

U Capital Morning Brief

27 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	878.4	-5.19	-0.59%	-9.85%	-	-	-
U Capital GCC 50 Index	1,300.6	-5.76	-0.44%	13.63%	-	-	-
U Capital MENA 200 Index	1,063.3	-6.17	-0.58%	6.86%	-	-	-
MSCI GCC Countries Index	535.2	-2.25	-0.42%	11.55%	14.24	1.76	3.9%
Muscat Securities Market	4,570.2	-13.09	-0.29%	-10.38%	11.37	0.99	5.4%
Saudi Stock Exchange	8,298.9	-43.46	-0.52%	14.84%	18.70	1.85	3.2%
Kuwait Stock Exchange	4,905.6	38.52	0.79%	NA	14.60	1.26	3.9%
Qatar Exchange	8,895.2	-41.57	-0.47%	4.36%	13.25	1.37	4.9%
Bahrain Stock Exchange	1,302.0	0.45	0.03%	-2.23%	8.49	0.84	6.3%
Dubai Financial Market	2,836.0	-31.84	-1.11%	-15.85%	9.13	1.08	6.0%
Abu Dhabi Exchange	4,565.8	28.48	0.63%	3.80%	12.21	1.37	5.3%
Beirut Stock Exchange	1,062.8	0.13	0.01%	-7.47%	5.74	0.64	9.3%
Palestine Stock Exchange	542.0	-1.11	-0.20%	-5.68%	13.08	1.20	5.0%
Tunis Se Index	8,026.9	57.59	0.72%	27.78%	21.13	2.87	1.8%
EGX 30 Index	16,197.4	-260.07	-1.58%	7.85%	16.59	2.59	2.7%
Amman General Index	2,078.7	-14.12	-0.67%	-2.26%	15.69	1.03	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,537.9	0.37%	-1.9%
DAX	Germany	12,234.3	-0.29%	-5.3%
CAC 40	France	5,281.3	-0.05%	-0.6%
United States				
DJIA	USA	24,283.1	0.12%	-1.8%
S&P 500	USA	2,723.1	0.22%	1.8%
NASDAQ	USA	7,561.6	0.39%	9.5%
Asia Pacific				
NIKKEI 225	Japan	22,319.9	-0.09%	-2.0%
HANG SENG	Hongkong	28,713.8	-0.58%	-4.0%
KSE 100 Index	Pakistan	41,513.3	0.63%	2.6%
NSE Nifty 50	India	10,774.3	0.05%	2.3%
SHANGHAI Composite	China	2,831.6	-0.45%	-14.4%
KOSPI Index	South Korea	2,356.2	0.22%	-4.5%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.738	1.355
British Pound (GBP)	1.322	0.756
Canadian Dollar (CAD)	0.751	1.332
Chinese Renminbi (CNH)	0.152	6.602
Egyptian Pound (EGP)	0.056	17.904
Euro (EUR)	1.165	0.858
Indian Rupee (INR)	0.015	63.031
Japanese Yen (JPY)	0.009	109.980
New Zealand Dollar (NZD)	0.682	1.467
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.824	121.400
Russian Ruble (RUB)	0.016	68.495
Singapore Dollar (SGD)	0.734	1.363
Turkish Lira (TRY)	0.216	4.622

Commodity Prices	Price	D/D	YTD
		USD	%
Oil			
Brent Crude (per bbl)	76.7	0.45%	17.7%
WTI Crude (per bbl)	70.8	0.38%	17.2%
Oman Crude Oil (Last Closing)	74.3	2.37%	16.1%
OPEC (per bbl)	72.2	0.36%	11.9%
Precious Metals			
Gold100 OZ (per oz)	1,255.1	-0.30%	-3.7%
Silver (per oz)	16.2	-0.51%	-4.3%
Platinum (per oz)	863.7	-0.47%	-7.2%
Other Metals			
Copper, MT	6,713	-0.62%	-7.4%
Aluminium, MT	2,158	0.12%	-4.9%
Lead, MT	2,411	-0.37%	-3.1%
Zinc, MT	2,840	-0.63%	-14.4%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.50	39.2%
Saudi Arabia	2.57	35.7%
Kuwait	2.00	6.7%
Oman	2.38	24.5%
Qatar	2.64	-0.4%
Bahrain	3.50	28.4%

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	4.1
Saudi Arabia	3/4/2028	4.3
Oman	1/17/2028	6.5
Bahrain	10/12/2028	9.5

Midswaps	Price	YTM %
3 year	99.99	2.6
5 year	100.00	2.8
10 year	99.97	2.9
30 year	101.97	3.0

USD Libor	Rate (%)	YTD
1m	2.10	34.4%
3m	2.34	37.9%
6m	2.50	36.2%
1 year	2.77	31.3%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

FITCH AFFIRMS OMAN AT 'BBB-'; OUTLOOK NEGATIVE

Fitch says it sees Oman's budget deficit at 6.3% of GDP in 2018 and says it expects the country's budget deficit to widen again in 2019 under the baseline assumption that oil prices will moderate to an average of \$65/bbl from \$70/bbl in 2018.

* Fitch expects Oman's spending to increase by 7% in 2018 as higher expenditure on subsidies, debt interest and oil and gas exploration offsets continued moderation in defence, capital and civil ministries spending

Source: **Bloomberg News Alert**

Tourism, diversification can help Oman turn 'silver' to gold, Expert

Oman's tourism and economic diversification could allow it to access the "silver economy" worth US\$15 trillion, according to a visiting expert from the Republic of Ireland. Speaking exclusively to the Times of Oman, Anne Connolly, CEO of the Ireland Smart Ageing Exchange (ISAX), said, "While Oman is a young country with a very young population, it's likely that it will age rapidly as other countries are doing; so, planning ahead is important. Globally, the over 50s market is estimated to currently be worth \$15 trillion."

Source: **Times of Oman**

Central Bank of Oman announces Treasury Bills' tender results

A tender of Government Treasury Bills, issue number 60, was held at the Central Bank of Oman (CBO) this week. The results of issue are as follows: The total value of the allotted Treasury bills amount to OMR63 million, for a maturity period of 28 days, from 27th June until 25th July, 2018.

Source: **Times of Oman**

Oman-Iran pact boost for trade

His Highness Sayyid Asaad bin Tareq al Said, Deputy Prime Minister for International Relations and Cooperation Affairs and Personal Representative of His Majesty the Sultan, received at his office on Tuesday Dr Mohammad Shariatmadari, Iranian Minister of Industry, Mining and Trade, Head of the Iranian side at the Omani-Iranian Joint Committee, and his delegation, currently visiting the Sultanate. The meeting reviewed aspects of the existing bilateral relations between the Sultanate and Iran, particularly in the field of commercial and industrial cooperation and means of enhancing them, as well as several topics of common concern.

Source: **Oman Observer**

Contract award for copper concentrator plant soon

A contract for the construction and operation of a 1 million tonnes per annum (Mtpa) capacity copper concentration plant at the heart of the Integrated Copper Mining Project of Al Hadeetha Resources unveiled on Monday, is due to be awarded shortly, according to a key project executive. Justin Richard, CEO of Al Hadeetha Resources, said a number of specialist mining contractors are competing for the Engineering-Procurement-Construction (EPC) contract for the development of the concentrator plant — the centerpiece of the \$70 million copper mining project set for implementation at Wadi Andam in Wilayat Al Mudhaibi, North Al Sharqiyah Governorate.

Source: **Oman Observer**

Commercial activities registered soar 369%

The number of commercial activities registered in the various governorates of the Sultanate during the fourth quarter of 2017 exceeded 153,000, an increase of 369 per cent compared to 32,716 activities during the same period in 2016. "This is evidence of the success of the Ministry's policies in encouraging investment in the Sultanate, as the Sultanate is keen to facilitate all procedures for foreign investors so that investors can register and practice their businesses easily," the Ministry of Commerce and Industry's (MOCI) latest data showed.

Source: **Times of Oman**

BANK DHOFAR - Update on proposed Rights Issue of ordinary shares

Further to the Banks disclosure dated 29 April 2018 in relation to the proposed Rights Issue, the Board of Directorshas at its meeting held on 26 June 2018 approved an issue price of 152 baizas per share (consisting of a nominal value of 100 baizas, a premium of 50 baizas, plus issue expenses of 2 baizas) for the Rights shares of ordinary shares. The Rights Issue is subject to all necessary regulatory approvals. Further details of the Rights Issue, including the rights ratio and the record date shall be announced following receipt of the aforementioned regulatory approvals.

Source: **MSM**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Real estate and construction weigh on Dubai; Saudi slips

Real estate and construction companies weighed on the Dubai market on Tuesday as Drake & Scull mined new multi-year lows and Saudi stocks also slipped. DSI shares fell ten percent for a second day running to close at 0.81 dirhams (\$0.22) per share, its lowest for at least five years. Retail investors have been offloading the stock amid concerns about its business outlook, while investors have also been worried about the outcome of an ongoing investigation into its former management team.

Source: **Reuters**

JP Morgan consults on including Gulf states in key bond index

JP Morgan has started a consultation on including Gulf states in its widely tracked emerging market government bond indexes, although a number of issues remain sticking points. JP Morgan's EMBI bond index is a key performance benchmark for emerging market investors. Inclusion in the index can encourage hundreds of billions of dollars of buying of that country's bonds, lowering its borrowing costs.

Source: [Reuters](#)

Gulf states to announce measures to support Bahrain public finances

Saudi Arabia, Kuwait and the United Arab Emirates will announce soon an integrated program to support Bahrain's economic reforms and its fiscal stability, a joint statement from the three Gulf states said on Tuesday. The three wealthy Gulf states said they are in talks with the authorities of Bahrain to enhance the financial stability of the Kingdom. "(The talks are) to confirm their commitment to consider all options to support the kingdom of Bahrain and to finalize an integrated program that will soon be announced to enable the kingdom of Bahrain to support its economic reforms and fiscal stability," the statement sent to Reuters said.

Source: [Arab News](#)

Bahrain Debt Risk Rises Most on Record Amid Gulf Aid Silence

The absence of any signal of financial aid from Bahrain's neighbours sent the kingdom's credit risk rising the most in emerging markets this month. The cost of insuring Bahrain's debt against default for five years jumped 170 basis points on Monday, the most since records began in 2008, to 609. That's the highest among emerging-market peers after Lebanon. The dinar, whose peg to the dollar has been effectively unchanged since 1980, fell a fourth day in the onshore market to the weakest level since at least 1988.

Source: [Bloomberg News Alert](#)

Bahrain committed to keeping currency pegged to U.S. dollar: central bank

The Central Bank of Bahrain (CBB) on Tuesday said it is committed to keeping its currency pegged to the U.S. dollar. The bank issued an urgent statement after the Bahraini dinar fell in the spot market to a 17-year low because of concerns about the country's rising public debt. "The CBB is committed to keeping its currency pegged to the U.S. dollar set at 0.37608 and has no plans to alter the Bahraini dinar's value," the statement said.

Source: [Xinhua Net](#)

Abu Dhabi's Eshraq Properties drops merger plans with Reem Investments

Eshraq Properties has dropped plans to merge with fellow Abu Dhabi developer Reem Investments, after the two companies could not agree on the terms of the transaction, the company said on Tuesday. "The strategic investment of Reem Investments in Eshraq Properties will not be completed," Eshraq board said in a statement to Abu Dhabi Securities Exchange, where its shares are traded. "Further to discussions and deliberations, the parties have not been able to agree on major commercial matters underpinning the deal," the company said without giving further details.

Source: [The National UAE](#)

ACWA Power considering IPO 'sooner rather than later': report

Saudi Arabia's ACWA Power is mulling an initial public offering "sooner rather than later" in order to meet growing requirements for cash, Bloomberg reported on Tuesday, citing company chief executive Paddy Padmanathan. "An IPO is an option we will definitely utilize," Padmanathan said. "We want to bring the public into this business. We have a very capital hungry company."

Source: [Argaam](#)

Saudi retail loans rose after decree allowing women to drive: official

Retail loans issued by Saudi banks have increased after the royal decree last year allowing women to drive, Saudi Press Agency (SPA) reported, citing Talaat Hafez, Saudi Banks' spokesman. Saudi lenders launched several new financing products following the decree last September, including personal and auto loans, he said.

Source: [Argaam](#)

Advanced subsidiary's Korean JV likely to boost propylene prices

SK Advanced's joint venture with PolyMirae to build a polypropylene (PP) plant in South Korea will ensure sales of propylene as feedstock to the new project, Advanced CEO Abdullah Mogbil Al Garawi told Argaam. "We will guarantee consuming 400,000 metric tons of propylene, accounting for more than 60 percent of SK Advanced's output. This would reduce supply in international markets and that might lead to an increase in prices," Al Garawi said

Source: [Argaam](#)

Kuwait's economy grows 1.6pct in Q1 -state news agency

Kuwait's gross domestic product grew 1.6 percent at constant prices in the first quarter of 2018 from a year ago, Kuwaiti state news agency KUNA reported on Tuesday. The oil sector contributed 48.4 percent to the Gulf state's economy in that period, it said, up from 44.5 percent in the same quarter a year ago.

Source: [Reuters](#)

QCSD AMENDED THE FOREIGN OWNERSHIP PERCENTAGE OF WOQOD TO 49% AND MAXIMUM OWNERSHIP TO 1%

Qatar Central Securities Depository (QCSD) announced that it had amended the foreign ownership percentage in the shares of Qatar Fuel Company (WOQOD) to become 49% of the company's capital, and the maximum shareholder ownership limit to 1% effective from Wednesday, June 27, 2018.

Source: [QE](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

US will be tough on Iran sanctions, and that could sting consumers

Oil prices jumped after a State Department official said the U.S. is demanding zero Iranian exports by Nov. 4 and no waivers for countries and companies that do business with Iran. If the U.S. succeeds at removing even half the more than 2 million barrels a day from the market, analysts expect a tight market and higher prices. The market is already tight because of unexpected outages, despite the weekend deal between OPEC, Russia and others to bring more oil to market.

Source: [CNBC](#)

With unicorns in the pipeline, Hong Kong IPO markets will be 'totally different' in second half of 2018: EY

EY forecasts a total of HK\$200 billion (\$25.5 billion) in funds to be raised in IPOs in Hong Kong this year. Things are expected to heat up, with tech companies like Xiaomi and Meituan Dianping set to come to market in the months ahead. The first China Depository Receipt is expected to come in the second half of the year, EY said.

Source: [CNBC](#)

Asia shares hobbled by trade fears, oil extends gains

Asian share markets were under pressure on Wednesday as weakness in Chinese stocks and the yuan weighed on sentiment in the region, while oil climbed as the United States pressured allies to stop buying Iranian crude. MSCI's broadest index of Asia-Pacific shares outside Japan. MIAPJ0000PUS lost another 0.3 percent after touching a two-year trough on Tuesday.

Source: [Reuters](#)

COMMODITIES NEWS

Gold prices hover near six-month low as dollar firms

Gold prices sat near a more than six-month high low hit in the previous session, as the dollar firmed amid easing risk aversion and expectations of further interest rate hikes by the U.S. Federal Reserve.

* Spot gold dipped 0.1 percent to \$1,257.81 an ounce, as of 0045 GMT. It touched its lowest since mid-December at \$1,254.16 in the prior session.

* U.S. gold futures for August delivery were nearly unchanged at \$1,259.70 per ounce.

* The dollar index was steady at 94.674 after gaining 0.4 percent overnight to snap a four-session losing run.

* The U.S. House of Representatives overwhelmingly passed a bill on Tuesday to tighten foreign investment rules, spurred by bipartisan concerns about Chinese bids to acquire sophisticated U.S. technology.

Source: [Reuters](#)

Supply disruptions, U.S. attempts to shut out Iran buoy oil prices

Oil prices rose on Wednesday following supply disruptions in Libya and Canada and after U.S. officials told oil importers to stop buying Iranian crude from November. Brent crude futures rose 15 cents, or 0.2 percent, to \$76.46 per barrel at 0146 GMT, from their last close. U.S. West Texas Intermediate (WTI) crude futures were at \$70.70, up 19 cents, or 0.3 percent. The United States demanded all countries stop imports of Iranian oil from November, a State Department official said on Tuesday.

Source: [Reuters](#)

Oil production halted in Saudi-Kuwait neutral zone: Kuwait oil minister

Saudi Arabia and Kuwait have stopped the production of oil in the jointly operated oilfields in the Neutral Zone that lies between the two countries, Kuwait's Minister of Oil Bhaqet Al-Rashidi said on Tuesday. The production has been halted until an agreement was reached between the two sides, state news agency KUNA cited Al-Rashidi as saying. No details were provided on the subject for the agreement.

Source: [Argaam](#)

Trump's Bid to Cut Off Iranian Oil Relies on Saudi Barrels

U.S. President Donald Trump has called Saudi Arabia to serve on the front lines of his economic war against Iran. While the U.S. pushes its allies to halt all Iranian crude purchases by November, the White House is relying on Saudi Arabia -- Tehran's main regional rival in the Middle East -- to keep the market in balance ahead of the American mid-term election. Yet, offsetting lost Iranian exports could strain Saudi's spare capacity at a time when the oil market is already coping with the collapse of Venezuela's oil industry and turmoil in Libya.

Source: [Bloomberg News Alert](#)

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