

U Capital Morning Brief

13 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	892.69	-3.00	-0.33%	-8.38%	-	-	-
U Capital GCC 50 Index	1,241.50	0.66	0.05%	8.46%	-	-	-
U Capital MENA 200 Index	1,040.23	2.24	0.22%	4.54%	-	-	-
MSCI GCC Countries Index	512.23	0.03	0.01%	6.77%	14.29	1.66	4.1%
Muscat Securities Market	4,681.51	5.02	0.11%	-8.19%	11.70	1.02	5.1%
Saudi Stock Exchange	7,914.27	35.98	0.46%	9.52%	17.75	1.76	3.3%
Kuwait Stock Exchange	4,926.39	18.73	0.38%	NA	14.55	1.24	3.8%
Qatar Exchange	8,749.65	-74.61	-0.85%	2.65%	13.02	1.34	5.0%
Bahrain Stock Exchange	1,270.74	-0.31	-0.02%	-4.58%	8.27	0.81	6.4%
Dubai Financial Market	2,881.80	-7.90	-0.27%	-14.49%	9.97	1.10	5.9%
Abu Dhabi Exchange	4,437.83	-48.82	-1.09%	0.90%	11.63	1.32	5.5%
Beirut Stock Exchange	1,133.20	-6.15	-0.54%	-1.34%	5.71	0.70	8.7%
Palestine Stock Exchange	544.69	-1.75	-0.32%	-5.20%	13.37	1.12	5.6%
Tunis Se Index	7,366.16	43.40	0.59%	17.26%	19.13	2.54	1.9%
EGX 30 Index	17,155.14	-305.16	-1.75%	14.22%	23.83	2.34	1.8%
Amman General Index	2,137.62	-2.45	-0.11%	0.51%	15.83	1.05	4.5%

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,724.6	0.31%	0.5%
DAX	Germany	13,001.2	-0.17%	0.6%
CAC 40	France	5,541.9	-0.07%	4.3%
United States				
DJIA	USA	24,831.2	0.37%	0.5%
S&P 500	USA	2,727.7	0.17%	2.0%
NASDAQ	USA	7,402.9	-0.03%	7.2%
Asia Pacific				
NIKKEI 225	Japan	22,758.5	1.16%	0.0%
HANG SENG	Hongkong	31,122.1	1.02%	4.0%
KSE 100 Index	Pakistan	43,594.8	-0.60%	7.7%
NSE Nifty 50	India	10,806.5	0.84%	2.6%
SHANGHAI COMPOSITE	China	3,163.3	-0.35%	-4.4%
SHANGHAI SHENZHEN CSI 300	China	3,872.8	-0.52%	-3.9%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.754	1.326
British Pound (GBP)	1.354	0.738
Canadian Dollar (CAD)	0.782	1.280
Chinese Renminbi (CNH)	0.158	6.333
Egyptian Pound (EGP)	0.057	17.720
Euro (EUR)	1.194	0.837
Indian Rupee (INR)	0.015	61.952
Japanese Yen (JPY)	0.009	109.390
New Zealand Dollar (NZD)	0.697	1.436
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.615
Russian Ruble (RUB)	0.016	67.333
Singapore Dollar (SGD)	0.748	1.337
Turkish Lira (TRY)	0.232	4.316

Commodity Prices	Price	D/D	YTD
Oil			
Brent Crude (per bbl)	77.1	-0.45%	17.8%
WTI Crude (per bbl)	70.7	-0.92%	17.0%
Oman Crude Oil (Last Closing)	74.3	-0.25%	16.2%
OPEC (per bbl)	74.5	0.66%	15.5%
Precious Metals			
Gold100 OZ (per oz)	1,318.3	-0.25%	1.2%
Silver (per oz)	16.7	-0.35%	-1.6%
Platinum (per oz)	922.6	-0.36%	-0.8%
Other Metals			
Copper, MT	6,942	0.36%	-4.2%
Aluminium, MT	2,288	-2.01%	0.9%
Lead, MT	2,345	1.74%	-5.7%
Zinc, MT	3,084	-0.10%	-7.1%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.46	37.2%
Saudi Arabia	2.41	26.9%
Kuwait	2.00	6.7%
Oman	2.31	21.0%
Qatar	2.62	-0.9%
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	6.1
Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %
3 year	99.81	2.7
5 year	99.59	2.8
10 year	99.19	3.0
30 year	100.41	3.1

USD Libor	Rate (%)	YTD
1m	1.92	22.7%
3m	2.34	38.3%
6m	2.52	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

U Capital: MSM30 down despite healthy fundamentals

Ignoring the strong fundamentals and the good performance of most of its listed companies, in addition to the recent rally in oil prices (Oman Oil) which reached its highest level since November 2014, MSM30 declined in the last week by 0.93 per cent at 4681.51. This was mainly due to the already existing cautious sentiment among investors in addition to the geopolitical tensions affecting primarily foreign institutional investment. The previous week registered a number of special deals with total value of RO 27.46 million mainly on Al Batinah Power, Al Suwadi Power, Sharqiyah Desalination and Bank Dhofar.

Source: [Oman Observer](#)

Oman Affirmed by S&P, Outlook Stable

Oman's fiscal and external deficits are still sizable but have been sensitive to recent improvements in oil prices, S&P says.

* Economic performance will improve due to stable oil production and solidifying growth in the non-oil economy: S&P

* Economic growth to pick up in 2018 to 3%, in real terms, and remain at least 4% over the forecast horizon: S&P

Source: [Bloomberg](#)

Muscat airport registers growth in passenger traffic

The total number of passengers at Muscat International Airport grew by 9.6 per cent to 3.68 million in the first three months of 2018, over the same period of last year. The total number of international flights at the Muscat International Airport increased by 2.9 per cent to 25,789 flights during January till March period of 2018, from 25,063 flights for the same period of previous year, according to the monthly statistics released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

Oman's exports soar 22.7% to OMR12.6b

Oman's export sector posted robust growth in 2017, with the value of exports during last year having increased to OMR12.6 billion, compared to OMR10.3 billion in 2016; a growth of 22.7 per cent. The sector, which is one of the key drivers of economic diversification, can create new job opportunities, attract foreign investments, provide a healthy environment for the growth of local investments and curb the deficit of the balance of payments.

Source: [Times of Oman](#)

Award for design of Oman petchem complex soon

Having signed in place agreements for the implementation of the \$7 billion Duqm Refinery project, the joint venture partners — Oman Oil Company and Kuwait Petroleum International (KPI) — are now preparing the groundwork for the development of Phase 2 of this signature venture, envisioning an equally ambitious downstream petrochemical complex. According to a top official of Oman Oil Company, the wholly government owned energy investment vehicle, an award for the design of the multi-billion dollar petchem complex is expected to be announced in the coming months.

Source: [Oman Observer](#)

Sultanate to benefit from strong growth in MENA tourism market

The tourism industry in the Middle East and North Africa (MENA) region is expected to reach \$350bn by 2027, according to MENA Research Partners, a leading research company in the region. The UAE and Saudi Arabia are expected to grow at a CAGR of 5 per cent over the next 10 years. Currently, the UAE and KSA account for around 50 per cent of the MENA tourism market.

Source: [Oman Observer](#)

Sohar Port and Freezone hosts shipping agents meeting

Sohar Port and Freezone hosted their annual shipping agents meeting on Wednesday at the Crowne Plaza Sohar. Maritime experts from the port and shipping industries were briefed on the latest developments and initiatives underway at Sohar Port and Freezone. The experts shared insights on the latest industry trends and updates, and discussed innovative methods to attract additional business to Sohar in the future.

Source: [Muscat Daily](#)

MSM to organize seminar on investor relations on Monday

The Muscat Securities Market (MSM) will organize a seminar on 'Investor Relations and Corporate Governance' on Monday at the Capital Market Authority. The seminar includes three working papers on understanding the role of the corporate governance through investor relations, the importance of corporate governance for investors and its role in the awareness.

Source: [Muscat Daily](#)

First draft of Oman Vision 2040 to be ready by year-end

The Supreme Council for Planning is looking at making the first draft of Oman Vision 2040 available for the discussion by the end of this year. Speaking to reporters on the sidelines of BizOman Forum last week, H E Talal Sulaiman al Rahbi, deputy secretary general of the Supreme Council for Planning said, "We are busy drafting Oman Vision 2040 and to conclude and showcase the first draft by the end of 2018." He said, "This will provide the guidelines for next two decades, under which we can draft the next five-year plan, which would be the first five-year plan to be implemented under the guidance of Oman Vision 2040. Source: [Muscat Daily](#)

DHOFAR INSURANCE - Rights Issue of Shares and Bonds

Further to the shareholder's decision dated 18th January 2018 and completion of the capital reduction of the Company, the Company discloses the following details:

- The record date for the Rights Issue of Equity Shares (Rights Issue of Shares) and Mandatory Convertible Bonds of the Company (Rights Issue of Bonds) to be 17th May 2018 (the Record Date).
- As on the Record Date, holders of every 5 shares of the Company shall be entitled to be offered 1 Rights shares of the Company duly rounded to the nearest whole number.
- As on the Record Date, holders of every 20 shares of the Company shall be entitled to be offered 1 Bond of the Company duly rounded to the nearest whole number.
- The subscription for both the Rights Issue of Shares and Rights Issue of Bonds shall begin on 31st May 2018 and end on 14th June 2018 and the Rights trading period shall begin on 24th May 2018 and end on 7th June 2018.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Foreign investment in Saudi Arabia rises 40% in Q1: SAGIA

Foreign direct investment (FDI) in Saudi Arabia has increased by 40 percent in Q1 2018 compared to same period previous year, CNBC reported, citing Saudi Arabian General Investment Authority (SAGIA) governor Ibrahim Al-Omar. "We have seen a growth for foreign investment — about 50 percent comparing the first quarter this year to the same period last year. Also, the (FDI) inflows we have seen about 40 percent," Al-Omar told an FDI forum in Bahrain on Thursday.

Source: [Argaam](#)

King Abdulaziz Airport expansion costs \$3.8 bln: report

The total cost of the first and second phase of King Abdulaziz International Airport is estimated at \$3.85 billion as of May 2018, BNC Network said in a new report. The consultancy put the total value of 95 aviation projects underway in the Gulf region at \$49 billion. Of these developments, 68 projects, worth \$45 billion, fell in the airport terminal category, while 27 projects, valued at over \$3 billion, involved hanger, runway and ancillary facilities.

Source: [Argaam](#)

Saudi Tasnee signs deal to sell Jazan smelter to Tronox

Saudi industrial conglomerate Tasnee has signed an option agreement to sell a 90 percent stake in its titanium smelter in the south western city of Jazan to US-based Tronox. The deal comes as a merger agreement between Tronox and Tasnee-subsiary Cristal remains mired in regulatory turmoil.

Source: [Zawya](#)

Crown Prince orders 'appropriate' investment regulations for NEOM

Crown Prince Mohammed bin Salman has directed to prepare investment regulations for NEOM based on the appropriate business practices and future prospects, in order to overcome bureaucracy and legal hurdles, Al-Madina newspaper reported, citing Klaus Kleinfeld chief executive officer. The Kingdom's \$500 billion project is attracting "overwhelming" interest from foreign investors, he said on Thursday during an FDI panel discussion in Bahrain.

Source: [Argaam](#)

Transport projects worth \$213.35mn launched in Saudi Qassim region

Qassim Gov. Prince Faisal bin Mishal inaugurated transportation projects in the region in the presence of Transport Minister Nabeel Al-Amudi. The projects, costing more than SR800 million (\$213.35 million), cover Buraidah city and connecting roads, and include eight bridges.

Source: [Zawya](#)

Foreign banks' entrance to boost Saudi investments, says SAIB's CEO

Opening the way to foreign banks to enter the Saudi market is a key step towards boosting investments in the Kingdom, as Saudi lenders will coexist and compete with the newcomers, Musaed Al-Mineefi, Saudi Investment Bank's (SAIB) chief executive officer told Al Arabiya in an interview. Such competition will expand the Kingdom's financing and investment base, and Saudi banks will work hard to maintain market lead, he said.

Source: [Argaam](#)

Industrial Valley at King Abdullah Economic City in Saudi Arabia attracts 120 firms

With its prime position in King Abdullah Economic City (KAEC), the new global gateway to high-growth markets in the GCC region and East Africa, Industrial Valley is well-placed to serve global trade. The Valley is connected to King Abdullah Port, the Haramain high-speed railway network, the planned Saudi Landbridge project for freight, and the national highway network. Industrial Valley CEO Ayman Youssef Mansi was one of the speakers during the first day of the recently concluded Makkah Economic Forum.

Source: [Arab News](#)

UAE's ADNOC plans further downstream expansion: CEO

Abu Dhabi National Oil Co. plans to double its refining capacity and triple petrochemicals output potential by 2025, as the state energy firm focuses more on downstream expansion to be on par with Big Oil and capture new growth markets, ADNOC's chief executive said. To reach that goal ADNOC will need to create new joint ventures and partnerships and not just rely on its existing assets, Sultan al-Jaber told Reuters in an interview on Saturday. The company is also looking at different options for its ADNOC Refining subsidiary, including bringing on strategic partners but an initial public offering (IPO) for the unit is not on the "radar screen at this point in time", al-Jaber said.

Source: [Reuters](#)

Dubai's Arabtec jumps from 9-year low on Q1 profit rise

Shares in Dubai-listed construction firm Arabtec jump 6.9 percent to 1.71 dirhams in early, unusually heavy trade; on Wednesday, stock had hit nine-year low. Arabtec reported on Thursday Q1 net profit attributable to shareholders of 63.6mn dirhams (\$17.3 million), up from 17.6 million dirhams a year ago; highest profit since Q3 2014. Q1 revenues also rose

Source: [Zawya](#)

UAE's Dana Gas close to Sukuk restructuring agreement

United Arab Emirates energy producer Dana Gas is close to reaching agreement on restructuring \$700 million in Islamic bonds, potentially ending a complex and protracted legal battle with its creditors, sources familiar with the matter said. Dana Gas last year halted payments on its Sukuk, saying the bonds had become unlawful because of changes in Islamic finance. Holders of the Sukuk contest its position and are demanding to be paid back.

Source: [Newstage](#)

Emaar Launches Grande

Live in the heart of Dubai's vibrant cultural district with uninterrupted views of The Dubai Fountain and the iconic Burj Khalifa with Emaar Development's (DFM: EMAARDEV) new Grande residential tower in Downtown Dubai. With Grande, Emaar is offering one of the last opportunities to invest in a premium residence in Downtown Dubai, the world's most visited lifestyle destination. The 78-storey residential tower is located in the heart of The Opera District that is home to the iconic Dubai Opera.

Source: [Al Bawaba](#)

Zain Group reports 7% net profit growth to reach KD 41 million (USD 137 million) and revenue growth of 5% to reach KD 259 million (USD 864 million) for Q1 2018

Zain Group, a leading mobile telecom innovator in eight markets across the Middle East and Africa, announces its consolidated financial results for the first quarter (Q1) ending 31 March 2018. Zain served 46.9 million customers at the end of the period, reflecting a 2% increase year-on-year (Y-o-Y). For financial reporting purposes for the first three-month period of 2018, Zain applied the new IFRS 9 and IFRS 15 accounting standards that negatively impacted Zain's key financial indicators, particularly EBITDA.

Source: [Zain](#)

Housing market in Kuwait poised to boom in Q2 of '18

Despite mixed performance in the first quarter of 2018, the various sectors of the property market in Kuwait, particularly the housing one, are projected to recover in the current quarter, experts agreed on Wednesday. The new housing areas such as Al-Metla, East Sulaibikhat, Sabah Al-Ahmad and Saad Al- Abdullah have showed signs of recovery since the beginning of the year backed by government funded infrastructure projects, said CEO of the Arab Real Estate Company (AREC) Dr Haidar Hasan Al-Juma.

Source: [Arab Times](#)

Bahrain's population boom driving demand for housing

Demand for housing in Bahrain is expected to exceed supply in the coming years thanks to the kingdom's young and fast-growing population which is driving particularly strong demand for apartments across the kingdom, said industry experts.

Source: [Trade Arabia](#)

Bahrain Development Bank launches \$100mln venture capital fund

The Bahrain Development Bank (BDB) has launched a \$100 million Venture Capital Fund of Funds aimed at boosting the start-up ecosystem in Bahrain and the Middle East. The fund was set up following instructions from HRH Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and chairman of the Bahrain Economic Development Board (EDB). The Al Waha Fund of Funds will invest in venture capital funds that have a presence in Bahrain – providing additional capital to funds supporting start-ups in Bahrain and across the Middle East, said a statement.

Source: [Zawya](#)

S&P Raises Egypt's Sovereign Credit Rating to B from B-

* S&P raises Egypt's sovereign credit rating to b from b-; lowers outlook to stable from positive

* S&P says Egypt upgraded to 'b' on improving macroeconomic fundamentals; outlook stable

* S&P says Egypt's more competitive exchange rate, rising domestic gas production, increasing exports helping to improve Egypt's current account deficit

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Homebuilders poised for gains but face interest-rate fears

Some investors are betting on shares of homebuilders to outperform U.S. stocks at large, but with interest rates expected to rise they may have to wait several months before those bets pay off. The U.S. economy looks ideal for homebuilding stocks to benefit. The unemployment rate has fallen to its lowest level in more than 17 years and consumer confidence is near the highest levels in 17 years.

Source: [Reuters](#)

Negotiators fail to reach NAFTA deal, Trump launches new attack

Senior American, Canadian and Mexican officials on Friday ended a week of talks without a deal to modernize NAFTA, agreeing instead to resume negotiations soon, ahead of a deadline next week issued by U.S House of Representatives Speaker Paul Ryan. The failure to secure a quick deal underscores uncertainty over the North American Free Trade Agreement, which U.S. President Donald Trump on Friday said "has been a horrible, horrible disaster for this country."

Source: [Reuters](#)

China's first home-built aircraft carrier starts sea trials

The still-unnamed carrier was launched this time last year but since then has been undergoing fitting of weapons and other systems and has not yet entered service. Chinese President Xi Jinping is overseeing an ambitious plan to update the armed forces as China ramps up its presence in the disputed South China Sea and around self-ruled Taiwan.

Source: [CNBC](#)

The Fed is about to deliver a 'punch in the face' that markets aren't prepared for, Peter Boockvar says

Markets already know the Federal Reserve will deliver more rate hikes this year. They're just not prepared for how much it will hurt, according to Peter Boockvar, chief investment officer of Bleakley Advisory Group. "The Fed is trying to ease the effect of their rate hike cycle by being very transparent," Boockvar told CNBC's "Futures Now" this week.

Source: [CNBC](#)

COMMODITIES NEWS

Energy ETFs heat up as oil tops \$70

It took nearly three years to happen, but oil prices finally did it. This week, prices for West Texas Intermediate (WTI) crude oil, the most popular benchmark for crude in the U.S., topped \$70, and held there for the first time since 2014 — the year oil collapsed on the back of one of the biggest gluts in modern history. The market has come a long way since then. After bottoming out at \$26 in January 2016, oil traded in a range between \$40 and \$55 for the next two years.

Source: [CNBC](#)

Get ready for \$100 a barrel oil and the conflict it represents

The geopolitical risk premium in oil has driven crude prices to nearly four-year highs and shows no signs of abating. The U.S. exit from the Iranian nuclear deal, the rocket attacks between Iranian and Israeli forces and the general belief among the U.S., Saudi Arabia and Israel that Iran's regional expansion needs to be stopped all argue for a continued rise in the price of crude.

Source: [CNBC](#)