

U Capital Morning Brief

12 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	888.6	-0.79	-0.09%	-8.80%	-	-	-
U Capital GCC 50 Index	1,308.4	-11.47	-0.87%	14.30%	-	-	-
U Capital MENA 200 Index	1,074.0	-7.80	-0.72%	7.93%	-	-	-
MSCI GCC Countries Index	540.1	-1.49	-0.28%	12.58%	14.37	1.78	3.8%
Muscat Securities Market	4,602.8	1.19	0.03%	-9.74%	11.46	1.00	5.3%
Saudi Stock Exchange	8,244.0	-34.54	-0.42%	14.08%	18.58	1.84	3.2%
Kuwait Stock Exchange	4,787.5	-16.74	-0.35%	NA	14.26	1.23	4.0%
Qatar Exchange	9,203.3	-21.42	-0.23%	7.98%	13.71	1.41	4.8%
Bahrain Stock Exchange	1,281.2	6.69	0.52%	-3.80%	8.36	0.83	6.4%
Dubai Financial Market	3,108.0	10.57	0.34%	-7.78%	10.01	1.18	5.4%
Abu Dhabi Exchange	4,726.0	-7.44	-0.16%	7.45%	12.64	1.42	5.1%
Beirut Stock Exchange	1,084.7	-1.73	-0.16%	-5.56%	5.44	0.65	9.1%
Palestine Stock Exchange	541.9	0.47	0.09%	-5.69%	13.08	1.20	5.0%
Tunis Se Index	7,722.2	45.64	0.59%	22.93%	19.33	2.69	1.9%
EGX 30 Index	15,921.3	-221.47	-1.37%	6.01%	16.31	2.60	2.5%
Amman General Index	2,101.4	1.88	0.09%	-1.19%	15.78	1.04	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,737.4	0.73%	0.6%
DAX	Germany	12,842.9	0.60%	-0.6%
CAC 40	France	5,473.9	0.43%	3.0%
United States				
DJIA	USA	25,322.3	0.02%	2.4%
S&P 500	USA	2,782.0	0.11%	4.1%
NASDAQ	USA	7,659.9	0.19%	11.0%
Asia Pacific				
NIKKEI 225	Japan	22,928.4	0.56%	0.7%
HANG SENG	Hongkong	31,169.5	0.34%	4.2%
KSE 100 Index	Pakistan	43,489.5	-0.99%	7.5%
NSE Nifty 50	India	10,834.3	0.44%	2.9%
SHANGHAI Composite	China	3,072.5	0.65%	-7.1%
KOSPI Index	South Korea	2,468.7	-0.06%	0.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.761	1.314
British Pound (GBP)	1.336	0.749
Canadian Dollar (CAD)	0.769	1.300
Chinese Renminbi (CNH)	0.156	6.400
Egyptian Pound (EGP)	0.056	17.853
Euro (EUR)	1.176	0.850
Indian Rupee (INR)	0.015	62.823
Japanese Yen (JPY)	0.009	110.350
New Zealand Dollar (NZD)	0.703	1.422
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.846	119.500
Russian Ruble (RUB)	0.016	67.476
Singapore Dollar (SGD)	0.749	1.335
Turkish Lira (TRY)	0.220	4.539

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	76.5	0.09%	17.5%
WTI Crude (per bbl)	66.2	0.18%	9.6%
Oman Crude Oil (Last Closing)	74.4	0.04%	16.3%
OPEC (per bbl)	74.2	0.81%	15.1%
Precious Metals			
Gold100 OZ (per oz)	1,297.2	-0.26%	-0.4%
Silver (per oz)	16.9	-0.44%	-0.4%
Platinum (per oz)	905.1	0.12%	-2.7%
Other Metals			
Copper, MT	7,255	-0.78%	0.1%
Aluminium, MT	2,301	0.09%	1.5%
Lead, MT	2,475	0.36%	-0.5%
Zinc, MT	3,201	-0.03%	-3.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.49	38.6%
Saudi Arabia	2.46	29.5%
Kuwait	1.94	3.3%
Oman	2.36	23.6%
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	99.89	2.7
5 year	99.76	2.8
10 year	99.28	3.0
30 year	100.50	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

OMR1.9Bn funding provided to firms: CMA

Oman's Capital Market Authority (CMA) provided more than OMR1.9 billion in funding to companies last year, an increase of 19 per cent compared to 2016, according to the CMA's annual report. "The CMA has provided funding of more than OMR1.9 billion in 2017. This reflects the role of the stock market in stimulating the movement of the national economy and thrusting the wheel of comprehensive development," the CMA chairman, HE Yahya Said Abdullah Al Jabri, said in a statement.

Source: [Times of Oman](#)

Contracts signed to build new gas engine power plant

Oman LNG has signed two contracts to build a new gas-driven engine power plant at their facilities in Qalhat, Sur. The contracts are essential for the delivery of Oman LNG's gas engine power plant, the first of its kind for liquefied natural gas (LNG) applications in Oman. The move to introduce the gas engine power plant is part of plans to conserve natural gas and reduce CO2 emissions. Gas savings accumulated through this project are aimed at producing power for Oman LNG's facility with less natural gas by optimizing gas resources and yielding a reduction in environmental emissions.

Source: [Times of Oman](#)

MARAFI, DOLPHIN sign agreement to develop new terminal at Sohar port

ASYAD Group subsidiary Marafi and Qatar-based company Dolphin Integrated on Monday signed a shareholders' agreement to develop an aggregate terminal at Sohar Port. The proposed terminal with a loading capacity of approximately 8mn tons per year will enable large volume export of gabbro, a coarse-grained rock used in asphalt and other minerals. The project will be developed in two phases. The hybrid phase will facilitate aggregate exports by the end of 2018, and the permanent phase equipped with state of the art stacker-reclaimer system, conveyor and semi-automated ship loaders will be commissioned in 2020. The terminal capacity will be increased after the completion of the permanent phase to 12mn tons per annum.

Source: [Muscat Daily](#)

Oman's may inflation rises 0.78%

Oman's annual inflation, based on consumer price index, rose 0.78 per cent in May compared with the same period of the previous year, according to the statistics released by the National Centre for Statistics and Information (NCSI). The increase in May inflation was mainly due to higher prices in segments like education, transportation, and furnishing and household equipment. Price index for education jumped 4.9 per cent in May on year-on-year basis, while transportation and household equipment categories recorded price increases of 2.7 per cent and 0.78 per cent, respectively.

Source: [Muscat Daily](#)

Salary cap raised for fuel subsidy

To allow more citizens to get the benefits of the fuel subsidy system, the Council of Ministers on Monday raised the ceiling on salaries for eligibility. According to a decision taken by the council, Omani citizens above the age of 18 years and earning RO 950 per month will be entitled to the subsidy support. "The decision follows recommendations by a national committee that studied the effects of liberalization of fuel prices in the country," said a statement from the Council of Ministers on Monday. The new decision will be effective from August 1.

Source: [Oman Observer](#)

Cold chain infra to help save RO 135m in annual wastage

The Ministry of Agriculture and Fisheries is joining forces with a number of public and private sector food and logistics sector stakeholders in the development of modern cold chain infrastructure designed to help reduce agro produce and fish wastage that costs the economy as much as RO 135 million annually. Studies have determined that around 24 per cent of Oman's annual fisheries production is lost due to spoilage attributed primarily to deficiencies in cold storage infrastructure along the logistics chain. This translates to around RO 25 million in annual losses to the sector.

Source: [Oman Observer](#)

NATIONAL LIFE & GENERAL INS - Disclosure of Impact of Mekunu Cyclone

In compliance with the circular No. KH/2-2018, dated 27th May 2018, regarding the impact of Cyclone Mekunu, National Life & General Insurance Company SAOG wishes to inform the shareholders & investors that, there are no impact to company's own properties. Regarding insurance claims, we have received some notification of claims in respect of damages. Clear details of the extent of loss are awaited to be provided from claimants and hence a clear figure of the loss cannot be presently determined.

Source: [MSM](#)

Sultanate Real Estate Trading During May 2018 Exceeds RO 256 Million

Dr. Ali bin Azan al- Hashami, Deputy Secretary of the Real Estate Registry at the Ministry of Housing said that the value of traded contracts in real estate sector reached RO 256,347,000 by the end of May 2018 while the collected fees from such transactions stood at RO 8,343,000. He pointed out that the total number of real estate transactions amounted to 38,024 including sale, will, inheritance, exchange mortgage and release of mortgage transactions, besides visas.

Source: [ONA](#)

Oman Air sees 24% jump in revenue in first four months

Oman Air witnessed a whopping 24 per cent increase in revenue in the first four months of this year, announced Oman Aviation Group, the government-owned umbrella organization dedicated to developing the aviation sector. Mustafa al Hinai, chief executive officer at Oman Aviation Group announced this while addressing the media at the Public Authority for Civil Aviation premises on Monday. The group announced a slew of measures taken by them for boosting the aviation sector in the country particularly cargo operations while promoting Oman as a connecting hub between Asia and Africa in future.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Fitch affirms Saudi Arabia at 'A+'; outlook stable

Fitch Ratings-Hong Kong/London-June 11: Fitch Ratings has affirmed Saudi Arabia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Saudi Arabia's ratings are supported by strong fiscal and external balance sheets, including exceptionally high international reserves, low government debt, significant government assets and commitment to an extensive reform agenda. These strengths are balanced by oil dependence, weak World Bank governance indicators and elevated geopolitical risks. The fiscal break-even Brent price, which we estimate at around USD80/bbl, is higher than for many regional peers, and growth is projected to stay below the 'A' and 'AA' medians.

Source: [Zawya](#)

Maaden subsidiary, Saudi Railways sign transport services deal

Maaden Waad Al Shamal Phosphate Co., a subsidiary of Saudi Arabian Mining Co. (Maaden), has signed an agreement with Saudi Railways Company (SAR) to transfer molten sulfur from Saudi Aramco's factories in the Eastern Province to Waad Al Shamal Phosphate, and phosphoric acid from Waad A Shamal to Ras al-Khair Industrial city, Saudi Press Agency (SPA) reported. Under the agreement, SAR will provide dedicated trains to transfer molten sulfur to Waad Al Shamal city, in the north of Saudi Arabia.

Source: [Argaam](#)

UAE central bank assumes role of settlement and clearing agent

The Central Bank of the United Arab Emirates has assumed the role of settlement and clearing agent for market transactions, the head of the securities regulator said. Previously, First Abu Dhabi Bank and Emirates NBD played that role for the Abu Dhabi Securities Market (ADX) and the Dubai Financial Market (DFM) respectively. "It has started with ADX and will be followed by DFM," Obaid al Zaabi, chief executive of Securities & Commodities Authority (SCA) said, adding the move was in line with the practices of developed markets.

Source: [Reuters](#)

UAE central bank restricts operations of 7 exchange houses

The Central Bank of the United Arab Emirates said on Monday it has restricted the operations of seven currency exchange houses for violating anti-money laundering and other regulations. The UAE's huge expatriate workforce and growing business and tourism sectors have made it a global centre for exchanging foreign currencies and transferring money to and from the Middle East, Asia, Africa and parts of Europe.

Source: [Reuters](#)

Dubai slashes fees on hotels, restaurants

As part of Dubai's effort to reduce the cost of doing business and enhance the emirate's attractiveness as a preferred investment destination, Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, on Monday ordered to reduce the municipality fees on sales at restaurants and hotels from 10 to 7 per cent. "We continue to work under the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum to provide more business facilities to enhance Dubai's competitiveness under a policy that ensures the growth of partnership between the public and private sectors," Sheikh Hamdan said.

Source: [Khaleej Times](#)

DSI – Notification from the Company

Drake & Scull International PJSC (the "Company") would like to notify the shareholders that Tabarak Investment owned by Tabarak Commercial Investment One Person Company L.L.C transferred 45,000,000 shares of its ownership shares in Drake & Scull International PJSC from Emirates Investment Bank (the "Bank") to another Financial Institution as a collateral against financial facilities, whereby Tabarak Investment owned by Tabarak Commercial Investment One Person Company L.L.C retains its actual ownership rights as the beneficiary owner of the shares.

Source: [DFM](#)

Kuwait's real estate sales strong in Q1

The first quarter of 2018 saw a pick-up in real estate activity, driven in particular by strong sales in March. Sales reached KD 767 million in 1Q18, 45% of which took place in March. The pickup at the end of the quarter was due to an increase in the number of transactions — perhaps helped by one-off factors and a sales rush ahead of the traditionally slow Ramadan and summer periods — coupled with a sharp rise in average transaction values in the investment sector. Sales in March rose 38% y/y, 87% m/m and were the highest since December 2014.

Source: [Arab Times](#)

NBK Capital, IHC announce closing of private placement of 35% of capital

Watani Investment Company (NBK Capital) and Integrated Holding Company (IHC), the largest crane operator in the Middle East focused on the oil, gas and energy sectors, announced the successful closing of the private placement of 35% of the company's capital, with over-subscription exceeding 230%. Led by Watani Investment Company (NBK Capital) as the Lead Manager, the private placement of around 76 million shares of Integrated Holding Company was undertaken at a price of 730 fils per share and raised more than KD 130 million. The number of investors in the private placement exceeded 1,000, making the company eligible to list on Boursa Kuwait's premier market. The listing of the company will provide an opportunity for investors to participate in one of the most promising sectors locally and globally.

Source: [Arab Times](#)

THE EGM OF WOQOD APPROVES ITS AGENDA

Qatar Fuel (WOQOD) held its Postponed Extra Ordinary General Assembly meeting on Sunday 10/06/2017, Chaired by Mr. Ahmed Saif Al-Sulaiti, Chairman of the Board of Directors, has issued a Resolution to raise the non-Qatari ownership limits to 49% of the issued share capital and the private ownership to 1% and to amend for Article 9-1 of the company's Articles of Association as shown below: :-

Amended Article 9.1 of WOQOD Articles: "Except for the owner of the privileged share, Shafallah Center and the State of Qatar (as defined in Qatar Financial Market Authority Decision No. 1 of 2016), the Qatar Foundation for Education, Science and Community Development, The Qatar Investment Authority and Qatar Holding Company, no natural or legal person may at any time – either directly or indirectly - hold shares in the Company in excess of 1% of the issued share capital.

Source: [QE](#)

Egypt to announce higher electricity prices on Tuesday

Egypt will announce new electricity prices on Tuesday, state news agency MENA reported on Monday, as part of subsidy cuts tied to the country's \$12 billion IMF loan program. The new prices will take effect in July and will be announced at a press conference held by the minister of electricity, MENA reported. The government has been looking to slash the subsidies it uses to keep consumers' energy prices down as part of efforts to improve government finances and said previously they would end entirely by the end of the 2021-22 fiscal year.

Source: [ENCA](#)

Jordan Eurobonds rise after \$2.5 bln Gulf aid pledge

Jordan's Eurobonds jumped to their highest in a week on Monday after Saudi Arabia, Kuwait and the United Arab Emirates pledged \$2.5 billion of aid to the kingdom which has been rocked recently by protests sparked by austerity measures. The 2047 bond added 2.05 cents to trade at 93.37 cents, while the 2026 and 2027 issues also rose more than 1 cent, Thomson Reuters data showed.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Trump says summit with North Korea's Kim 'better than anybody expected'

U.S. President Donald Trump said a historic summit with North Korean leader Kim Jong Un on Tuesday had gone "better than anybody could have expected", and they would sign a document following talks on ways to end a nuclear standoff on the Korean peninsula. Kim stood silently alongside Trump as he spoke to media during a post-lunch stroll through the gardens of the Singapore hotel where the summit was held, but the North Korean leader had earlier described their meeting as a "a good prelude to peace". Both men walked to Trump's limousine and looked in at the rear seat, with Trump apparently showing Kim something inside. They then resumed their walk.

Source: [Reuters](#)

With rate hike in the bag, focus turns to Fed's policy language

With the Federal Reserve virtually guaranteed to raise interest rates this week, investors are focused on how the U.S. central bank characterizes its monetary policy as borrowing costs return to more normal levels amid an ongoing economic expansion. In what could be the most consequential rewrite of its policy statement in two-and-a-half years, the Fed may signal how close it is to stopping its rate hike cycle, whether faster economic growth warrants ramping up the pace of tightening, and if it feels the era of loose money is, in effect, over. The language in the Fed policy statement "is growing increasingly stale with each successive rate hike," Goldman Sachs economists Spencer Hill and Jan Hatzius wrote ahead of the start on Tuesday of the central bank's two-day policy meeting.

Source: [Reuters](#)

The \$1.4 Trillion U.S. 'Surplus' That Trump's Not Talking About

The U.S. has a surplus of \$20 billion with China and \$1.4 trillion with the rest of the world. That's not a normal trade balance, of course, where the U.S. registered an annual deficit of more than \$330 billion with China and about \$550 billion with the world last year, but an "aggregate sales surplus" which measures both direct trade and the sales of multinational companies, according to research by Deutsche Bank AG. Just looking at the goods and services trade deficit is misleading and doesn't capture the true size of U.S. business interests, according to Deutsche Bank economists.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil stable amid cautious optimism over Trump, Kim summit in Singapore

Oil markets were stable on Tuesday amid cautious optimism over the outcome of a summit between U.S. President Donald Trump and North Korean leader Kim Jong Un in Singapore. Movements in crude markets were also limited ahead of a meeting between the Organization of the Petroleum Exporting Countries (OPEC) and some of its allies on June 22 that may determine the crude production policy of several major producers. Brent crude futures LCOc1 were trading at \$76.45 per barrel at 0355 GMT, little changed from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were at \$66.16 a barrel, up 6 cents from their last settlement.

Source: **Reuters**

Saudi Oil Output Rises Above 10 Million Barrels a Day

Saudi Arabia boosted daily oil output in May to the highest level since October, ahead of meetings with Russia and other global producers next week where they may propose raising production even further and phasing out 18 months of voluntary cuts. Saudi Arabia, which along with Russia is trying to garner support for lifting output limits, told the Organization of Petroleum Exporting Countries that its daily production rose 162,000 barrels a day to 10.030 million in May compared with the previous month, a person with knowledge of the data said, asking not to be identified because the information isn't public.

Source: **Bloomberg**