

U Capital Morning Brief

8 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	923.52	-1.1	-0.1%	-5.2%	-	-	-
U Capital GCC 50 Index	1,302.76	1.6	0.1%	13.8%	-	-	-
U Capital MENA 200 Index	1,050.20	-2.1	-0.2%	5.5%	-	-	-
MSCI GCC Countries Index	537.74	-5.3	-1.0%	12.1%	13.69	1.75	4.1%
Muscat Securities Market	4,516.13	-9.7	-0.2%	-11.4%	11.11	0.81	6.0%
Saudi Stock Exchange	7,893.62	-104.0	-1.3%	9.2%	16.65	1.77	3.5%
Kuwait Stock Exchange	5,104.76	-6.6	-0.1%	NA	14.99	1.29	3.9%
Qatar Exchange	9,847.05	-55.4	-0.6%	15.5%	15.25	1.51	4.4%
Bahrain Stock Exchange	1,323.95	-1.0	-0.1%	-0.6%	8.94	0.84	6.2%
Dubai Financial Market	2,790.17	-1.5	-0.1%	-17.2%	7.43	1.04	6.1%
Abu Dhabi Exchange	4,990.25	-16.9	-0.3%	13.5%	13.18	1.48	4.8%
Beirut Stock Exchange	981.30	5.3	0.5%	-14.6%	5.19	0.62	9.2%
Palestine Stock Exchange	530.62	-2.1	-0.4%	-7.7%	12.20	1.18	4.6%
Tunis Se Index	7,599.24	24.9	0.3%	21.0%	19.75	2.71	1.9%
EGX 30 Index	14,104.90	-208.3	-1.5%	-6.1%	12.02	2.19	2.8%
Amman General Index	1,979.97	-0.5	0.0%	-6.9%	13.80	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	7,318.5	-1.35%	-4.8%	Australian Dollar (AUD)	0.706	1.416
DAX	Germany	12,111.9	-1.08%	-6.2%	British Pound (GBP)	1.311	0.763
CAC 40	France	5,359.4	-0.95%	0.9%	Canadian Dollar (CAD)	0.771	1.297
United States					Chinese Renminbi (CNH)	0.145	6.906
DIJA	USA	26,447.1	-0.68%	7.0%	Egyptian Pound (EGP)	0.056	17.909
S&P 500	USA	2,885.6	-0.55%	7.9%	Euro (EUR)	1.151	0.869
NASDAQ	USA	7,788.4	-1.16%	12.8%	Indian Rupee (INR)	0.014	73.900
Asia Pacific					Japanese Yen (JPY)	0.009	113.830
NIKKEI 225	Japan	23,783.7	-0.80%	4.5%	New Zealand Dollar (NZD)	0.645	1.551
HANG SENG	Hongkong	26,397.0	-0.63%	-11.8%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	39,203.2	-0.03%	-3.1%	Pakistani Rupee (PKR)	0.808	124.260
NSE Nifty 50	India	10,300.0	-0.16%	-2.2%	Russian Ruble (RUB)	0.015	66.630
SHANGHAI Composite	China	2,743.9	-2.74%	-17.0%	Singapore Dollar (SGD)	0.723	1.384
KOSPI Index	South Korea	2,260.0	-0.33%	-8.4%	Turkish Lira (TRY)	0.163	6.149

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%	UAE	2.59	44.5%
Oil				Saudi Arabia	2.73	44.0%
Brent Crude (per bbl)	83.4	-0.93%	31.0%	Kuwait	2.06	10.0%
WTI Crude (per bbl)	73.8	-0.73%	22.1%	Oman	2.64	38.2%
Oman Crude Oil (Last Closing)	83.8	-0.31%	31.0%	Qatar	2.78	5.1%
OPEC (per bbl)	84.1	0.54%	30.4%	Bahrain	3.73	36.7%
Precious Metals				GCC Latest 10-Yr Government Bond Yields		
Gold100 OZ (per oz)	1,196.9	-0.50%	-8.1%		Maturity date	YTM, %
Silver (per oz)	14.5	-1.01%	-14.4%	Kuwait	3/20/2027	3.9
Platinum (per oz)	818.8	-0.57%	-12.0%	Abu Dhabi	10/11/2027	4.0
Other Metals				Qatar	6/2/2026	4.0
Copper, MT	6,173	-1.86%	-14.8%	Saudi Arabia	3/4/2028	4.3
Aluminium, MT	2,130	-1.82%	-6.1%	Oman	1/17/2028	6.1
Lead, MT	1,997	-0.45%	-19.7%	Bahrain	10/12/2028	6.9
Zinc, MT	2,635	-0.72%	-20.6%			

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.35	3.0	1m	2.28	45.5%
5 year	99.11	3.1	3m	2.41	42.1%
10 year	97.00	3.2	6m	2.62	42.8%
30 year	92.47	3.4	1 year	2.96	40.4%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Commercial banks' total assets reach ro28.8bn in July

Total assets of Oman's conventional banks increased 4.8 per cent to RO28.8bn at the end of July 2018 compared to RO27.5bn at the end of July 2017, according to statistics released by the Central Bank of Oman. Bank credit accounted for 72.4 per cent of total assets at the end of July this year. Total credit by commercial banks rose 4.1 per cent to RO20.9bn in July compared to a year ago period. Credit granted to private sector grew 2.9 per cent to RO18.6bn at the end of July. Of total credit to private sector, non-financial sector accounted for 46.7 per cent, followed by the retail sector – mostly under personal loans – with 44.9 per cent, while financial corporations and other sectors accounted for 5.8 per cent and 2.6 per cent, respectively.

Source: [Muscat Daily](#)

Moody's: Omani Banking System Outlook is negative on weaker government support, softening asset quality

Moody's has maintained its negative outlook for Oman's banking system, reflecting the diminishing capacity of Oman's government to support the country's banks in case need. The negative outlook also reflects banks' softening asset quality and relatively tight funding. "The government's capacity to provide support to banks is weakening as its fiscal position deteriorates" said Mik Kabeya, an Assistant Vice President at Moody's. Moody's expects the government to continue to show a high willingness to extend support to its banking sector in a crisis, but the rating agency points out that the authorities may become more selective in providing support to banks as the sovereign's credit strength reduces.

Source: [Moody's](#)

OAPFD symposium highlights role of offset in supporting economic growth

The Omani Authority for Partnership for Development (OAPFD) conducted a symposium here yesterday on 'The Role of PFD (Offset) Programmes in Supporting Economic Development'. It was held under the auspices of Dr Ali bin Masoud al Sunaidy, Minister of Commerce and Industry and Chairman of the Board of Trustees of OAPFD. The symposium was attended by a number of ministers, under-secretaries and representatives of the government, military and private sector organisations involved with the application of the Partnership for Development (PFD) Programme.

Source: [Oman Observer](#)

IFFCO would continue to look for expansion opportunities in GCC

In an interview with Muscat Daily, Rakesh Kapur, joint managing director of Indian Farmers Fertiliser Cooperative Ltd (IFFCO), said that the company has been looking for expansion opportunities outside India in the past and would continue to look for joint-venture opportunities in the GCC region in future. Kapur is also a board member at Oman India Fertiliser Co (Omifco), which is owned 50 per cent by Oman Oil Co and remaining 50 per cent jointly owned by India's IFFCO and Krishak Bharati Cooperative Ltd (KRIBHCO). He said Oman has potential to significantly boost the country's fertiliser production, adding that Omifco is looking to expand production capacity of its plant in Sur.

Source: [Muscat Daily](#)

OPWP plans Oman's first waste-to-energy project

Oman Power and Water Procurement Company (OPWP) has issued two tenders for consultancy services for the development of a waste-to-energy independent power project (IPP). The sultanate's first waste-to-energy IPP is in line with Oman's vision to diversify fuel sources for power generation, in addition to supporting the waste sector by reducing waste volume and demand for landfills, OPWP said in a statement on its website. The company said it is in the process of finalising a study on the technical and economic feasibility of implementing the waste-to-energy IPP with a capacity of around 1.4mn tons per annum.

Source: [Muscat Daily](#)

Duqm Airport Enlarges Opportunities for Investment in Oman's Special Economic Zone

A new international airport has opened in Oman to attract investors in the Special Economic Zone for Duqm (SEZAD), one of the largest special economic zones in the Middle East. Duqm Airport, strategically located in the Special Economic Zone for Duqm (SEZAD), officially began its commercial operations on September 17 (local time) this year. Oman's third airport in importance, Duqm Airport targets potential investors in the Special Economic Zone for Duqm (SEZAD).

Source: [Business Korea](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi petchems down as first quarterly results weigh on soft market

Gulf stock markets mostly slipped on Sunday, following a series of disappointing corporate results in Saudi Arabia and a slide in global stocks. The Saudi index lost 1.3 per cent, with the whole petrochemicals sector in negative territory, despite a rise in oil prices late last week.

Source: [Reuters](#)

Rising interest rates will boost profitability of Saudi banks: Moody's

The recent increase in interest rates by the Saudi Arabian Monetary Authority (SAMA) is credit positive for Saudi banks because it will support their profitability through higher net interest margins, Moody's Investors Service said in a recent report. On 26 September, SAMA had raised its key reverse repo rate by 25 basis points to 2.25 per cent, in step with the US rate increase owing to the Saudi riyal's peg to the US dollar.

Source: [Argaam](#)

Saudi growth seen at over 2pc; outlook stable

Saudi Arabia's economic growth is expected to be stable, averaging just over 2 per cent per year over 2019-2021, according to a new report from S&P Global Ratings. The agency has affirmed its 'A-/A-2' unsolicited long- and short-term foreign and local currency sovereign credit ratings on Saudi Arabia. The outlook is stable. The stable outlook is based on the expectation that moderate economic growth will continue through 2021, supported by rising government investment, it said.

Source: [GDN](#)

Market squeeze takes juice out of Saudi dairy giant Almarai earnings

Saudi Arabia's Almarai, the Gulf's largest dairy company, reported a decline in third-quarter profits as its feed costs increases amid challenging market conditions. The company has cut costs in response to a market slowdown, with both administrative and selling expenses being trimmed back over the quarter.

Source: [Arab News](#)

Saudi fund PIF purchases \$578.6m land plot in northern Riyadh

Saudi Arabia's sovereign wealth fund has purchased a huge plot of land in northern Riyadh for SAR2.17bn (\$578.64m) in what the auction operator and Saudi media described as the largest real estate transaction in the kingdom. The Public Investment Fund (PIF) purchased the Al Ghadir plot at an auction of the property of late businessman Saleh Abdulaziz al-Rajhi, the Etqan real estate company, which handled the process, said.

Source: [Gulf Business](#)

Saudi Arabia's Almarai plans to sell Sukuk by year-end, CFO says

Almarai, the Arabian Gulf's biggest dairy company, expects to issue a new Sukuk before the end of 2018 as part of an ongoing debt refinancing strategy, its chief financial officer said on Sunday. "We have no plans to grow our debt facilities – on the contrary, we are working on a process to refinance our existing debt, and are considering options for a new Sukuk which we plan to issue before the end of the year," Paul Gay told The National.

Source: [The National](#)

Saudi Arabia, Bahrain mull private sector cooperation

Officials from the Bahrain Chamber of Commerce & Industry's (BCCI) and the Council of Saudi Chambers (CSC) have met to boost cooperation in the Saudi private sector. BCCI chairman Sameer Abdulla Ahmed Nass convened with CSC chairman Sami Al Obaidy over the enhancement of mutual collaboration to support Saudi Arabia's private sector during the coming period.

Source: [Zawya](#)

Saudi Arabia outlook stable as 'moderate' growth continues to 2021, S&P says

S&P Global Ratings maintained a stable outlook for Saudi Arabia on expectations that moderate economic growth will continue until 2021 as the government boosts its investment. S&P also affirmed its rating of 'A-/A-2' on Saudi Arabia's long and short-term foreign and local currency sovereign credit, it said in a report on Saturday.

Source: [The National](#)

Al Meera delegation visits Turkey to forge new business opportunities

To further enhance bilateral trade relations between Qatar and Turkey, a business delegation headed by the Deputy Chief Executive Officer of Al Meera Consumer Goods Company Salah Al Hammadi met with Istanbul and Samsun based investors and businesses who are looking to expand in Qatar. The Al Meera delegation also met with government officials, including the Governor of Samsun Osman Kaymak.

Source: [TPQ](#)

UAE economic growth in top gear

The UAE economy will see consecutive higher growth for the next two years and the highest in developed oil exporting Mena region in 2020 on the back of rising oil prices, infrastructure spending, stimulus package, friendly reforms, new investment law and good growth in non-oil sector, according to global think-tanks.

Source: [Khaleej Times](#)

Dubai aims to attract 25m tourists by 2025

HH Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Dubai Executive Council, has said that the Executive Council will be adopting a new tourism strategy that aims to attract 21 to 23 million visitors by 2022, and 23 to 25 million visitors by 2025, said a report.

Source: [GDN](#)

Dubai's Drake and Scull shareholders decide not to dissolve the company

Dubai contractor Drake and Scull International (DSI) will continue operating despite posting heavy losses, its shareholders decided during a board meeting on Thursday, the company revealed in a bourse statement. Shareholders of the Dubai-listed company had to take a resolution on whether to dissolve the company before the expiry of its term since its accumulated losses exceeded 50 per cent of the issued share capital – a requirement under the UAE Companies Law.

Source: [Gulf Business](#)

Emirates starts cancelling flights as it prepares for 28% capacity cuts

The upcoming Dubai International Airport runway repairs will not just cause the diversion of some flight operations to the terminal in Jebel Ali, it will reduce the capacity of some airlines as well. UAE-based carrier Emirates confirmed on Sunday that it has already started cancelling some flights for next year in preparation for the major refurbishment work at the southern runway of Dubai International Airport (DXB).

Source: [Gulf News](#)

Aldar Investments makes history on ADX with \$500M Sukuk listing

The Abu Dhabi Securities Exchange (ADX) on Sunday announced the listing of Aldar Investments' \$500 million Sukuk, marking the first corporate Sukuk ever to be listed on the exchange. The Sukuk, which was raised at a profit rate of 4.75 per cent with a seven-year tenor, started trading on Sunday under the code 'Aldarsukuk2025'. There was strong investor demand for the issue, reflecting Aldar Investments' status as the region's highest rated non-government related corporate.

Source: [Khaleej Times](#)

Bahrain's GFH gets central bank approval for \$1bn property sale

GFH Financial Group, the Bahraini Sharia-compliant investment company, said it got "conditional approval" from the central bank on an offer to sell its real estate portfolio. The Manama-based company has received a \$1 billion (Dh3.67bn) offer to sell its property portfolio, GFH said in a statement to the Dubai Financial Market on Sunday, where its shares are traded. It expects to receive an upfront payment ranging from \$259 million to \$380m, with the remainder based on a joint development agreement over five years.

Source: [The National](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian Stocks Fall, Yuan Dips as PBOC Eases Policy: Markets Wrap

Asian stocks slipped, led by China, and the yuan fell as investors assessed the latest move by the People's Bank of China to loosen monetary policy. Chinese shares bore the brunt of selling as traders returned from a week-long holiday that encompassed the rout in Treasuries. Equities from Sydney to Shanghai sank, while Japan was shut for a holiday, and Columbus Day in the U.S. means no Treasuries trade on Monday. U.S. stocks on Friday capped the worst week in a month, as a solid run of economic data emboldening investor faith for tighter monetary policy spurred a sell-off in Treasuries. The yuan weakened past 6.9 per dollar in the offshore market and was also weaker onshore following PBOC's policy move.

Source: [Bloomberg](#)

Elastic's Soaring IPO Stretches Valuation to \$4.9 Billion

The standout winner on a tough day for tech stocks Friday was a Dutch-based IPO which supplies search and data software to companies ranging from Credit Suisse and Accenture to Tinder and Uber. Elastic NV almost doubled in value on its first day of trading in New York, closing at \$70 compared with an initial price of \$36. The company raised \$252 million and ended the day with a market cap of almost \$4.9 billion.

Source: [Bloomberg](#)

China markets fall nearly 3 percent after central bank cuts reserve ratio for lenders

China markets fell on Monday after the central bank cut the reserve requirement for banks over the weekend. The Shanghai composite fell 2.95 percent while the Shenzhen composite declined by around 2.85 percent on the first trading day since the Golden Week holidays ended. Hong Kong's Hang Seng index slipped by 0.85 percent in the afternoon.

Source: [CNBC](#)

Dollar edges up as China loosens policy, yuan eases

The dollar edged higher on Monday as China followed an easing in domestic policy by allowing its yuan to fall, though the drop was not as sharp as some had feared. Moves were limited by a lack of liquidity with Japan on holiday and the U.S. bond market on a break. A sudden and steep rise in Treasury yields had underpinned the dollar for much of last week.

Source: [Reuters](#)

COMMODITIES NEWS

Oil drops as U.S. considers granting some waivers on Iran crude sanctions

Brent crude oil prices fell more than 1 percent on Monday after Washington said it may grant waivers to sanctions against Iran's oil exports next month, and as Saudi Arabia was said to be replacing any potential shortfall from Iran.

Source: [Reuters](#)

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