

U Capital Morning Brief

4 October 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 | 922.39 | -11.2 | -1.2% | -5.3% | - | - | - |
| U Capital GCC 50 Index | 1,316.56 | 1.6 | 0.1% | 15.0% | - | - | - |
| U Capital MENA 200 Index | 1,060.19 | 0.9 | 0.1% | 6.5% | - | - | - |
| MSCI GCC Countries Index | 543.92 | 2.0 | 0.4% | 13.4% | 13.85 | 1.77 | 4.0% |
| Muscat Securities Market | 4,515.67 | -19.7 | -0.4% | -11.4% | 11.11 | 0.81 | 6.0% |
| Saudi Stock Exchange | 8,008.55 | 27.4 | 0.3% | 10.8% | 16.89 | 1.79 | 3.5% |
| Kuwait Stock Exchange | 5,121.23 | 5.2 | 0.1% | NA | 15.04 | 1.30 | 3.9% |
| Qatar Exchange | 9,889.47 | 72.4 | 0.7% | 16.0% | 15.31 | 1.52 | 4.4% |
| Bahrain Stock Exchange | 1,330.41 | 0.5 | 0.0% | -0.1% | 8.98 | 0.84 | 6.2% |
| Dubai Financial Market | 2,814.97 | -23.7 | -0.8% | -16.5% | 7.50 | 1.05 | 6.0% |
| Abu Dhabi Exchange | 5,001.34 | 7.4 | 0.1% | 13.7% | 13.21 | 1.49 | 4.8% |
| Beirut Stock Exchange | 974.28 | 2.2 | 0.2% | -15.2% | 5.16 | 0.61 | 9.3% |
| Palestine Stock Exchange | 532.08 | 0.2 | 0.0% | -7.4% | 12.24 | 1.19 | 4.6% |
| Tunis Se Index | 7,630.36 | -94.5 | -1.2% | 21.5% | 19.84 | 2.72 | 1.9% |
| EGX 30 Index | 14,313.17 | -68.4 | -0.5% | -4.7% | 12.19 | 2.23 | 2.8% |
| Amman General Index | 1,983.06 | 1.0 | 0.0% | -6.8% | 13.82 | 1.00 | 4.7% |

* Kuwait YTD data is not available as the Index was reconstituted in April'18

| World Markets | Country | Value | D/D | YTD | Currency Cross Rates | USD/1 Unit | Units/1 USD |
|----------------------|-------------|----------|--------|--------|--------------------------|------------|-------------|
| Europe | | | % | % | Currency | | |
| FTSE 100 | UK | 7,510.3 | 0.48% | -2.3% | Australian Dollar (AUD) | 0.708 | 1.412 |
| DAX | Germany | 12,287.6 | -0.42% | -4.9% | British Pound (GBP) | 1.294 | 0.773 |
| CAC 40 | France | 5,491.4 | 0.43% | 3.4% | Canadian Dollar (CAD) | 0.776 | 1.288 |
| United States | | | | | Chinese Renminbi (CNH) | 0.145 | 6.910 |
| DIJA | USA | 26,828.4 | 0.20% | 8.5% | Egyptian Pound (EGP) | 0.056 | 17.909 |
| S&P 500 | USA | 2,925.5 | 0.07% | 9.4% | Euro (EUR) | 1.147 | 0.872 |
| NASDAQ | USA | 8,025.1 | 0.32% | 16.2% | Indian Rupee (INR) | 0.014 | 73.746 |
| Asia Pacific | | | | | Japanese Yen (JPY) | 0.009 | 114.360 |
| NIKKEI 225 | Japan | 24,040.4 | -0.22% | 5.6% | New Zealand Dollar (NZD) | 0.649 | 1.540 |
| HANG SENG | Hongkong | 26,631.0 | -1.71% | -11.0% | Omani Rial (OMR) | 2.597 | 0.385 |
| KSE 100 Index | Pakistan | 40,436.4 | -0.30% | -0.1% | Pakistani Rupee (PKR) | 0.805 | 124.259 |
| NSE Nifty 50 | India | 10,650.7 | -1.91% | 1.1% | Russian Ruble (RUB) | 0.015 | 65.876 |
| SHANGHAI Composite | China | 2,821.4 | 1.06% | -14.7% | Singapore Dollar (SGD) | 0.724 | 1.382 |
| KOSPI Index | South Korea | 2,270.7 | -1.68% | -8.0% | Turkish Lira (TRY) | 0.164 | 6.080 |

| Commodity Prices | Price | D/D | YTD | GCC 3m Interbank Rates | Current Rate % | YTD % |
|-------------------------------|---------|--------|--------|--|----------------|--------|
| | USD | % | % | | | |
| Oil | | | | UAE | 2.72 | 51.5% |
| Brent Crude (per bbl) | 86.2 | -0.16% | 35.4% | Saudi Arabia | 2.73 | 44.0% |
| WTI Crude (per bbl) | 76.3 | -0.17% | 26.2% | Kuwait | 2.06 | 10.0% |
| Oman Crude Oil (Last Closing) | 85.8 | 1.89% | 34.1% | Oman | 2.56 | 33.9% |
| OPEC (per bbl) | 83.3 | 2.08% | 29.2% | Qatar | 2.79 | 5.2% |
| Precious Metals | | | | Bahrain | 3.73 | 36.7% |
| Gold100 OZ (per oz) | 1,197.0 | -0.03% | -8.1% | GCC Latest 10-Yr Government Bond Yields | | |
| Silver (per oz) | 14.6 | -0.19% | -13.8% | | Maturity date | YTM, % |
| Platinum (per oz) | 823.4 | -0.25% | -11.5% | Kuwait | 3/20/2027 | 3.8 |
| Other Metals | | | | Abu Dhabi | 10/11/2027 | 3.9 |
| Copper, MT | 6,267 | -0.21% | -13.5% | Qatar | 6/2/2026 | 3.9 |
| Aluminium, MT | 2,206 | 4.15% | -2.7% | Saudi Arabia | 3/4/2028 | 4.2 |
| Lead, MT | 2,020 | -1.99% | -18.8% | Oman | 1/17/2028 | 5.8 |
| Zinc, MT | 2,650 | -0.56% | -20.2% | Bahrain | 10/12/2028 | 6.8 |

| Midswaps | Price | YTM % | USD Libor | Rate (%) | YTD |
|----------|-------|-------|-----------|----------|-------|
| 3 year | 99.34 | 3.0 | 1m | 2.27 | 45.4% |
| 5 year | 99.10 | 3.1 | 3m | 2.41 | 42.1% |
| 10 year | 97.17 | 3.2 | 6m | 2.61 | 41.9% |
| 30 year | 93.05 | 3.4 | 1 year | 2.92 | 38.8% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Tourism Ministry to Organize Tourism Promotional Workshops in GCC Countries

The Ministry of Tourism will launch the first mobile promotional workshops in the Qatari capital of Doha from October 7th to 11th in five Gulf cities, with the participation of Omani tourism institutions, in addition to Oman Air and SalamAir. The organizers of these promotional events in the cities of Doha, Kuwait, Jeddah, Riyadh and Dubai, respectively, complement the efforts of the Ministry and the institutions of the Omani tourism sector in promoting the potentials, destinations and winter and summer tourist seasons in the Sultanate where the participants of travel institutions and tourism in the Sultanate meet directly with their counterparts in the Gulf tourism market in the presence of the media.

Source: [Times of Oman](#)

ODB funds 4,520 projects worth OMR29m

The Oman Development Bank (ODB) announced that it has funded 4,520 projects in the agriculture and livestock sector between January 2014 and August 2018, which was 19 per cent of the total projects financed by the bank during the same period. It was valued to be worth OMR29.06 million. This was revealed by ODB during a forum on the opportunities of investment in hydroponics. The forum was organised by ODB at the Oman Chamber of Commerce and Industry (OCCI) under the auspices of Salem bin Ali bin Salem Al Omrani, Director General of Agriculture and Livestock in the North and South Al Batinah governorates.

Source: [Times of Oman](#)

OMIFCO mulls expansion of sur plant with \$1bn investment

Oman India Fertiliser Co (Omifco) is looking at expanding the capacity of its plant in Sur by adding a third production stream with an estimated investment of around US\$1bn. Omifco is owned 50 per cent by Oman Oil Co, 25 percent by Indian Farmers Fertiliser Cooperative Ltd (IFFCO) and 25 percent by Krishak Bharati Cooperative Ltd (KRIBHCO). The company was established in 2005 by a joint initiative between the governments of Oman and India, with an aim to construct, own and operate a world-scale two-train ammonia-urea fertiliser manufacturing plant in Sur.

Source: [Muscat Daily](#)

First oil from Masirah Block eyed in H2 2019

A key investor in Masirah Oil Limited, which has a 100 per cent interest in Block 50 – an offshore concession located off Masirah Island on the Sultanate's eastern seaboard – says it is on track to bringing an important discovery into commercial production during the second half of next year. Block 50 is home to the GA South-1 discovery, where evidence was uncovered in February 2014 of the presence of the first working petroleum system off the Sultanate's east coast.

Source: [Oman Observer](#)

Fixed telephone lines rise by 8.6%

The total number of fixed telephone lines in the Sultanate reached 540,350 by the end of August 2018, an increase of 8.6% compared to the end of 2017, as indicated by the statistics issued by the Centre. The data showed that the number of mobile phone subscriptions fell by 3.5 percent to 6,702,167 compared to 6,943,910 at the end of December last year. Of the total mobile phone services subscribers, there were 693,591 post-paid subscriptions and 6,008,576 pre-paid subscribers. The number of active mobile broadband subscribers in August 2018 was 4,305,810, a drop by 1.1% compared to the last year.

Source: [NCSI](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Most Gulf markets inch up, Egypt slips on emerging market slump

Most major Middle Eastern stock markets rose modestly on Wednesday, while real estate stocks continued to weigh on Dubai and Egypt's blue-chip index reflected emerging market worries. The Dubai index closed 0.8 percent lower, pressured by real estate and bank stocks. All six real estate stocks fell while Emirates NBD, the biggest lender, was the main drag on the index, shedding 2.1 percent.

Source: [Zawya](#)

Bahrain introduces 4 new laws to boost investment

Bahrain continues to enhance its investment ecosystem by implementing four new laws which have been officially issued by King Hamad bin Isa Al Khalifa. The laws address a range of issues and will have a particularly strong impact on the Kingdom's economy and its growing start-up ecosystem. The laws come as part of a wider development effort, designed to create new opportunities for investors looking to access the \$1.5tn GCC economy. Government initiatives implemented in recent years have helped spur strong growth in FDI. Bahrain EDB attracted a record \$810m of investment during the first nine months of the year compared to \$733m in 2017 as a whole.

Source: [Saudi Gazette](#)

UAE to begin refunding Dhs14bn of deposits to private sector firms

The UAE's Ministry of Human Resources and Emiratisation said on Wednesday it would begin refunding billions of dirhams of bank-guarantees paid by private sector firms when they recruit workers. The country's cabinet approved a decision to abolish the mandatory deposit of Dhs3,000 (\$817) private sector firms must pay when they hire employees in June.

Source: [Gulf Business](#)

Dubai's \$36 billion Al Maktoum airport expansion put on hold: sources

The expansion of Dubai's second airport, Al Maktoum International, to handle 120 million passengers a year by 2025 has been delayed, according to sources familiar with the matter. The airport, which opened to passenger traffic in 2013, aims to be one of the world's biggest, but now only handles a fraction of Dubai's passenger traffic. Five sources told Reuters that the expansion had been delayed. They did not say why it was delayed or for how long. Two of the sources said the project was being redesigned.

Source: [Reuters](#)

Al Khaliji has witnessed more than three times over-subscription to its \$500mn five-year senior unsecured bond

Al Khaliji has witnessed more than three times over-subscription to its \$500mn five-year senior unsecured bond, indicating the strong appetite of global investors in Qatar. To support the issue, senior representatives from Al Khaliji held roadshows with the joint lead managers and met investors in Singapore, Hong Kong and London, meeting a wide variety of investors including financial institutions, pension funds, asset managers and insurance companies.

Source: [Gulf Times](#)

Stock split to help deepen liquidity: Abu Nahl

Jamal Abu Nahl, CEO of Qatar General Insurance and Reinsurance Company, said yesterday that the Qatar Financial Markets Authority's (QFMA) recent decision for splitting the nominal value of listed shareholding companies would deepen the liquidity of the stock exchange and allows small investors and shareholders to expand in the market. He said, the decision will benefit all the stakeholders.

Source: [TPQ](#)

Qatar's Majda buys \$130 mn stake in Tunisian Islamic bank

The Tunisian subsidiary of Qatar's Majda Group has won a deal to acquire the Tunisian state's stake of the Zitouna Islamic Bank, worth about 130 million dollars, an official told Reuters on Wednesday. "Majda group has made the highest financial offer, winning the state share in Zitouna Bank (67 percent) and Zitouna Takaful insurance (70 percent) for 370 million Tunisian dinars (\$131.64 million)", Adel Ghrar, the head of Al Karama Holding, told Reuters. Ghrar said Zitouna group has a capital of 120 million dinars and has more than 120 branches in Tunisia.

Source: [Qatar Tribune](#)

SASCO subsidiary inks contract with Saudi customs

Saudi Automobile Association Co (SATA) has signed an agreement with the Saudi Customs Authority to issue and operate international transport of goods under TIR across the Kingdom. SATA is a subsidiary of Saudi Automotive Services Company (SASCO). The agreement aims to activate the role of SATA and to transform a representative member of the International Road Transport Union (IRU) into an active member, SASCO noted in a statement to Tadawul.

Source: [Argaam](#)

Tadawul halts trading on SABB, Alawwal ahead of announcement

The Saudi Stock Exchange (Tadawul) on Wednesday suspended trading on shares of Saudi British Bank (SABB) and Alawwal Bank pending disclosures on their preliminary plans to merge, the bourse said. The two lenders started discussions on a potential merger in April 2017. In May, they disclosed that the merger talks were at an advanced stage. Based on the preliminary non-binding agreement on the share exchange ratio, Alawwal Bank shareholders would receive 0.485 SABB shares for each Alawwal Bank share.

Source: [Argaam](#)

Kuwait SMEs Fund, Huawei ink MoU

Kuwait National Fund for Small and Medium Enterprise Development (SMEs) has signed a memorandum of understanding (MoU) with Huawei on Wednesday, Kuwait News Agency reported, according to the National Fund for SMEs. This MoU aims at encouraging and developing SMEs in Kuwait as part of the GCC country's 2035 Vision, as well as enhancing companies' services in information and technology and communications.

Source: [Mubasher](#)

Bursa Kuwait granted full WFE membership

Bursa Kuwait announced that the exchange has received a unanimous vote for admission as a full member of the World Federation of Exchanges (WFE), the global trade association for the operators of regulated securities exchanges. The vote was conducted during the recent 58th WFE General Assembly in Athens, Greece. The new membership marks another milestone on the Kuwaiti exchange's path towards further strengthening integration with global financial markets and benefitting from knowledge exchange with its peers.

Source: [Arab Times Online](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Aston Martin IPO Attracts Short Sellers

Aston Martin's initial public offering is already running on empty. Shares of the luxury carmaker fell 6 percent in their London debut on Wednesday. Take it as proof that this is a highly divisive stock that will acquire a sizable following of short sellers. There had apparently been more than enough interest in Aston Martin Lagonda Global Holdings Plc for its bankers to sell 25% of the company at 19 pounds a share, giving the business a market value of 4.3 billion pounds (\$5 billion). But having buyers for more than twice the stock available is no guarantee an IPO will do well.

Source: [Bloomberg](#)

Powell says we're 'a long way' from neutral on interest rates, indicating more hikes are coming

Federal Reserve Chairman Jerome Powell said the central bank is "a long way" from getting rates to neutral, a fresh sign that he believes more hikes are coming. The Fed's ultra-accommodative policy to bring the economy out of the Great Recession is no longer needed, he added. The euro hit its highest level since Aug. 21 during Powell's comments.

Source: [CNBC](#)

U.S. services sector activity hits 21-year high; hiring accelerates

U.S. services sector activity raced to a 21-year high in September and companies boosted hiring, signs of enduring strength in the economy at the end of the third quarter. The upbeat reports on Wednesday likely keep the Federal Reserve on track to raise interest rates again in December. The U.S. central bank increased rates last week for the third time this year. Fed Chairman Jerome Powell said on Tuesday the economy's outlook was "remarkably positive."

Source: [Reuters](#)

Dollar lifted by yield surge, Asia stocks slugged

The dollar notched an 11-month top on the yen on Thursday as stunningly strong U.S. economic data drove Treasury yields to their highest since mid-2011, while Asian stocks were pressured as borrowing costs rose at home. Higher U.S. yields are anything but favourable for emerging markets as they tend to draw away much-needed foreign funds while pressuring local currencies.

Source: [NASDAQ](#)

COMMODITIES NEWS

Saudi Arabia responded to 'every single demand' for oil: Al-Falih

Saudi Arabia has already raised oil production to a near-record level, Saudi Energy Minister Khalid Al-Falih said on Wednesday at the Russian Energy Week conference held in Moscow. "We're meeting every single demand for barrels," Al-Falih said. "We've increased production quite significantly. We just have to be responsive to demand" because some would say the market is currently oversupplied, he said, as quoted by Bloomberg.

Source: [Argaam](#)

Oil falls as Saudi and Russia quietly agree output rise, U.S. stocks swell

Oil prices on Thursday fell from four-year highs reached the previous session, pressured by rising U.S. inventories and after sources said Russia and Saudi Arabia struck a private deal in September to raise crude output. Brent crude oil futures LCOc1 were trading at \$85.85 per barrel at 0104 GMT, down 44 cents, or 0.5 percent, from their last close. Brent on Wednesday hit a four-year high of \$86.74 a barrel.

Source: [Reuters](#)

Gold dips as lull in Italy crisis dampens safe-haven buying interest

Gold eased on Wednesday after the Italian government indicated it was open to trimming its budget deficit and debt, soothing investors' nerves and prompting a wider move back into stocks and other higher-risk assets. Bullion was also pressured by a stronger dollar as economic data supported the view that the U.S. economy is strong. Spot gold was down 0.3 percent at \$1,199.56 per ounce by 1:47 p.m. EDT (1747 GMT), after it touched an over one-week high of \$1,208.32 earlier in the session.

Source: [Reuters](#)