

# U Capital Morning Brief

13 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	886.6	-1.96	-0.22%	-9.00%	-	-	-
U Capital GCC 50 Index	1,315.9	7.52	0.57%	14.96%	-	-	-
U Capital MENA 200 Index	1,079.7	5.73	0.53%	8.51%	-	-	-
MSCI GCC Countries Index	540.4	0.22	0.04%	12.63%	14.28	1.77	3.8%
Muscat Securities Market	4,598.2	-4.60	-0.10%	-9.83%	11.44	1.00	5.3%
Saudi Stock Exchange	8,270.5	26.49	0.32%	14.45%	18.64	1.84	3.2%
Kuwait Stock Exchange	4,811.2	23.67	0.49%	NA	14.33	1.23	4.0%
Qatar Exchange	9,161.0	-42.35	-0.46%	7.48%	13.64	1.41	4.8%
Bahrain Stock Exchange	1,287.9	6.74	0.53%	-3.29%	8.40	0.83	6.4%
Dubai Financial Market	3,079.0	-18.42	-0.59%	-8.64%	9.91	1.17	5.5%
Abu Dhabi Exchange	4,734.2	0.80	0.02%	7.63%	12.66	1.42	5.1%
Beirut Stock Exchange	1,081.5	-3.21	-0.30%	-5.84%	5.42	0.65	9.1%
Palestine Stock Exchange	543.1	1.22	0.23%	-5.48%	13.11	1.20	5.0%
Tunis Se Index	7,743.9	21.75	0.28%	23.27%	19.39	2.70	1.8%
EGX 30 Index	15,938.1	16.86	0.11%	6.12%	16.33	2.60	2.5%
Amman General Index	2,095.5	-5.90	-0.28%	-1.47%	15.73	1.04	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,703.8	-0.43%	0.2%
DAX	Germany	12,842.3	0.00%	-0.6%
CAC 40	France	5,453.4	-0.38%	2.7%
<b>United States</b>				
DJIA	USA	25,320.7	-0.01%	2.4%
S&P 500	USA	2,786.9	0.17%	4.2%
NASDAQ	USA	7,703.8	0.57%	11.6%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,977.4	0.44%	0.9%
HANG SENG	Hongkong	30,915.6	-0.58%	3.3%
KSE 100 Index	Pakistan	43,526.6	0.69%	7.5%
NSE Nifty 50	India	10,872.4	0.27%	3.2%
SHANGHAI Composite	China	3,059.9	-0.65%	-7.5%
KOSPI Index	South Korea	2,468.8	-0.05%	0.1%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.757	1.320
British Pound (GBP)	1.337	0.748
Canadian Dollar (CAD)	0.768	1.302
Chinese Renminbi (CNH)	0.156	6.400
Egyptian Pound (EGP)	0.056	17.865
Euro (EUR)	1.175	0.851
Indian Rupee (INR)	0.015	62.823
Japanese Yen (JPY)	0.009	110.570
New Zealand Dollar (NZD)	0.701	1.426
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.839	119.500
Russian Ruble (RUB)	0.016	67.565
Singapore Dollar (SGD)	0.748	1.337
Turkish Lira (TRY)	0.218	4.596

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	75.7	-0.26%	16.2%
WTI Crude (per bbl)	66.1	-0.45%	9.4%
Oman Crude Oil (Last Closing)	73.8	-0.78%	15.3%
OPEC (per bbl)	74.0	-0.35%	14.7%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,295.8	-0.01%	-0.6%
Silver (per oz)	16.8	-0.14%	-0.6%
Platinum (per oz)	896.8	-0.24%	-3.6%
<b>Other Metals</b>			
Copper, MT	7,222	-0.45%	-0.3%
Aluminium, MT	2,302	0.04%	1.5%
Lead, MT	2,475	0.00%	-0.5%
Zinc, MT	3,199	-0.06%	-3.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.43	35.3%
Saudi Arabia	2.46	29.9%
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	6.3
Bahrain	10/12/2028	9.0

Midswaps	Price	YTM %
3 year	99.86	2.7
5 year	99.70	2.8
10 year	99.22	3.0
30 year	100.47	3.1

USD Libor	Rate (%)	YTD
1m	2.05	30.9%
3m	2.33	37.7%
6m	2.49	35.7%
1 year	2.76	30.9%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Financial Affairs and Energy Resources Council Holds 4th Meeting

The Financial Affairs and Energy Resources Council held its fourth meeting of the year today under the chairmanship of HE Darwish bin Ismail bin Ali al- Balushi, Minister Responsible for Financial Affairs and Deputy Chairman of the Council. The Council reviewed a circular on the factors affecting the sustainability of the state public finance and striking a balance between expenditure and public revenues taking into consideration the available financial resources and the size of the safe deficit and public debt level. It approved a number of measures and procedures that aim at ensuring financial stability and improving the credit rating of the Sultanate.

Source: [ONA](#)

### CBO issues treasury bills worth OMR84Mn

Oman's central bank raised OMR84 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from June 13 until July 11, 2018. The average accepted price reached 99.878 for every OMR100, and the minimum accepted price arrived at 99.850 per OMR100. Whereas the average discount rate and the average yield reached 1.59144 per cent and 1.59340 per cent, respectively. The interest rate on the Repo operations with CBO is 2.547 per cent for the period from June 12, 2018 to June 18, 2018 while the discount rate on the Treasury Bills Discounting Facility with CBO is 3.297 per cent, for the same period.

Source: [Times of Oman](#)

### India-Oman trade reaches \$6.7 billion

Bilateral trade between Oman and India grew by almost 69 per cent from \$4 billion in the 2016-2017 financial year to \$6.7 billion in the 2017-2018 financial year, an all-time high, Indian government data has revealed. Indian embassy officials put this down to an appreciation in oil prices, adding that it was a positive for the Omani economy.

Source: [Times of Oman](#)

### Plan for Oman's first Credit Bureau makes headway

Oman's authorities are making positive headway in the establishment of a Credit Bureau — a first of its kind institution that will have the mandate to, among other things, determine the credit worthiness of businesses and individuals approaching local lenders for commercial credit. The facility, when operational, is expected to significantly reduce delays in the processing of applications for business loans and other forms of credit — a shortcoming that has taken a toll on Oman's ranking on the World Bank's Ease of Doing Business index. The Sultanate is currently placed 133rd among 190 countries around the world based on the ease of 'Getting Credit' indicator. By establishing an international-class Credit Bureau, Oman seeks to dramatically improve its global standing as a destination for investment.

Source: [Oman Observer](#)

### Muscat hospitality market posts 5.3pc rise in RevPAR

The Middle East hospitality market witnessed a steady growth in occupancy during the first quarter of 2018, according to the latest EY Middle East Hotel Benchmark Survey Report. Except for Jeddah, Beirut, and Doha, hotel occupancy across the MENA region saw an increase when compared to the first quarter of 2017. This increase was primarily due to a number of shopping festivals, improving bilateral relations, and overall pleasant climate conditions across the region. In Oman, the Muscat hospitality market also registered an increase across all KPIs. Occupancy increased by 1.1 per cent points from 83.3 per cent in Q1 2017 to 84.4 per cent in Q1 2018 and ADR witnessed a 3.9 per cent increase from \$169 in Q1 2017 to \$175 in the same period of this year.

Source: [Oman Observer](#)

### AL AHLIA INSURANCE - Disclosure of Impact of Mekunu Cyclone

Al Ahlia Insurance Company SAOG (AAIC) hereby inform the Shareholders & Investors that there are no damages to the Company's staff and its own properties in relation to Cyclone Mekunu. With regards to Customers insured by AAIC, we implemented a series of preparatory actions to support and protect personal and commercial customers in advance of the landfall of Cyclone Mekunu. We reacted immediately after the event, and our branch was open the following day after the storm to assist customers and throughout the declared three-day National Holiday period. We are in the process of receiving notifications of claims related to Property and other lines, in and around Salalah region. We have deployed our surveyors to assess and report the extent of loss from Policy holders in all lines of business. The Company has adequate reinsurance arrangements with reputed and well rated reinsurers to cover significant losses. Conservative estimates, based on current information indicate that the Company's financial exposure, net of reinsurance, is around RO 1.4m. The Company has sufficient Large and Weather loss provisions in place and therefore no adverse impact on Profit After Tax (PAT) is expected for 2018 based upon the event of Cyclone Mekunu.

Source: [MSM](#)

### Oman's May inflation rises by 0.78 percent

The inflation rate in Oman, calculated in terms of consumer price index (CPI), rose marginally by 0.78 percent in May 2018, over the same period in 2017, according to the data released by the Centre. The marginal increase in inflation was driven by a growth in cost of major segments like education that rose 4.90 percent, rise in transport cost by 2.69 percent and furnishing and household equipment with a rise of 0.78 percent in May 2018, over the same period of last year. However, food and non-alcoholic beverages group remained steady without any change in price, shows NCSI data.

Source: [NCSI](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### King Salman orders SAR 1.7 bln for social security beneficiaries

Saudi Arabia's King Salman has ordered to disburse more than SAR 1.7 billion to social security beneficiaries. The decision came to help beneficiaries meet their needs for Eid Al-Fitr, Ahmed Sulaiman Al-Rajhi, minister of labor and social development said.

Source: [Argaam](#)

### Saudi Arabia to invest SAR 44 bln in water, environment projects

Saudi Arabia is currently implementing 861 water and environment projects worth SAR 43.8 billion across the Kingdom, Saudi Press Agency reported, citing Mohammed al-Muqali, undersecretary of the Ministry of Environment, Water and Agriculture. The projects include 154 projects in the central region, 121 projects in the western region, while the northern region sees 312 projects. The southern region and the eastern region both have 178 and 96 environment and water projects, respectively, he said. They include water desalination, water networks and sanitation projects, as well as strategic and operating tanks, he said.

Source: [Argaam](#)

### Aramco eyes partnerships as it expands refining, petchem

Saudi Aramco is planning to increase investments in refining and petrochemicals to secure new markets for its crude, Reuters reported, citing a senior company executive. The state-owned oil giant is moving ahead with multi-billion-dollar projects in China, India and Malaysia and aims to finalize new partnerships this year, Abdulaziz Al-Judaimi, senior vice president for downstream, Aramco, told the news agency. Aramco intends to raise its refining capacity to between 8 million and 10 million barrels per day (bpd), from some 5 million bpd now, and double its petrochemicals production by 2030, he added. It pumps around 10 million bpd of crude oil.

Source: [Argaam](#)

### Abraaj subject of legal proceedings by second creditor

A creditor of Dubai-based Abraaj has started legal proceedings in the Cayman Islands seeking the restructuring of the private equity firm's liabilities. Auctus is the second creditor, after Kuwait's Public Institution for Social Security (PIFSS), to start legal action in the Cayman Islands, where Abraaj Holdings is registered. In a statement to Reuters from its representatives, legal firm Kobre & Kim, Auctus Fund said it has filed an application that seeks the appointment of "court-approved professionals in the Cayman Islands" to manage the restructuring process.

Source: [The National](#)

### UAE economy records 0.8% growth last year on non-oil sector expansion

The UAE economy, the second largest in the Arab World, grew 0.8 per cent year-on-year in 2017 thanks to expansion in the non-oil sector, government figures showed on Tuesday. The oil sector contracted 3 per cent due to lower output, according to preliminary estimates by the Federal Authority for Competitiveness and Statistics. As an Opec member, the UAE is complying with global oil output curbs that were implemented in January last year and are in place until the end of this year. The crude production pact has helped lift oil prices, which touched a three-year high of \$80 a barrel last month.

Source: [The National](#)

### EFECO wins AED 117 million Creekside Horizon Project in the Dubai Creek Harbour Development by Emaar Properties

Arabtec Holding PJSC ("Arabtec" or "Group"), a leading contractor for social and economic infrastructure, today announced that its wholly owned subsidiary, EFECO (Emirates Falcon Electromechanical Co.) has been awarded the MEP works of the Creekside Horizon Plot 19 in Emaar's Dubai Creek Harbour Development by the main contractor, AFC. Creekside Horizon's towers are centrally located adjacent to the central park of the Island District and next to EFECO's ongoing project 'Creekside 18'. Creekside Horizon Plot 19 has a total built up area of approximately 130,000 square metres. The towers will feature approximately 550 contemporary apartments. The project works will commence in June 2018 for a duration of 20 months.

Source: [DFM](#)

### Abu Dhabi orders over \$1b in housing loans to be distributed to citizens

His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces and chairman of the Abu Dhabi Executive Council has ordered the provision of housing loans worth AED 4.27 billion (\$1.16 billion) to 2,500 beneficiaries, it was announced on Wednesday. According to the UAE's state-run WAM news agency, the loans mark the first phase of an annual 5,000 housing loan package ordered by Sheikh Mohamed previously.

Source: [Arabian Business](#)

### CBK directs banks to provide investment data on qtrly basis

The Central Bank of Kuwait (CBK) has issued a circular for banks operating in accordance with Islamic Shari'a, requesting them to provide direct investment data on a quarterly basis in a collective manner (bank and subsidiary companies), reports Al-Rai daily. The Central Bank provided the banks with forms designed for this purpose, the most prominent of which were the data of direct real estate investment activities, direct investment, commercial investment and other direct investment activities, as well as the data of the group of direct investment activities and capital in its comprehensive sense. The data required from Islamic banks also include the percentage of total commercial investment activities, capital in its comprehensive sense, and the proportion of total other activities of direct investment and capital in its comprehensive sense.

Source: [Arab Times](#)

### **White land tax invoices issued for 2018, 2019**

Saudi Arabia's Housing Ministry has issued today the invoices of the white land fees levied on non-registered land owners for 2018-2019. The ministry has lately issued the second phase of the white land taxes for Riyadh, Jeddah and Dammam. On June 8, 2016, Saudi Arabia started applying the vacant land fees across the Saudi capital, Jeddah, Dammam and Makkah, Argaam previously reported.

Source: [Argaam](#)

### **Abu Dhabi closes in on stake in £3bn pensions giant**

A giant Middle East sovereign wealth fund is close to buying a stake in the British pensions buyout firm which has struck deals with blue-chip companies including EMI and B&Q-owner Kingfisher. Sky News has learnt that the Abu Dhabi Investment Authority (ADIA) has entered exclusive talks to acquire JC Flowers' 21.4% shareholding in Pension Insurance Corporation (PIC). A deal, which could be struck in the coming weeks, is expected to value PIC at about £3bn.

Source: [SKY News](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **US judge approves \$85b AT&T-Time Warner merger**

A US federal judge on Tuesday approved the \$85 billion (Dh312 billion) merger of wireless and broadband giant AT&T with media-entertainment conglomerate Time Warner — a high-stakes ruling that will affect the future of Big Media, Big Tech and Big Business. US District Judge Richard Leon said the US government had failed to meet its burden of proof that the tie-up between the largest US pay TV operator and the media entertainment giant would harm competition. Leon told the courtroom the government's case fell short on all counts and warned against seeking to delay the deal with an appeal, saying that would cause irreparable harm to the two companies.

Source: [Gulf News](#)

### **\$46bn Bitcoin sell-off follows South Korean crypto exchange hack attack**

A cryptocurrency exchange hack in South Korea jolted holders of digital assets, fuelling a \$46 billion sell-off and extending this year's Bitcoin slump to more than 50 per cent. The hack brought an abrupt end to two weeks of calm for the biggest virtual currency and reignited concerns about the security of lightly regulated crypto exchanges. The venues have come under growing scrutiny in South Korea, the US and other large economies in recent months amid a range of issues including thefts, market manipulation and money laundering.

Source: [The National UAE](#)

### **Investors wipe \$3 billion off China's ZTE as U.S. settlement sinks in**

Investors wiped about \$3 billion off embattled Chinese telecommunications giant ZTE Corp's (0763.HK) (000063.SZ) market value as it resumed trade on Wednesday after agreeing to pay up to \$1.4 billion in penalties to the U.S. government. China's No. 2 telecommunications equipment maker was crippled when the United States imposed a seven-year supplier ban on the company in April after it broke an agreement to discipline executives who conspired to evade U.S. sanctions on Iran and North Korea. The ban, which has prevented ZTE from buying the U.S. components it relies on to make smartphones and other devices, will not be lifted until ZTE pays a fine and places \$400 million more in an escrow account in a U.S.-approved bank. It was also ordered to radically overhaul its management.

Source: [Reuters](#)

## **COMMODITIES NEWS**

### **Oil prices drop on prospect of rising supplies**

Oil prices fell on Wednesday, pulled down by rising supplies in the United States and expectations that voluntary output cuts led by producer cartel OPEC could be loosened. Brent crude futures LCOc1, the international benchmark for oil prices, were at \$75.65 per barrel at 0329 GMT, down 23 cents, or 0.3 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were at \$65.99 a barrel, down 37 cents, or 0.6 percent, from their last settlement.

Source: [Reuters](#)

### **Erdogan opens new pipeline to pump Azerbaijan gas to Europe**

Turkish President Recep Tayyip Erdogan on Tuesday opened a new gas pipeline that will pump Caspian gas from energy-rich Azerbaijan across Anatolia to Europe for the first time. The \$8.5 billion Trans-Anatolian Natural Gas Pipeline (TANAP) is one of several mega projects being showcased by Erdogan as he heads to keenly-fought elections on June 24. The TANAP pipeline connects with the South Caucasus Pipeline which pumps gas from the vast Azerbaijani Shah Deniz 2 field in the Caspian, via Azerbaijan and Georgia, to Turkey. The pipeline is then to link to the west with the Trans Adriatic Pipeline (TAP) which will pump the gas through Greece and Albania to Italy.

Source: [SG](#)

