

U Capital Morning Brief

6 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	908.95	-1.39	-0.15%	-6.71%	-	-	-
U Capital GCC 50 Index	1,270.90	-5.30	-0.42%	11.03%	-	-	-
U Capital MENA 200 Index	1,058.20	-6.29	-0.59%	6.34%	-	-	-
MSCI GCC Countries Index	521.27	-0.01	0.00%	8.65%	14.36	1.67	4.0%
Muscat Securities Market	4,725.63	-5.20	-0.11%	-7.33%	11.85	1.02	5.1%
Saudi Stock Exchange	8,107.47	8.72	0.11%	12.19%	17.70	1.78	3.3%
Kuwait Stock Exchange	4,886.00	5.00	0.1%	NA	14.58	1.22	3.8%
Qatar Exchange	8,805.76	-147.64	-1.65%	3.31%	13.10	1.35	5.0%
Bahrain Stock Exchange	1,263.50	2.38	0.19%	-5.12%	8.29	0.80	6.5%
Dubai Financial Market	2,947.99	-54.97	-1.83%	-12.52%	10.04	1.10	5.9%
Abu Dhabi Exchange	4,556.82	-78.15	-1.69%	3.60%	11.97	1.35	5.3%
Beirut Stock Exchange	1,131.34	0.00	0.00%	-1.50%	5.70	0.70	8.7%
Palestine Stock Exchange	545.95	1.41	0.26%	-4.98%	13.40	1.12	5.6%
Tunis Se Index	7,143.55	15.65	0.22%	13.72%	18.55	2.46	2.1%
EGX 30 Index	17,832.86	-340.30	-1.87%	18.73%	24.97	2.42	1.7%
Amman General Index	2,167.16	-14.72	-0.67%	1.90%	15.97	1.07	4.9%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,567.1	0.86%	-1.6%
DAX	Germany	12,819.6	1.02%	-0.8%
CAC 40	France	5,516.1	0.26%	3.8%
United States				
DJIA	USA	24,262.5	1.39%	-1.8%
S&P 500	USA	2,663.4	1.28%	-0.4%
NASDAQ	USA	7,209.6	1.71%	4.4%
Asia Pacific				
NIKKEI 225	Japan	22,472.8	-0.16%	-1.3%
HANG SENG	Hongkong	29,926.5	-1.28%	0.0%
KSE 100 Index	Pakistan	44,536.9	-0.47%	10.0%
NSE Nifty 50	India	10,618.3	-0.57%	0.8%
SHANGHAI COMPOSITE	China	3,091.0	-0.32%	-6.5%
SHANGHAI SHENZHEN CSI 300	China	3,774.6	-0.49%	-6.4%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.754	1.327
British Pound (GBP)	1.353	0.739
Canadian Dollar (CAD)	0.779	1.285
Chinese Renminbi (CNH)	0.157	6.356
Egyptian Pound (EGP)	0.057	17.680
Euro (EUR)	1.196	0.836
Indian Rupee (INR)	0.015	62.521
Japanese Yen (JPY)	0.009	109.120
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	66.870
Singapore Dollar (SGD)	0.751	1.334
Turkish Lira (TRY)	0.236	4.231

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.9	1.70%	14.3%
WTI Crude (per bbl)	69.7	1.89%	15.4%
Oman Crude Oil (Last Closing)	72.1	1.98%	12.7%
OPEC (per bbl)	70.7	0.27%	9.6%
Precious Metals			
Gold100 OZ (per oz)	1,315.4	0.25%	0.9%
Silver (per oz)	16.5	0.64%	-2.4%
Platinum (per oz)	911.7	0.94%	-2.0%
Other Metals			
Copper, MT	6,826	-0.01%	-5.8%
Aluminium, MT	2,350	3.57%	3.6%
Lead, MT	2,318	2.57%	-6.8%
Zinc, MT	3,055	1.60%	-8.0%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.35	30.9%
Saudi Arabia	2.40	26.4%
Kuwait	2.00	6.7%
Oman	2.24	17.3%
Qatar	2.64	-0.3%
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	6.5
Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %
3 year	99.27	2.6
5 year	99.84	2.8
10 year	98.31	3.0
30 year	97.64	3.1

USD Libor	Rate (%)	YTD
1m	1.93	23.2%
3m	2.37	39.8%
6m	2.52	37.2%
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

Start SMEs to create jobs for Omanis

Small and Medium-sized Enterprises (SMEs) are the best way to generate employment for Omanis in the future, given the projected population boom in the Sultanate, according to industry experts. The National Centre of Statistics and Information (NCSI) predicts that Oman's population will increase by 2.4 million and cross 6.5 million by 2040. This called for the creation of more jobs, which, experts said, was only possible through SMEs. **CEO of U Capital Lo'ai Bataineh** emphasized that the availability of loans could make or break the SME culture in any economy. "Well, you see, the definition of SMEs is different in every country. So, you have to qualify as an SME to get loans. But the truth of the matter is if a small business is going to thrive and create job opportunities, it has to be supported with sufficient loans. Banks need not think it is charity. In fact, it can be quite profitable," Bataineh said.

Source: [Times of Oman](#)

U Capital: Speculative activities supported the market trades

During the week, the stock market witnessed intensive speculative activities within selected sectors including but not limited to Insurance, Industrial and a number of other shares. This boosted the trading volume, recording a daily average of 35.2mn shares last week compared with a daily average of 20mn shares for the year so far (Including special deals).

Source: [Muscat Daily](#)

MSM records RO100mn turnover in April

The Muscat Securities Market (MSM) recorded a total monthly turnover of nearly RO100mn in April, the best monthly performance in terms of trading value this year. Total monthly turnover recorded at the MSM was RO96.4mn in March, RO55mn in February and RO52.9mn in January, according to an Oman News Agency report. Trading volumes at the MSM also witnessed a sharp rise in April at 628mn shares compared to 480.8mn shares traded in the previous month. Number of monthly transactions also increased to more than 18,000 compared to 16,000 transactions in March.

Source: [Muscat Daily](#)

Oman wins big in 2018 MEED Projects Awards

The Gulf region's highest quality projects were announced at the recently concluded 2018 MEED Projects Awards, in association with Mashreq. Oman emerged as one of the top countries in the GCC with the most number of award-winning projects, receiving five trophies in various categories. The UAE won eight, while Kuwait and Saudi Arabia had four and two winners, respectively. The winning projects from Oman are part of the \$11.7bn worth of projects completed in the country in 2017, according to the latest data from MEED Projects.

Source: [Oman Observer](#)

Oman weighs 3,000 MW of clean coal power by 2025

Bucking the global downtrend in coal-based power generation, Oman is looking at developing up to 3,000 megawatts (MW) of power generation capacity based on clean coal technology by 2024 — a move dictated by the need to diversify the Sultanate's fuel resource base and thereby secure the nation's long-term energy requirements. The procurement process for the first block of around 1,200 MW of coal-based generation capacity has already commenced and is due to come on stream by 2024.

Source: [Oman Observer](#)

Outstanding credit disbursement grows at conventional banks

Review of the activities of conventional banks indicates an annual growth in total outstanding credit disbursement of 5.6 per cent as at the end of February 2018. Credit to the private sector increased by 4 per cent to RO 18.5 billion. A bulletin released by the Central Bank of Oman (CBO) pointed out that conventional banks' overall investments in securities grew by 11.7 per cent to RO 3.4 billion. Investment in government treasury bills stood at RO 1.35 billion. Aggregate deposits held with conventional banks increased by 2.1 per cent to RO 18.9 billion in February 2018 from RO 18.5 billion a year ago.

Source: [Oman Observer](#)

Oil marketing firms' profits hit by margin squeeze, weak demand

Profits at Oman's oil marketing companies have taken a hit in the first quarter of this year, with margins being squeezed due to the revised margin structure of oil retailers and weaker retail demand for fuel products. All three oil marketing companies – Shell Oman Marketing Co, Oman Oil Marketing Co and Al Maha Petroleum Products Marketing Co – posted declines in first quarter profits despite sales revenues growing significantly due to increase in fuel prices. Shell Oman reported a 17.6 per cent drop in its net profit for January – March period of 2018 at RO2.51mn compared to RO3.05mn net profit reported for the same period of last year.

Source: [Muscat Daily](#)

Batinah Expressway: On the road to success

Oman's ambitious plans to expand its road network across the country and deliver the finest roads in the region will cross another major milestone tomorrow, (Monday) with the opening of the Batinah Expressway, the first four-lane highway in Oman. The 270-kilometre long highway is aimed at drastically cutting the time taken to travel from the capital, Muscat, to the northern Batinah Governorate, which includes the cities of Sohar, Shinas, Liwa, Rustaq, as well as the wilayat of Barka.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Markets down on Iran concerns, EM weakness; blue-chips lift Saudi

Middle East stock markets moved down in line with global emerging markets and because of persisting geopolitical tensions, as the risk of the United States pulling out of the Iran nuclear deal looms. The Saudi Arabian index was in negative territory most of the day but closed up 0.1 percent as some selective buying for blue-chip stocks such as Al Rajhi Bank, up 0.8 percent, and Saudi Arabia Mining Co (Ma'aden), up 2.4 percent, offered support to an otherwise sluggish market.

Source: [Reuters](#)

Saudi Aramco awards 16 local firm deals worth \$7bn

Saudi Aramco said on Saturday it awarded 16 local companies deals worth more than SAR26bn (\$6.93 billion) as part of a drive to expand the kingdom's industrial base and manufacture a bigger share of products domestically. The 10-year purchase agreements, signed on May 1, will focus on the supply of pressure vessels by local manufacturers, Aramco said. The companies include Al-Zamil Process Equipment, Al-Zamil Heavy Industries, Olayan Descon Engineering, Saudi Arabian Fabricated Metals, Gulf Steel Works and Bemco Steel Industries.

Source: [Zawya](#)

Saudi Program Calls for Gender-Mixing, No Prayer Closure

A Saudi government program to improve the quality of life in the kingdom called for the legalization of gender mixing and an end to the mandatory prayer closures for businesses, significant steps to ease social restrictions in the conservative country. The 236-page document sent to reporters Thursday night outlining the government's new Quality of Life Program called for lobbying to amend the laws, saying the areas "require immediate regulatory changes."

Source: [Bloomberg](#)

Saudi gov't transfers King Abdullah District to MoF, PIF

The government of Saudi Arabia will transfer the ownership of the King Abdullah Financial District (KAFD) to the Ministry of Finance (MoF) and the Public Investment Fund (PIF), as reported by Reuters. The \$10 billion financial district in Riyadh is set to house banks and the financial regulator's headquarters. The transfer of ownership is not a transaction, as the finance ministry will take the legal ownership, while the PIF will have the operating rights, sources told Reuters on Thursday.

Source: [Mubasher](#)

Saudi Arabia leads MENA IPO activity, raises \$603 mln in Q1

Saudi Arabia saw the most initial public offering (IPO) activity in the Middle East and North Africa (MENA) in the first quarter of 2018, raising \$603.2 million from five deals, consultancy firm EY said in a recent report. The top three IPOs in terms of value were listed on the Saudi Stock Exchange (Tadawul); SEDCO Capital REIT, Jadwa REIT Saudi and Al Rajhi REIT. SEDCO Capital REIT's listing was the biggest MENA IPO of the quarter, valued at \$173.3 million.

Source: [Argaam](#)

Market cap of Saudi REITs crosses \$2 bln in Q1

Saudi Arabia's Real Estate Investment Trusts (REITs) market capitalization has surpassed \$2 billion in the first quarter 2018 and will continue to expand, Knight Frank said in a recent report. The number of listed REITs doubled in the last two quarters, with 12 REITs listed on the Tadawul at the end of the first quarter. "REITs initially traded at a significant premium to net asset value (NAV). This was mainly attributable to large amounts of capital seeking exposure to these REITs compared to the size of the investable universe.

Source: [Argaam](#)

Saudi tourism push to boost country's aviation sector: report

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](#)

Saudi private sector growth slows to record low in April

Saudi Arabia's non-oil private sector continued to lose momentum in April, as growth slowed to a new nine-year low. According to the latest Saudi Arabia Purchasing Managers' Survey, a contraction in new orders combined with easing job creation and softer output growth all contributed to the slowdown recorded in April. On the price front, input costs increased at a solid pace, while output charges fell for the third month running.

Source: [Arabian Business](#)

IDB infra fund acquires stake in Saudi Tabreed

IDB Infrastructure Fund II, backed by Saudi Arabia's Public Investment Fund (PIF), has acquired a "significant" stake in Saudi Tabreed, an associate of Dubai-based National Central Cooling Company (Tabreed). The size of the stake was not disclosed. Saudi Tabreed is Tabreed's district cooling investment vehicle, held jointly with ACWA Holdings, the Al Mutlaq Group and LAMA Holding.

Source: [Argaam](#)

New plans to fill gaps, expand healthcare investments in Dubai

Dubai's healthcare has projected a growth in demand for one-stop-shop clinics and medical centers for specialized services like orthopedics and diabetes and this is currently the trend in the emirate. The Dubai Health Authority (DHA) has clearly laid out the areas of focus over the next two to five years.

Source: [Zawya](#)

UAE's \$40.8bn hospitality sector supports 570,000 jobs – report

The hospitality sector in the United Arab Emirates contributed more than 150 billion UAE dirhams (\$40.8 billion) to the country's gross domestic product last year - about 4.6 percent of the total, according to a new report. The sector was also responsible for about 570,000 jobs, or 4.8 percent of total employment, according to the report published on Wednesday by real estate consultancy firm Knight Frank and economic analysis firm Oxford Economics.

Source: [Zawya](#)

UAE non-oil private sector growth momentum ticks up

The Emirates NBD Purchasing Managers' Index (PMI) for the UAE increased slightly in April to reach 55.1 (54.8 in March), indicating a solid rate of expansion in the non-oil private sector last month. Data showed new order growth was strong (index at 60.8), with the increase in April underpinned by a rise in new export orders. The export order index stood at 52.9, the highest reading since December 2017, with respondents noting improving demand from the Middle East and Europe.

Source: [Gulf News](#)

GFH says hires Gulf International Bank for cross-listing shares in Saudi

Gulf International Bank to coordinate with Tadawul to cross-list shares in Saudi Arabia, the Bahrain-based investment bank says in a statement. Listing subject to approvals from Central Bank of Bahrain and Saudi Capital Market Authority.

Source: [Bloomberg News Alert](#)

Qatar Petroleum awards 'Detailed Design' contract for North Field expansion offshore jackets

Qatar Petroleum has awarded the "detail design" to "approved for construction" status for the offshore jackets of the new North Field Expansion Project to McDermott. The "detailed design" of the jackets is an important step towards awarding the procurement, fabrication and installation (EPCI) contract by the end of this year, which will pave the way to commencing the drilling campaign in 2019.

Source: [Gulf Times](#)

Qatar and Glencore scrap plan to sell \$9bn Rosneft stake to CEFC

Qatar will cement its position as one of the biggest shareholders in Rosneft, Russia's state-backed oil company, after tearing up plans to sell a \$9.1bn stake to CEFC, the mysterious Chinese energy group. The Qatar Investment Authority, the Gulf state's sovereign wealth fund, and its partner Glencore, which originally acquired almost a fifth of Russia's largest oil producer in December 2016, said on Friday they could no longer proceed with a subsequent deal to sell on 14 per cent of the company to the Chinese group.

Source: [FT](#)

Egyptian Electricity Holding to raise \$700mn loan with HSBC and Credit Suisse – sources

State-owned Egyptian Electricity Holding Company (EEHC) is raising a syndicated loan of up to around \$700 million with Credit Suisse and HSBC leading the deal, banking sources said. The new loan, guaranteed by the finance ministry, has a five-year maturity and is being syndicated to international and Gulf banks, the sources said. The debt facility is one of a few debt transactions currently in the market, a sign of banks' increased interest in Egypt, where business conditions are slowly improving under a three-year IMF loan program tied to fiscal and economic reforms.

Source: [Economic Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Norway Wealth Fund Comments on Oil Divestment, Saudi Aramco

Norway's \$1 trillion wealth fund in a letter responds to government on its proposal to divest its oil and gas stocks. Says "return on a global equity index without oil and gas stocks has historically fluctuated only marginally more than the return on a global index with oil and gas stocks. If the relationship between the long-term return on a broad equity index and oil and gas stocks persists, there is therefore no reason to expect a decision not to invest the fund in oil and gas stocks to reduce diversification in the fund to a significant extent".

Source: [Bloomberg News Alert](#)

U.S. stocks gain 1 pct led by tech gains; oil prices jump

U.S. stocks jumped more than 1 percent on Friday, helped by Apple and other technology shares and by data that showed weaker-than-expected U.S. jobs and wage growth, while U.S. oil prices hit their highest in more than three years. Apple shares rose after Warren Buffett's Berkshire Hathaway raised its stake in the iPhone maker.

Source: [Reuters](#)

Buffett craves more Apple shares, endorses its buybacks

Billionaire Warren Buffett has been buying a boatload of Apple Inc shares and on Saturday suggested he would buy even more shares at the right price. At Berkshire Hathaway Inc's annual shareholder meeting, Buffett credited Apple with developing "extremely sticky" products to which consumers become attached and endorsed Apple's decision to buy back its own stock, saying it was the technology company's most productive use of cash.

Source: [Zawya](#)

Top Greek banks would lose \$18.6 billion of capital in stress scenario, ECB says

Greece's four biggest banks would lose around 15.5 billion euros (\$18.6 billion) worth of their capital by 2020 under an adverse economic scenario, results of a stress test published by the European Central Bank showed on Saturday. The health check was aimed at uncovering any capital shortage before Athens exits its 86 billion euro (\$106 billion) bailout in August.

Source: [CNBC](#)

A full-blown, US-China trade war would mean a 'significant' blow to global growth, warns S&P Global Ratings economist

If the trade spat continues, consumers could spend less and firms could stop investing. Trade talks are ongoing in Beijing between the world's two largest economies, which have both announced plans for tariffs. What should be expected from these talks is not an agreement on trade, Gruenwald said, but the start of discussions on investment and intellectual property protection issues.

Source: [CNBC](#)

COMMODITIES NEWS

Oil hits highest since November 2014 as Iran tensions mount

Oil prices rose about 2 percent on Friday with U.S. crude hitting its highest in more than three years as global supplies remained tight and the market-awaited news from Washington on possible new U.S. sanctions against Iran. The May 12 deadline for announcements on potential new U.S. sanctions on Iran bolstered the market, said Bob Yawger, director at Mizuho.

Source: [Money Control](#)

Gold edges up as dollar retreats from day s highs

Gold prices rose slightly on Friday, as the U.S. dollar backed off its highs, initially rising after U.S. jobs data was weaker than expected. However, the data was still strong enough to support the case for more interest rate increases. Spot gold rose 0.2 percent to \$1,314.23 per ounce by 3:09 p.m. EDT (1909 GMT), heading for a third consecutive weekly decline, while U.S. gold futures for June delivery settled up \$2, or 0.2 percent, at \$1,314.70.

Source: [Business Standard](#)