

# U Capital Morning Brief

14 May 2018

Market Indices	Current Close		Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	896.77	4.08	0.46%	-7.96%	-	-	-	-
U Capital GCC 50 Index	1,245.60	4.10	0.33%	8.82%	-	-	-	-
U Capital MENA 200 Index	1,042.30	2.07	0.20%	4.74%	-	-	-	-
MSCI GCC Countries Index	512.23	0.03	0.01%	6.77%	14.29	1.66	4.1%	
Muscat Securities Market	4,686.56	5.05	0.11%	-8.09%	11.71	1.02	5.1%	
Saudi Stock Exchange	8,023.01	108.74	1.37%	11.02%	18.00	1.78	3.3%	
Kuwait Stock Exchange	4,919.77	-6.62	-0.13%	NA	14.60	1.24	3.8%	
Qatar Exchange	8,816.84	67.19	0.77%	3.44%	13.12	1.35	5.0%	
Bahrain Stock Exchange	1,271.09	0.35	0.03%	-4.55%	8.26	0.81	6.4%	
Dubai Financial Market	2,892.05	10.25	0.36%	-14.18%	10.00	1.10	5.9%	
Abu Dhabi Exchange	4,424.99	-12.84	-0.29%	0.60%	11.84	1.32	5.4%	
Beirut Stock Exchange	1,133.20	-6.15	-0.54%	-1.34%	5.71	0.70	8.7%	
Palestine Stock Exchange	543.05	-1.64	-0.30%	-5.49%	13.33	1.11	5.6%	
Tunis Se Index	7,366.16	43.40	0.59%	17.26%	19.13	2.54	1.9%	
EGX 30 Index	17,184.02	28.88	0.17%	14.41%	24.36	2.37	1.8%	
Amman General Index	2,135.07	-2.55	-0.12%	0.39%	15.83	1.05	4.5%	

World Markets	Country	Value	D/D	YTD
<b>Europe</b>				
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%
<b>United States</b>				
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%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,852.6	0.42%	0.4%
HANG SENG	Hongkong	31,521.8	1.28%	5.4%
KSE 100 Index	Pakistan	43,594.8	-0.60%	7.7%
NSE Nifty 50	India	10,829.8	0.22%	2.8%
SHANGHAI COMPOSITE	China	3,180.8	0.55%	-3.8%
SHANGHAI SHENZHEN CSI 300	China	3,916.1	1.12%	-2.8%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.756	1.324
British Pound (GBP)	1.357	0.737
Canadian Dollar (CAD)	0.782	1.278
Chinese Renminbi (CNH)	0.158	6.331
Egyptian Pound (EGP)	0.057	17.740
Euro (EUR)	1.196	0.836
Indian Rupee (INR)	0.015	61.908
Japanese Yen (JPY)	0.009	109.370
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	67.240
Singapore Dollar (SGD)	0.750	1.333
Turkish Lira (TRY)	0.230	4.348

Commodity Prices	Price	D/D	YTD
<b>Oil</b>			
Brent Crude (per bbl)	76.7	-0.56%	17.1%
WTI Crude (per bbl)	70.4	-0.38%	16.5%
Oman Crude Oil (Last Closing)	74.3	-0.25%	16.2%
OPEC (per bbl)	74.5	0.66%	15.5%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,319.7	0.11%	1.3%
Silver (per oz)	16.7	0.26%	-1.4%
Platinum (per oz)	924.9	0.25%	-0.6%
<b>Other Metals</b>			
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	2.43	35.1%
Saudi Arabia	2.41	27.0%
Kuwait	2.00	6.7%
Oman	2.29	20.1%
Qatar	2.63	-0.7%
Bahrain	3.18	16.5%

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	99.83	2.7
5 year	99.63	2.8
10 year	99.27	3.0
30 year	100.55	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

### Insurance market contribution put at 1.63% of GDP

Audited financial statements for 2017 suggest the insurance sector contributed 1.63 per cent of the nation's gross domestic product (GDP). Gross written premiums have increased by 0.3 per cent to reach OMR451.57 million at the end of 2017, compared to OMR450.24 million at the end of the previous year. The number of policies issued by insurers was 1.72 million policies, a 4 per cent increase compared to 2016. The Insurance Market Review 2017 "14th Edition", issued by CMA, highlighted the key events of the insurance sector in 2017, covering indicators such as premiums, indemnities, number of policies, retention ratios, losses and financial indices of insurers, and their operational performances during the year.

Source: [Times of Oman](#)

### New Oman-UAE road border crossing to open this week

The Sa'ara border point in Al Buraimi will open on Tuesday, Royal Oman Police (ROP) announced. "On Tuesday, the 15th of May, Royal Oman Police will be celebrating the opening of the Sa'ara border point in Al Buraimi," ROP said. The event will take place under the patronage of His Excellency Dr. Said Al Kaabi, Chairman of the Public Authority for Consumer Protection, in the presence of Major General Hamas Al Hatami, Assistant Inspector-General of Police and Customs, and a number of dignitaries, senior officers, sheikhs and citizens.

Source: [Times of Oman](#)

### Oman's April inflation rises by 0.58%

The inflation rate in the Sultanate, calculated in terms of consumer price index (CPI), rose marginally by 0.58 per cent in April 2018, over the same period in 2017, according to the data released by the National Centre for Statistics and Information (NCSI). The marginal increase in inflation was driven by a rise in cost of major segments such as education which rose 4.90 per cent, rise in transport cost by 2.47 per cent and furnishing and household equipment with a rise of 1.27 per cent in April 2018, over the same period of last year.

Source: [Times of Oman](#)

### Duqm Airport passenger terminal 96% complete

Work on the passenger terminal of the Duqm airport is nearly 96 per cent complete with only finishing touch to the exterior and the operational tests remaining, said the Ministry of Transport and Communications (MoTC) on Sunday. The airport is expected to open in June. Dr Ahmed bin Mohammed al Futaisi, Minister of Transport and Communications, reviewed the work progress and inspected the passenger terminal, air cargo terminal, Air Traffic complex and the control tower.

Source: [Oman Observer](#)

### Oman to establish new private university

The Minister of Higher Education has issued a decision on the establishment of a new university through the merger of Caledonian College of Engineering and Oman Medical College. The new institution, The National University of Science and Technology, with its headquarters in Muscat will have faculties of engineering, medicine and health sciences and pharmacy. The management of both institutions have been given six month from the date of implementation of this decision to complete the necessary procedures to set up the university.

Source: [Oman Observer](#)

### Oman businesses need to start VAT integration process

Experts at the VAT Conference hosted by EY in Muscat agree that businesses in Oman need to start their VAT integration process early for a smooth transition, with implementation expected in 2019. One of the biggest challenges facing businesses as they work towards becoming VAT compliant is ensuring the VAT readiness of their technology platforms and tools, especially their accounting systems. Current ERP systems generally have limited functionality in relation to VAT compliance meaning that tax codes and tables would be input manually, leading to a greater risk of errors that would lead to delays in analyzing the data for returns. Businesses need to review their existing IT systems and identify what VAT compliance data is available and not available for VAT calculation and reporting, so that appropriate automation solutions can be implemented where required.

Source: [Oman Observer](#)

### Total to develop integrated gas project in Oman

Total, a leading international oil and gas company, signed a memorandum of understanding (MoU) with the government of Oman to develop natural gas resources in the sultanate. The MoU includes both upstream and downstream businesses. Total and Shell as operator will develop several natural gas discoveries located in the Greater Barik area onshore Block 6 with respective shares of 25 per cent and 75 per cent, as per the agreement between both companies and before possible state back-in. The initial gas production is estimated at around 500mn cubic feet per day with a potential to reach 1bn cubic feet per day at a later stage.

Source: [Muscat Daily](#)

### Shell signs deal for energy development projects in Oman

Shell Gas & Power Developments BV has signed a memorandum of understanding (MoU) with the Omani government to cover proposed energy gas development projects in the sultanate. The agreement covers upstream gas exploration and development, gas-to-liquids (GTL), liquefied natural gas (LNG) and renewable energy projects, according to a press release issued by Shell. The MoU sets out an initial mutual understanding between Shell and Oman and serves as a platform for further negotiations on the proposed developments. Under the agreement, Shell is to operate an upstream project with Total and Oman Oil Co as partners.

Source: [Muscat Daily](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Saudi Arabian stocks lead regional gains with blue-chip boost

Saudi Arabia led gains among largely positive Gulf markets on Sunday, bolstered by a surge in blue-chip stocks. The Saudi index was 1.1 percent higher at 0830 GMT with Al Rajhi Bank, the kingdom's second largest bank by assets and one of the main beneficiaries of a huge inflow of foreign money this year, rising 1.8 percent. Another gainer was the biggest petrochemical producer, Saudi Basic Industries, which added 1.4 percent.

Source: [Reuters](#)

### 100% foreign ownership: New UAE investment law to spur FDI, GDP growth

UAE's game-changing investment law, which will allow up to 100 per cent ownership to foreign investors in some specific onshore business sectors, is expected to prop up private and foreign direct investments when it will be finally introduced in the last quarter of this year, economists and analysts said. The law, eagerly awaited by the business community, was widely expected to be introduced in the first quarter of 2018, and is expected to change not only the investment landscape of the UAE, but also create significant growth opportunities by attracting more foreign direct investments, especially into the non-oil sectors, experts said.

Source: [Khaleej Times](#)

### UAE cabinet nod to VAT refunds for expo, conferences

The UAE cabinet has approved a resolution pertaining to the Value Added Tax (VAT) for Conferences and Exhibitions, in line with the government's ongoing efforts to support this sector and to enhance the country's status as a hub for Meetings, Incentives, Conferences & Exhibitions (MICE). The resolution provides for granting the facilities involved in organising exhibitions and conferences the right to refund the amounts levied on providing such services, to guarantee ease of doing business and competitiveness in this sector, reported state news agency Wam. It supports, at the same time, the efficient implementation of the tax system, as per the best integrational practices, it stated.

Source: [GD Online](#)

### Adnoc unveils 'milestone' \$45bn plan to extend refining complex

Abu Dhabi National Oil Company (Adnoc), the state-owned energy company of the UAE, has announced plans to invest \$45 billion, along with international partners, over the next five years to expand existing facilities at Ruwais in the west of the country. "We aim to create the largest integrated refining and petrochemicals destination in the world," Adnoc CEO Sultan Al-Jaber told the opening session of the Adnoc Downstream Investment Forum in the UAE capital.

Source: [Arab News](#)

### Exclusive: ADX is IPO-ready should stakeholders decide to take it public, says CEO

Abu Dhabi Securities Exchange, the Arab world's second largest bourse by market capitalization, is ready for an initial public offering if its stakeholders decide to sell a stake, said the chief executive. "That's the decision for the stakeholders," Rashed Al Baloushi told The National at the Abu Dhabi Global Market's inaugural Belt and Road financial summit in Beijing this past weekend. "Once the decision is taken, that's what's [going to] make the big difference to the stock exchange," he said.

Source: [The National](#)

### Bahrain central bank foreign assets hit seven-month low in March

Foreign assets at Bahrain's central bank dropped to a seven-month low in March, the bank said on Sunday, depleted by a current account deficit caused by low oil prices in recent years. The assets, which give an indication of Bahrain's ability to defend its currency against any market pressure, fell to 533.2 million dinars (\$1.41 billion) from 604.8 million dinars the previous month.

Source: [Reuters](#)

### Minister of oil announces the launch of a fund for Bahrain's energy projects, find out how much is it

Bahrain's Minister of Oil, His Excellency Shaikh Mohammed bin Khalifa Al Khalifa, today announced the launch of the Bahrain Energy Fund. The fund will be the first such fund in the GCC and will be unique in providing institutional investors with access to local energy assets. The announcement was made at Gateway Gulf, which is being held under the patronage of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and Chairman of the Bahrain Economic Development Board (EDB).

Source: [Startup Mag](#)

### Alawwal Bank's equity drops SAR 451 mln in Q1 on IFRS9

Alawwal Bank has reported a reduction in its shareholders' equity by SAR 451 million in Q1 2018, as a result of the application of IFRS 9 standard. Saudi-based banks applied the IFRS 9 accounting standard as of January 1, 2018, that requires banks to set aside provisions for credit impairment on anticipation of customer default, not when actual default happens.

Source: [Argaam](#)

### SABB discloses impact of IFRS 9 on shareholders' equity

The Saudi British Bank (SABB) has reported a reduction in its shareholders' equity by SAR 1.65 billion in Q1 2018, as a result of the application of IFRS 9 standard. Saudi-based banks applied the IFRS 9 accounting standard as of January 1, 2018, that requires banks to set aside provisions for credit impairment on anticipation of customer default, not when actual default happens.

Source: [Argaam](#)

### **FDI opportunities growing in Saudi Arabia**

Opportunities for foreign direct investment (FDI) in the GCC, driven by economic diversification across the region, were highlighted at the final day of the investment forum - Gateway Gulf, which was held in Manama, Bahrain. The event which kicked off on May 8 concluded May 10 at the Four Seasons Hotel.

Source: [Zawya](#)

### **Saudi finances to stabilize this year as deficit falls**

Saudi Arabia's public finances are expected to remain solid with a gradual reduction in the fiscal deficit in 2018, economists have said. Saudi Arabia's fiscal deficit widened in the first quarter of 2018 to \$9.2 billion (Dh33.79 billion) — minus 5.4 per cent of GDP — from \$7 billion (minus 4.1 per cent of GDP) in the first quarter of 2017. Fiscal data for the first quarter 2018 showed the deficit widening by 31 per cent year-on-year, despite a healthy 15.4 per cent increase in government revenue in the quarter, largely driven by non-oil government income from the implementation of value-added tax (VAT), excise duties and various other government fees.

Source: [Gulf News](#)

### **Saudi Ministry of Commerce Issues Guiding Charter for Family Businesses**

The Saudi Ministry of Commerce and Investment issued a guiding charter for family businesses aimed at bolstering family business values, achieving the targets of the companies and developing their businesses. The Guiding Charter is seen as a reference document for businesses to regulate family-run properties in the company. It also acts as a company record that shows what the company holds in value to the family.

Source: [Aawsat](#)

### **Iran, Qatar hold economic committee meeting**

An Iranian business delegation comprising 70 experts and businessmen from the private and public sectors landed in Doha for a two-day meeting on Sunday, the first of its kind in 13 years, the state news agency IRNA reported. The delegation was led by, who said that during the joint-economic meeting in Doha, both countries are expected to discuss many of the outstanding issues, IRNA said. "There are five committees that hold specialized meetings to deal with various issues related to trade, mines, customs, oil, petrochemicals, exports and banking," Mohammad Reza Fayyad, deputy minister of industry, and the head of the delegation, was quoted as saying.

Source: [Gulf News](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **U.S. sanctions 'possible' on European companies doing business with Iran- Bolton**

Sanctions on European companies that do business with Iran after the U.S. withdrawal from the nuclear deal are "possible," White House National Security Adviser John Bolton said on Sunday. "It's possible. It depends on the conduct of other governments," Bolton said on CNN's "State of the Union." U.S. President Donald Trump's pullout from the 2015 nuclear deal has upset Washington's European allies, cast uncertainty over global oil supplies and raised the risk of conflict in the Middle East.

Source: [Zawya](#)

### **An \$11 Billion Chinese Deal Risks Dividing Europe**

Friday's bid for Portuguese power generator EDP-Energias de Portugal SA by China's biggest clean energy group throws contrasting agendas into stark relief. Lisbon appears intensely relaxed about China Three Gorges Corp.'s 9.1 billion-euro (\$11 billion) buyout plan. But shareholders, the European Commission and possible counterbidders stand in the Chinese bidder's way. CTG first invested in the utility in 2012 when the current opposition Social Democratic Party was the part of the ruling coalition. With 23 percent, the Chinese hydropower company now wants to move to more than 50 percent, while maintaining EDP's Lisbon listing and head office. That would keep the company looking Portuguese and preserve a European acquisition currency.

Source: [Bloomberg](#)

### **Asia Stocks Mixed After Recent Rally; Yields Slip: Markets Wrap**

Asian stocks were mixed after the biggest weekly advance since February. The ringgit performed better than anticipated by offshore trading as Malaysian markets reopened following Wednesday's unprecedented election result. Equities advanced in Japan, Australia and Hong Kong, were little changed in South Korea and slipped in Singapore and Indonesia. Malaysia's stocks swung between gains and losses.

Source: [Bloomberg](#)

### **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

### U.A.E. Sees OPEC Oil Capacity 'Buffer' Offsetting Iran Sanctions

OPEC has enough spare production capacity to cushion oil markets if the U.S. re-imposes sanctions on Iran, according to United Arab Emirates Energy Minister Suhail Al Mazrouei. Three members of the Organization of Petroleum Exporting Countries -- Saudi Arabia, Kuwait and the U.A.E. -- together have enough capacity, Al Mazrouei said in an interview with Bloomberg Television in Abu Dhabi. He serves this year as OPEC's president.

Source: [Bloomberg](#)

### Oil ebbs from multi-year highs on surge in U.S. drilling, Iran sanctions opposition

Still, crude prices remained near more than three-year-highs reached last week as markets expect Iran's oil exports to fall significantly once U.S. sanctions bite later this year. Brent crude futures LCOc1 were at \$76.79 per barrel at 0229 GMT, down 33 cents, or 0.4 percent from their last close.

Source: [Reuters](#)

### Gold prices rise as US rate hike view grounds dollar

Gold prices rose on the back of a subdued dollar on Monday as investors considered the prospects of slower interest rate hikes in the United States. Spot gold rose 0.3 per cent to \$1,321.20 per ounce at 0045 GMT, after marking the highest since April 26 at \$1,325.96 in the previous session.

Source: [Economic Times](#)