

U Capital Morning Brief

6 September 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	884.24	0.00	0.00%	-9.24%	-	-	-
U Capital GCC 50 Index	1,290.25	-0.87	-0.07%	12.72%	-	-	-
U Capital MENA 200 Index	1,048.52	-1.78	-0.17%	5.37%	-	-	-
MSCI GCC Countries Index	529.45	-10.56	-1.96%	10.36%	13.47	1.72	4.1%
Muscat Securities Market	4,429.45	0.26	0.01%	-13.14%	11.01	0.88	6.2%
Saudi Stock Exchange	7,719.10	-249.14	-3.13%	6.82%	16.97	1.74	3.7%
Kuwait Stock Exchange	5,143.22	10.55	0.21%	NA	15.10	1.30	3.8%
Qatar Exchange	9,830.32	10.14	0.10%	15.33%	14.60	1.48	4.5%
Bahrain Stock Exchange	1,335.26	-3.23	-0.24%	0.27%	9.01	0.85	6.1%
Dubai Financial Market	2,818.44	-18.73	-0.66%	-16.37%	7.51	1.05	6.0%
Abu Dhabi Exchange	4,927.92	-56.06	-1.12%	12.04%	12.97	1.46	4.9%
Beirut Stock Exchange	988.00	-1.86	-0.19%	-13.98%	5.23	0.62	9.8%
Palestine Stock Exchange	541.01	0.22	0.04%	-5.84%	12.60	1.17	4.5%
Tunis Se Index	8,144.13	-145.61	-1.76%	29.65%	21.12	2.90	1.7%
EGX 30 Index	15,750.94	-172.02	-1.08%	4.87%	13.43	2.47	2.2%
Amman General Index	1,999.44	8.30	0.42%	-5.99%	14.72	1.03	4.6%

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,383.3	-1.00%	-4.0%
DAX	Germany	12,040.5	-1.39%	-6.8%
CAC 40	France	5,260.2	-1.54%	-1.0%
United States				
DIJA	USA	25,975.0	0.09%	5.1%
S&P 500	USA	2,888.6	-0.28%	8.0%
NASDAQ	USA	7,995.2	-1.19%	15.8%
Asia Pacific				
NIKKEI 225	Japan	22,512.9	-0.30%	-1.1%
HANG SENG	Hongkong	27,068.5	-0.64%	-9.5%
KSE 100 Index	Pakistan	41,562.1	-0.06%	2.7%
NSE Nifty 50	India	11,493.6	0.15%	9.1%
SHANGHAI Composite	China	2,708.8	0.17%	-18.1%
KOSPI Index	South Korea	2,292.1	0.01%	-7.1%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.718	1.393
British Pound (GBP)	1.291	0.774
Canadian Dollar (CAD)	0.759	1.318
Chinese Renminbi (CNH)	0.146	6.855
Egyptian Pound (EGP)	0.056	17.910
Euro (EUR)	1.163	0.860
Indian Rupee (INR)	0.014	71.826
Japanese Yen (JPY)	0.009	111.370
New Zealand Dollar (NZD)	0.659	1.518
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.805	124.251
Russian Ruble (RUB)	0.015	68.264
Singapore Dollar (SGD)	0.726	1.377
Turkish Lira (TRY)	0.151	6.596

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	77.3	-0.03%	20.7%
WTI Crude (per bbl)	68.6	-0.13%	13.6%
Oman Crude Oil (Last Closing)	75.8	-1.14%	18.4%
OPEC (per bbl)	76.3	0.73%	18.4%
Precious Metals			
Gold100 OZ (per oz)	1,197.5	0.05%	-8.1%
Silver (per oz)	14.2	-0.09%	-16.3%
Platinum (per oz)	783.6	-0.05%	-15.8%
Other Metals			
Copper, MT	5,871	0.96%	-19.0%
Aluminium, MT	2,068	0.29%	-8.8%
Lead, MT	2,049	-1.35%	-17.6%
Zinc, MT	2,420	0.17%	-27.1%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.62	46.0%
Saudi Arabia	2.62	38.1%
Kuwait	2.00	6.7%
Oman	2.48	30.1%
Qatar	2.65	0.1%
Bahrain	3.53	29.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	6.3
Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %
3 year	100.08	2.7
5 year	99.91	2.8
10 year	99.75	2.9
30 year	98.45	3.1

USD Libor	Rate (%)	YTD
1m	2.12	35.5%
3m	2.32	37.1%
6m	2.54	38.2%
1 year	2.84	34.9%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Oman broadband signs ro92mn financing agreement

Oman Broadband Co. signed a RO92mn financing agreement with Asian Infrastructure Investment Bank (AIIB) to invest in infrastructure and finance its projects. The agreement was signed by Said bin Hamdoon al Harthy, undersecretary for ports and maritime affairs at the Ministry of Transport and Communications and chairman of the board of directors of Oman Broadband. The signing ceremony was organized under the auspices of Dr Ahmed bin Mohammed al Futaisi, Minister of Transport and Communications.

Source: [Muscat Daily](#)

Mandatory health insurance could be implemented in a phased manner, says expert

Authorities in Oman might look at implementing the proposed mandatory health insurance scheme in a phased manner, taking cues from the UAE and Saudi Arabian markets, according to a senior official of an international law firm. Speaking to Muscat Daily on the sidelines of a seminar titled 'Trends and developments in Oman insurance market', on Wednesday at Grand Hyatt Muscat, Peter Hodgins, partner at Clyde & Co said that it will be challenging to implement mandatory health insurance in Oman as it is a very complex task.

Source: [Muscat Daily](#)

Move to secure Oman's power systems from cyber attacks

Seeking to secure the Sultanate's power infrastructure from cyber-attacks, the Authority for Electricity Regulation Oman (AER) is preparing to test whether the sector's critical control systems meet the robust standards for cyber security set for the industry. The cyber security audit, which will be undertaken by a qualified international consultant, comes against an alarming uptick in cyber-attacks on the power grids of some countries in Asia and North America, in addition to a proliferation of threats from criminal gangs and malicious actors.

Source: [Oman Observer](#)

Dhofar Generating Co. lists on MSM

Dhofar Generating Company SAOG (DGC), the largest power producer in the Dhofar region, on Wednesday announced the successful closure of its initial public offering (IPO) and listing on the Muscat Securities Market (MSM). The subscription period for the issue ended on August 16, 2018.

Source: [Times of Oman](#)

Arabia Falcon insurance names Zaatara as new CEO

Arabia Falcon Insurance Co (AFIC) has announced the appointment of Roland Zaatara as the company's new chief executive officer. 'Further to our disclosure on July 9 about the resignation of the chief executive officer A R Srinivasan, the board of directors of AFIC approved the appointment of chief executive officer on Tuesday. The board is pleased to announce that Roland Zaatara has been appointed as chief executive officer of the company', AFIC said in a filing to the Muscat Securities Market.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi index drops below 200-day average amid emerging markets sell-off

Saudi Arabia's main stock index fell below major technical support for the first time this year on Wednesday, leading declines in Middle East stocks as the region was swept up in a broader emerging markets sell-off. Investor sentiment was gloomy across emerging markets, with the MSCI emerging market index down 1.3 percent as a result of worries about a potential escalation in the U.S.-China trade conflict and the health of emerging markets such as Turkey and Argentina.

Source: [Reuters](#)

S&P cuts credit ratings on two Dubai firms, cites weaker economy

S&P Global Ratings cut its credit ratings for two Dubai state-owned companies, saying a weakening economy in the emirate was hurting the government's ability to extend emergency support to the firms if needed. The downgrades were a fresh sign of pressure on Dubai's economy, where the real estate and equity markets are slumping. The emirate does not have a sovereign credit rating, so analysts often look at state firms as indicators of its financial health.

Source: [Reuters](#)

Saudi Arabia most attractive among emerging markets: MSCI chief

Saudi Arabia remains a "very attractive" emerging market compared to its peers, given that the economic activity is gaining ground and multiple government initiatives make it more appealing for foreign investors, Henry Fernandez, chairman and chief executive officer, MSCI Inc., the global index provider, told Argam in an exclusive interview.

Source: [Argam](#)

Saudi Aramco's decision to acquire SABIC stake is 'smart' move: MSCI chairman

MSCI Inc. chief has called Saudi Aramco's move to acquire the 70 percent stake owned by Public Investment Fund (PIF) in Saudi Basic Industries Corp. (SABIC) for an estimated \$70 billion as a "smart move". In an exclusive interview with Argam in Riyadh, Henry Fernandez, chairman and chief executive officer, MSCI Inc., said that the acquisition will benefit Aramco, the world's largest oil producer,

in two ways: it will gain control of a petrochemical company in addition to its own oil and gas operations and will allow it to market more petrochemical products downstream, strengthening its position further in the downstream business.

Source: [Argaam](#)

Al Sagr, Walaa call off proposed merger due to infeasibility

Al Sagr Cooperative Insurance's board of directors decided on Wednesday to cancel the memorandum of understanding with Walaa Insurance Cooperative Company regarding a potential merger, as it was deemed unfeasible, Al Sagr said in a bourse statement. In April, the boards of the two insurers approved signing a non-binding MoU to study the economic feasibility of a merger.

Source: [Argaam](#)

Saudi credit growth to pick up this year: central bank official

Credit growth in Saudi Arabia's banking sector is likely to pick up this year after a 'flat' 2017, as a result of higher oil prices and the country's improving economic outlook, one of the kingdom's top central bank officials said on Wednesday. Speaking at the Corporate Restructuring Summit in Dubai, the deputy governor of the supervision arm of the Saudi Arabian Monetary Authority (SAMA), Dr Fahad Alshathri, said: "Some of the policy reform measures taken to support credit recovery include the easing of capital market restrictions on foreign investors, improving the ecosystem for the SME [small and medium-sized enterprise] sector, and supporting the increase of home ownership."

Source: [Zawya](#)

Saudi bourse says IPOs to increase, futures to aid foreign funds

The Saudi Stock Exchange expects share listings to pick up next year while the launch of stock index futures should smooth an influx of money from overseas, its chief executive said on Wednesday. The Saudi market, with a capitalization of about \$500 billion, is bracing for heavy inflows of foreign funds in 2019 -- analysts predict \$20 billion or more -- as it joins emerging market indexes compiled by MSCI and FTSE Russell.

Source: [Zawya](#)

Investcorp acquires stake in Swiss bank

Investcorp, a Bahrain-based alternative investment manager, has made a strategic minority investment in Swiss private bank Banque Paribas Bertrand Sturdza. The firm did not disclose how much stake it had bought in the Swiss bank or the amount it had invested. According to a statement, Banque Paribas Bertrand Sturdza will be renamed Banque Paribas Bertrand SA and will remain operationally independent, with Investcorp taking on the role as a strategic partner together with minority private investors.

Source: [GDN](#)

Bahrain approves rules allowing foreign firms to set up independent subsidiaries

Bahrain has approved regulation allowing foreign companies to establish independent subsidiaries in the kingdom and do business without a local partner, a move aimed at spurring economic growth. Bahrain's Cabinet, chaired by Prime Minister Khalifa bin Salman Al Khalifa, formally endorsed the new rules earlier this week, two years after the country approved 100 per cent business ownership in certain sectors, according to a Gulf Daily News report. The regulations amend provisions of a corporate law issued in 2001.

Source: [The National](#)

Moody's withdraws Ezdan Holding Group Q.S.C.'s credit ratings

Moody's Investors Service ("Moody's") withdrew Ezdan Holding Group Q.S.C.'s ("Ezdan") B1 corporate family rating (CFR), Ezdan Sukuk Company Limited's (P)B1 senior unsecured MTN program rating and the associated senior unsecured debt instruments with B1 rating of Ezdan Sukuk Company Limited. Moody's has decided to withdraw the ratings because it believes it has insufficient or otherwise inadequate information to support the maintenance of the ratings.

Source: [Moody's](#)

Qatar Petroleum in talks over potential German LNG terminal

Qatar Petroleum, the world's top supplier of liquefied natural gas (LNG), is talking to German energy firms Uniper and RWE about cooperating on a potential local LNG terminal, its chief executive told a paper. "We have a serious interest in participating in a German LNG terminal and are talking to Uniper and RWE," Saad Al-Kaabi told business daily Handelsblatt in an interview ahead of the Qatar Germany Business and Investment Forum in Berlin on Sept. 7.

Source: [Reuters](#)

UNB shares climb for a second day on Abu Dhabi bank merger announcement

Shares of Union National Bank, one of three lenders in the potential big-ticket banking merger in the emirate, rose for the second day after announcing talks that could create the Arabian Gulf's fifth largest lender with \$114 billion (Dh418bn) in assets. UNB shares rose 10.84 per cent to Dh4.91 at 10.20am on the Abu Dhabi Securities Exchange, after ending almost 15 per cent higher at the close of trade on Tuesday.

Source: [The National](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares a sea of red on trade, emerging market anxieties

Asian shares fell for a sixth straight session on Thursday as oil skidded and safe-haven gold gained, with investor confidence shaken by turmoil in emerging markets and jitters over a potentially severe escalation in the U.S.-China trade war.

Source: [Reuters](#)

The global trade storm is unlikely to upend Asia's positive consumer story

The outlook for consumer spending in Asia remains bright despite global trade tensions, Daiwa Capital Markets says. Consumers may be forced to tighten their belts, but the overall scenario for continued growth is unlikely to change drastically given positive fundamentals. Authorities in China may be ready to step in and provide policy support to counter spending weakness, UBS says.

Source: [CNBC](#)

US trade deficit jumps by the most in 3 years

The U.S. trade deficit increased to a five-month high in July. Exports of soybeans and civilian aircraft declined and imports hit a record high, suggesting that trade could be a drag on economic growth in the third quarter. The Commerce Department said the trade gap jumped 9.5 percent to \$50.1 billion, widening for a second straight month.

Source: [CNBC](#)

American Shoppers to Be Hit Harder Than Chinese by Tariff War

The trade fight between the world's two economic titans is about to make dozens of household goods more expensive for U.S. shoppers, but thousands of miles away in China, consumers look set to escape much of the pain. President Donald Trump is said to be intending to pull the trigger on tariffs targeting \$200 billion of Chinese imports once a deadline for public input closes Thursday. Such a move -- his biggest salvo in the fight with China so far -- hits at the heart of the American household, risking price increases for everyday items from refrigerators and freezers to cutlery and towels.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil prices fall on emerging market woes, looming tariff deadline

Oil prices fell on Thursday as emerging market woes weighed on sentiment, while a deadline neared for a potential new round of U.S. tariffs on another \$200 billion of Chinese goods. U.S. West Texas Intermediate (WTI) crude futures CLc1 were at \$68.47 per barrel at 0031 GMT, down 25 cents, or 0.4 percent, from their last settlement.

Source: [Zawya](#)

Gold edges higher as dollar rally takes a breather

Gold prices rose on Wednesday from an 11-day low in the previous session as a U.S. dollar rally faltered. Gold has fallen 1.5 percent from an Aug. 28 high as currency weakness in emerging markets and concerns over global trade disputes strengthened the dollar, making bullion more expensive for buyers with other currencies.

Source: [Zawya](#)

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