

U Capital Morning Brief

15 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	897.36	0.59	0.07%	-7.90%	-	-	-
U Capital GCC 50 Index	1,268.16	22.56	1.81%	10.79%	-	-	-
U Capital MENA 200 Index	1,054.13	11.83	1.13%	5.93%	-	-	-
MSCI GCC Countries Index	522.25	10.02	1.96%	8.85%	14.58	1.70	4.0%
Muscat Securities Market	4,689.66	3.10	0.07%	-8.03%	11.80	1.02	5.1%
Saudi Stock Exchange	8,070.69	47.68	0.59%	11.68%	18.09	1.80	3.2%
Kuwait Stock Exchange	4,904.19	-15.58	-0.32%	NA	14.52	1.23	3.8%
Qatar Exchange	8,934.39	117.55	1.33%	4.82%	13.30	1.37	4.9%
Bahrain Stock Exchange	1,272.07	0.98	0.08%	-4.48%	8.30	0.81	6.4%
Dubai Financial Market	2,905.03	12.98	0.45%	-13.80%	10.05	1.11	5.8%
Abu Dhabi Exchange	4,446.81	21.82	0.49%	1.10%	11.90	1.33	5.4%
Beirut Stock Exchange	1,133.65	0.45	0.04%	-1.30%	5.71	0.70	8.7%
Palestine Stock Exchange	543.36	0.31	0.06%	-5.43%	13.33	1.11	5.6%
Tunis Se Index	7,407.60	41.44	0.56%	17.92%	19.24	2.56	2.0%
EGX 30 Index	16,984.07	-199.95	-1.16%	13.08%	23.38	2.69	1.8%
Amman General Index	2,134.14	-0.93	-0.04%	0.35%	15.84	1.05	4.5%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Currency Cross Rates		
FTSE 100	UK	7,711.0	-0.18%	0.3%	Australian Dollar (AUD)	0.751	1.331
DAX	Germany	12,977.7	-0.18%	0.5%	British Pound (GBP)	1.355	0.738
CAC 40	France	5,540.7	-0.02%	4.3%	Canadian Dollar (CAD)	0.781	1.281
United States					Chinese Renminbi (CNH)	0.158	6.343
DJIA	USA	24,899.4	0.27%	0.7%	Egyptian Pound (EGP)	0.056	17.808
S&P 500	USA	2,730.1	0.09%	2.1%	Euro (EUR)	1.192	0.839
NASDAQ	USA	7,411.3	0.11%	7.4%	Indian Rupee (INR)	0.015	61.851
Asia Pacific					Japanese Yen (JPY)	0.009	109.910
NIKKEI 225	Japan	22,849.6	-0.07%	0.4%	New Zealand Dollar (NZD)	0.690	1.450
HANG SENG	Hongkong	31,254.2	-0.90%	4.5%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	42,135.6	-0.87%	4.1%	Pakistani Rupee (PKR)	0.865	115.610
NSE Nifty 50	India	10,895.1	0.82%	3.5%	Russian Ruble (RUB)	0.016	67.559
SHANGHAI COMPOSITE	China	3,168.5	-0.18%	-4.2%	Singapore Dollar (SGD)	0.748	1.338
SHANGHAI SHENZHEN CSI 300	China	3,898.3	-0.28%	-3.3%	Turkish Lira (TRY)	0.228	4.381

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	78.3	0.06%	19.6%	UAE	2.34	30.2%
WTI Crude (per bbl)	71.0	0.06%	17.5%	Saudi Arabia	2.41	27.1%
Oman Crude Oil (Last Closing)	75.3	-0.08%	17.7%	Kuwait	1.94	3.3%
OPEC (per bbl)	74.4	-0.05%	15.4%	Oman	2.29	20.1%
Precious Metals						
Gold 100 OZ (per oz)	1,312.0	-0.11%	0.7%	Qatar	2.62	-0.9%
Silver (per oz)	16.5	-0.16%	-2.6%	Bahrain	3.18	16.5%
Platinum (per oz)	910.5	0.01%	-2.1%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,885	-0.82%	-5.0%		Maturity date	YTM, %
Aluminium, MT	2,319	1.35%	2.2%	Kuwait	3/20/2027	4.0
Lead, MT	2,385	1.71%	-4.1%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	3,055	-0.94%	-8.0%	Qatar	6/2/2026	4.2
				Saudi Arabia	3/4/2028	4.4
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.75	2.7	1m	1.92	22.7%
5 year	99.44	2.9	3m	2.34	38.3%
10 year	98.78	3.0	6m	2.52	36.9%
30 year	99.59	3.1	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

Huge business opportunities available in Duqm area'

Lee Chee Khian, CEO of the Special Economic Zone Authority of Duqm (SEZAD) is very bullish about the future growth of Duqm region. In an interview with Muscat Daily, Khian talked about ongoing projects and the need to develop more social infrastructure to attract people in Duqm area. You joined SEZAD as the CEO in 2013. What were your top priorities when you started working on the projects in Duqm? When I started working at SEZAD in 2013, I did have some ideas about the project. At that time, my foremost priority was the implementation of the project as planning is important but more important is how to implement the plans.

Source: [Muscat Daily](#)

Renewables to cut power sector gas demand to 83pc

Oman's longstanding dependence on natural gas a fuel resource for electricity generation is projected to decline to 83 per cent by 2024 — down from around 100 per cent presently — on the back of a raft of solar photovoltaic, wind and coal-based power schemes due to come on stream over the next 7 years. The resultant savings in natural gas are largely in trend with a strategy spearheaded by the Oman Power and Water Procurement Company (OPWP) — the sole offtaker of electricity and desalinated water output — to achieve a minimum 10 per cent contribution from renewables to the nation's aggregate power demand.

Source: [Oman Observer](#)

Barka 1 IWPP sets 16-year record in operational safety

Barka 1, one among first independent water and power projects (IWPP) in the Sultanate owned by ACWA Power Barka, has achieved a major milestone in the company's operational safety history by maintaining an impeccable record of zero Lost Time Accident in the past 16 long years. The IWPP is operated by NOMAC Oman. To mark the milestone, ACWA Power Barka and NOMAC Oman have organized a special event at the premises of the plant on May 13.

Source: [Oman Observer](#)

Total inks pact to develop integrated gas project

Global energy major Total has signed a Memorandum of Understanding (MoU) with the Government of Oman to develop natural gas resources in Oman. This 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, with the objective of an initial gas production of around 500mmcf/d with a potential to reach 1 bcf/d at a later stage.

Source: [Oman Observer](#)

Oman, Pakistan sign oil deal

The Sultanate's government, represented by the Ministry of Oil and Gas and the government of Pakistan, represented by the Ministry of Energy (Oil Sector) signed a cooperation agreement in the field of oil. The agreement was signed on behalf of the Sultanate's government in Islamabad yesterday by Sheikh Mohammed bin Omar Al Marhoon, the Sultanate's ambassador to Pakistan, while it was signed from the Pakistani side by Mohammed Jalal Sakandar Sultan, Secretary General of the Ministry of Energy (Oil Sector).

Source: [Times of Oman](#)

161 companies penalized for violating Omanization law

The Ministry of Manpower has announced that it has taken action against 161 establishments employing 6,959 people for not hiring Omani nationals. The Ministry added that the companies in question had employed more than 40 workers each, but not one of them was an Omani citizen, in violation of the Sultanate's Omanization policy. "The Ministry of Manpower stopped dealing with 161 establishments in the private sector as a result of its non-commitment to employ national manpower.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Qatar outperforms on hopes MSCI may boost weightings of blue chips

Qatar stocks rose more than one percent on Monday, leading among Gulf markets, as investors bet that index-compiler MSCI will increase weightings for some of the country's top blue-chip companies in its emerging market index review. Banking stocks drove Saudi shares higher as investors also hoped MSCI will upgrade Riyadh next month to emerging market status, following FTSE Russell's similar decision in March. Qatari stocks ended the day 1.3 percent higher, fueled by 3.4 percent gains in Qatar National Bank and a 2.7 percent rise in Industries Qatar.

Source: [Reuters](#)

Dar Al-Arkan launches SAR 600 mln villa development in Riyadh

Dar Al-Arkan Real Estate Development Co. has launched the SAR 600 million Mirabilia residential villas in the SAR 10 billion Shams Ar Riyadh Development, the Tadawul-listed developer said in a statement on Monday. The Mirabilia project offers custom-built three- to seven-bedroom residential villas ranging from 300 square meters (sqm) to 1,600 sqm in the five million sqm Shams Ar Riyadh mixed-used development. Infrastructure works investment in Shams Ar Riyadh so far is of over SAR 1 billion, including two power substations as well as main access roads.

Source: [Argaam](#)

Saudi Aramco's unit said to have sent first US oil shipment to UAE

Aramco Products Trading Co. (ATC), a wholly-owned subsidiary of Saudi Aramco, has started supplying US condensate to the United Arab Emirates (UAE), Reuters reported on Monday, citing unnamed sources with knowledge of the matter. Saudi Aramco's Motiva Enterprises unit in the United States was used as a supply source for two shipments to the UAE. On May 12, the first shipment of 1 million barrels (bbl) of US condensate aboard the tanker 'Astra' was unloaded at Ruwais, sources said.

Source: [Argaam](#)

Saudi box office revenue could hit \$772 mln by 2030: report

Saudi Arabia could see annual box office revenues of \$772 million (SAR 2.9 billion) by 2030, at a ticket price of \$20, Saudi Fransi Capital said in a recent report. Assuming a rate of \$35 per ticket, box office revenues could soar to \$1.4 billion (SAR 5.1 billion). According to the report, the Kingdom stands to earn SAR 724 million in annual entertainment taxes from cinemas with tickets priced at \$20. The annual tax potential rises to SAR 1.3 billion with a \$35 ticket price.

Source: [Argaam](#)

SoftBank, PIF in early funding talks with banks on huge solar project – sources

SoftBank Group Corp (9984.T) and Saudi Arabia's Public Investment Fund are in early talks with banks about potential funding for a multi-billion-dollar solar power project planned in the kingdom, say sources familiar with the matter. The talks follow an agreement, signed and announced in March, between PIF and SoftBank to create the New Solar Energy Plan 2030, the world's largest project of its type.

Source: [Reuters](#)

Saudia chooses Jeddah hospital operator as preferred bidder for medical unit: sources

State-owned Saudi Arabian Airlines (Saudia) has selected Jeddah-based hospital operator Dr. Soliman Fakeeh Hospital as a preferred bidder for its medical unit, sources familiar with the matter said. Saudia said in a statement emailed to Reuters on Monday that it had concluded the bidding process for its medical unit - Saudi Medical Services. It did not name the bidder, saying the partner would be announced after the completion of required approvals.

Source: [Zawya](#)

Saudi Arabian Stock Fund Enjoys Nine Weeks of Inflows: ETF Watch

An exchange-traded fund that tracks shares of Saudi Arabian companies has posted inflows for nine straight weeks as investors bet the country will win an upgrade to emerging-market status. The New York-traded iShares MSCI Saudi Arabia ETF attracted about \$133 million in inflows in the nine weeks ended May 11, data compiled by Bloomberg show, extending the longest streak of consecutive weekly net purchases since its inception in 2015. Total assets increased to about \$213 million, up almost 25 times in just a year.

Source: [Bloomberg](#)

UAE's Etisalat unveils commercial 5G network

Etisalat on Monday announced the launch of the first commercial 5G wireless network in the UAE, becoming the first telecom operator in the Middle East and North Africa (Mena) region to achieve this technological milestone. Etisalat will be the first operator to have a fully developed commercial 5G network available to provide gigabit Internet services to its customers from September this year. The network will fuel enterprises digital transformation, IoT, smart cities and the fourth industrial revolution.

Source: [Zawya](#)

Islamic economy's share of Dubai GDP grows

The contribution of the Islamic economy to Dubai's gross domestic product (GDP) has seen a marked increase in recent years, and has resulted in many countries across the world looking to adopt the UAE's Islamic economy model, said Sultan bin Saeed Al Mansouri, UAE Minister of Economy and chairman of the Dubai Islamic Economy Development Centre. The Islamic economy generates 8.3 per cent of Dubai's GDP, according to the Dubai Statistics Centre, a strategic partner of DIEDC.

Source: [Zawya](#)

Fitch: Less Funding Pressure at Qatari Islamic Banks than Conventional Peers

Qatari Islamic banks have less foreign funding and typically higher retail deposits than their conventional peers and are therefore less at risk of deposit flight, Fitch Ratings says. Nevertheless, liquidity pressures remain as for all Qatari banks due to the financial and economic sanctions on Qatar as well as higher funding costs. Islamic banks made up 23% of sector assets at end-2017.

Source: [Fitch](#)

Qatar seeking more currency data from banks in FX manipulation probe

Qatar's central bank is seeking more data from banks about U.S. dollar-riyal trades as it investigates suspected attempts to devalue its currency at the height of a diplomatic standoff with some other Gulf states, sources familiar with the matter said. Qatar keeps its riyal pegged at a fixed rate to the dollar like most of its Gulf neighbors. But after Saudi Arabia, the UAE, Bahrain and Egypt accused it of backing terrorism and imposed an economic boycott on it last June, Qatar has seen the riyal trade several percent weaker than its pegged rate of 3.64 per dollar in offshore markets.

Source: [NASDAQ](#)

NYC Hedge Fund Eyes Its Next Distressed-Debt Target: Bahrain

Greylock Capital Management LLC, a hedge fund that holds the distressed bonds of Mozambique and Venezuela, says Bahrain is its next potential target. The cash-strapped Gulf nation has been slow to implement reforms compared with its richer neighbors, including Saudi Arabia, after the slide in oil prices that began in 2014 eroded their wealth. Bahrain will have to revive its financial fortunes to prevent its debt from slumping to distressed levels, according to Bashar Zakaria at the California Public Employees' Retirement System, the largest U.S. pension fund.

Source: [Bloomberg](#)

Kuwait assembly could back excise tax accord in session starting in Oct-minister

Kuwait's finance minister said on Monday he expects parliament to approve a Gulf agreement on excise tax during its next session, which begins in October. "I personally do not think there will be an opportunity to discuss it before the end of the current session but we hope that in the next session it will be on the agenda," Nayef Falah al-Hajraf told reporters.

Source: [Money](#)

Egypt's foreign inflows exceeded \$120 bln since pound -cbank head to paper

Egypt's Central Bank Governor said foreign inflows have exceeded \$120 billion since its pound currency was floated in November 2016, state newspaper Al-Ahram quoted him as saying on Monday. Tarek Amer also said Egypt would make a debt payment of \$850 million to international oil companies, without specifying when.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia stocks pull back as investors eye new risks; oil higher

Asian stocks pulled back on Tuesday, brushing off a firmer Wall Street lead and pausing a recent rally, as investors remained cautious about key economic and political risks, while supply concerns kept crude oil prices near 3-1/2-year highs. MSCI's broadest index of Asia-Pacific shares outside Japan <.MIAPJ0000PUS> dipped 0.65 percent after rising the previous day to its highest since late March. The index had rallied for three straight sessions prior to Tuesday.

Source: [Today Online](#)

MSCI adds PetroChina, ICBC and more than 230 Chinese stocks to US\$1.5 trillion emerging market index

MSCI, one of the most closely followed benchmarks in global finance, has added China's largest oil producer and two of the biggest Chinese banks to a list of yuan-denominated A shares that international investors can own, in a move that is expected to attract a surge of inflows to the country's US\$7.5 trillion stock market.

Source: [SCMP](#)

Amazon is growing its gross profit at a staggering rate

Amazon has added \$7 billion in gross profit in the first quarter, which is more than the growth expected from the top five retailers combined, Morgan Stanley wrote in a note Monday. The change is largely driven by the growth in Amazon's high-margin businesses, including AWS, advertising and Prime subscriptions. Amazon's expanding growth profit gives the company more room to invest in its business and explore new areas.

Source: [CNBC](#)

COMMODITIES NEWS

Oil near Nov 2014 highs as markets tighten amid OPEC cuts, Iran sanctions

Oil prices held firm on Tuesday as ongoing production cuts by OPEC and looming U.S. sanctions against Iran tightened the market amid strong demand. Brent crude futures, the international benchmark for oil prices, were at \$78.37 per barrel at 0028 GMT, up 14 cents from their last close and not far off a three-and-a-half year high of \$78.53 a barrel reached the previous session.

Source: [ET Energy](#)

Gold prices little changed amid firm dollar

Gold prices were little changed on Tuesday, as the dollar held on to gains from the previous session after a Federal Reserve official backed the case for further interest rate hikes in the United States.

Source: [Money Control](#)

OPEC report shows global oil glut virtually eliminated

Oil prices rose on Monday as OPEC reported that the global oil glut has been virtually eliminated, while US crude's discount to global benchmark Brent widened to more than \$7, its deepest in nearly five months. Global benchmark Brent was up \$1.08 cents at \$78.20 a barrel by 15.56 GMT and US crude rose 43 cents to \$71.13.

Source: [Business Live](#)

