

# U Capital Morning Brief

7 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	0.00	0.00%	-6.71%	-	-	-
U Capital GCC 50 Index	1,275.17	4.27	0.34%	11.40%	-	-	-
U Capital MENA 200 Index	1,061.50	3.30	0.31%	6.67%	-	-	-
MSCI GCC Countries Index	523.45	2.17	0.42%	9.10%	14.41	1.68	4.0%
Muscat Securities Market	4,718.48	-7.15	-0.15%	-7.47%	10.96	1.03	5.1%
Saudi Stock Exchange	8,113.87	6.40	0.08%	12.28%	17.71	1.78	3.3%
Kuwait Stock Exchange	4,880.76	-5.24	-0.1%	NA	14.46	1.22	3.8%
Qatar Exchange	8,908.03	102.27	1.16%	4.51%	13.26	1.37	4.9%
Bahrain Stock Exchange	1,275.79	12.30	0.97%	-4.20%	8.37	0.81	6.4%
Dubai Financial Market	2,972.41	24.42	0.83%	-11.80%	10.12	1.11	5.9%
Abu Dhabi Exchange	4,560.38	3.56	0.08%	3.68%	11.98	1.36	5.3%
Beirut Stock Exchange	1,131.34	0.00	0.00%	-1.50%	5.70	0.70	8.7%
Palestine Stock Exchange	548.47	2.52	0.46%	-4.54%	13.46	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	17,610.87	-221.99	-1.24%	17.26%	24.82	2.39	1.7%
Amman General Index	2,159.74	-7.42	-0.34%	1.55%	15.93	1.06	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
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%
<b>United States</b>				
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%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,445.7	-0.12%	-1.4%
HANG SENG	Hongkong	30,098.4	0.57%	0.6%
KSE 100 Index	Pakistan	44,663.8	0.28%	10.4%
NSE Nifty 50	India	10,656.9	0.36%	1.2%
SHANGHAI COMPOSITE	China	3,130.1	1.26%	-5.4%
SHANGHAI SHENZHEN CSI 300	China	3,823.3	1.29%	-5.1%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.752	1.329
British Pound (GBP)	1.355	0.738
Canadian Dollar (CAD)	0.778	1.286
Chinese Renminbi (CNH)	0.157	6.361
Egyptian Pound (EGP)	0.057	17.676
Euro (EUR)	1.196	0.837
Indian Rupee (INR)	0.015	62.500
Japanese Yen (JPY)	0.009	109.140
New Zealand Dollar (NZD)	0.702	1.424
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	116.000
Russian Ruble (RUB)	0.016	67.131
Singapore Dollar (SGD)	0.749	1.335
Turkish Lira (TRY)	0.236	4.241

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	75.7	1.06%	15.5%
WTI Crude (per bbl)	70.4	0.95%	16.5%
Oman Crude Oil (Last Closing)	72.1	1.98%	12.7%
OPEC (per bbl)	70.7	0.27%	9.6%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,315.4	0.00%	0.9%
Silver (per oz)	16.5	0.00%	-2.4%
Platinum (per oz)	915.5	0.42%	-1.6%
<b>Other Metals</b>			
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	2.50	39.5%
Saudi Arabia	2.40	26.5%
Kuwait	2.00	6.7%
Oman	2.29	20.0%
Qatar	2.65	0.0%
Bahrain	3.10	13.8%

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	99.81	2.8
10 year	98.27	3.0
30 year	97.59	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

### Integrating e-services next step for Oman

One of the major challenges for Oman is to not just use innovations to drive the economy but to merge said innovations, an expert said. Professor Luca de Carli, a tech expert from Switzerland said that his home country and the Sultanate had a lot in common, adding that his included integration of e-services. "Integration of e-services is one particular issue. You have so many apps on your phone, which you use once a month for a few minutes each to pay for domestic water, electricity etc.

Source: [Times of Oman](#)

### Agreement signed to set up LPG bottling plant in Musandam

A cooperation agreement to establish a Liquefied Petroleum Gas (LPG) bottling plant in Musandam was signed by Oman Oil Company Exploration and Production (OOCEP), Fund for Development of Youth Projects (Sharakah) and Bukha Development Company. The signing ceremony was held under the patronage of Sayyid Khalifa bin Al Mirdas Al Busaidi, Governor of Musandam. Under the agreement, OOCEP will provide financial and administrative support for the 2,500-square-metre project in Khasab, which is expected to be ready by the end of 2018.

Source: [Times of Oman](#)

### RO112 mn shopping mall to come up in Oman

Al Aرامي Walk — Oman's largest shopping mall with an investment of RO 112 million ready by 2020. The new project with an area of 240,000 square meters will have four-star hotel, an indoor water park, a large ski circuit, cinema, virtual reality games and a kilometer-long walkway. The project is expected to provide 3,000 jobs. Al Aرامي Walk, to be constructed at par with international standards, will be one of the major tourist attractions in the Sultanate.

Source: [Oman Observer](#)

### Economic recovery to have positive impact on Oman's real estate market

Buoyed by higher oil prices, Oman's economy is recovering well from the lows of 2016 and is projected to grow by 3.6 per cent in 2018, according to the international real estate consultancy Cluttons. If sustained in the longer term, this economic growth is expected to have positive impacts across the property market, Cluttons said in a report released on Sunday. Cluttons' Muscat Spring 2018 Property Market Outlook report indicated the government's strong push to boost overall economic growth has resulted in a number of very encouraging developments for the property market, such as the much-anticipated decision to allow the creation of a real estate investment fund (REIF).

Source: [Muscat Daily](#)

### Rose Village residential project to come up in Muscat Hills

An agreement to develop a luxurious residential project within an area of 11,000sq m in the Muscat Hills was signed between Maysan Real Estate Company and Muscat Hills at the InterContinental Muscat on Sunday. The luxurious project, called Rose Village, consists of 39 townhouse villas on the golf course. The first phase of construction will start in September and the project is scheduled to be completed in 18 months.

Source: [Muscat Daily](#)

### SOHAR POULTRY: Converting from SAOG to SAOC

Sohar Poultry Company SAOG Board of Directors would like to disclose that, the Capital Market Authority has issued a preliminary approval on 1st May, 2018 for the conversion of Sohar Poultry Co SAOG from a public listed joint stock company to a close joint stock company, and also approved that Sohar Poultry Company SAOG shareholder (Atyab IFFCO Poultry L.L.C), to purchase the shares of the company's minority shareholders that wish to sell any portion of their shareholding.

Source: [MSM](#)

### DHOFAR INSURANCE: Capital reduction

Following the extraordinary general meeting of the Company dated 18 January 2018 in which the shareholders approved two capital reductions, the Company is pleased to announce that the period (as stipulated in Article 84 of the CCL) for both capital reductions has been successfully completed and the Company's registered paid-up share capital has been reduced from OMR 20,000,000 to OMR 10,000,000. The Company is undertaking the necessary procedures to register the reduced capital with the Muscat Clearing & Depository Company SAOC.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### QP set to list 49% of its shares in Qatalum

Qatar Petroleum (QP) will list 49 percent of its shares in the country's aluminum smelter plant Qatalum in a public offering, following the directives of the Amir HH Sheikh Tamim bin Hamad al Thani to offer Qatari nationals shares in state-sponsored companies that enjoy safe investment environment and lucrative returns. In a statement, QP said this is an important step in implementing the goals of Qatar National Vision 2030 to develop a diverse and competitive national economy capable of securing a high standard of living.

Source: [Qatar Tribune](#)

### **FOL cap rise in Qatar could attract QR7bn into listed firms**

A slew of Qatar-listed companies' decision to raise the cap of foreign ownership limits (FOL) could attract an estimated QR7bn in passive funds into these listed companies. The FOL increases and fund-flows should support the QSE index through mid-2018, according to QNB Financial Services (QNBFS). QNBFS "Qatar Mid-Year Equity Strategy 2018" has noted that between January 1 and March 11 of this year, the QSE Index dropped marginally by 3 percent. However, from that point on, the picture changed materially as buying ahead of ex-dividend dates was further bolstered by positive news regarding potential/implemented foreign ownership limit (FOL) increases to 49 percent for select QSE-listed equities.

Source: [TPQ](#)

### **QCSD amended the foreign ownership percentage of Alkhaleej Takaful Insurance co. to 49%**

Qatar Central Securities Depository (QCSD) announced that it had amended the foreign ownership percentage of Alkhaleej Takaful Insurance Company to become 49% of the company's capital, which is equal to (12,508,672) shares as of Monday 07/05/2018.

Source: [QE](#)

### **Foreigners resume net buying of Saudi stocks in latest week**

Foreign investors resumed net buying of Saudi Arabian equities last week by a small margin, after turning net sellers in the previous week, exchange data showed on Sunday. In the week through last Thursday, foreigners purchased about \$21 million of stocks on a net basis. They bought \$345 million and sold \$325 million. Qualified foreign institutions which invest directly were net buyers by a ratio of more than two to one, while direct investors using swaps were net sellers.

Source: [Reuters](#)

### **Savola to acquire UAE's Al Kabeer Group for SAR 566 mn**

Savola Group signed on Sunday a binding share purchase agreement to acquire 51 percent of Dubai-based Al Kabeer Group for SAR 565.5 million in cash, the Saudi-listed company said in a bourse statement. The completion of the share sale shall be within six months from the signing date, extendable by mutual consent. Savola has appointed Farrelly & Mitchell as financial advisor, PricewaterhouseCoopers as financial & tax due diligence advisor, and Linklaters as legal advisor for the transaction.

Source: [Argaam](#)

### **Dar Ar-Riyadh project to go on sale soon, says Dar Al-Arkan chairman**

Dar Al Arkan Real Estate Development Co. will start the sales of Phase 4 of Shams Ar-Riyadh project, ahead of the holy month of Ramadan, Dar Al-Arkan's Chairman Yousef Al-Shelash told Argaam. The Saudi-listed real estate developer is looking to secure approvals from the Saudi housing ministry to start off-plan sales for the project, he added. Shams Ar-Riyadh project comprises five phases. Phase 4 is set to be the largest of the project. Sales on three phases of the project (1, 3 and 4) are pending regulatory approvals, while Phase 2 is a staff residence built specifically for SABIC's staff.

Source: [Argaam](#)

### **Saudi sovereign fund plans entertainment centers across kingdom**

Saudi Arabia's main sovereign wealth fund will set up a network of entertainment centers across the kingdom as the government tries to jump-start a domestic leisure industry, the chairman of the company carrying out the plan said on Sunday. Abdullah al-Dawood, chairman of Development and Investment Entertainment Company (DIEC), said his firm envisaged about 20 centers, each around 50,000 to 100,000 sq metres (540,000 to 1.1 million sq feet), in 14 or 15 cities.

Source: [Zawya](#)

### **Saudi petrochemical sector up on firmer oil, GFH shines in Bahrain**

Most stock markets in the Gulf posted minor gains on Sunday, reflecting last week's positive close in international stocks and on the back of firmer oil prices. In Saudi Arabia, the benchmark index edged up 0.1 percent, lifted by gains in the petrochemical sector. Oil prices last week hit their highest in more than three years, with Brent crude oil trading at \$74.87 a barrel, as the market awaited news from Washington on possible new U.S. sanctions against Iran.

Source: [Reuters](#)

### **Dubai's foreign investment stocks reach \$137bln**

Foreign investment stocks in Dubai reached Dh505 billion (\$137bln) in 2016, an increase of 25.3 per cent from 2015, according to Dubai Statistics Center (DSC). Outlining the factors that led to Dubai maintaining its position as one of the world's top destinations for foreign investment, Arif Al Mehairi, Executive Director of Dubai Statistics Center (DSC) said: "Dubai's competitive position regionally and globally was driven by the high-quality investment opportunities it offers, supported by its advanced infrastructure, and its high-quality policies, laws and services to support investors."

Source: [Zawya](#)

### **Dubai's Abraaj to sell Middlesex University in Dubai-sources**

Dubai's Abraaj, the private equity firm rocked by a dispute with some investors over how it used their money, is in talks to sell its investment in Middlesex University's overseas campus in Dubai, two sources familiar with the matter told Reuters. Discussions between Abraaj and the potential buyer are at an advanced stage, said one of the sources who spoke on condition of anonymity due to commercial sensitivities.

Source: [Zawya](#)

### **Abu Dhabi Ex: Aldar Properties PJSC Acquires AED 3.7 Billion of Assets from TDIC**

Abu Dhabi property developer reached agreement with Tourism Development & Investment Co. to acquire a portfolio of real estate assets worth 3.7 billion dirhams with focus on Saadiyat Island, according to a statement. Comprises 14 operating assets within various sectors ranging from hospitality, retail, residential, education and infrastructure, in addition to land plots and projects under development on the island.

Source: [ADX](#)

### **Kuwait owns 6% of Islamic banking assets: Central Bank**

The Saudi government has finalized terms to transfer ownership of the kingdom's glitzy \$10 billion financial district in Riyadh to the finance ministry and Public Investment Fund (PIF), five sources familiar with the matter told Reuters. The move paves the way for reviving work on King Abdullah Financial District (KAJD), which has been planned since 2006 to house banks and the financial regulator's headquarters across an area roughly four times the size of London's Canary Wharf.

Source: [NASDAQ](#)

### **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](#)

### **Bahrain's GFH hires GIB for Saudi stock listing**

Bahrain-based GFH investment firm has hired Gulf International Bank to cross-list its share in Saudi Arabia, the company said in a statement on Sunday. The statement noted that the move is subject to the approvals of the Bahrain Central Bank and Saudi Arabia's Capital Market Authority. GFH's plans to seek a listing on Tadawul [the Saudi stock exchange] were first disclosed in 2017, with the company saying the listing would be part of a larger effort to be involved in the kingdom's privatization program.

Source: [Arabian Business](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Asia shares edge ahead, U.S. crude tops \$70**

Asian shares crept higher on Monday after a tame reading on U.S. wages lowered the risk of faster rate hikes by the Federal Reserve, although Sino-U.S. trade tensions and a looming deadline for the Iranian nuclear deal argued for caution. Oil prices hit their 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. President Donald Trump has set a May 12 deadline for Europeans to "fix" the deal with Iran over its nuclear program or he would refuse to extend U.S. sanctions relief for the oil-producing Islamic Republic.

Source: [Reuters](#)

### **The US is defending the West's world order in its fight for balanced trade**

America's shockingly huge and systematic trade deficits with China are a political issue of the highest order. The U.S. president, therefore, needs to reach an agreement with his Chinese counterpart to square the bilateral trade accounts within a clearly defined timeframe. Germany says it is ready and eager to lead the European Union into a quick trans-Atlantic trade accord that would uphold the system of free and fair global commerce and finance.

Source: [CNBC](#)

### **China Steps Up Crackdown, Imposes More Fines on Financial Firms**

China's financial regulator stepped up its crackdown on industry malpractice, imposing a total 183 million yuan (\$29 million) of fines on three institutions for transgressions including lax lending practices and understating of risky assets. The China Banking and Insurance Regulatory Commission imposed the latest penalties on China Merchants Bank Co., Industrial Bank Co. and Shanghai Pudong Development Co. for more than a dozen violations at each entity, the regulator announced late Friday.

Source: [Bloomberg](#)

### **Air France could 'disappear' as more strikes begin**

The survival of strike-hit Air France is in the balance, according to the country's economy minister. Bruno Le Maire's warning that Air France could "disappear" comes as staff begin another round of industrial action over a pay dispute. Despite the French state owning 14.3% of the Air France-KLM parent group, the loss-making airline would not be bailed out, he said. On Friday Air France-KLM's chief executive quit over the crisis.

Source: [BBC](#)

## COMMODITIES NEWS

### U.S. oil rises above \$70 for first time since Nov. 2014 on Venezuela, Iran worries

U.S. oil prices rose above \$70 a barrel on Monday for the first time since November 2014, as a deepening economic crisis in Venezuela threatened the country's already tumbling oil supplies. The concerns added to worries over a looming decision on whether the United States will walk away from a deal with Iran and instead re-imposes sanctions on Tehran, keeping international oil markets on edge.

Source: [NASDAQ](#)

### Gold rises to 1-week high as dollar pauses rally

Gold prices hit their highest in a week on Monday, buoyed as the dollar slipped after marking its strongest level this year in the previous session. Spot gold had risen 0.3 percent to \$1,318.46 per ounce by 0332 GMT, after earlier touching its highest since late-April at \$1,318.85. U.S. gold futures for June delivery were up 0.3 percent at \$1,319.10 per ounce. "The dollar is a little bit under pressure. The key driver still remains the dollar and that is what we see," said Dominic Schnider at UBS Wealth Management in Hong Kong.

Source: [Reuters](#)