

U Capital Morning Brief

31 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	888.9	-1.11	-0.12%	-8.76%	-	-	-
U Capital GCC 50 Index	1,279.8	-6.07	-0.47%	11.80%	-	-	-
U Capital MENA 200 Index	1,054.0	-3.05	-0.29%	5.92%	-	-	-
MSCI GCC Countries Index	523.2	-1.57	-0.30%	9.06%	14.66	1.71	4.0%
Muscat Securities Market	4,597.1	0.23	0.01%	-9.85%	11.44	1.00	5.3%
Saudi Stock Exchange	8,009.6	9.96	0.12%	10.84%	18.05	1.78	3.4%
Kuwait Stock Exchange	4,854.2	1.08	0.02%	NA	14.42	1.24	4.0%
Qatar Exchange	8,915.8	-210.58	-2.31%	4.60%	13.28	1.37	4.9%
Bahrain Stock Exchange	1,260.7	-2.14	-0.17%	-5.33%	8.22	0.82	6.5%
Dubai Financial Market	2,909.3	-0.03	0.00%	-13.67%	9.37	1.10	5.8%
Abu Dhabi Exchange	4,560.1	3.08	0.07%	3.68%	12.20	1.37	5.3%
Beirut Stock Exchange	1,103.3	-1.06	-0.10%	-3.94%	5.54	0.66	8.9%
Palestine Stock Exchange	537.3	-1.57	-0.29%	-6.48%	13.03	1.17	5.7%
Tunis Se Index	7,564.0	-14.03	-0.19%	20.41%	19.41	2.63	2.0%
EGX 30 Index	16,760.2	-245.62	-1.44%	11.59%	17.21	2.71	2.0%
Amman General Index	2,102.4	1.79	0.09%	-1.15%	16.11	1.04	4.5%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
Europe					Currency		
FTSE 100	UK	7,689.6	0.75%	0.0%	Australian Dollar (AUD)	0.757	1.322
DAX	Germany	12,783.8	0.93%	-1.0%	British Pound (GBP)	1.331	0.751
CAC 40	France	5,427.4	-0.20%	2.2%	Canadian Dollar (CAD)	0.777	1.287
United States					Chinese Renminbi (CNH)	0.156	6.399
DJIA	USA	24,667.8	1.26%	-0.2%	Egyptian Pound (EGP)	0.056	17.920
S&P 500	USA	2,724.0	1.27%	1.9%	Euro (EUR)	1.168	0.856
NASDAQ	USA	7,462.5	0.89%	8.1%	Indian Rupee (INR)	0.015	62.078
Asia Pacific					Japanese Yen (JPY)	0.009	108.760
NIKKEI 225	Japan	22,242.7	1.00%	-2.3%	New Zealand Dollar (NZD)	0.698	1.432
HANG SENG	Hongkong	30,334.4	0.90%	1.4%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	42,607.7	0.15%	5.3%	Pakistani Rupee (PKR)	0.865	115.623
NSE Nifty 50	India	10,648.5	0.32%	1.1%	Russian Ruble (RUB)	0.016	67.495
SHANGHAI Composite	China	3,087.6	1.52%	-6.6%	Singapore Dollar (SGD)	0.747	1.339
KOSPI Index	South Korea	2,426.1	0.71%	-1.7%	Turkish Lira (TRY)	0.224	4.467

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	77.4	-0.13%	18.2%	UAE	2.56	42.5%
WTI Crude (per bbl)	68.2	-0.01%	12.9%	Saudi Arabia	2.44	28.6%
Oman Crude Oil (Last Closing)	76.7	3.30%	19.9%	Kuwait	2.00	6.7%
OPEC (per bbl)	72.9	-0.63%	13.1%	Oman	2.31	21.0%
Precious Metals						
Gold 100 OZ (per oz)	1,303.5	0.17%	0.0%	Qatar	2.61	-1.4%
Silver (per oz)	16.5	0.17%	-2.4%	Bahrain	3.20	17.4%
Platinum (per oz)	911.7	0.24%	-2.0%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,840	-0.29%	-5.6%		Maturity date	YTM, %
Aluminium, MT	2,270	-0.22%	0.1%	Kuwait	3/20/2027	3.9
Lead, MT	2,435	-0.49%	-2.1%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	3,130	1.33%	-5.7%	Qatar	6/2/2026	4.2
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.6

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.24	2.5	1m	1.98	26.6%
5 year	100.32	2.7	3m	2.31	36.2%
10 year	100.20	2.9	6m	2.47	34.5%
30 year	102.00	3.0	1 year	2.71	28.5%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

S&P Revises Oman Power and Water Procurement Outlook to Negative

The working capital needs of Oman Power and Water Procurement Co. SAOC (OPWP) continue to rise, and we consider that this has led to a sustained increase in debt, given that the company relies on short-term debt to fund the deficit. That said, we believe OPWP continues to benefit from government support, and its monopolistic position as the bulk buyer and seller of electricity and water, and as the future operator of Oman's electricity spot market. As such, we are revising our outlook on OPWP to negative from stable, and affirming our 'BB' rating. -- We have also corrected an error in our previous calculation of OPWP's S&P Global Ratings-adjusted ratios, resulting in lower adjusted EBITDA and debt amounts, which led to a weaker financial risk profile and stand-alone credit profile (SACP). This has had no impact on our ratings.

Source: **Bloomberg News Alert**

Oman Oil Seeks Buyers for Stake in Khazzan Gas Field

Oman Oil Co. is planning to sell a 10 percent stake in a key natural gas field in the sultanate amid a review of the state-owned energy producer's options for restructuring its business, according to people with knowledge of the matter. The holding in the Khazzan gas field, which is 60 percent owned by energy giant BP Plc, could be worth about \$1 billion or more, the people said, asking not to be identified as the information is private. The asset is drawing interest from Chinese, Middle Eastern and Indian companies, and Oman Oil, which owns 40 percent of the field, expects to get bids by July, the people said.

Source: **Bloomberg**

SALALAH PORT RESUMES OPERATIONS, FIRST CONTAINER SHIP TO ARRIVE ON FRIDAY

Port of Salalah on Wednesday announced the resumption of gradual operations in the cargo terminal after completion of the assessment of damages caused by Cyclone Mekunu in Dhofar. Mohammed bin Ofait al Ma'shani, director general, corporate affairs, Port of Salalah said the first container ship is expected to arrive on Friday. He added that the port management is working to ensure that all facilities are in place to start normal services.

Source: **Muscat Daily**

Topaz posts 14 per cent growth in Q1 revenue

International offshore support and logistics services company Topaz Energy and Marine, a subsidiary of Muscat-based Renaissance Services, has reported a 14 per cent increase in revenue to \$66 million for the quarter ended March 31, 2018. Announcing its results for the quarter, Topaz said EBITDA was up 6 per cent to \$33m while core fleet utilisation increased to 84 per cent during the period. Across most measures, Topaz continues to outperform our peer group, said René Kofod-Olsen, Chief Executive Officer, Topaz.

Source: **Oman Observer**

Sohar Power Co to appeal CMA decision

Sohar Power Company SAOG, which owns and operates a major Independent Water and Power Project located within the industrial port at Suhar, has said that it will appeal a censure by the Capital Market Authority (CMA) which has held the company in breach of provisions of the Capital Market Law. Sohar Power said in a filing to the CMA that was notified of a decision issued by the Disciplinary Committee of the CMA (Decision No 10/2018) dated May 16, 2018, warning that it was in violation of Article 5 of the Capital Market Law and obligating the Company to restate its financial statements to comply with International Accounting Standard 17.

Source: **Oman Observer**

Mekunu effect: Khareef tourism to get big boost

Although Cyclone Mekunu may have impacted parts of the Dhofar coastline and caused some damage to Salalah and other towns in southern Oman, there is one major positive aspect that the region will see in the weeks to come. The cyclone that made landfall last Friday night has inadvertently put Oman on the global map, a senior official at the Ministry of Tourism said.

Source: **Times of Oman**

Oman's luxury tower targets 2019 completion

Oman-based developer Asas has reported strong progress on the construction of its upcoming project, Boulevard Tower, with nearly 75 per cent of the structural works now completed, reported Muscat Daily. Located within Muscat Hill's flagship integrated tourism complex, the 35,000-sq-m Boulevard Tower is one of Oman's premier upcoming real estate projects which is all set to redefine luxury living featuring both commercial and residential properties, it stated.

Source: **Zawya**

Air India arm plans MRO unit in Muscat, to service other

Disinvestment-bound Air India's subsidiary Air India Engineering Services Ltd (AIESL) has firmed up plans to open a maintenance, repair and overhaul (MRO) unit in Muscat, Oman, from where it expects to generate labor revenue of at least \$500,000 per annum, tender documents issued by the company showed. Despite being a 100 percent subsidiary of Air India Ltd, AIESL is not a part of its parent's disinvestment process and will be hived off through a demerger or other mechanism before the close of the exercise. In the tender document for appointment of a sales and marketing agent in Oman, AIESL said that the MRO unit had received an approval from the Directorate General of Civil Aviation in India but was awaiting a clearance from the Public Authority for Civil Aviation, Oman.

Source: **Bloomberg News Alert**

RAYSUT CEMENT: Disclose of Impact of Mekunu Cyclone

Raysut Cement Company is pleased to inform that interruptions caused by Cyclone Mekunu are under control and operations are now back to normal. This is further to our earlier notification of 27th May 2018.

Source: [MSM](#)

DHOFAR TOURISM: Disclosure on damages resulted from Mekunu Cyclone

The Mirbat Marriott Resort, owned by the company, was subject to various damages due to the Cyclone. We are currently in the process of assessing the damages and are working closely with our insurance company. On the other hand, the operation of the resort is almost shut down due to the power and water in the hotel. The Operation will be resume shortly to clear the Power issues to the state of Mirbat.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Qatar leads Gulf down in quiet trade, QNB retreats from high

Gulf stock markets mostly dropped on Wednesday in modest volumes, led by Qatar, where top lender Qatar National Bank (QNB) and several other blue-chips fell sharply on profit-taking. Qatar's index lost 2.3 percent as Qatar Islamic Bank (QIB) fell 4.7 percent in heavy trade; its unit QInvest reported first-quarter net profit of 1.7 million riyals, down from 15 million riyals a year ago. QNB, which had on Tuesday surged to its highest level since December 2014, fell back 2.1 percent in heavy volume. Qatar Electricity and Water declined 4.1 percent and heavyweight Industries Qatar ended 3.9 percent lower.

Source: [Reuters](#)

CMA approves IPO of National Company for Learning & Education

Saudi Arabia's Capital Market Authority (CMA) has approved the listing of a 30.23 percent or 13 million shares of National Company for Learning & Education, it said in a statement on Wednesday. The prospectus will include all relevant information including the share price, company's financial statements, activities and management. It will be published within sufficient time prior to the start of the subscription period.

Source: [Argaam](#)

AJA Pharma, Novartis to launch SAR 50 mln production line

AJA Pharma Co. Ltd, subsidiary of Saudi Chemical Company, signed an agreement with global pharmaceutical firm Novartis to manufacture pharmaceutical products for the treatment of diabetes and blood pressure in the Kingdom, Saudi Press Agency (SPA) reported. Under the deal, an investment of SAR 50 million will go into a production line at AJA's Hail plant. The expected value of the nationally manufactured drugs amounts to over SAR 1 billion within the next five years.

Source: [Argaam](#)

Sadara, French Veolia ink MoU for central utilities facility in PlasChem Park

Sadara Chemical Company has signed a Memorandum of Understanding (MoU) with the Paris-based industrial waste management Veolia Middle East group to construct a sustainable central utilities facility in PlasChem Park, according to a company's statement. Under the agreement, Veolia will provide a long-term waste management solution for Sadara and will have the chance to build a utility plant including waste management and waste energy facilities at PlasChem Park.

Source: [Argaam](#)

Saudi travel firm Al Tayyar repays \$213mln tranches of long, short-term loans

Saudi Arabia-based Al Tayyar Travel Group has repaid some tranches of its long-term loans which worth SAR 307 million. The tranches of the SAR 307 million loans mature in 2019, 2020, and in the first half of 2021. The Kingdom's largest travel company has also trimmed the short-term loans with more than SAR 530 million, according to a statement on Wednesday to the Saudi Stock Exchange (Tadawul).

Source: [Zawya](#)

Emaar and Noor Bank collaborate to allow Chinese visitors to use Alipay wallet

Noor Bank will now allow Emaar's key attractions, including at the Top: Burj Khalifa, Dubai Aquarium & Underwater Zoo, the VR Park and Dubai Ice Rink to accept Alipay, the popular Chinese wallet that provides its users with seamless mobile payments, much like the already active Samsung Pay and Apple Pay systems already available in the UAE. Noor Bank will handle all transaction settlements in collaboration with UB QFPay as a technical partner, a joint venture between Dubai-based United Brands and China-based QFPay.

Source: [Zawya](#)

Qatar Industrial Manufacturing Company Signs Contract for the Acquisition of Foreign Partner's Stake In Qatar Plastic Products Company

H.E. Sheikh Abdulrahman bin Mohammed bin Jabor Al Thani, Chairman of the Board of Directors of Qatar Industrial Manufacturing Company, signed a contract for the purchase of the foreign partner's share in Qatar Plastic Products Company (QPPC) (33.33%) of the company's capital, thus increasing its share capital to 66.66%. Mr. Abdulrahman Al Ansari, Chief Executive Officer, said: "We are confident that this acquisition will strengthen our investment portfolio in the industry and that this transaction will have a positive impact on our profits.

Source: [QE](#)

Derayah Financial Announces a Material Event Regarding Derayah REIT

Derayah REIT has signed a SR 600 million shariah-compliant financing facility agreement with Riyadh Bank. The Fund Manager announced that SR 250 million of the financing facility would be repaid at the end of the sixth anniversary of obtaining the financing and the remaining SR 350 million would be repaid at the end of the seventh anniversary. The Fund Manager said that the financing rate would be paid semiannually in arrears starting from the date of first drawdown.

Source: [Mubasher](#)

Bahrain to explore 10-year expat visa in investment bid

Bahrain is considering a 10-year residency visa for foreign investors, state news agency BNA reported on Wednesday, following similar moves by neighboring countries. "Salman bin Hamad Al Khalifa, Crown Prince ... has instructed the Minister of Interior to prepare a draft edict to create a new self-sponsorship residency permit for foreign investors," BNA reported, adding that the visas would be valid for 10 years.

Source: [Al Arabiya](#)

Bahrain must reform state finances urgently, IMF official urges

Bahrain must urgently reform its finances to cut a large state budget deficit and support its currency, a senior International Monetary Fund official said after annual consultations with the government. Fiscal steps which the government has already announced would cut the deficit to 11 percent of gross domestic product in 2018 from 14 percent last year and around 18 percent in 2016, Bikas Joshi, who led an IMF mission to Manama, said in a statement late on Wednesday.

Source: [Arab News](#)

Telecom Egypt bags \$200M in financing

Telecom Egypt secured \$200 million in financing through an agreement with Chinese financial institutions including Bank of China, in a deal facilitated by vendor Huawei to help the operator boost its 4G rollout. In a statement, Telecom Egypt said it signed a long-term financing agreement with Chinese financial institutions including Bank of China and China Export & Credit Insurance Corporation.

Source: [Mobile World](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian stocks rebound, euro pulls off lows as anxiety over Italy recedes

Asian stocks rebounded from a two-month trough on Thursday and the euro enjoyed a respite after sinking to its lowest in 10 months as the political turmoil in Italy that roiled global financial markets showed signs of easing.

Source: [Reuters](#)

Moody's cuts Turkish growth forecast to half

Moody's Investors Services has revised its forecasts for Turkish economic growth, according to a report issued on Wednesday. Recep Tayyip Erdogan, the President of Turkey who is running for another term in the snap elections on 24 June, is to blame for the deepening market pressure on the Turkish market, the ratings agency has noted. Moody's now expects Turkey's real gross domestic product (GDP) to grow by 2.5% in 2018, and by 2% in 2019, compared to previous forecasts of a 4% growth rate this year, and 3.5% in the next.

Source: [Mubasher](#)

US imposes 25% tariffs on \$50bn Chinese goods June

The US administration announced that it will proceed with "pursuing action on trade" by imposing tariffs on Chinese goods. This announcement comes shortly after Washington and Beijing said they reached an initial solution to their dispute. By 15 June, the Trump administration will impose a 25% tariff on a list of around \$50 billion worth of Chinese goods that will later be determined by the US, the White House said in a statement on Tuesday, noting that it would continue legal proceedings against China at the World Trade Organization (WTO).

Source: [Mubasher](#)

China reportedly lining up countries against US in pending trade war

China is reportedly looking to line up other countries against the U.S. in a pending trade war, after the White House announced an unexpected move forward on trade tariffs, the Wall Street Journal reported Wednesday. The countries in question are mostly in Europe and Asia, where companies could benefit from China's plans to give foreign companies more open access to its markets. A day earlier, the White House said it would have a final list of \$50 billion in imports that would be subject to 25 percent tariffs by June 15.

Source: [CNBC](#)

OECD predicts two more years of economic expansion, but oil and trade are major risks

Oil and trade posing greatest risks to global economic expansion, says OECD. Gross domestic product (GDP) growth around world averaging near to 4 percent. Economic expansion underpinned by low interest rates and fiscal stimulus.

Source: [CNBC](#)

COMMODITIES NEWS

Oil Prices Dip After Rally, OPEC Supply Decision in Focus

Oil prices dipped on Thursday, after sharp gains in the previous session, weighed down by a surprise increase in U.S. crude oil inventories and expectations that OPEC and other producers could decide to increase output at a meeting in June. The overnight increase came despite the possibility of rising supplies from OPEC and Russia, and some analysts see market fundamentals as supportive.

Source: [Reuters](#)

Opec, non-Opec sticking to oil pact, but may 'raise production if needed'

Saudi Arabia, other Opec members and non-Opec allies aim to stick to a global pact on cutting oil supplies until the end of 2018 but are ready to make gradual adjustments to offset any supply shortage, a Gulf source familiar with Saudi thinking said. The oil producers participating in the output reduction deal are satisfied with the result of their agreement, which was due to end at the end of 2018, the Gulf source told Reuters. The deal could be extended to achieve its objectives of keeping a balanced oil market, the source said, adding that, when needed, any rise in output would be "in a gradual and deliberate fashion."

Source: [Gulf Times](#)

Gold prices edge higher as the dollar slips

Gold prices edged up early on Thursday, as the dollar eased from 6-1/2 month highs hit earlier this week on a weaker-than-expected U.S. economic data, with prices further supported by concerns about the trade war.

* Spot gold XAU= rose 0.2 percent to \$1,303.30 per ounce by 0053 GMT.

* The dollar index .DXY , which measures the greenback against a basket of six major currencies, fell 0.1 percent to 94.070. It touched a 6-1/2 month high at 95.025 on Tuesday. USD/

Source: [NASDAQ](#)