

# U Capital Morning Brief

**3 May 2018**

Market Indices	Current Close		Change		D/D		YTD		Price to Earnings	Price to Book	Div Yield
	Index	Point	Point	%	%	%	%	(x)			
U Capital Oman 20 Index	910.34	-1.08	-0.12%	-6.56%	-	-	-	-	-	-	-
U Capital GCC 50 Index	1,276.20	-5.85	-0.46%	11.49%	-	-	-	-	-	-	-
U Capital MENA 200 Index	1,064.49	-5.18	-0.48%	6.97%	-	-	-	-	-	-	-
MSCI GCC Countries Index	523.67	-2.64	-0.50%	9.15%	14.42	1.68	4.0%	-	-	-	
Muscat Securities Market	4,730.83	-0.44	-0.01%	-7.23%	11.83	1.01	5.1%	-	-	-	
Saudi Stock Exchange	8,098.75	-59.31	-0.73%	12.07%	17.71	1.78	3.3%	-	-	-	
Kuwait Stock Exchange	4,881.00	-3.94	-0.1%	NA	14.47	1.20	3.8%	-	-	-	
Qatar Exchange	8,953.40	-60.92	-0.68%	5.05%	13.32	1.37	4.9%	-	-	-	
Bahrain Stock Exchange	1,261.12	3.24	0.26%	-5.30%	8.01	0.78	6.5%	-	-	-	
Dubai Financial Market	3,002.96	-27.79	-0.92%	-10.89%	10.23	1.12	5.8%	-	-	-	
Abu Dhabi Exchange	4,634.97	-38.34	-0.82%	5.38%	12.17	1.38	5.2%	-	-	-	
Beirut Stock Exchange	1,126.64	-3.78	-0.33%	-1.91%	5.68	0.70	8.7%	-	-	-	
Palestine Stock Exchange	544.54	6.52	1.21%	-5.23%	13.31	1.11	5.6%	-	-	-	
Tunis Se Index	7,117.95	-6.58	-0.09%	13.31%	18.49	2.46	2.0%	-	-	-	
EGX 30 Index	18,173.16	-122.41	-0.67%	21.00%	25.44	2.46	1.7%	-	-	-	
Amman General Index	2,181.88	-9.64	-0.44%	2.59%	16.17	1.08	4.9%	-	-	-	

World Markets	Country	Value	D/D	YTD
<b>Europe</b>				
FTSE 100	UK	7,543.2	0.30%	-1.9%
DAX	Germany	12,802.3	1.51%	-0.9%
CAC 40	France	5,529.2	0.16%	4.1%
<b>United States</b>				
DJIA	USA	23,925.0	-0.72%	-3.2%
S&P 500	USA	2,635.7	-0.72%	-1.4%
NASDAQ	USA	7,100.9	-0.42%	2.9%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,472.8	-0.16%	-1.3%
HANG SENG	Hongkong	30,214.0	-1.66%	1.0%
KSE 100 Index	Pakistan	45,196.4	-0.64%	11.7%
NSE Nifty 50	India	10,693.1	-0.23%	1.5%
SHANGHAI COMPOSITE	China	3,076.3	-0.16%	-7.0%
SHANGHAI SHENZHEN CSI 300	China	3,760.1	-0.09%	-6.7%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.752	1.329
British Pound (GBP)	1.360	0.736
Canadian Dollar (CAD)	0.778	1.285
Chinese Renminbi (CNH)	0.157	6.362
Egyptian Pound (EGP)	0.057	17.657
Euro (EUR)	1.198	0.834
Indian Rupee (INR)	0.015	64.009
Japanese Yen (JPY)	0.009	109.670
New Zealand Dollar (NZD)	0.702	1.425
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.610
Russian Ruble (RUB)	0.016	66.561
Singapore Dollar (SGD)	0.750	1.333
Turkish Lira (TRY)	0.240	4.169

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	73.2	-0.26%	11.7%
WTI Crude (per bbl)	67.8	-0.15%	12.3%
Oman Crude Oil (Last Closing)	70.6	0.40%	10.3%
OPEC (per bbl)	70.6	-0.58%	9.5%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,309.2	0.32%	0.5%
Silver (per oz)	16.4	0.28%	-3.1%
Platinum (per oz)	897.8	0.26%	-3.5%
<b>Other Metals</b>			
Copper, MT	6,820	1.11%	-5.9%
Aluminium, MT	2,322	2.72%	2.4%
Lead, MT	2,270	-1.00%	-8.7%
Zinc, MT	3,047	-0.16%	-8.2%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.50	39.4%
Saudi Arabia	2.39	26.0%
Kuwait	2.00	6.7%
Oman	2.24	17.3%
Qatar	2.65	0.1%
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	4.5
Oman	1/17/2028	6.3
Bahrain	10/12/2028	7.9

Midswaps	Price	YTM %
3 year	99.28	2.6
5 year	99.79	2.8
10 year	98.17	3.0
30 year	97.19	3.1

USD Libor	Rate (%)	YTD
1m	1.91	22.0%
3m	2.35	38.9%
6m	2.51	36.9%
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

### Leverage talent capital to enhance labor productivity

A strong focus on workforce productivity and talent development are essential to the goal of building an efficient organization and sustainable economy, according to experts participating in the OER Finance and HR Summit, held at InterContinental Muscat, on Wednesday. Comprised of two thought-provoking panel discussions interspersed with various presentations by industry experts, the Summit saw CEOs, CFOs, senior HR executives and international and GCC-based industry experts discuss the new imperatives on the interface between finance and HR.

Source: [Oman Observer](#)

### Prepare for VAT, companies in Oman told

Companies have been advised to be pro-active in their preparation for the introduction of Value Added Tax (VAT) in the Sultanate. It had been announced that VAT would be implemented in Oman, sometime in 2019. Accounting firm PricewaterhouseCoopers (PwC), UAE's director said that one of the biggest mistakes that many companies in neighboring UAE and Saudi Arabia made was assuming that they would get more time and VAT would be implemented much later.

Source: [Times of Oman](#)

### OPWP shortlists 12 bidders for 500MW solar independent power project

Oman Power and Water Procurement Co (OPWP) has shortlisted 12 international companies and consortia for the development of Oman's first utility-scale 500MW solar independent power project (IPP) to be located in Ibri. In a statement on its website, OPWP announced that it has prequalified 12 applicants in response to a request for qualification (RfQ) tender for the development of Ibri II Solar IPP which attracted interests from 28 companies in February.

Source: [Muscat Daily](#)

### Blockchain infrastructure to be rolled out soon in Oman

A newly established government-owned entity Blockchain Solutions and Services Co (BSS) announced that it would roll out the necessary technological infrastructure to promote the adoption and implementation of Blockchain technology in Oman. Delivering keynote address at Blockchain Oman Forum on Wednesday, Dr Khalid MW Tahhan, chief executive officer of BSS said, "We are a government entity which has been given the task to roll out needed Blockchain infrastructure for the country and we are working closely with all other stakeholders. We are working with multiple government entities to establish infrastructure and to provide proper regulations."

Source: [Muscat Daily](#)

### Tourism sector receives new boost from investments and initiatives

Oman has received a record number of tourists in the first quarter of 2018 compared to the previous quarter, thanks to new legislation and investments in the country. Between January and March 2018, tourists recorded at Muscat airport and the borders reached 1.1 million, up 18 per cent from the previous quarter in 2017.

Source: [Oman Observer](#)

### Oil & Gas industry can drive growth of knowledge-based economy

Petroleum Development Oman (PDO), the nation's biggest oil and gas producer, has been playing a key role in bridging the gap between industry and academia, said Dr Alkhattab al Hinai, the Deputy Chairman of the State Council. He was speaking on the theme, 'Transformation to a knowledge-based economy: Challenges and Opportunities', as part of the Public Lecture Series held at Muscat University recently.

Source: [Oman Observer](#)

### Citizens to get best benefits

Within the context of continuous attention being given by His Majesty Sultan Qaboos to foster cooperation between the state's institutions due to the positive impact of such cooperation on enhancing the country's comprehensive development march, aimed to serve citizens all over the Sultanate, the Council of Ministers and the Council of Oman (the State Council and Majlis Ash'shura) held a regular joint meeting here on Wednesday.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Blue-chips lead declines as most Gulf stocks close down

Dubai and Abu Dhabi stock exchanges both closed lower on Wednesday, as markets across the Gulf struggled for direction after recent gains, notably in Saudi Arabia. The move was in line with Asian equities, which also eased as investors awaited the U.S. Federal Reserve's upcoming policy statement for clues on the future pace of monetary tightening. The Dubai index closed down 0.9 percent, dragged down by property stocks. Emaar Malls fell 4.9 percent and major developers Emaar Properties and Damac Properties fell 1.4 percent and 1.6 percent, respectively.

Source: [Reuters](#)

#### **Fitch: Qatari banks' liquidity tightens after economic sanctions**

Fitch Ratings says liquidity pressures in the Qatari banking system started to ease in 1H17, but re-emerged following the imposition in June of economic sanctions by Saudi Arabia and the UAE. Funding costs have been pushed slightly higher (20bp to 30bp) as a result. The outflows of Saudi and UAE deposits have been replaced by the government and the Qatar Central Bank (QCB).

Source: [Zawya](#)

#### **Qatar Airways would back any IAG-Norwegian takeover-CEO**

The chief executive of Qatar Airways said he would back British Airways-owner IAG in any of its expansion plan when asked about IAG's possible takeover of Norwegian Air Shuttle. Qatar Airways owns a 21 percent stake in IAG. "Qatar Airways will always support IAG in anything they do because it is a business in which we have a strategic interest," Qatar Airways Chief Executive Akbar al-Baker told reporters at a press conference.

Source: [The Peninsula Qatar](#)

#### **Bahrain needs to accelerate budget reforms to sustain economy: IMF**

Bahrain needs to accelerate reforms to its state budget to reach a deficit level that would make its finances sustainable over the medium term, an International Monetary Fund official said. Jihad Azour, director of the IMF's Middle East and Central Asia department, was speaking after yields on Bahrain's international bonds jumped during a debt sale at the end of March because of investor concern about the country's finances. Bahrain has been hit harder by a reduction in its export revenues due to low oil prices.

Source: [Times of Oman](#)

#### **Kuwait Investment Authority plans to increase investment in emerging markets**

Kuwait Investment Authority (KIA), one of the world's biggest sovereign wealth funds, aims to diversify its portfolio and is looking to increase investments in emerging markets such as China, India and Brazil, the group CEO said on Wednesday. "Kuwait...is diversifying its investments and is moving to increase its investments in emerging markets. This does not mean abandoning developed markets, but there could be a reduction in some investments in them," Farouk Bastaki told Reuters.

Source: [Reuters](#)

#### **Saudi Arabia moves to tempt more foreign insurers with draft rules change**

Saudi Arabia has published draft rules for foreign insurers and reinsurers wanting to establish branches in the kingdom, in the latest attempt by the government to woo international investment. Currently, there are no foreign branches of foreign insurers in the kingdom, with such companies instead having to establish fully capitalized subsidiaries or own a limited share of local insurance businesses.

Source: [Zawya](#)

#### **Saudi bourse to launch market-making mechanism soon, says CEO**

Khalid Abdullah Al Hussan, Chief Executive Officer of Saudi Stock Exchange (**Tadawul**) told **Argaam** that his company is conducting final testing of the market making mechanism. "We are launching the market making mechanism soon. We are conducting final testing." He said the mechanism will be applicable to Parallel Market (Nomu) and fixed income markets (bonds and sukuk) first, then the Main Market (TASI).

Source: [Argaam](#)

#### **Saudi Arabia needs oil at \$85-\$87 a barrel to balance budget: IMF official**

Saudi Arabia would need oil prices to average \$85-\$87 a barrel this year to balance its state budget, an International Monetary Fund (IMF) official said. The kingdom's gross domestic product (GDP) contracted last year for the first time since 2009, but the IMF is forecasting growth of 1.8 percent this year, partly because the impact of oil output cuts under a global deal among producers will fade. Higher oil prices, with Brent crude LCOc1 near multi-year highs at about \$74 a barrel, are also expected to help the economy.

Source: [Reuters](#)

#### **Saudi's CMA says 140 qualified foreign investors now in stock market**

Saudi Arabia's Capital Market Authority (CMA) said on Wednesday there are now 140 qualified foreign investors in the stock market, with 40 registered in the last quarter. Qualified foreign institutions were allowed to start investing directly in Saudi Arabia's stocks market in 2015, and qualification requirements were eased in 2016. The listing of new companies on the stock market, including privatized one, will be priority in the coming year, Mohammed El Kuwaiz, chairman of the capital market's regulator, told a business conference in Riyadh.

Source: [Gulf News](#)

#### **Saudi finance minister says on track to cut budget deficit to 7 percent of GDP**

Saudi Arabia is on track to cut its budget deficit to 7 percent of gross domestic product this year, Finance Minister Mohammed al-Jadaan said on Wednesday. Speaking at a conference in Riyadh, he also said first quarter fiscal results show significant progress in growing non-oil revenues and raising spending efficiency in the kingdom, whose economy contracted last year. Saudi Arabia has projected a budget deficit of 195 billion riyals (\$52 billion) in 2018, or 7.3 percent of GDP, down from 230 billion riyals last year. It plans to balance the budget by 2023.

Source: [Reuters](#)

### **Saudi Arabian bourse to ensure Aramco's weighting in index is not too big**

Saudi Arabia's stock exchange will ensure the weighting of national oil giant Saudi Aramco in its main stock index is not too large when the company lists its shares, the exchange's chief executive said on Wednesday. "We have technical ways to address this issue," Khalid Al-Hussan told the Euromoney business conference, adding that one step might be to impose an "index cap" on Aramco. He did not elaborate on how such a cap might work.

Source: [Arab News](#)

### **Saudi Arabia's Almarai aims to refinance 1.7 bln riyals Sukuk by Q3 –CFO**

Saudi Arabia's Almarai aims to refinance its 1.7 billion riyals (\$453.3 million) Sukuk by the third quarter and has hired an international adviser to complete the process, its chief financial officer told Reuters. If Almarai were to issue in a currency other than the riyal, it would be the first international debt sale for the Gulf's largest dairy company. Almarai is still considering both local and international currency denominations, CFO Paul Gay said.

Source: [Reuters](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Fed Keeps Rate on Hold, Sees Risks to Economy as 'Balanced'**

The U.S. Federal Reserve said Wednesday it would hold interest rates at their current level at least through June, saying that the economic outlook looks "balanced" as inflation climbs and the unemployment rate stays low. The target for benchmark overnight borrowing rates will remain in a range between 1.5% and 1.75%, according to a statement issued at the conclusion of a two-day closed-door meeting of the central bank's monetary policy committee.

Source: [The Street](#)

### **Sovereign funds flock to developing-world startups**

Sovereign investors are helping fuel billion-dollar funding rounds for emerging-market tech startups, where companies and their backers are fighting for first-mover advantage in the digital space. The aim is to find firms that can replicate the models of Amazon, Netflix and Facebook in the United States - companies that will dominate a young, tech-savvy market. Sovereign wealth funds (SWFs) have the capital to feed this trend - and the patience to wait.

Source: [Economic Times](#)

### **Islamic finance body AAOIFI issues standard for agency contracts**

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has issued its first standard covering wakala, or investment agency contracts, in a bid to harmonize practices for the widely used structure. The guidance issued late on Wednesday from Bahrain-based AAOIFI, one of the main standard-setting bodies in Islamic finance, aims to address the use of wakala in areas such as over-the-counter instruments, treasury placements and Islamic bonds. Wakala is common as a standalone product, such as in letters of credit, but AAOIFI opted to focus its standard on more complex instances where it is combined with other contracts.

Source: [Reuters](#)

### **Asia shares stricken by trade tension, dollar holds gains**

Asian shares slipped on Thursday as hopes waned for real progress in Sino-U.S. trade talks, while the U.S. dollar consolidated recent bumper gains after the Federal Reserve reaffirmed the outlook for more rate hikes. Souring the mood were reports the Trump administration is considering executive action to restrict some Chinese companies' ability to sell telecoms equipment in the United States.

Source: [Reuters](#)

## **COMMODITIES NEWS**

### **Gold prices edge up ahead of U.S.-Sino trade talks**

Gold prices edged higher for a second session early on Thursday ahead of much awaited U.S.-China trade talks, where a breakthrough deal is viewed as highly unlikely.

\* Spot gold XAU= rose 0.4 percent to \$1,309.51 per ounce at 0142 GMT.

\* Tense U.S.-China trade talks between U.S. Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He are due to kick off later on Thursday.

Source: [NASDAQ](#)

### **Oil prices fall on rising U.S. crude inventories, record production**

Oil prices dipped on Thursday, weighed down by swelling U.S. crude inventories and record weekly U.S. production that is countering efforts by producer group OPEC to cut supplies and prop up prices. Brent crude oil futures LCOc1 were at \$73.19 per barrel at 0404 GMT, down 17 cents, or 0.2 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures were down 11 cents, or 0.2 percent, at \$67.82 per barrel.

Source: [Reuters](#)

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