

U Capital Morning Brief

25 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	887.7	0.68	0.08%	-8.89%	-	-	-
U Capital GCC 50 Index	1,311.0	-7.16	-0.54%	14.53%	-	-	-
U Capital MENA 200 Index	1,073.4	-6.70	-0.62%	7.87%	-	-	-
MSCI GCC Countries Index	538.9	7.87	1.48%	12.33%	14.34	1.77	3.8%
Muscat Securities Market	4,593.3	-16.59	-0.36%	-9.92%	11.43	1.00	5.3%
Saudi Stock Exchange	8,351.0	144.56	1.76%	15.56%	18.82	1.86	3.1%
Kuwait Stock Exchange	4,824.1	1.09	0.02%	NA	14.35	1.24	4.0%
Qatar Exchange	9,005.3	82.82	0.93%	5.65%	13.41	1.38	4.9%
Bahrain Stock Exchange	1,306.7	-2.74	-0.21%	-1.87%	8.52	0.85	6.3%
Dubai Financial Market	2,929.1	0.89	0.03%	-13.09%	9.43	1.11	5.8%
Abu Dhabi Exchange	4,550.5	15.25	0.34%	3.46%	12.17	1.36	5.3%
Beirut Stock Exchange	1,064.2	-0.18	-0.02%	-7.35%	5.75	0.64	9.3%
Palestine Stock Exchange	545.6	-1.04	-0.19%	-5.05%	13.17	1.20	5.0%
Tunis Se Index	7,981.2	63.59	0.80%	27.05%	20.42	2.82	1.8%
EGX 30 Index	16,395.0	49.25	0.30%	9.16%	16.88	2.67	2.7%
Amman General Index	2,095.7	-0.12	-0.01%	-1.46%	15.81	1.04	4.4%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe					Currency		
FTSE 100	UK	7,682.3	1.67%	-0.1%	Australian Dollar (AUD)	0.742	1.347
DAX	Germany	12,579.7	0.54%	-2.6%	British Pound (GBP)	1.326	0.754
CAC 40	France	5,387.4	1.34%	1.4%	Canadian Dollar (CAD)	0.752	1.329
United States					Chinese Renminbi (CNH)	0.153	6.544
DJIA	USA	24,580.9	0.49%	-0.6%	Egyptian Pound (EGP)	0.056	17.882
S&P 500	USA	2,754.9	0.19%	3.0%	Euro (EUR)	1.165	0.858
NASDAQ	USA	7,692.8	-0.26%	11.4%	Indian Rupee (INR)	0.015	62.975
Asia Pacific					Japanese Yen (JPY)	0.009	109.500
NIKKEI 225	Japan	22,408.4	-0.49%	-1.6%	New Zealand Dollar (NZD)	0.690	1.450
HANG SENG	Hongkong	29,227.5	-0.38%	-2.3%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,637.4	0.00%	2.9%	Pakistani Rupee (PKR)	0.825	121.450
NSE Nifty 50	India	10,818.2	-0.03%	2.7%	Russian Ruble (RUB)	0.016	68.080
SHANGHAI Composite	China	2,894.7	0.17%	-12.5%	Singapore Dollar (SGD)	0.734	1.363
KOSPI Index	South Korea	2,355.9	-0.06%	-4.5%	Turkish Lira (TRY)	0.215	4.641

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
Oil						
Brent Crude (per bbl)	74.3	-1.71%	14.0%	UAE	2.48	38.4%
WTI Crude (per bbl)	68.4	-0.26%	13.2%	Saudi Arabia	2.55	34.5%
Oman Crude Oil (Last Closing)	73.3	3.50%	14.5%	Kuwait	2.00	6.7%
OPEC (per bbl)	70.9	-2.12%	10.0%	Oman	2.38	24.5%
Precious Metals						
Gold 100 OZ (per oz)	1,267.3	-0.17%	-2.7%	Qatar	2.61	-1.5%
Silver (per oz)	16.4	-0.51%	-3.4%	Bahrain	3.50	28.4%
Platinum (per oz)	875.1	-0.27%	-6.0%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,789	0.04%	-6.3%		Maturity date	YTM, %
Aluminium, MT	2,175	-0.18%	-4.1%	Kuwait	3/20/2027	3.9
Lead, MT	2,415	1.64%	-2.9%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	2,917	-0.03%	-12.1%	Qatar	6/2/2026	4.1
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.3
				Bahrain	10/12/2028	9.4

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.00	2.6	1m	2.10	34.1%
5 year	100.02	2.7	3m	2.34	38.0%
10 year	100.00	2.9	6m	2.51	36.5%
30 year	102.02	3.0	1 year	2.78	31.8%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Al Aرامي Walk to create 3,000 jobs

Al Raid Group announced that its upcoming project, Al Aرامي Walk will generate around 3,000 jobs. The company added that it was excited about the Al Aرامي Walk, which is slated to be completed by September, 2020. It is a mall which is to be built on the 'retailtainment' model.
Source: [Times of Oman](#)

CMA approves Dhofar Power Generation's prospectus

The Capital Market Authority (CMA) has approved the prospectus of Dhofar Power Generation Company for the offering of part of its capital in public offering of OMR23 million. The prospectus states the company will offer 88.8 million shares at an issue price 259 baisas per share comprising 100 baisas nominal value, 157 baisas issue allowance and 2 baisas issue expenses.
Source: [Times of Oman](#)

State Council, Majlis Ash'shura joint session today

The State Council and Majlis Ash'shura will meet today at the first joint session of the third annual session of the sixth period under the chairmanship of HE Dr Yahya bin Mahfoudh al Mantheri, Chairman of the State Council, in the presence of HE Shaikh Khalid bin Hilal al Maawali, Secretary-General of the State Council, and the Chairman of Majlis Ash'shura. The joint meeting will discuss and approve the articles of the Draft Law on Mineral over which both councils have disagreement and resolve.
Source: [Oman Observer](#)

Major community-backed seafood cannery planned in Duqm SEZ

The Wusta Governorate's thriving fishing community has given its backing to a proposal for the establishment of a major seafood processing and canning project at the Special Economic Zone (SEZ) in Duqm. The proposed initiative, described as the first of its kind to involve large numbers of Omani fishermen as stakeholders, envisions a 300 million cans per annum capacity plant centering on the processing and canning of tuna and sardine.
Source: [Oman Observer](#)

Oman to host World Heavy Oil Congress

This year's edition of the World Heavy Oil Congress & Exhibition — a prestigious global energy forum — will take place in Muscat in September, underscoring the increasingly important contribution of heavy oil to Oman's long-term strategy for sustaining oil production. The three-day event, which runs from September 3-5, 2018, is backed by Oman's Ministry of Oil and Gas and supported by the Ministry of Tourism, Petroleum Development Oman (PDO) and GlassPoint.
Source: [Oman Observer](#)

New short stay visa announced in Oman

Tourists can now pay OMR5 to enter the Sultanate for 10 days, according to a decree by the Royal Oman Police. The Inspector General of Police and Customs issued decision No. 129/2018, to amend some of the provisions of the Executive Regulations of the Aliens Residence Law. Two new visa fees have been added to the list of entry visas in Article 29 of the regulation on residence law 63/96.
Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Advanced Petrochem Venture Signs Accord for Polypropylene Plant

Advanced Petrochemical Co. said its joint venture SK Advanced Co. signed an accord with PolyMirae Co. to set up a polypropylene plant in South Korea with a design capacity to produce 400,000 metric tons per a year, according to a statement.

* Total investment cost is under evaluation and the current estimate is about \$420 million

** To be financed with 60% debt and 40% equity

* Expects to begin construction in January 2019

** Expects to start commercial operations from 2021

Source: [Bloomberg News Alert](#)

Abraaj said to sell Middlesex Dubai to Amanat for \$100mn

Abraaj Group, the buyout fund that's undergoing a court-supervised restructuring, reached an agreement to sell its stake in Middlesex University's Dubai campus to Amanat Holdings for about \$100mn, people with knowledge of the matter said. An initial agreement has been signed and the deal is yet to close, the people said, asking not to be identified because the information is private.

Source: [Gulf Times](#)

Saudi women drivers will boost gasoline demand, says Al-Falih

The lifting of a ban on women drivers in Saudi Arabia will have an impact on the Kingdom's economy and fuel consumption as more vehicles will be added on the roads, Bloomberg reported, citing Energy Minister Khalid Al-Falih. Saudi Arabia officially ended the ban on women drivers midnight on Saturday. "There will be more cars on the road," Al-Falih said.

Source: [Argaam](#)

Al Hammadi discontinues talks over potential merger with Care

Al Hammadi Company for Development and Investment decided to discontinue the discussions of the potential merger with the National Medical Care Company (Care), the firm said in a bourse filing on Sunday. The Saudi-listed company attributed its decision to the potential change in the ownership structure of Care, which is based on the non-binding agreement that has been reached between the latter and Hassana Investment Company, a subsidiary of the General Organization for Social Insurance (GOSI), to enter into a private sale transaction.

Source: [Argaam](#)

J.P. Morgan announces sale of stake in Saudi Investment Bank

J.P. Morgan International Finance Limited announced today it would begin the process of selling its stake in Saudi Investment Bank, a passive position the firm has held since 1976. J.P. Morgan International Finance Limited has held a legacy minority investment in Saudi Investment Bank for over 40 years and will divest its holding by selling shares back to Saudi Investment Bank. Today, the firm plays no role in the management of the Saudi Investment Bank and does not provide any technical services or maintain any board representation.

Source: [Argaam](#)

Abu Dhabi inflation up 3.7% on transport costs

The Abu Dhabi consumer price inflation rate during the first five months of 2018 was 3.7 per cent compared with the same period of 2017, latest figures issued by the Statistics Centre Abu Dhabi (Scad) shows. In the first five months of 2018, the consumer price index (CPI) rose to 111.9 per cent, up from 107.9 per cent during the same period of 2017, mostly driven by the higher cost of transport.

Source: [Zawya](#)

Qatari banks cancel three-way merger as GCC boycott bites

Three of the Qatar's leading banks - Masraf Al Rayan (MAR, A1 negative, baa21), Barwa Bank Q.S.C. (A2 negative, baa3) and International Bank of Qatar Q.S.C. (IBQ, A2 negative, baa3) called off the three-way merger they had been negotiating since December 2016. The cancelled merger is credit negative for the Qatari banking system because the consolidation would have balanced the competitive environment in the nation's small but fragmented banking system, said the top ratings agency Moodys.

Source: [Trade Arabia](#)

FITCH upgrades Qatar Islamic Bank rating to stable and affirmed 'A' rating

Fitch Ratings has upgraded Qatar Islamic Bank's (QIB), outlook to 'stable'. The report said "This action follows the revision of the Qatari sovereign's Outlook to Stable from Negative and affirmation of the country's Long-Term IDR at 'AA-' and reflects Fitch's view that Qatar has successfully managed the fallout from last year's rupture of trade, financial and diplomatic relations. Public sector liquidity injections have stabilized the banking sector and stemmed the outflow of non-domestic 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."

Source: [QE](#)

Bursa Kuwait eyes MSCI emerging markets status

Morgan Stanley Capital International (MSCI) has announced that it will include the Bursa Kuwait in the MSCI Kuwait Index in its 2019 Annual Market Classification Review for a potential reclassification from Frontier Markets to Emerging Markets status. MSCI is one of the world's top providers of research-driven insights and tools for institutional investors. The reclassification from frontier to emerging markets is a major achievement for any country which typically brings with it large capital inflows from international investors.

Source: [Zawya](#)

Bahrain Development Bank closes \$100mIn VC fund of funds

Bahrain Development Bank (BDB) has announced it has completed the fundraising for a new \$100 million fund to invest in other venture capital funds in the region. The organisation said in a press release issued on Sunday that the close of the Al Waha Fund of Funds announced last month "marks an important milestone for the region's growing startup ecosystem". The fund will target investment in technology-driven start-ups both in Bahrain and across the Middle East, according to the statement, via investments in the regional venture capital funds.

Source: [Zawya](#)

Oddity in Bahrain Bonds Is a Sign Faith in Gulf Aid Isn't Enough

There's an anomaly forming in Bahrain's debt market. The yield on the island kingdom's dollar bonds maturing July 2022 is about 160 basis points higher than Islamic securities due two years later, according to data compiled by Bloomberg. That's unusual because longer-dated notes typically have higher yields. The reason is that demand for the nation's conventional bonds has waned from investors who were once satisfied with the implicit support Bahrain received from its Gulf allies.

Source: [Bloomberg News Alert](#)

Amlak Capital mulls listing on Boursa Kuwait

Amlak Capital Holding will sign a contract with Boursa Kuwait in July to list its shares on the stock exchange, well-informed sources told Al Seyassah Newspaper. Amlak Capital will officially announce the listing during the coming ordinary general meeting (OGM) after meeting the required procedures, Al Seyassah said. The company clarified that it has postponed the decision to list on Boursa Kuwait for several years as it has been waiting for money due from ministries.

Source: [Mubasher](#)

Soor sells KWD 2m equity in Integrated Holding

Soor Fuel Marketing has completed selling 40% of its total shares in Integrated Holding, according to a bourse statement on Sunday. The equity represents 3.21 million shares at a value of 730 per share, with a total of KWD 2.27 million after discounting the sale commission. Soor noted that the financial impact of this transaction will be registered in the second quarter of fiscal year 2018, the impact will be an increase in the shareholders' equity right. At the stock level, Soor closed Sunday's session at 130 fils.

Source: [Mubasher](#)

MIDEAST STOCKS-Saudi insurance stocks soar as ban on female drivers is lifted

Saudi insurers posted significant gains on Sunday, on hopes that insurance volumes will rise as women began driving in Saudi Arabia, in the end of the world's last ban on female drivers. This lifted the Saudi exchange, which outperformed other regional markets, and which was still riding the wave of MSCI's announcement last week that it would add the kingdom's stock market to its emerging markets benchmark.

Source: [Zawya](#)

Egyptian expatriates' remittances hit \$17.3bn in 8M

Remittances from Egyptian expatriates surged 24.1% year-on-year in the first eight months of the fiscal year 2017/2018. Remittances from July 2017 to February 2018 recorded \$17.3 billion, compared to \$13.9 billion in the year-ago period, according to a report released by the Ministry of Finance (MoF). In May, the Central Bank of Egypt announced that remittances from expatriate Egyptians rose 11.6 % year-on-year during February 2018, registering \$2 billion.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

U.S. Plans Curbs on Chinese Investment, Citing Security Risks

The Treasury Department is planning to heighten scrutiny of Chinese investments in sensitive U.S. industries under an emergency law, putting Washington's trade war with Beijing on a potentially irreversible course. Under the plan, the White House would use one of the most significant legal measures available to declare China's investment in U.S. companies involved in technologies such as new-energy vehicles, robotics and aerospace a threat to economic and national security, according to eight people familiar with the plans.

Source: [Bloomberg](#)

As trade war looms, China is trying to boost its banks' lending

The reserve reduction, the third by the central bank this year, had been widely anticipated by investors amid concerns over market liquidity and a potential economic drag from a trade dispute with the United States. But the 700 billion yuan (\$107.65 billion) in liquidity that the central bank said will result from the reduction in reserves was bigger than expected.

Source: [CNBC](#)

One of the world's hottest property markets is readying a contentious change

The Hong Kong government is expected to announce a tax on vacant apartments to increase supply in the world's least affordable housing market. Developers oppose the move, saying officials need to increase land supply for housing. Analysts see political motivations ahead of Chief Executive Carrie Lam's first anniversary in power.

Source: [CNBC](#)

COMMODITIES NEWS

Brent oil prices drop by 2% as traders expect output rise after OPEC deal

Brent crude oil prices fell by more than 2 percent early on Monday as traders factored in an expected output increase that was agreed at the headquarters of the Organization of the Petroleum Exporting Countries (OPEC) in Vienna on Friday. Brent crude futures LCOc1, the international benchmark for oil prices, were at \$73.90 per barrel at 0035 GMT, down 2.2 percent from their last close.

Source: [Zawya](#)

Gold Prices Climb As Dollar Weakens On EU-U.S. Trade Woes

Gold prices edged up on Monday as a buoyant euro kept the dollar off its 11-month highs, with trade issues between the United States and the European Union further supporting the bullion.

* Spot gold was up 0.3 percent at \$1,271.79 an ounce, as of 0059 GMT.

* U.S. gold futures for August delivery were 0.2 percent higher at \$1,273.60 per ounce.

* U.S. President Donald Trump on Friday threatened to escalate a trade war with Europe by imposing a 20 percent tariff on all U.S. imports of European Union-assembled cars.

Source: [KITCO](#)

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