

U Capital Morning Brief

1 May 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	912.85	-1.28	-0.14%	-6.31%	-	-	-
U Capital GCC 50 Index	1,288.42	-3.25	-0.25%	12.56%	-	-	-
U Capital MENA 200 Index	1,073.74	-3.74	-0.35%	7.90%	-	-	-
MSCI GCC Countries Index	529.41	-1.82	-0.34%	10.35%	14.65	1.70	4.0%
Muscat Securities Market	4,729.05	-5.37	-0.11%	-7.26%	11.79	1.00	5.1%
Saudi Stock Exchange	8,208.87	-16.07	-0.20%	13.60%	18.12	1.81	3.3%
Kuwait Stock Exchange	4,881.06	19.15	0.4%	NA	14.53	1.20	3.8%
Qatar Exchange	9,111.97	-28.22	-0.31%	6.91%	13.56	1.39	4.8%
Bahrain Stock Exchange	1,257.88	-4.90	-0.39%	-5.54%	8.04	0.78	6.5%
Dubai Financial Market	3,065.96	17.50	0.57%	-9.02%	10.52	1.14	6.0%
Abu Dhabi Exchange	4,669.52	-15.92	-0.34%	6.16%	12.27	1.39	5.2%
Beirut Stock Exchange	1,129.01	1.47	0.13%	-1.70%	5.69	0.70	8.7%
Palestine Stock Exchange	538.02	-7.10	-1.30%	-6.36%	13.15	1.10	5.7%
Tunis Se Index	7,124.53	-0.41	-0.01%	13.41%	18.36	2.46	2.0%
EGX 30 Index	18,295.57	-8.89	-0.05%	21.82%	25.15	2.48	1.7%
Amman General Index	2,191.52	10.32	0.47%	3.04%	16.25	1.08	4.7%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,509.3	0.09%	-2.3%
DAX	Germany	12,612.1	0.25%	-2.4%
CAC 40	France	5,520.5	0.68%	3.9%
United States				
DJIA	USA	24,163.2	-0.61%	-2.2%
S&P 500	USA	2,648.1	-0.82%	-1.0%
NASDAQ	USA	7,066.3	-0.75%	2.4%
Asia Pacific				
NIKKEI 225	Japan	22,484.7	0.07%	-1.2%
HANG SENG	Hongkong	30,808.5	1.74%	3.0%
KSE 100 Index	Pakistan	45,488.9	-0.12%	12.4%
NSE Nifty 50	India	10,739.4	0.44%	2.0%
SHANGHAI COMPOSITE	China	3,082.2	0.23%	-6.8%
SHANGHAI SHENZHEN CSI 300	China	3,756.9	0.04%	-6.8%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.754	1.326
British Pound (GBP)	1.376	0.727
Canadian Dollar (CAD)	0.779	1.283
Chinese Renminbi (CNH)	0.158	6.313
Egyptian Pound (EGP)	0.057	17.657
Euro (EUR)	1.208	0.828
Indian Rupee (INR)	0.015	62.971
Japanese Yen (JPY)	0.009	109.380
New Zealand Dollar (NZD)	0.704	1.421
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.610
Russian Ruble (RUB)	0.016	66.661
Singapore Dollar (SGD)	0.754	1.326
Turkish Lira (TRY)	0.247	4.056

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.9	0.29%	14.4%
WTI Crude (per bbl)	68.8	0.35%	13.9%
Oman Crude Oil (Last Closing)	71.8	1.35%	12.3%
OPEC (per bbl)	71.2	0.34%	10.5%
Precious Metals			
Gold100 OZ (per oz)	1,312.5	-0.22%	0.7%
Silver (per oz)	16.3	-0.26%	-3.8%
Platinum (per oz)	902.8	-0.16%	-3.0%
Other Metals			
Copper, MT	6,807	0.15%	-6.1%
Aluminium, MT	2,255	1.44%	-0.6%
Lead, MT	2,320	-1.11%	-6.7%
Zinc, MT	3,127	0.19%	-5.8%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.43	35.6%
Saudi Arabia	2.38	25.6%
Kuwait	2.00	6.7%
Oman	2.16	13.4%
Qatar	2.65	0.0%
Bahrain	3.08	12.8%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	4.0
Abu Dhabi	10/11/2027	4.1
Qatar	6/2/2026	4.2
Saudi Arabia	3/4/2028	4.4
Oman	1/17/2028	6.2
Bahrain	10/12/2028	7.6

Midswaps	Price	YTM %
3 year	99.28	2.6
5 year	99.77	2.8
10 year	98.27	3.0
30 year	97.66	3.1

USD Libor	Rate (%)	YTD
1m	1.91	21.9%
3m	2.36	39.2%
6m	2.52	37.2%
1 year	2.78	32.0%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Morgan Stanley Lifts Oman 'Dislike' Stance Amid Demand for Debt

Morgan Stanley removes its "dislike valuation stance" on Oman amid investor demand for the nation's bonds, which have become relatively cheap.

* Oman has lagged EMBI oil exporters and MENA oil importers

* "While positioning had always been underweight, we now see significantly increased appetite from EM investors, based on our recent conversations, to add Omani risk on the back of higher oil prices," London-based emerging-market strategist Jaiparan Khurana writes in note

** "Previously, most investors had preferred to remain on the sidelines"

* Morgan Stanley was previously concerned about potential issuance, which is likely to be pushed back because of higher sovereign spreads

* Significant underweight positioning of EMBI investors provides room to absorb any selling by investment-grade investors

* Still, the risk to Oman's investment-grade ratings remains to the downside

Source: **Bloomberg News Alert**

Telecom stocks lead Oman share index lower

Pressured by the decline in telecom stocks and Oinvest, the MSM30 index closed marginally lower on Monday at 4,729.05 points, down by 0.11 per cent. MSM Sharia Index ended at 656.41 points, down by 0.25 per cent. Galfar Engineering was the most active stock in terms of volume and turnover. Galfar remained the top gainer as well, up 7.00 per cent, while the top loser was United Finance, down 2.70 per cent.

Source: **Times of Oman**

OMAN ENERGY & WATER conference kicks off

The sultanate's largest event for the energy, water and wastewater sectors - Oman Energy and Water Conference and Exhibition kick started on Monday at the Oman Convention and Exhibition Center. The event is being held under the auspice of H H Sayyid Taimur bin Asad bin Tariq al Said, assistant secretary general for communication at the Research Council. Around 150 companies from power and water sectors are participating in the fourth edition of Oman Energy and Water Conference and Exhibition. Omanexpo, in partnership with the Public Authority for Electricity and Water (Diam) has organized the event.

Source: **Muscat Daily**

Nama Group signs RO 400m contracts

On the sidelines of Oman Energy and Water Conference and Exhibition, Nama Group signed three contracts worth of RO 400 million with Oman Cables Industries Company, Nuhas Oman and Ducab Muscat for the purchase of cables and electric connectors. The term of the contracts is three years that may be renewed for additional two years. As per the contracts, the group companies will get cables at the best international prices at the world market and will accelerate the purchase and supply process.

Source: **Oman Observer**

Omran explores setting up Real Estate Investment Trust in Oman

Oman Tourism Development Company (Omran), the government's tourism investment and development arm, is weighing plans to set up a Real Estate Investment Trust (REIT) designed to enable local and international investors to invest in its expanding portfolio of hospitality assets. Omran Chief Executive Officer Peter Walichnowski made the revelation in a presentation on the second day of the Oman Economic Forum, which concluded at the Oman Convention & Exhibition Centre yesterday.

Source: **Oman Observer**

Five firms win MSM 2018 Quality Disclosure Awards

As part of its efforts to encourage strict adherence to disclosure regulations, the Muscat Securities Market (MSM) felicitated five listed companies with 2018 Quality Disclosure Awards. While speaking on the occasion, Ahmed bin Saleh al Marhoon, Director-General of MSM said that the award has been instituted to motivate companies listed on the bourse to be more transparent in their activities. "All listed companies should comply with the rules and regulations unveiled by the Capital Market Authority regarding disclosures and corporate governance", he said.

Source: **Oman Observer**

OMAN CRUDE OFFICIAL SELLING PRICE SET AT \$68.31/B FOR JUNE: DME

Oman crude official selling price set at \$68.31/bbl for June, according to average of daily futures marker price on Dubai Mercantile Exchange Monday. * OSP up \$5/bbl, or +7.9%, from \$63.31/bbl for May

Source: **Bloomberg News Alert**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

GCC puts safeguard tariff on some iron and steel products

The Gulf Cooperation Council (GCC) states will impose a safeguard tariff of \$169 per tonne on imports of certain iron and steel products from May 15, the GCC countries said in a filing published by the World Trade Organization on Monday. The three-year tariff on clad, plated or coated flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, will fall to \$153 per tonne in the second year and to \$137 per tonne in the third year.

Source: [Argaam](#)

Qatar's budget deficit hits QAR 35.4bn in 2017

Qatar's budget deficit declined 29% year-on-year to QAR 35.4 billion (\$9.7 billion) for the full-year 2017, compared to QAR 49.8 billion (\$13.7 billion) a year earlier. Deficit recorded QAR 10.65 billion for the fourth quarter of 2017, compared to QAR 10.5 billion for the same period of the prior year, the Qatar Central Bank (QCB) said in a statement on Monday. Meanwhile, the public income of the world's biggest liquefied natural gas (LNG) exporter declined to QAR 160.5 billion over the year ended 31 December 2017, versus QAR 161.18 billion for the same period of the previous year.

Source: [Mubasher](#)

Qatar bank lending growth accelerates in March

Starting in July 2017, the central bank changed the way it reports its reserves; it stopped disclosing net international reserves and began reporting international reserves plus foreign currency liquidity.

Source: [Zawya](#)

SABIC eyes growth in Chinese polymers markets: report

Saudi Basic Industries Corp.'s (SABIC) will continue to expand its polymers business in China, driven by growth in the country's piping, building and construction sectors, a senior company executive told S&P Global Platts. "SABIC has already invested more than \$1.8 billion in the Chinese market, including compounding facilities and joint ventures with Chinese companies, and will continue to expand our business in China," said Abdulrahman Al-Fageeh, executive vice president for petrochemicals, SABIC.

Source: [Argaam](#)

BATIC fully acquires two logistics firms

Batic Investment and Logistics Co. (BATIC) has signed an agreement with Abdulkadir Al Muhaidib and Sons and Himmah Group to fully acquire Al Muhaidib Land Transport Co. and Himmah Logistics Company, the company said in a bourse statement. Abdulkadir Al Muhaidib and Sons fully owns Al Muhaidib Land Transport and owns an 80 percent stake in Himmah Logistics, while Himmah Group owns 20 percent.

Source: [Argaam](#)

L'Azurde's Oman subsidiary to begin operations in Q3

L'Azurde Company for Jewelry will set up a new limited liability company in Oman to strengthen its GCC wholesale expansion business, the company said in a bourse filing on Monday. The new Omani subsidiary – L'Azurde Company for Jewelry - will have a share capital of SAR 100,000 and will start commercial operation in Q3 2018. The principal activities for the new entity will include wholesale, retail and export, import of gold jewellery, precious and semi-precious stones and distribution of jewellery, accessories, watches, glasses and perfumes.

Source: [Argaam](#)

Islamic Development Bank considers debut euro-denominated sukuk

Saudi Arabia's Islamic Development Bank (IDB) has hired banks to explore the possibility of a euro-denominated sukuk issue, sources familiar with the matter said. Should it go ahead, the sukuk would be the multilateral development bank's first euro-denominated public debt sale.

Source: [Zawya](#)

Kuwait CMA STARTS BIDDING PROCESS FOR 26% TO 44% STK IN BOURSA KUWAIT

Capital Markets Authority invites international operators and local companies to participate in the bidding process for an equity stake of Boursa Kuwait, the regulator says in an emailed statement. Qualification criteria for international operators: * The international operator must be domiciled in a market classified as secondary emerging market or higher by FTSE/Russell and emerging market or higher by MSCI * Should satisfy one of the below criteria: * Have a minimum market capitalization of \$200 billion and a minimum of 300 listings on its exchange or have annual group wide revenues for the year 2017 of over \$200 million

Source: [Bloomberg News Alert](#)

New industry watchdog expected to boost Bahrain's real estate demand

The launch of Bahrain's Real Estate Regulatory Authority (RERA) on March 1 seeks to drive growth in the real estate sector by improving industry standards and transparency, moves that could increase foreign investment. RERA is charged with overseeing the property sector, regulating the planning and development process, and licensing service providers, and will be responsible for reinforcing the rules governing real estate brokerage, property valuation, property management, and owners' associations and gated communities.

Source: [Zawya](#)

Bahrain's Nogaholding hires banks for dollar bond

Nogaholding, the investment arm of Bahrain's National Oil and Gas Authority, has mandated banks to arrange fixed income investor meetings ahead of a potential international bond, a document from one of the banks showed. The company, fully owned by the kingdom of Bahrain, has hired BNP Paribas, Citi and JPMorgan as joint global coordinators for the deal, with Bank ABC, Gulf International Bank, HSBC, Societe Generale and Standard Chartered as joint lead managers.

Source: [NASDAQ](#)

Dubai lifted by Emaar Dev earnings, weak oil depresses other markets

Dubai shares rose on Monday, helped by strong earnings at Emaar Development and outperforming the Gulf region, where most markets weakened amid a slight correction in oil prices and selective profit-taking.

Source: [WN](#)

Egypt Is Confident \$23 Billion Debt Inflows Won't Flow Out

Egypt's finance minister said he's confident the \$23 billion that foreigners invested in Egyptian Treasury bills will stay in the country, thanks to its improved credit profile and rising global liquidity. The trade-off between risks and returns remains attractive, and investments have been rising in "recent weeks and months," Amr El-Garhy said in an interview with Bloomberg TV. Credit rating companies, which haven't significantly upgraded Egypt's junk rating in the past two years, should give Egypt a "better look," El-Garhy said.

Source: [Bloomberg](#)

Banque du Caire to IPO end of 2018 or early 2019

Banque du Caire will IPO on the Egyptian Exchange by the end of 2018 or early 2019, according to CBE Governor Tarek Amer. Banque du Caire was widely expected to be the first company to list under the state's privatization program, which officials said will see shares from 4-6 companies (out of a total 23) offered on the EGX before the end of 2018.

Source: [Enterprise](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

US stock futures pare losses after US extends tariff exemptions

US stock futures pared small losses while Australian shares hit seven-week highs on Tuesday after the United States extended the deadline for its steel and aluminum tariffs to take effect. Still, uncertainty over an expanding trade dispute between the United States and China as well as worries that Washington may abandon a 2015 international nuclear deal with Iran kept investors on edge.

Source: [Business Line](#)

U.K. Eyes Southeast Asia for Post-Brexit Trade Bursts

The lone non-Asian trade minister at last week's Southeast Asian leaders' summit in Singapore, U.K. Trade Minister Greg Hands had plenty of room to make the case that Brexit won't interfere with his country's ambitious plans in the region. As it scrambles to roll over some 40 European Union trade deals into individual agreements with the U.K., London has its eyes on plenty of additional negotiations. Growth-blessed Southeast Asia, with which it traded 32 billion pounds' (\$44 billion) worth of goods and services in 2016, is a priority.

Source: [Bloomberg](#)

US extends tariff exemptions for European Union and other allies

The May 1 deadline for steel and aluminum tariff exemptions for U.S. allies has been extended, the White House said. Instead, the White House has decided to postpone the decision on some allies, including the European Union, for 30 days to allow further discussions. Those extensions will affect the EU, Canada and Mexico. As for Argentina, Australia and Brazil, a senior White House official said agreements have been reached in principle, and they will also receive a 30-day extension so details can be finalized.

Source: [CNBC](#)

COMMODITIES NEWS

Gold inches down as dollar stays firm near 3-1/2-month peak

Gold prices inched lower early on Tuesday, hovering close to a nearly six-week low touched in the previous session, as the U.S. dollar held firm near a 3-1/2-month high. Spot gold XAU= fell 0.1 percent to \$1,314.00 per ounce at 0106 GMT. Prices slipped to \$1,310.11 on Monday, their lowest since March 21. The dollar index .DXY was little changed at 91.832. The greenback touched 91.986 on Friday, its highest since Jan.11. USD/

Source: [NASDAQ](#)

US crude rises 47 cents, settling at \$68.57, after Netanyahu claims evidence Iran sought nuclear weapons

Oil prices jumped after Israel's Prime Minister Benjamin Netanyahu revealed files he claims show Iran ran a secret program to produce nuclear weapons. The oil market has been on edge ahead of a May 12 deadline, when President Donald Trump must decide whether to continue waiving sanctions against Iran under the terms of the nuclear deal or restore the penalties on OPEC's third-largest oil producer.

Source: [CNBC](#)

