

U Capital Morning Brief

9 October 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	918.02	-5.5	-0.6%	-5.8%	-	-	-	-
U Capital GCC 50 Index	1,305.34	2.6	0.2%	14.0%	-	-	-	-
U Capital MENA 200 Index	1,050.36	0.2	0.0%	5.6%	-	-	-	-
MSCI GCC Countries Index	538.99	1.3	0.2%	12.3%	13.72	1.76	4.0%	
Muscat Securities Market	4,505.35	-10.8	-0.2%	-11.6%	11.09	0.81	6.1%	
Saudi Stock Exchange	7,939.17	45.6	0.6%	9.9%	16.75	1.78	3.5%	
Kuwait Stock Exchange	5,103.21	-1.6	0.0%	NA	14.99	1.29	3.9%	
Qatar Exchange	9,819.74	-27.3	-0.3%	15.2%	15.21	1.51	4.5%	
Bahrain Stock Exchange	1,325.26	1.3	0.1%	-0.5%	8.95	0.84	6.2%	
Dubai Financial Market	2,774.62	-15.6	-0.6%	-17.7%	7.39	1.03	6.1%	
Abu Dhabi Exchange	5,003.38	13.1	0.3%	13.8%	13.21	1.49	4.8%	
Beirut Stock Exchange	982.06	0.8	0.1%	-14.5%	5.20	0.62	9.2%	
Palestine Stock Exchange	531.21	0.6	0.1%	-7.5%	12.22	1.18	4.6%	
Tunis Se Index	7,600.71	1.5	0.0%	21.0%	19.76	2.71	1.9%	
EGX 30 Index	13,604.01	-500.9	-3.6%	-9.4%	11.59	2.12	2.6%	
Amman General Index	1,972.46	-7.5	-0.4%	-7.3%	13.74	1.00	4.7%	

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

World Markets					Currency Cross Rates		
	Country	Value	D/D	YTD	Currency	USD/1 Unit	Units/1 USD
Europe							
FTSE 100	UK	7,233.3	-1.16%	-5.9%	Australian Dollar (AUD)	0.709	1.411
DAX	Germany	11,947.2	-1.36%	-7.5%	British Pound (GBP)	1.310	0.763
CAC 40	France	5,300.3	-1.10%	-0.2%	Canadian Dollar (CAD)	0.772	1.296
United States							
DIJA	USA	26,486.8	0.15%	7.2%	Chinese Renminbi (CNH)	0.145	6.913
S&P 500	USA	2,884.4	-0.04%	7.9%	Egyptian Pound (EGP)	0.056	17.909
NASDAQ	USA	7,735.9	-0.67%	12.1%	Euro (EUR)	1.150	0.870
Asia Pacific							
NIKKEI 225	Japan	23,475.0	-1.28%	3.1%	Indian Rupee (INR)	0.014	74.066
HANG SENG	Hongkong	26,312.0	0.42%	-12.1%	Japanese Yen (JPY)	0.009	113.100
KSE 100 Index	Pakistan	39,003.0	2.94%	-3.6%	New Zealand Dollar (NZD)	0.645	1.550
NSE Nifty 50	India	10,343.5	-0.04%	-1.8%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,729.8	0.49%	-17.5%	Pakistani Rupee (PKR)	0.809	124.275
KOSPI Index	South Korea	2,253.8	-0.60%	-8.7%	Russian Ruble (RUB)	0.015	66.579
					Singapore Dollar (SGD)	0.723	1.384
					Turkish Lira (TRY)	0.164	6.114

Commodity Prices					GCC 3m Interbank Rates		
	Price	D/D	YTD		Current Rate %	YTD %	
	USD	%	%				
Oil							
Brent Crude (per bbl)	84.4	0.56%	32.6%	UAE	2.67	48.5%	
WTI Crude (per bbl)	74.7	0.50%	23.6%	Saudi Arabia	2.73	44.0%	
Oman Crude Oil (Last Closing)	83.4	-0.52%	30.4%	Kuwait	2.00	6.7%	
OPEC (per bbl)	83.2	-1.01%	29.1%	Oman	2.66	39.2%	
				Qatar	2.76	4.1%	
				Bahrain	3.75	37.6%	
Precious Metals							
Gold100 OZ (per oz)	1,191.2	0.25%	-8.6%	GCC Latest 10-Yr Government Bond Yields			
Silver (per oz)	14.4	0.37%	-14.9%		Maturity date	YTM, %	
Platinum (per oz)	826.2	0.74%	-11.2%	Kuwait	3/20/2027	3.9	
Other Metals							
Copper, MT	6,178	0.08%	-14.8%	Abu Dhabi	10/11/2027	4.0	
Aluminium, MT	2,067	-2.96%	-8.9%	Qatar	6/2/2026	4.0	
Lead, MT	1,972	-1.25%	-20.7%	Saudi Arabia	3/4/2028	4.3	
Zinc, MT	2,615	-0.76%	-21.2%	Oman	1/17/2028	6.2	
				Bahrain	10/12/2028	7.0	

Midswaps			USD Libor		
	Price	YTM %		Rate (%)	YTD
3 year	99.38	3.0	1m	2.28	45.5%
5 year	99.12	3.1	3m	2.41	42.1%
10 year	96.95	3.2	6m	2.62	42.8%
30 year	92.09	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

Nama announces privatisation of companies

Nama Holding, a government-owned company, has announced the launch of the privatisation programme for Nama Group's electricity transmission and distribution companies. The announcement was made through the inauguration of the first stage of privatisation through a press conference held by Nama Holding in London.

Source: [Times of Oman](#)

Oman could announce U.S. dollar Sukuk sale as early as Monday

The government of Oman could announce a plan to issue new U.S. dollar-denominated Sukuk, or Islamic bonds, as early as Monday, sources familiar with the matter said, speaking on condition of anonymity. One of the financially weakest states in the Gulf, Oman has borrowed extensively in the international markets over the past few years to finance state spending and development projects at a time of lower oil prices. Its latest foray in the foreign debt markets was a \$6.5 billion conventional bond, the country's largest ever, sold in January this year.

Source: [Zawya](#)

Oman launches major tourism project

Oman has launched a project which will consist of five-star hotels, restaurants and other facilities aimed at attracting more tourists to the sultanate and diversifying the state's economy, a local newspaper reported on Monday. The Oman Investment Fund, the Gulf country's sovereign wealth arm, is funding the project in Jabal Al-Akhdar (green mount), a mountainous strip located in Northeast Oman, the Arabic language daily Al-Watan said. The project, dubbed "the Green Peak Adventure Resort" comprises hotels, chalets, restaurants, and other tourism and amusement facilities, it said.

Source: [Zawya](#)

Oman oil production hits 29.71mn barrels

The Sultanate's production of crude oil and condensate throughout September 2018 amounted to 29.71 million barrels, with a daily average of 990,200 barrels, the monthly report issued by the Ministry of Oil and Gas (MOG) showed. The total exported quantities of Oman crude oil during September 2018 reached 27.08 million barrels, with a daily average of 902,611 barrels, the report said.

Source: [Times of Oman](#)

Mandatory health insurance to spur economic growth

Mandatory health insurance — set for implementation in stages starting from early 2019 — has the potential to drive the growth of an energetic private healthcare and related medical insurance industry in the Sultanate, according to a high-level official of the Capital Market Authority (CMA), the regulator of the insurance sector in Oman. Ahmed al Maamari, Vice President — Insurance Sector, said the scheme is expected to spur local and international investments in new private hospitals and insurance businesses, drive employment generation, boost the growth of a strong insurance industry, and support economic development in general.

Source: [Oman Observer](#)

China lifts 90 per cent of Omani crude oil exports in September

China, the leading market for Omani crude, saw a 10.08 per cent uptick in exports during month of September 2018, the Ministry of Oil and Gas said in its monthly report published here yesterday. China's share of Omani crude exports climbed to 90.74 per cent, the Ministry said. At the same time, imports by Japan and India declined by 4.19 per cent and 2.12 per cent respectively. Crude exports totalled 27.078 million barrels of crude in September, representing a daily average of 902,611 barrels.

Source: [Oman Observer](#)

Duqm Port receives two offshore oil rigs

The Duqm Port received two massive off-shore oil rigs on Monday. The two massive rigs have been carried by one of the world's largest semi-submersible heavy lift vessels. The specialized off-loading operations place the Duqm Port as one of the leading ports across the world in performing such massive heavy lift operations

Source: [Oman Observer](#)

Moody's maintains negative outlook for Omani banks, analyst remains optimistic

The outlook for Oman's banking sector remains negative, "reflecting the diminishing capacity of Oman's government to support the country's banks in case need," the Moody's rating agency said in a statement on Monday. "The negative outlook also reflects banks' softening asset quality and relatively tight funding," the statement added, as it pointed out that the sultanate's gross domestic product (GDP) is forecast to grow by 2.5 percent in 2018, compared to an average of around 5 percent between 2007 and 2016.

Source: [Zawya](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Most Gulf markets move sideways, Dubai's Drake and Scull falls

Most major Middle Eastern stock markets opened little changed on Monday, while Dubai's Drake and Scull erased earlier gains to fall in heavy trade, despite approval from a majority of its shareholders to continue business at a general assembly last Thursday. The Saudi Arabian index shed 0.2 percent in the first half hour of trading, pressured by its banks and petrochemical stocks. Saudi Basic Industries dipped 0.5 percent.

Source: [Zawya](#)

Saudi Arabia looks to SMEs to help restructure mining sector

Saudi Arabia intends to restructure its \$1.3 trillion mining industry to attract private capital into the sector and diversify its oil-reliant economy, the kingdom's energy minister said in press comments on Monday. Khalid Al-Falih said the government is banking on small and medium companies to develop the domestic mining sector with the support of public funds. "We have plans to restructure the mining sector to develop the industry so the local products will become more competitive," he told the Saudi Arabic language daily Okaz.

Source: [Zawya](#)

UAE Securities Regulator Plans to Boost Capital Markets with ICOs

The head of the United Arab Emirates Securities & Commodities Authority (ESCA) announced today that the country plans to provide companies with a new regulated way to raise money – through initial coin offerings (ICOs). ICOs would offer companies an alternative to initial public offerings (IPOs) which, due to weak equity markets coupled with low oil prices, have been very limited. This has impacted not only the UAE but the whole Gulf Arab region.

Source: [Finance Magnates](#)

Abraaj's stake in \$1 bln health care fund to be split among other investors — sources

AlixPartners, the interim manager of Abraaj's \$1 billion health care fund, has decided to redistribute the troubled private equity firm's stake in the fund to its other investors, sources familiar with the matter said. The move reflects a desire by some of the fund's other investors to sever ties with Dubai-based Abraaj ahead of TPG taking over the management of the fund, said the sources.

Source: [Arab News](#)

UAE investment law to apply selectively, won't hurt locals: officials

A new law allowing 100 percent foreign ownership of companies in the United Arab Emirates will only apply to some sectors of the economy, limiting the risk that it could disrupt existing business, Dubai investment officials told Reuters. The UAE cabinet, chaired by Dubai ruler Sheikh Mohammed bin Rashid al-Maktoum, said in May that it would permit 100 percent foreign ownership of some UAE-based businesses, up from the current 49 percent limit, by the end of 2018.

Source: [Zawya](#)

MedGulf's remaining rights issue shares 373% oversubscribed

The Mediterranean and Gulf Insurance and Reinsurance Co.'s (MedGulf) remaining rights issue shares amounting to 5.06 million were 372.5 percent oversubscribed, the insurer said in a bourse filing. Investors injected SAR 217.22 million, at an average price of SAR 12.77 per share. The net return to right holders is SAR 14 million. The share will be deposited into shareholders' accounts on Oct. 18, 2018, the statement added.

Source: [Argaam](#)

Riyad Bank to redeem SAR 4 bln sukuk

Riyad Bank plans to fully redeem its SAR 4 billion sukuk maturing 2020 on Nov. 11, the lender said in a statement to Tadawul today. On Nov. 11, 2013, the bank issued 4,000 suk with a face value of SAR 1 million each and a seven-year maturity. Riyadh bank has already obtained the required regulatory approvals, the statement said. The redemption amount along with the periodic distribution amount for the period ending Nov. 11 will be deposited into sukuk holders' accounts on the next day, it added.

Source: [Argaam](#)

Mobily penalized for violating Saudization requirements

Saudi Arabia's Communications and Information Technology Commission (CITC) suspended yesterday some of Etihad Etisalat Co.'s (Mobily) new services for not meeting Saudization requirements for employees at the executive level, the regulator said in a statement. CITC suspended Mobily's new billed and pre-paid mobile services across the Kingdom.

Source: [Argaam](#)

Saudi Stocks Are Strengthening Their Link to Oil

Saudi Arabian stocks and Brent crude are trading with the strongest link in 15 months as the increasing price of the commodity could lead to faster economic growth for the world's biggest oil exporter. The 120-day correlation between Brent crude and the Tadawul All Share Index is the most positive since July 2017, with oil prices and Saudi stocks moving in the same direction and reviving a pattern that has existed for most of the past two decades. For about eight months ended in March, the two went opposite ways as investors became more concerned with political headlines coming out of Riyadh than oil prices.

Source: [Bloomberg](#)

Qatar Sets Aside \$2 Billion in Bid to Rival Dubai Financial Hub

Qatar has allocated \$2 billion to attract multi-national companies to its financial center in its latest effort to rival Dubai. Companies that set up a hub in Doha will be provided free offices and tax incentives as well as seed capital to cover five years of operating expenses in return for a commitment of at least a decade, Yousuf Al Jaida, chief executive officer of the Qatar Financial Centre Authority, told Bloomberg TV. Qatar's financial hub is targeting to launch the incentive plan in the first quarter once all the governance structures have been put in place.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

IMF cuts its global growth forecast, citing trade disruptions

The International Monetary Fund cuts its global growth forecasts as trade tensions between the U.S. and trading partners have started to hurt economic activity worldwide. The IMF says the global economy is now expected to grow at 3.7 percent this year and next year — down 0.2 percentage points from an earlier forecast, according to the fund's latest World Economic Outlook report released on Tuesday.

Source: [CNBC](#)

Emerging market bonds still weak, but may be oversold, say experts

Keeping emerging market bonds as part of an investment strategy could still prove profitable, despite the fact they have experienced a sell-off this year, triggered by fears that issues in some countries could cause a wider contagion, according to a senior portfolio manager at investment consultancy firm State Street. David Furey, a senior portfolio manager in the United States-based firm's Global Fixed Income division, said that although there had been a general weakness in emerging market investments, and "pockets of specific weakness" in countries such as Argentina and Turkey, whose currencies have witnessed dramatic falls in recent months (Argentina's peso has more than halved in value, while the Turkish Lira is down 38 percent), "we would say that emerging markets are in a lot better position than they have been fundamentally and that they have addressed some of their external vulnerabilities".

Source: [Zawya](#)

Asia stocks at 17-month low as China lets yuan slip

Asian shares hit 17-month lows on Tuesday as China allowed its currency to slip past a psychological bulwark amid sharp losses in domestic share markets, a shift that pressured other emerging currencies to depreciate to stay competitive. The IMF added to the malaise by cutting forecasts of global growth for both this year and next, including downgrades to the outlook for the United States, China and Europe.

Source: [Reuters](#)

China must take strong stimulus measures to support growth: state media

China must take strong stimulus measures to support growth, with the country in a "critical" period of stabilizing its economy, according to a commentary in the Global Times, a state-backed Chinese tabloid. On Monday, Chinese shares .CSI300.SSEC slumped and the yuan CNY=CFXS fell despite Beijing saying it would slash the amount of cash that commercial lenders need to set aside, releasing a net 750 billion yuan (\$108 billion) into the banking system.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices rise on signs that Iranian crude exports fall further

Oil prices rose on Tuesday as more evidence emerged that crude exports from Iran, OPEC's third-largest producer, are declining in the run-up to the re-imposition of U.S. sanctions and as a hurricane moved across the Gulf of Mexico. Brent crude was up 26 cents, 0.3 percent, at \$84.17 a barrel by 0244 GMT. On Monday, Brent fell to a low of \$82.66, but mostly recovered as investors bet China's economic stimulus would boost crude demand. Brent rose to a four-year high of \$86.74 last week.

Source: [CNBC](#)