

U Capital Morning Brief

10 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	920.65	2.6	0.3%	-5.5%	-	-	-
U Capital GCC 50 Index	1,302.76	-2.6	-0.2%	13.8%	-	-	-
U Capital MENA 200 Index	1,049.55	-0.8	-0.1%	5.5%	-	-	-
MSCI GCC Countries Index	537.72	-1.3	-0.2%	12.1%	13.69	1.75	4.1%
Muscat Securities Market	4,517.38	12.0	0.3%	-11.4%	11.12	0.81	6.0%
Saudi Stock Exchange	7,904.74	-34.4	-0.4%	9.4%	16.68	1.77	3.5%
Kuwait Stock Exchange	5,103.45	0.2	0.0%	NA	15.02	1.29	3.9%
Qatar Exchange	9,840.18	20.4	0.2%	15.4%	15.24	1.51	4.4%
Bahrain Stock Exchange	1,324.26	-1.0	-0.1%	-0.6%	8.94	0.84	6.2%
Dubai Financial Market	2,777.82	3.2	0.1%	-17.6%	7.40	1.03	6.1%
Abu Dhabi Exchange	5,020.52	17.1	0.3%	14.1%	13.26	1.49	4.8%
Beirut Stock Exchange	983.77	1.7	0.2%	-14.3%	5.21	0.62	9.2%
Palestine Stock Exchange	530.48	-0.7	-0.1%	-7.7%	12.20	1.18	4.6%
Tunis Se Index	7,558.23	-42.5	-0.6%	20.3%	19.76	2.69	1.9%
EGX 30 Index	13,588.74	-15.3	-0.1%	-9.5%	11.66	2.11	2.6%
Amman General Index	1,974.51	2.1	0.1%	-7.2%	13.76	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	7,237.6	0.06%	-5.9%	Australian Dollar (AUD)	0.712	1.404
DAX	Germany	11,977.2	0.25%	-7.3%	British Pound (GBP)	1.316	0.760
CAC 40	France	5,318.6	0.35%	0.1%	Canadian Dollar (CAD)	0.773	1.294
United States					Chinese Renminbi (CNH)	0.144	6.923
DIJA	USA	26,430.6	-0.21%	6.9%	Egyptian Pound (EGP)	0.056	17.911
S&P 500	USA	2,880.3	-0.14%	7.7%	Euro (EUR)	1.151	0.869
NASDAQ	USA	7,738.0	0.03%	12.1%	Indian Rupee (INR)	0.013	74.201
Asia Pacific					Japanese Yen (JPY)	0.009	113.060
NIKKEI 225	Japan	23,488.9	0.09%	3.2%	New Zealand Dollar (NZD)	0.649	1.542
HANG SENG	Hongkong	26,297.2	0.49%	-12.1%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	38,356.4	-0.40%	-5.2%	Pakistani Rupee (PKR)	0.766	133.250
NSE Nifty 50	India	10,400.9	0.97%	-1.2%	Russian Ruble (RUB)	0.015	66.283
SHANGHAI Composite	China	2,716.8	-0.15%	-17.9%	Singapore Dollar (SGD)	0.724	1.381
KOSPI Index	South Korea	2,228.5	-1.12%	-9.7%	Turkish Lira (TRY)	0.164	6.094

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.59	44.5%
Brent Crude (per bbl)	84.8	-0.26%	33.2%	Saudi Arabia	2.73	44.1%
WTI Crude (per bbl)	74.6	-0.47%	23.5%	Kuwait	2.00	6.7%
Oman Crude Oil (Last Closing)	84.4	1.22%	31.9%	Oman	2.61	36.5%
OPEC (per bbl)	81.9	-1.63%	27.0%	Qatar	2.79	5.5%
Precious Metals				Bahrain	3.75	37.6%
Gold100 OZ (per oz)	1,190.2	0.03%	-8.7%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.4	0.08%	-15.0%		Maturity date	YTM, %
Platinum (per oz)	827.2	0.26%	-11.1%	Kuwait	3/20/2027	3.9
Other Metals				Abu Dhabi	10/11/2027	4.1
Copper, MT	6,292	1.85%	-13.2%	Qatar	6/2/2026	4.1
Aluminium, MT	2,056	-0.53%	-9.3%	Saudi Arabia	3/4/2028	4.4
Lead, MT	1,936	-1.83%	-22.2%	Oman	1/17/2028	6.2
Zinc, MT	2,678	2.41%	-19.3%	Bahrain	10/12/2028	7.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.36	3.0	1m	2.28	46.0%
5 year	99.16	3.1	3m	2.41	42.5%
10 year	97.20	3.2	6m	2.63	42.9%
30 year	93.06	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

Shell Oman signs agreement with NPF

Shell Oman Marketing Company has recently signed an agreement with the National Plastic Factory (NPF) to become one of its main pack suppliers for lubricants. With this, NPF will be the first Omani manufacturer and supplier of packs for Shell Oman's Oil Lubes Blending Plant, the only ISO-certified facility of its kind in Oman that produces Made-In-Oman Shell-branded lubricants for local and international markets.

Source: [Times of Oman](#)

UK based company bags contract from Duqm refinery

The UK-based engineering firm Wood Plc announced that it has won a multi-million dollar contract from Duqm Refinery and Petrochemical Industries Company for providing critical equipment used in the refining process. In a press statement posted on its website, the firm said it has secured the contract for supplying two Terrace Wall double-fired delayed coker heaters for Duqm Refinery. It said the contract is due to be completed in the first quarter of 2020.

Source: [Muscat Daily](#)

OMAN to become fastest growing economy in GCC in 2019, says IMF

The International Monetary Fund (IMF) has predicted that Oman will become the fastest growing economy in the GCC region next year. The sultanate's real GDP is expected to grow by more than five per cent in 2019, the IMF said in its World Economic Outlook report released on Tuesday. The Fund has revised up Oman's 2019 growth forecast from 4.1 per cent projected in its April 2018 World Economic Outlook report. The IMF expects Oman's economy to grow by 1.9 per cent this year.

Source: [Muscat Daily](#)

Salalah Port reports nine-months loss on account of Cyclone Mekunu

Port of Salalah has reported a net loss after tax of RO 1.922 million for the nine months ended September 30, 2018 — a 169 per cent decline attributed in significant part to Cyclone Mekunu which devastated the transshipment hub when it struck the Sultanate's southern coast in May this year. This compares with a net profit of RO 2.766 for the corresponding period of 2017, the company said in initial unaudited and unapproval financial results disclosed to the Muscat Securities Market yesterday.

Source: [Oman Observer](#)

Express mail to your address within 24hrs

Mail in Oman will be delivered to some customers within 24 hours by early 2019, the country's postal chief has confirmed. Speaking to the Times of Oman, Abdulmalik Al Balushi, CEO of Oman Post, said that a pilot project for overnight delivery of certain forms of mail was underway, and they were expecting to roll this out across 15 major cities in Oman by 2019.

Source: [Times of Oman](#)

39.2% fall in SMEs registered by the end of August 2018

The total number of small and medium enterprises (SMEs) registered with the Public Authority for Small and Medium Enterprises Development (Riyada) till the end of August 2018 stood at 3,761, which is a drop by 39.2% compared to the same period of 2017, according to the data released by the Centre. The total number of SMEs registered in the month end of August 2018 was 35,596, recording a rise compared to the end month of July, when it was 35,381. Among the governorates, Muscat topped the list; with 40%, SMEs registered in August 2018, followed by Al Batinah North at 15%, Ad Dakhliyah at 12%, Dhofar at 8% and the rest of governorates at 25%. The Governorate of Al Wusta registered the highest rate of decline at 65.9% to 28 SMEs from 82 last year, followed by the Governorate of Al Batinah South, which registered a fall of 50.1 per cent to 288 SMEs at the end of August this year against 577 SMEs in 2017.

Source: [NCSI](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks - Saudi falls on banks, most of Gulf moves little

Most major Gulf stock markets moved little on Tuesday with Saudi Arabia pressured by banking stocks, while Egypt was marginally lower after plunging to a 12-month low on Monday as margin calls hit local investors. The Egyptian blue-chip index, which has fallen 15 percent since the end of August, was down a further 0.1 percent. Global Telecom slid 4.7 percent and Edita Food Industries lost 7.1 percent.

Source: [Zawya](#)

Saudi Arabia is investing another \$45 billion with SoftBank

Saudi Arabia's sovereign wealth fund, the Public Investment Fund, is making another \$45 billion investment in SoftBank's second Vision Fund, Bloomberg reported. Crown Prince Mohammed bin Salman Al Saud told Bloomberg that the PIF wanted to be a key player in SoftBank's next fundraise because it had seen "a huge benefit" from the first one. Prince Mohammed set up the first \$100 billion Vision Fund with SoftBank CEO Masayoshi Son.

Source: [Business Insider](#)

RAK Ceramics fully acquires Saudi JVs

UAE-based RAK Ceramics, one of the largest ceramics brands in the world, has acquired the remaining minority shares of its joint ventures in Saudi Arabia. The company now fully owns its operations in the kingdom. Over the last few years, RAK Ceramics has been consolidating its global operations and this latest purchase follows acquisitions in Europe, India, and Australia, said a statement from the company.

Source: [Trade Arabia](#)

UAE law allowing 100% foreign ownership to apply selectively, won't hurt locals

A new law allowing 100 per cent 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 per cent foreign ownership of some UAE-based businesses, up from the current 49 per cent limit, by the end of 2018.

Source: [Gulf Business](#)

Bahrain does not plan new dollar bond issue this year

Bahrain does not plan to issue new U.S. dollar-denominated bonds this year, a central bank official told investors on Tuesday, after the kingdom secured a \$10 billion aid package from Gulf neighbours last week, one source said. A government spokesperson confirmed that in light of the government's recently announced fiscal balance programme, there was no plan to issue a new bond this year.

Source: [Zawya](#)

UAE Dirham appreciates against top non-dollarized trade partners during Q2

The UAE Dirham has continued to appreciate in Q2 2018 against the currencies of the country's top 10 non-dollarized trade partners, according to Central Bank of the UAE statistics. From the import side, the weighted Dirham's appreciation against its top-10 non-dollarized import partners, which claim 52.3 percent of the UAE total imports, was 1.3 percent, with the highest quarterly appreciation recorded against India's Rupee at 4.03 percent and 3.16 percent over the EURO.

Source: [Emirates 24/7](#)

Qatar Petroleum targets to increase production capability from 4.8 to 6.5mboe/d

Qatar Petroleum's (QP) President & CEO Saad Sherida Al Kaabi said the QP is developing its capabilities in many parts of the world with a target of increasing production capability from 4.8 to 6.5 million barrels of oil equivalent per day (mboe/d) day in 8 years. Qatar Petroleum is highly competitive, very reliable, and is ready for the future. Qatar Petroleum is investing in safety, efficiency, reliability, technology, preserving the environment, and most importantly, our human capital.

Source: [TPQ](#)

United Energy Group's US\$650 million acquisition of Kuwait Energy plc

Slaughter and May is advising United Energy Group Limited (UEG) in relation to its acquisition of Kuwait Energy plc for cash consideration of up to approximately US\$650 million. UEG is one of the largest listed independent upstream oil and gas corporations in Hong Kong, with business presence in South Asia.

Source: [Global Legal Chronicle](#)

EIBOR up by 30.7-48.6% since early 2018

The interest rates charged by the Emirates Inter-Bank Offered Rate (EIBOR) hit new highs of 30.7- 48.6 percent across all terms since the beginning of the year, according to the Central Bank of UAE figures. The interest hike is attributed to the US Federal Reserve's decision to raise interest rates more than one time since the beginning of the year, the most recent of which in September.

Source: [Zawya](#)

Fitch Ratings Affirms Gulf Bank Rating at 'A+' With "Stable" Outlook

Fitch Ratings has affirmed Gulf Bank's Long-Term Issuer Default Rating at 'A+' with a 'Stable' Outlook. Fitch has also affirmed the Bank's Viability Rating at 'bb+'. According to the recently published Fitch Ratings commentary, Gulf Bank enjoys an adequate franchise, well managed liquidity, good delivery on strategic objectives, adequate asset quality and adequate capitalization, as well as a fairly stable operating environment in Kuwait.

Source: [Al Bawaba](#)

Abu Dhabi home prices, rents to recover in 2019

Property prices and rentals in Abu Dhabi continued to decline in the third-quarter and the trend is likely to continue in fourth quarter and early next year but some areas could see recovery, according to industry executives and analysts. John Stevens, managing director, Asteco, said over the third quarter in Abu Dhabi, residential rents continued to soften mainly due to new supply and reduced levels of demand, largely attributed to a bearish business outlook.

Source: [Zawya](#)

Bahrain to benefit from GCC inclusion in JP Morgan index

GCC's inclusion in JP Morgan EMBI Index is expected to bring in \$30-60 billion in inflows to the GCC sovereign credit market by the end of 2019, according to latest investment strategy report by Sico, Bahrain-based brokerage and investment bank. Starting January 31, 2019, sovereign bonds and sukuk from Saudi Arabia, the UAE, Bahrain, Kuwait and Qatar will gradually gain inclusion on the JP Morgan EMBI Index, which already includes Oman.

Source: [GDN](#)

IMF raises 2018 Saudi growth forecast to 2.2%

The International Monetary Fund (IMF) on Monday raised its growth forecast for Saudi Arabia for the third time this year, citing higher oil prices. In its latest "World Economic Report", the IMF said the Saudi economy, which had contracted by 0.9 percent in 2017, is expected to

grow by 2.2 percent this year, up 0.3 percentage points from its July projections. It also raised projections for 2019 growth to 2.4 percent from its earlier estimate of 1.9 percent.

Source: [Argaam](#)

IPO-bound National Education eyes new acquisitions, says CEO

National Company for Learning & Education (NCLE) plans to acquire private schools and proceed with building educational complexes to maintain short-term growth, Khalid Al-Khudair, vice chairman and managing director, told Argaam in an exclusive on Tuesday. The new complexes will be financed from proceeds of the company's planned initial public offering (IPO), he said.

Source: [Argaam](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Fed hikes rates amid robust data; eurozone's growth weakens

After the turmoil in various emerging economies that rocked financial markets in August, global conditions were slightly firmer in September and early October, with the embattled Turkish lira staging a partial recovery following the announcement of the government's support package, and crisis-hit Argentina securing additional bailout funds from the IMF. There was also some positive news on global trade, with the US and Canada agreeing a revamped NAFTA deal (now titled 'USMCA') and some analysts hoping for a modest de-escalation of US-China tensions after the US congressional elections in November.

Source: [Kuwait Times](#)

Asian Stocks Mixed as Treasury Yields Stabilize: Markets Wrap

Asian stocks traded mixed Wednesday as yields on Treasuries retreated from a seven-year peak. The dollar edged lower against major peers. Shares in Japan rose after four days of losses while those in China reversed gains. Hong Kong stocks outperformed with their South Korean counterparts lagging after a holiday. Earlier, the S&P 500 Index was dragged down by materials shares, after a profit warning in the sector, while technology shares rebounded from a three-day rout.

Source: [Bloomberg](#)

Investors Underestimating Risk of a Financial Shock, IMF Warns

Investors may be ignoring the risk that financial conditions could tighten sharply and send tremors through the global economy, the International Monetary Fund warned. "Asset valuations appear to be relatively high in some markets, notably in the United States," the IMF said Wednesday in its latest Global Financial Stability Report. "Overall, market participants appear complacent about the risk of a sharp tightening of financial conditions."

Source: [Bloomberg](#)

COMMODITIES NEWS

Crude price nears red zone, may hit demand if it tops \$85-90 level

Crude oil prices continued to rally for yet another week, as traders stayed focussed on potential disruptions to global crude supplies in the upcoming week, as looming US sanctions on Iran are widely expected to lead to a tighter market.

Source: [Economic Times](#)