Abraaj Group, the Middle Eastern investment firm which has been roiled by allegations of misused funds, commingled about \$95 million after it faced cash shortages, according to the findings of a review by Deloitte. The accounting firm, which was hired by Abraaj to examine its finances, found that there was commingling of Abraaj's own money in the health-care fund and its fourth fund, according to a summary of the Deloitte report that was presented to creditors on June 4 and seen by Bloomberg News.

Source: [Bloomberg](#)

### Saudi Islamic affairs body launches Endowment Investment Funds project

The General Authority of Islamic Affairs and Endowments (GAIAE) launched its first initiative, the Endowment Investment Funds project, on Sunday, to organize, maintain, and develop endowments and manage yields. Through this project, GAIAE aims to contribute to achieving the financial sustainability of endowment and non-profit bodies and encourage the endowments sector to meet development needs.

Source: [Zawya](#)

### SPIMACO plans to exit SAR 1.15 bln investment portfolio: CEO

Saudi Pharmaceutical Industries and Medical Appliances Corp. (SPIMACO) is planning to exit its investment portfolio valued at SAR 1.15 billion, as the company is currently in need of additional finance for its projects and expansions, CEO Fahad Alkhalaf told Argaam in an exclusive interview on Sunday. The Tadawul-listed firm plans to focus these investments into its core activities; pharmaceuticals and healthcare.

Source: [Argaam](#)

### ACWA Power expects to go public in H2 2018

Riyadh-based ACWA Power Co. is likely to float its shares in an initial public offering (IPO) during the second half of 2018, chairman Mohammad Abunayyan told Al-Arabiya TV on Sunday. "The board of directors have decided to list the company's shares. Financial and legal advisors were hired, and we're aiming to complete the share sale this year," he said.

Source: [Argaam](#)

### Qatar's Commercial Bank ends UAB stake sale talks with Tabarak

Qatar's Commercial Bank (CBQ) said on Sunday it has ended talks with United Arab Emirates-based Tabarak Investment to buy its 40 percent stake in United Arab Bank. CBQ said it ceased discussions with Tabarak on the stake sale, without giving details, according to separate filings on Abu Dhabi and Doha bourses. Negotiations between the two had been going on for months on the stake sale. Reuters had reported in April that Tabarak had been granted more time to secure the financing it needs to buy a 40 percent stake in United Arab Bank.

Source: [CPI Financial](#)

### **Gulf states pledge \$2.5 billion economic package to crisis-hit Jordan**

Saudi Arabia, Kuwait and the United Arab Emirates (UAE) have agreed to provide a \$2.5 billion (€2.1 billion) aid package to Jordan to help it weather an economic crisis and anti-austerity protests. The economic package includes a deposit into Jordan's central bank, World Bank guarantees, annual support for Jordan's budget over five years and financing of development projects

Source: [DW](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Brace for the World Economy's Most Important Week of the Year**

The world economy's most important week of the year? That's what Bank of America Corp. strategists asked clients in a report ahead of five days of presidential standoffs, trade tensions and central bank meetings. Each carries the potential to propel financial markets and shape the outlook for global growth after signs it slowed in the first quarter.

Source: [Bloomberg](#)

### **Asia stocks edge up after G7; summit, central bank meetings eyed**

Asia stocks shook off initial modest losses and edged up on Monday ahead of a U.S.-North Korea summit that might ease regional tensions, while investors also started to focus on key central bank meetings later this week. Stocks dipped after U.S. President Donald Trump backed out of a joint Group of Seven communique over the weekend, in a blow to the group's efforts to show a united front.

Source: [Reuters](#)

### **The Fed has a surprise in store that could mean an early end to interest rate hikes**

The Fed at its meeting this week is expected to announce a quarter-point interest rate hike, and a 0.2 percent increase in interest on excess reserves. The maneuver is targeted at holding back the target rate, and could signal that the Fed is nearing the end of its balance sheet roll off. A preliminary end to the reduction in the bond portfolio also could signal a quicker end to the rate-hiking cycle than the market anticipates.

Source: [CNBC](#)

### **The US-North Korea summit may help decide a trade war with China**

Talks of a trade war with China have momentarily taken a backseat to increasingly acrimonious negotiations with Canada, Mexico and the European Union, as President Donald Trump spent much of the last week exchanging barbs with major economic partners. However, one veteran market watcher warned that investors should stay vigilant on the threat from China – because it could roar back to roil markets if the U.S.-North Korea summit goes awry.

Source: [CNBC](#)

## **COMMODITIES NEWS**

### **Oil mixed as rising US, Russia supplies weigh while strong demand provides support**

Oil prices were mixed on Monday, caught between the downward pull of rising Russian production and U.S. oil drilling activity at its highest since 2015, and upward pressure from strong demand, especially in Asia. However, analysts expect surging U.S. output to start offsetting efforts led by the Organization of the Petroleum Exporting Countries (OPEC) to withhold production, which have been in place since 2017 and in the first half of this year have pushed up prices significantly.

Source: [NASDAQ](#)

### **Gold Ticks Higher On Softer Dollar; Cenbank Meetings In Focus**

Gold prices edged higher in early Asian trade on Monday as the dollar softened ahead of key central bank policy meetings and the U.S.-North Korea summit this week, and as a weekend G7 summit fanned trade war fears.

#### **FUNDAMENTALS**

\* Spot gold was up 0.1 percent at \$1,298.78 per ounce at 0049 GMT.

\* U.S. gold futures for August delivery were nearly unchanged at \$1,302.80 per ounce.

\* The dollar index, which measures the greenback against a basket of six major currencies, was down 0.1 percent at 93.452.

Source: [KITCO](#)

