

U Capital Morning Brief

16 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	897.36	0.00	0.00%	-7.90%	-	-	-	-
U Capital GCC 50 Index	1,267.33	-0.83	-0.07%	10.72%	-	-	-	-
U Capital MENA 200 Index	1,051.91	-2.22	-0.21%	5.71%	-	-	-	-
MSCI GCC Countries Index	521.73	-0.52	-0.10%	8.75%	14.59	1.70	4.0%	
Muscat Securities Market	4,684.75	-4.91	-0.10%	-8.13%	11.79	1.02	5.1%	
Saudi Stock Exchange	8,039.29	-31.40	-0.39%	11.25%	18.02	1.79	3.3%	
Kuwait Stock Exchange	4,917.15	12.96	0.26%	NA	14.60	1.25	3.8%	
Qatar Exchange	8,922.00	-12.39	-0.14%	4.68%	13.29	1.37	4.9%	
Bahrain Stock Exchange	1,273.93	1.86	0.15%	-4.34%	8.31	0.82	6.4%	
Dubai Financial Market	2,936.75	31.72	1.09%	-12.86%	9.48	1.12	5.8%	
Abu Dhabi Exchange	4,470.57	23.76	0.53%	1.64%	11.94	1.34	5.4%	
Beirut Stock Exchange	1,127.23	-6.42	-0.57%	-1.86%	5.68	0.69	8.7%	
Palestine Stock Exchange	543.36	0.31	0.06%	-5.43%	13.33	1.11	5.6%	
Tunis Se Index	7,391.52	-16.08	-0.22%	17.67%	19.20	2.55	2.0%	
EGX 30 Index	16,985.78	1.71	0.01%	13.09%	39.04	2.69	1.8%	
Amman General Index	2,132.33	-1.81	-0.08%	0.26%	15.68	1.05	4.5%	

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,723.0	0.16%	0.5%
DAX	Germany	12,970.0	-0.06%	0.4%
CAC 40	France	5,553.2	0.23%	4.5%
United States				
DJIA	USA	24,706.4	-0.78%	-0.1%
S&P 500	USA	2,711.5	-0.68%	1.4%
NASDAQ	USA	7,351.6	-0.81%	6.5%
Asia Pacific				
NIKKEI 225	Japan	22,767.9	-0.22%	0.0%
HANG SENG	Hongkong	31,116.4	-0.11%	4.0%
KSE 100 Index	Pakistan	42,459.5	-0.09%	4.9%
NSE Nifty 50	India	10,718.9	-0.77%	1.8%
SHANGHAI COMPOSITE	China	3,183.3	-0.28%	-3.7%
SHANGHAI SHENZHEN CSI 300	China	3,912.4	-0.30%	-2.9%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.747	1.338
British Pound (GBP)	1.351	0.740
Canadian Dollar (CAD)	0.778	1.286
Chinese Renminbi (CNH)	0.157	6.361
Egyptian Pound (EGP)	0.056	17.835
Euro (EUR)	1.183	0.845
Indian Rupee (INR)	0.015	62.319
Japanese Yen (JPY)	0.009	110.270
New Zealand Dollar (NZD)	0.687	1.456
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.610
Russian Ruble (RUB)	0.016	67.875
Singapore Dollar (SGD)	0.745	1.343
Turkish Lira (TRY)	0.225	4.450

Commodity Prices	Price	D/D	YTD
Oil			
Brent Crude (per bbl)	78.3	-0.19%	19.6%
WTI Crude (per bbl)	71.1	-0.28%	17.7%
Oman Crude Oil (Last Closing)	75.3	-0.09%	17.7%
OPEC (per bbl)	74.2	-0.27%	15.1%
Precious Metals			
Gold 100 OZ (per oz)	1,293.9	0.27%	-0.7%
Silver (per oz)	16.3	0.19%	-3.8%
Platinum (per oz)	899.4	0.24%	-3.3%
Other Metals			
Copper, MT	6,808	-1.12%	-6.1%
Aluminium, MT	2,327	0.34%	2.6%
Lead, MT	2,348	-1.55%	-5.6%
Zinc, MT	3,062	0.23%	-7.7%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.44	35.9%
Saudi Arabia	2.41	27.3%
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	4.3
Saudi Arabia	3/4/2028	4.5
Oman	1/17/2028	6.1
Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %
3 year	99.66	2.7
5 year	99.27	2.9
10 year	98.38	3.1
30 year	98.70	3.2

USD Libor	Rate (%)	YTD
1m	1.93	23.6%
3m	2.33	37.5%
6m	2.50	36.1%
1 year	2.76	30.9%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

Oman Stock Market More Sensitive to Large Oil Price Changes, Says IMF

The Muscat Securities Market (MSM) is more sensitive to large oil price changes than to small ones, even as the GCC stock markets do not have similar sensitivities to oil price changes, according to a working paper released by the International Monetary Fund (IMF). The IMF paper investigated the effect of oil price changes on the GCC stock markets. 'When considering the asymmetry with respect to the magnitude of oil price variation, we find that Oman's and Qatar's stock markets are more sensitive to large oil price changes than to small ones', it said.

Source: [Muscat Daily](#)

Oman's private education market set to grow to \$1.8bn in five years

Oman's private school market has the potential to grow from \$1 billion in 2016 to \$1.8 billion in 2023, according to a new report by The Boston Consulting Group (BCG), entitled 'Where to Invest Now in the GCC Private Education'. Growth in the private education market will be driven primarily by one factor: Enrolment growth. Only 23 per cent of Oman's 730,000 students are enrolled in private schools, lower than the 30 per cent GCC average, indicating plenty of room for growth.

Source: [Oman Observer](#)

Oman ready for fourth industrial revolution: TRC

Oman is ready for the fourth industrial revolution the Secretary General of The Research Council (TRC) Hilal Al Hanaei said. The fourth industrial revolution refers to this era wherein new technological breakthroughs will cause disruptions in a number of industries, and will be marked by robotics, artificial intelligence (AI), block chain, among others technologies. Moreover, it will lead to largescale automation and loss of many jobs. He said that Oman had the ability to cope with the rapid automation and loss of jobs, adding that innovation, diversification and adaption on part of educational institutions would be key in doing so.

Source: [Times of Oman](#)

CBO issues treasury bills worth OMR77m

Oman's central bank raised OMR77 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from May 16 until June 13, 2018. The average accepted price reached 99.881 for every OMR100, and the minimum accepted price arrived at 99.880 per OMR100. Whereas the average discount rate and the average yield reached 1.55159 per cent and 1.55344 per cent, respectively.

Source: [Times of Oman](#)

23pc of PDO's oil output to come from EOR by 2025

Petroleum Development Oman (PDO), the nation's largest oil and gas producer, says it is pressing ahead with its Enhanced Oil Recovery (EOR) program notwithstanding ongoing fiscal challenges posed by the constrained economic environment. The program, targeting difficult reservoirs that cannot be produced through primary and secondary means, involves the use of a range of commercial-scale technologies, including chemical EOR, miscible gas injection (MGI) and thermal applications.

Source: [Oman Observer](#)

CMA organizes workshop on insurance contracts

A workshop was held on Tuesday to provide updated information on the latest accounting practices, the new standards issued by the International Accounting Standards Board (IASB) and the new standard IFRS 17 "Insurance Contracts", which was issued in May 2017 to replace IFRS 4 issued by IASB in 2004.

Source: [Times of Oman](#)

OMAN TELECOMMUNICATION - Unaudited financial results for the first quarter 2018

Oman Telecommunications Company S.A.O.G (Omantel. MSM: OTEL), is pleased to announce that Board of Directors has approved the unaudited financial results for the first quarter ended 31st March 2018. Group revenue for the period has grown to RO 470 Mn compared to RO 131.6 Mn of the corresponding period of 2017. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 325.2 Mn. The Group results for the period Q1'18 include fully consolidated Zain Group results, while Q1'17 results do not include Zain Group. The group achieved an after tax Net Profit of RO 57.4 Mn compared to RO 23.7 Mn in 2017. Group net profit includes RO 52.8 Mn contributed by Zain Group.

Source: **MSM**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

AL KHALIJI: Announcement of possible disposal of subsidiary

Al Khalij Commercial Bank (Al Khaliji) its shareholding in its fully owned subsidiary Al Khaliji France SA and is currently engaging with interested third parties in respect of a possible disposal of 100% of its shares. Discussions are at a very preliminary stage and there is no certainty that any transaction will be entered into. It is proposed that any transaction would be effected by way of a private offering. A further announcement will only be made if there is a development which requires the disclosure of further information under the applicable laws.

Source: [QE](#)

Qatar Petroleum invites companies to bid for new petrochemicals complex

Qatar Petroleum has invited a group of leading international companies, with extensive experiences in the petrochemicals industry, to submit proposals for partnering with Qatar Petroleum in the development and operation of a new world-scale Petrochemicals Complex at Ras Laffan Industrial City.

Source: [TPQ](#)

Kuwait to delay VAT implementation until 2021

Kuwait is set to delay its implementation of a regional 5 per cent value added tax until 2021, according to a parliamentary committee statement. An update on the National Assembly's website from a budget and final accounts committee meeting on Monday appeared to confirm the timeline.

Source: [Gulf Business](#)

Saudi Telecom shelves plans to sell mobile towers, says CEO

Saudi Telecom Co. (STC), the Kingdom's largest mobile operator, has shelved plans to sell its mobile towers, chief executive officer, Nasser Al Nasser told Argam. "We are seeking to set up a new partnership project to efficiently manage these towers and make the best out of them," Al Nasser added. The telco is adopting a new strategy aimed at expanding investments in new areas.

Source: [Argam](#)

Saudi Cement to use GE Power's Advanced Gas Path technology

Saudi Cement has signed an agreement with GE Power for the upgrade of three GE 6B gas turbines at its Hofuf plant to increase power output and efficiency. This is the first GE Power's Advanced Gas Path (AGP) solution for a cement plant. CEO of Saudi Cement, Mohammed AlGarni said, "Power supply is both a key input, as well as one of the major costs in our manufacturing process.

Source: [CEMNET](#)

Sovereign fund's unit buys mortgage portfolio from NCB

The Saudi Real Estate Refinance Company (SRC), owned by Public Investment Fund (PIF), has signed an agreement with the National Commercial Bank (NCB) to purchase a housing mortgage portfolio owned by the bank, the company said in a statement. The agreement aims to boost home ownership rates in the kingdom and pump new liquidity into the real estate financing sector.

Source: [Argam](#)

UAE firm plans Abu Dhabi-listed ETF to play Saudi equities boom

A United Arab Emirates financial firm plans to create an exchange-traded fund focused on Saudi Arabian equities and list it on the Abu Dhabi Securities Exchange, tapping into surging regional demand for Saudi shares. Only a few exchange-traded fund (ETFs), which track indexes, are listed in the Gulf, and the planned product is believed to be the first cross-border ETF listed in the region and focused solely on Saudi Arabia.

Source: [Arab News](#)

Dubai's Nakheel to add \$272m to recurring revenue this year, says chairman

Dubai property developer Nakheel is set to add a further 1 billion UAE dirhams (\$272.3 million) to its recurring revenue by the end of this year, according to the company's chairman. Lootah said the company currently generates about 25 percent of its total sales from recurring revenue, but added that this would be boosted by the addition of rents from the 1.2 billion UAE dirham Nakheel Mall project.

Source: [Zawya](#)

Adnoc, Morocco's OCP explore fertilizer joint venture

Abu Dhabi National Oil Company and Morocco's OCP Group, the world's largest phosphate exporter, have signed an agreement to look at the phased creation of a fertilizer joint venture with plants in the UAE and the North African country.

Source: [The National](#)

Abu Dhabi's Aldar sees Q1 profit rise after stake sale

Abu Dhabi's largest developer Aldar Properties reported a 5 per cent rise in first-quarter profit on Tuesday, beating analysts' forecasts but mostly due to revenue from a stake sale. The property market in United Arab Emirates remains under pressure as a slowing economy in the last two years has depressed values and rentals, but Aldar said it was optimistic about sales of properties under development.

Source: [Gulf Business](#)

Islamic finance feels heat from \$700 mln Dana Sukuk saga

Islamic finance operators are scrambling to tighten the industry's rules in order to make sure other companies cannot take the same path as Dana Gas, which this week forced a \$700 million debt restructuring.

Source: [DubaiBizz](#)

MIDEAST STOCKS-Emaar sends Dubai up; other markets close mixed

Dubai led a rise in United Arab Emirates (UAE) markets on Tuesday, closing more than 1 percent up, backed by solid gains in blue chips, while Saudi and Qatar reversed earlier gains and closed on a slightly negative note. The Dubai index closed 1.1 percent up on a 7 percent jump by Dubai Investments which rebounded after hitting a two-year low last week. Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Turkey's Denizbank CEO says hopes bank's sale to be completed this month

Turkey's Denizbank chief executive Hakan Ates said on Tuesday that he hoped the sale of the bank would be completed in May. Ates made the comment to reporters at an event in Istanbul. Last month, Ates said Emirates NBD's talks with Russia's Sberbank to acquire Denizbank were continuing and that both parties were discussing the shareholder agreement.

Source: [Money](#)

Asian shares fall as North Korea suspends talks, U.S. yields climb

Asian stock markets dipped on Wednesday after Pyongyang abruptly called off talks with Seoul, throwing a U.S.-North Korean summit into doubt, while surging bond yields revived worries about faster U.S. interest rate hikes that could curb global demand.

Source: [Reuters](#)

Bitcoin Mining Equipment Maker Canaan Files for \$1 Billion IPO

Canaan Inc., the world's second-biggest maker of bitcoin mining hardware, submitted a listing application to the Hong Kong stock exchange. Morgan Stanley, Deutsche Bank AG, Credit Suisse Group AG and CMB International Capital Ltd. are joint sponsors of the proposed offering, according to a preliminary prospectus posted late Tuesday. Bloomberg News reported earlier Tuesday that Canaan had filed for an IPO that could raise about \$1 billion. The filing didn't say how much Canaan will seek.

Source: [Bloomberg](#)

Investors Cut Apple Holdings by Most Since at Least 2008

Institutional investors haven't been this skeptical on Apple Inc. since at least the financial crisis. They reduced their holdings in the iPhone maker by about 153 million shares in the first three months of the year, an analysis of 13F filings showed. That's the biggest decrease since at least the first quarter of 2008 when Bloomberg started tracking the data. It's also the most among any S&P 500 stock in the first quarter.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil dips on signs of ample supply despite OPEC cuts, Iran sanctions

Oil prices fell on Wednesday, weighed down by ample supplies despite ongoing output cuts by producer cartel OPEC and looming U.S. sanctions against major crude exporter Iran. Brent crude futures, the international benchmark for oil prices, were at \$78.07 per barrel at 0024 GMT, down 36 cents, or 0.5 percent, from their last close.

Source: [Reuters](#)

Gold prices edge up after hitting fresh 2018 low

Gold prices recovered slightly early on Wednesday, after sliding to the lowest level this year in the previous session on surging U.S. bond yields and a stronger dollar. Spot gold rose 0.2 percent to \$1,292.73 per ounce at 0048 GMT, after shedding 1.7 percent and marking the lowest this year at \$1,288.31 in the previous session.

Source: [Reuters](#)