

U Capital Morning Brief

20 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	887.11	-3.16	-0.35%	-8.95%	-	-	-	-
U Capital GCC 50 Index	1,259.23	-8.23	-0.65%	10.01%	-	-	-	-
U Capital MENA 200 Index	1,046.48	-5.48	-0.52%	5.16%	-	-	-	-
MSCI GCC Countries Index	519.80	0.02	0.00%	8.34%	14.55	1.69	4.0%	
Muscat Securities Market	4,617.71	-36.07	-0.78%	-9.44%	11.77	1.02	5.2%	
Saudi Stock Exchange	8,016.85	58.38	0.73%	10.94%	18.44	1.81	3.3%	
Kuwait Stock Exchange	4,906.77	-14.38	-0.29%	NA	14.61	1.25	3.8%	
Qatar Exchange	8,891.16	-59.44	-0.66%	4.31%	13.24	1.36	4.9%	
Bahrain Stock Exchange	1,272.78	-0.14	-0.01%	-4.43%	8.30	0.82	6.4%	
Dubai Financial Market	2,912.62	-18.97	-0.65%	-13.57%	9.37	1.11	5.8%	
Abu Dhabi Exchange	4,431.71	-35.72	-0.80%	0.76%	11.85	1.32	5.4%	
Beirut Stock Exchange	1,129.57	0.00	0.00%	-1.65%	5.68	0.70	8.7%	
Palestine Stock Exchange	542.19	-0.43	-0.08%	-5.64%	13.30	1.11	5.6%	
Tunis Se Index	7,373.55	16.29	0.22%	17.38%	19.15	2.54	2.1%	
EGX 30 Index	16,877.66	-115.55	-0.68%	12.37%	38.36	2.67	1.8%	
Amman General Index	2,128.71	-10.94	-0.51%	0.09%	15.73	1.05	4.5%	

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,778.8	-0.12%	1.2%
DAX	Germany	13,077.7	-0.28%	1.2%
CAC 40	France	5,614.5	-0.13%	5.7%
United States				
DJIA	USA	24,715.1	0.00%	0.0%
S&P 500	USA	2,713.0	-0.26%	1.5%
NASDAQ	USA	7,354.3	-0.38%	6.5%
Asia Pacific				
NIKKEI 225	Japan	22,930.4	0.40%	0.7%
HANG SENG	Hongkong	31,047.9	0.34%	3.8%
KSE 100 Index	Pakistan	41,623.5	-0.59%	2.8%
NSE Nifty 50	India	10,596.4	-0.81%	0.6%
SHANGHAI COMPOSITE	China	3,193.3	1.24%	-3.4%
SHANGHAI SHENZHEN CSI 300	China	3,903.1	1.01%	-3.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.751	1.332
British Pound (GBP)	1.347	0.743
Canadian Dollar (CAD)	0.776	1.289
Chinese Renminbi (CNH)	0.157	6.365
Egyptian Pound (EGP)	0.056	17.900
Euro (EUR)	1.177	0.850
Indian Rupee (INR)	0.015	62.282
Japanese Yen (JPY)	0.009	110.780
New Zealand Dollar (NZD)	0.691	1.445
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.597
Russian Ruble (RUB)	0.016	68.009
Singapore Dollar (SGD)	0.744	1.343
Turkish Lira (TRY)	0.223	4.492

Commodity Prices	Price	D/D	YTD
Oil			
Brent Crude (per bbl)	78.5	-1.00%	19.9%
WTI Crude (per bbl)	71.3	-0.29%	18.0%
Oman Crude Oil (Last Closing)	75.8	-0.94%	18.4%
OPEC (per bbl)	76.8	2.09%	19.1%
Precious Metals			
Gold 100 OZ (per oz)	1,292.6	0.14%	-0.8%
Silver (per oz)	16.4	0.06%	-2.9%
Platinum (per oz)	887.8	-0.40%	-4.6%
Other Metals			
Copper, MT	6,855	-0.35%	-5.4%
Aluminium, MT	2,270	-1.00%	0.1%
Lead, MT	2,330	-1.85%	-6.3%
Zinc, MT	3,100	0.11%	-6.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.50	39.3%
Saudi Arabia	2.42	27.6%
Kuwait	2.00	6.7%
Oman	2.29	20.1%
Qatar	2.65	0.1%
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	6.3
Bahrain	10/12/2028	8.4

Midswaps	Price	YTM %
3 year	99.75	2.7
5 year	99.37	2.9
10 year	98.45	3.1
30 year	98.61	3.2

USD Libor	Rate (%)	YTD
1m	1.95	24.8%
3m	2.33	37.5%
6m	2.50	36.0%
1 year	2.76	31.2%

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, but calm prevails in trading

Despite stability in trading in first few days of the week, the general index reversed its path and posted declines as it was pressured by geopolitical and cautious sentiment in addition to results of Omantel. The weakness of trading has also made the index more sensitive to small moves on leading stocks, which does not reflect the actual status of many companies especially those, that recorded modest results, as we believe stock prices have already incorporated all the concerns and therefore are ready to rise again.

Source: [Oman Observer](#)

China imports 78% of Oman crude

The Sultanate's production of crude oil and condensate in April stood at 29,032,500 barrels, with a daily average of 967,750 barrels. While, the total exports stood at 25,893,927 barrels, with a daily average of 863,131 barrels, according to the monthly report issued by the Ministry of Oil and Gas. China imported 78.56 per cent of the total exported quantities of Omani crude oil in April, while Japan's imports rose by 8.90 per cent compared with a month on month basis. Whereas the Indian sub-continent imported 11 per cent less compared to that in March.

Source: [Oman Observer](#)

Private deposits in Oman's banks rise

Private deposits at commercial banks in the Sultanate at the end of February 2018 rose 0.85 per cent to OMR12.55 billion, compared to OMR12.45 billion in the corresponding period last year, according to a monthly bulletin published by the Central Bank of Oman (CBO). The gross value for these deposits, as of the end of February 2018, includes the time deposits that stood at OMR4.901 billion, savings deposits of OMR4.58 billion and demand deposits of OMR3.71 billion, the report added.

Source: [Times of Oman](#)

Oman's Oil Output Hits 29mn Barrels In April

Oman's total production of crude oil and condensate in April reached to 29.03mn barrels, resulting in a daily average output of 967,750 barrels per day (bpd) during the month. The sultanate exported a total of 25.89mn barrels in April with a daily average export of 863,131bpd, according to the monthly report issued by the Ministry of Oil and Gas. China continued to remain the biggest buyer of Oman's crude with a share of 78.56 per cent in total exports in April. Oil exports to China increased by 2.75 per cent in April compared to the previous month, while export to Japan jumped by 8.9 per cent on monthly basis.

Source: [Muscat Daily](#)

Artificial Coral Reefs to Boost Fishing Industry in Duqm

The Special Economic Zone Authority of Duqm (SEZAD) is in discussion with the Ministry of Agriculture and Fisheries and other stakeholders in the fisheries sector to establish a man-made infrastructure inside the sea including the use of artificial coral reefs to ensure availability of fish stocks throughout the year. The availability of fish stocks throughout the year is crucial for the development of Duqm area, where the government is promoting number of projects including setting up food processing units along with packaging and refrigeration units to promote fish exports.

Source: [Muscat Daily](#)

NATIONAL SECURITIES: Signing the Restructuring Agreement

We would like to inform you that the signing of the restructuring agreement has been completed yesterday 16/05/2018 between: First Party: National Securities Company SAOG represented by the Board of Directors Second Party: A group of major shareholders of the company Third Party: Celebrity Global General Trading Co. represented by its Chairman Dr. Jalal Bin Saleh Al Hadrami. This will be followed by the transfer of ownership of the shares from the second party to the third party, whose ownership will become 51% of the total shares of the company after obtaining the necessary approvals from CMA.

Source: [MSM](#)

NCSI to conduct foreign direct investment survey in Oman

The National Centre for Statistics and Information (NCSI) will conduct on Sunday its annual comprehensive survey of foreign direct investment (FDI) in Oman during the financial year ended 2017. This is to develop an accurate database to help decision-makers. It will not only help in the planning process, but will also play a major role in creating an environment conducive to attracting foreign investment. The survey will help identify the role of foreign investment in current and future economic development.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Gulf largely ignores high oil prices; Alawwal Bank rises again

Saudi Arabia and other Gulf markets failed to reflect strength in oil prices on Thursday, with geopolitics continuing to weigh on investor sentiment, though Saudi bank Alawwal soared again on its merger plans. Investor activity was also slow because of the Muslim fasting month of Ramadan, traders said. The Saudi index edged up by only 0.1 percent despite Brent crude futures moving ever closer to \$80 a barrel, their highest since 2014, as supplies tighten and demand remains strong.

Source: [Reuters](#)

Saudi CMA approves Saudi Enaya's capital cut

The Capital Market Authority (CMA) has approved on May 17 Saudi Enaya Cooperative Insurance Co.'s request to reduce capital by 50 percent to SAR 100 million from SAR 200 million. The capital cut will reduce shares to 10 million shares from 20 million shares. The approval is subject to the company's extraordinary general assembly approving the capital reduction plan, and the completion of other necessary procedures, the CMA said in a statement.

Source: [Argaam](#)

Saudi CMA approves Wafa Insurance's capital cut

The Capital Market Authority (CMA) has approved on May 17 Saudi Indian Company for Cooperative Insurance's (Wafa Insurance) request to reduce capital by 18.03 percent to SAR 100 million from SAR 122 million. The capital cut will reduce shares to 10 million shares from 12.2 million shares. CMA's go-ahead is subject to the insurer's extraordinary general assembly approving the capital reduction plan, and the completion of other necessary procedures, the market regulator said in a statement.

Source: [Argaam](#)

Saudi banks benefit from lower interest, credit costs - Moody's

The Saudi banking sector saw a decline in interest expenses by 12.5% year-on-year, and 2% quarter-on-quarter. This reflects improving funding conditions in Saudi Arabia after significant tightening in 2016, according to a recent report by Moody's Investors Services. Improving liquidity and funding conditions since 2017 have narrowed the Saudi Arabian Interbank Offered Rate's (SAIBOR) spread against US dollar-denominated London Interbank Offered Rate, even reaching negative spreads in March 2018, despite a number of rate hikes by the US Federal Reserve, the report noted.

Source: [Mubasher](#)

Prince Alwaleed's Kingdom and Ashkenazy sue owner of New York Plaza Hotel

Ashkenazy Acquisition and Saudi Prince Alwaleed bin Talal's Kingdom Holding, the investors trying to buy New York's historic Plaza Hotel, sued the property's majority owner for allegedly reneging on an agreement that gives the group the right to match another offer. Sahara US, which owns a 70 per cent stake in the hotel, demanded a second deposit and has been negotiating with other parties, according to a complaint filed in New York state court Friday. Minority investors Ashkenazy and Kingdom earlier this month exercised their right of first refusal on a \$600 million bid for the property to instead try to purchase it on their own.

Source: [The National UAE](#)

HH Sheikh Mohammed launches \$108m Shindagha Bridge project

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, accompanied by H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, has launched the construction of the AED394 million Shindagha Bridge Project, which features an iconic design based on the concept of the infinity sign. The Shindagha Bridge is part of the AED 5.035 billion Shindagha Corridor Project extending 13 km along Sheikh Rashid Street as well as Al Mina, Al Khaleej and Cairo Streets.

Source: [Zawya](#)

Commercial Bank of Qatar starts marketing first public bond since Gulf rift

Commercial Bank of Qatar has given initial price guidance in the area of 237.5 basis points over mid-swaps for a planned U.S. dollar-denominated bond issue, a document by one of the banks leading the deal showed. Should it reach completion, the deal would be the first public bond issue by a Qatari bank since a political dispute erupted in June last year between Qatar, Saudi Arabia, the United Arab Emirates, Bahrain and Egypt.

Source: [Reuters](#)

Qatar's new real estate law to boost property market

Qatar's new draft law for foreign real estate ownership is expected to boost sales for residential and commercial properties in Qatar, as well as increase foreign direct investment. Another knock on effect may be an increase in foreign businesses establishing regional bases in Qatar meaning increased demand from expatriates and market witnessing more transactions, the Qatar edition of the first-ever Propertyfinder noted.

Source: [TPQ](#)

GFH reaches settlement in legal case, recovering \$22.5m

GFH is pleased to inform its shareholders and the market that it has reached a settlement with in one of its legal claims, whereby it has received cash amount of USD 22.5 million. The recovery will have a positive impact on the profitability of GFH which will be reflected in GFH's financial results of Q2-2018. Due to confidentiality clauses of the settlement, no further details can be shared.

Source: [DFM](#)

IMF to approve \$2bn payment to Egypt

The International Monetary Fund has said it will approve the payment of a further \$2 billion of a \$12bn loan to Egypt as the country undertakes tough economic reforms. It cited accelerating growth and a declining current account deficit as reasons for the decision. "Egypt has begun to reap the benefits of its ambitious and politically difficult economic reform program," the IMF said in a statement. The payment comes after a third review was carried out this month of the economic reforms agreed in late 2016.

Source: [The National](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Wall Street wobbles as trade concerns loom, U.S. yields retreat

Wall Street's benchmark S&P 500 stock index dipped on Friday on persistent trade concerns, while U.S. 10-year Treasury yields declined from a near seven-year peak after a burst higher this week. In Europe, political uncertainty in Italy weighed on stocks and bonds as well as on the euro. The U.S. dollar rose for a fifth straight session against a basket of currencies. Investors were digesting moves from earlier in the week, when the benchmark 10-year U.S. Treasury note yield broke above 3.1 percent and oil topped \$80 a barrel. On Friday, oil prices settled lower but benchmark Brent logged a sixth week of gains.

Source: [Reuters](#)

Fed's Bullard Sees No Need to 'Scramble' to Hike Rates

Jim Bullard, President of the Federal Reserve Bank of St. Louis, says there is no need for the Fed to hike rates any more this year because inflation is still low, further Fed rate hikes could cause the currently flat yield curve to invert, and inflation expectations are still low and stable. Bullard speaks with Bloomberg Global Economics and Politics Editor Kathleen Hays at the Federal Reserve Bank of St. Louis in St. Louis, Missouri, ahead of the bank's annual Homer Jones Lecture.

Source: [Bloomberg](#)

China agrees to bolster purchases of US goods, in move to 'substantially reduce' trade gap

China and the U.S. have mutually agreed to "substantially reduce" the yawning trade imbalance between the two countries, a joint statement read on Saturday, in a move that will involve the Chinese boosting more of what they buy from American producers. Amid fears of a global trade war and rising tensions between the world's two largest economies, both China and the U.S. have entered bilateral talks to bolster cooperation. In a statement issued by the White House, both parties forged a "consensus on taking effective measures to substantially reduce the United States trade deficit in goods with China."

Source: [CNBC](#)

Why some retailers are winning and some are losing

Nordstrom is the latest big American retailer to report sluggish sales growth. Its stock tanked -- just like several other retailers this week. JCPenney's (JCP) results were dreadful and shares are now down more than 40% in the past year. Walmart (WMT) reported an uptick in online sales, but investors are worried about its profit margins. Walmart's stock, already one of the worst performers in the Dow so far in 2018, fell again after its earnings report.

Source: [CNN](#)

COMMODITIES NEWS

Oil prices fall, Brent notches sixth week of gains

Oil prices fell on Friday, but Brent crude marked its sixth straight week of gains, boosted by plummeting Venezuelan production, strong global demand and looming U.S. sanctions on Iran. Brent crude LCOc1 futures fell 79 cents, or 1 percent, to settle at \$78.51 a barrel. The global benchmark on Thursday broke through \$80 a barrel for the first time since November 2014, and investors anticipate more gains due to supply concerns, at least in the short term. Brent, which has gained about 17.5 percent since the start of the year, rose about 1.9 percent this week.

Source: [NASDAQ](#)

Gold rebounds as dollar eases on Italian political tensions

Gold prices rebounded on Friday, as the U.S. dollar eased after Italian political tension sparked a sell-off in the country's bond markets and investors sought a safe haven in bullion. Spot gold gained 0.2 percent at \$1,292.12 per ounce by 1:33 p.m. EDT (1733 GMT), after hitting its lowest since Dec. 27 in the previous session at \$1,285.41. The metal was heading for its biggest weekly decline since early December, down nearly 2 percent versus last week.

Source: [Reuters](#)

Saudi Arabia assures adequate supply as oil hits \$80 a barrel

Saudi Arabia said on Friday it is consulting other oil producers in and outside OPEC to ensure the world has adequate supplies to support economic growth after prices hit \$80 a barrel for the first time since 2014. OPEC's most influential energy minister, Saudi Arabia's Khalid Al-Falih, said in a Twitter post that he had called his counterparts in the UAE, the US and Russia, as well as major oil consumer South Korea, to "coordinate global action to ease global market anxiety."

Source: [Arab News](#)

