

U Capital Morning Brief

12 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	903.26	10.41	1.17%	-7.29%	-	-	-
U Capital GCC 50 Index	1,285.05	-2.55	-0.20%	12.26%	-	-	-
U Capital MENA 200 Index	1,044.72	-1.39	-0.13%	4.99%	-	-	-
MSCI GCC Countries Index	529.90	-0.20	-0.04%	10.45%	13.48	1.73	4.1%
Muscat Securities Market	4,486.11	32.55	0.73%	-12.02%	11.04	0.80	6.1%
Saudi Stock Exchange	7,693.07	-13.27	-0.17%	6.46%	16.90	1.73	3.7%
Kuwait Stock Exchange	5,136.41	-2.14	-0.04%	NA	15.06	1.30	3.8%
Qatar Exchange	9,931.07	41.45	0.42%	16.52%	14.75	1.50	4.4%
Bahrain Stock Exchange	1,342.68	-0.85	-0.06%	0.82%	9.07	0.85	6.1%
Dubai Financial Market	2,832.98	-16.43	-0.58%	-15.94%	7.55	1.05	6.0%
Abu Dhabi Exchange	4,992.63	6.34	0.13%	13.51%	13.18	1.48	4.8%
Beirut Stock Exchange	981.26	-5.09	-0.52%	-14.57%	5.19	0.62	9.2%
Palestine Stock Exchange	543.82	0.97	0.18%	-5.35%	12.64	1.20	4.5%
Tunis Se Index	8,104.27	-13.30	-0.16%	29.01%	21.04	2.89	1.7%
EGX 30 Index	15,628.43	-111.63	-0.71%	4.06%	13.24	2.45	2.3%
Amman General Index	2,004.23	-1.59	-0.08%	-5.76%	14.75	1.03	4.5%

World Markets	Country	Value	D/D	YTD
Europe				
FTSE 100	UK	7,273.5	-0.08%	-5.4%
DAX	Germany	11,970.3	-0.13%	-7.3%
CAC 40	France	5,283.8	0.27%	-0.5%
United States				
DIJA	USA	25,971.1	0.44%	5.1%
S&P 500	USA	2,887.9	0.37%	8.0%
NASDAQ	USA	7,972.5	0.61%	15.5%
Asia Pacific				
NIKKEI 225	Japan	22,541.8	-0.54%	-1.0%
HANG SENG	Hongkong	26,317.9	-0.40%	-12.0%
KSE 100 Index	Pakistan	40,798.4	0.09%	0.8%
NSE Nifty 50	India	11,274.2	-0.12%	7.1%
SHANGHAI Composite	China	2,655.9	-0.33%	-19.7%
KOSPI Index	South Korea	2,276.0	-0.32%	-7.8%

Currency Cross Rates	Currency	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)		0.710	1.409
British Pound (GBP)		1.301	0.769
Canadian Dollar (CAD)		0.765	1.307
Chinese Renminbi (CNH)		0.145	6.886
Egyptian Pound (EGP)		0.056	17.911
Euro (EUR)		1.159	0.863
Indian Rupee (INR)		0.014	72.840
Japanese Yen (JPY)		0.009	111.500
New Zealand Dollar (NZD)		0.651	1.536
Omani Rial (OMR)		2.597	0.385
Pakistani Rupee (PKR)		0.805	124.251
Russian Ruble (RUB)		0.014	69.415
Singapore Dollar (SGD)		0.726	1.377
Turkish Lira (TRY)		0.156	6.429

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	79.3	0.34%	23.9%
WTI Crude (per bbl)	69.9	0.91%	15.7%
Oman Crude Oil (Last Closing)	77.7	2.48%	21.4%
OPEC (per bbl)	75.2	1.39%	16.6%
Precious Metals			
Gold100 OZ (per oz)	1,193.6	-0.41%	-8.4%
Silver (per oz)	14.1	-0.28%	-16.8%
Platinum (per oz)	788.7	-0.38%	-15.2%
Other Metals			
Copper, MT	5,859	-0.86%	-19.2%
Aluminium, MT	2,044	-2.43%	-9.9%
Lead, MT	1,965	-3.11%	-21.0%
Zinc, MT	2,311	-2.94%	-30.4%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.53	41.2%
Saudi Arabia	2.63	38.6%
Kuwait	2.06	10.0%
Oman	2.50	30.9%
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	4.3
Oman	1/17/2028	6.2
Bahrain	10/12/2028	8.0

Midswaps	Price	YTM %
3 year	99.80	2.8
5 year	99.48	2.9
10 year	99.19	3.0
30 year	97.75	3.1

USD Libor	Rate (%)	YTD
1m	2.14	36.7%
3m	2.33	37.8%
6m	2.55	38.9%
1 year	2.86	35.9%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

New air freight terminal at Oman's Salalah to open tomorrow

The new airfreight building at the Salalah Airport will begin operation on Wednesday, the Ministry of Transport and Communications has said. The Oman Aviation Services Company, subsidiary of Oman Aviation Group will receive freight applications from the new building from 8:00 AM up to 5:00 PM. The last freight flight arriving to the existing building will be at 10:30 AM on Tuesday and last departing freight flight will be at 11:20 AM of the same date.

Source: [Zawya](#)

Oman expected to see 41% rise in European tourists in next three years

The hospitality industry in Muscat is seeing a rebound in 2018 after a downward trend witnessed in the last three years. Europeans, who form a major source market for tourists in the sultanate, will continue to provide growth with Oman expecting to see a 41 per cent increase in travellers from the region to reach 2mn in the period from 2018 to 2020.

Source: [Muscat Daily](#)

Oman boasts huge potential for solar power growth

In an exclusive interview with Muscat Daily, Marwan Chaar, vice president of project development at GlassPoint Solar, spoke about the potential of solar power in heavy oil production. He said the increasing use of solar power in oil exploration in Oman could make additional gas available for commercial utilizations and make production more feasible.

Source: [Zawya](#)

Debottlenecking to boost Oman LNG's output

Oman LNG, the nation's gas liquefaction flagship, is weighing a major debottlenecking of its Qalhat plant – a move that could potentially boost its LNG output by 1.5 million tons per year (tpy), according to a news report published by the Middle East Economic Survey (MEES). The weekly newsletter, focusing on Middle East Oil & Gas, among other topics, quoted Oman's Minister of Oil & Gas, HE Dr Mohammed bin Hamed al Rumhy, as stating that a "serious increase" in majority-government owned Oman LNG's output is in the works once the plant is suitably debottlenecked.

Source: [Oman Observer](#)

GE eyes role in Oman's clean coal power ambitions

Global energy conglomerate GE Power says it is keen to offer its market-leading Ultra Super-Critical clean coal technology to help the Sultanate take its maiden plunge into coal-based power generation as part of its diversification away from predominantly gas-based generation. Leading international developers and technology providers are in contention for a contract award to build Oman's first coal-based Independent Power Project (IPP) — a 1,300 MW scheme planned at the Special Economic Zone (SEZ) in Duqm on the Sultanate's southeast coast.

Source: [Oman Observer](#)

Oman, China mark 40 years of relations

The Sultanate and China on Tuesday marked the 40th anniversary of diplomatic relations between the two countries. HE Dr Abdulmunim bin Mansour al Hasani, Minister of Information; Arken Imirbaki, Vice-Chairperson of the Standing Committee of the National People's Congress and Chairman of the China-Arab Friendship Association, and Chinese government officials and ambassadors were present on the occasion. Oman and China signed an agreement for media exchange.

Source: [Oman Observer](#)

SEZAD Board Chairman Discusses in Tokyo Establishment of Japanese Industrial City in A'Duqm

Kentaro Sonoura Japanese Prime Minister's Special Advisor received in his Office in Tokyo today Yahya bin Said bin Abdullah al- Jabri, Chairman of the Board of Directors of the Special Economic Zone Authority of A'Duqm (SEZAD). During the meeting, they discussed the establishment of a Japanese industrial city in A'Duqm. SEZAD Chairman of the Board of Directors urged the Japanese side to invest at SEZAD, indicating the investment advantages and economic importance of the region and its ability to keep up with the aspirations of Japanese investors, adding that A'Duqm is located near Japan's major markets in Asia and Africa and Japanese companies can set up factories in the region.

Source: [Oman Observer](#)

National Pharmaceutical - Converting from SAOG to SAOC

National Pharmaceutical announces that following a meeting of the Company's board of directors on 30 July 2018, the Board unanimously resolved to convert the Company from public joint stock company to closed joint stock company (Conversion from SAOG to SAOC) subject to approval of shareholders at an extra ordinary general meeting.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia's sovereign wealth fund raises \$11bn loan with 15 banks –Maaal

Saudi Arabia's sovereign wealth has raised an \$11 billion loan from a total of 15 banks, the Maaal financial news website reported on Tuesday, citing unnamed sources. A source with direct knowledge of the matter told Reuters last month that the Public Investment Fund (PIF) will pay a margin of 75 basis points over the London Interbank Offered Rate on the loan, but the PIF has yet to announce the deal or name the participating banks.

Source: [Zawya](#)

Jabal Omar licensed to sell 741 off-plan units in Address Makkah hotel

Jabal Omar Development Co. has obtained the initial licensing to sell 741 off-plan hotel units in the third phase of Jabal Omar Address Makkah project. Jabal Omar received the approval of the Saudi Arabia's Wafi program, the online platform launched by the housing ministry, on Sep. 11, 2018, the company said in a bourse filing.

Source: [Argaam](#)

MedGulf approves 100% capital hike through rights issue

The Mediterranean and Gulf Insurance and Reinsurance Co.'s (MedGulf) general assembly has approved a 100 percent capital hike to SAR 800 million from SAR 400 million through a rights issue. The capital hike aims to improve solvency margin and support financial position, the company said in a bourse statement.

Source: [Argaam](#)

Sabic inks pact for large-scale petchems complex in China

Sabic, the Middle East's largest chemicals company signed a preliminary agreement to develop a large-scale petrochemicals complex in the Chinese province of Fujian as the firm looks to expand its footprint in one of the world's biggest markets for products. The announcement posted on the Saudi bourse Tadawul provided no indication of timeline, capacity or the product mix for the proposed complex.

Source: [The National](#)

Saudi Arabia expected to announce dollar Sukuk sale soon

Saudi Arabia is expected to announce soon a potential new U.S. dollar-denominated Sukuk deal, sources familiar with the matter said. The size of the planned Sukuk, or Islamic bond, is to be determined and depends on market appetite, but it is unlikely to match Saudi Arabia's previous jumbo debt transactions, said the sources.

Source: [Reuters](#)

Assets of Saudi investment funds grew 26% in 2017

The total value of assets under management (AUM) by Saudi-based investment funds jumped 25.5 percent year-on-year (YoY) to around SAR 110.2 billion by the end of 2017, new data from the Saudi Arabian Monetary Authority (SAMA) showed. However, the number of investment funds in the Kingdom has declined to 273 by the end of 2017, from 275 funds a year earlier.

Source: [Argaam](#)

Kuwait, Abu Dhabi highest rated EM sovereigns: Moody's

Kuwait, Abu Dhabi and UAE are the highest rated EM sovereigns at Aa2, but overall, Africa and Middle East region has the largest number of EM sovereigns rated below investment grade. Moody's said in its inaugural edition of its Emerging Markets Chartbook showcasing Moody's-rated coverage from 101 emerging markets and more than 1,500 rated entities across non-financial corporates and financial institutions released on Tuesday.

Source: [Saudi Gazette](#)

Burgan Bank can take advantage of new business opportunities with capital increase

The bank set the subscription period between 20 September and 10 October and plans to issue 240,581,530 new shares at an offer price of 260 fils per share, according to Moody's. The capital increase is credit positive for Burgan because Moody's estimates that it will enhance the bank's Common Equity Tier 1 (CET1) ratio by 110 basis points, bringing it substantially above the regulatory minimum, and will allow Burgan to take advantage of new business opportunities locally and in the region over the next 12-18 months.

Source: [CPI Financial](#)

Seven firms planning IPOs in Abu Dhabi, says ADX CEO

As many as seven companies are currently planning an initial public offering in Abu, according to the CEO of Abu Dhabi Securities Exchange (ADX). Rashed Al Blooshi, CEO of the Abu Dhabi bourse, said most of the seven firms companies are from the UAE, but are waiting to for the "right time" for a sale. Speaking to Bloomberg, Al Blooshi said ADX expects to attract more bond listings from companies and member governments in GCC countries.

Source: [Arabian Business](#)

UAE banking system expands credit to 10 economic sectors

The UAE's economic sectors have continued their growth since the start of the current year, according to a digital review of relevant indicators, which encouraged the banking system to fund the activities of various sectors that support the national economy. Statistics

issued by the Central Bank of the UAE show that ten vital economic sectors witnessed considerable growth, reflecting the overall rise of business activity since the start of 2018.

Source: [Zawya](#)

Three-way merger of UAE banks 'Credit positive' for industry, says Moody's

The potential merger of Abu Dhabi Commercial Bank, Union National Bank and Al Hilal Bank would be credit positive for the country's banking industry, according to Moody's Investors Service. "The merger would increase banks' pricing power, reduce pressure on their funding costs and increase their ability to meet sizeable investments," the rating agency said in a report on Monday. It would also contribute to consolidation of the "overbanked" sector in the UAE.

Source: [The National](#)

DP World plans 10-year dollar Sukuk, 30-year conventional bond sale

DP World, will meet fixed income investors ahead of a planned 10-year benchmark dollar Sukuk offering, a document issued by one of the banks arranging the potential issue showed on Monday. The company has hired Barclays, Citi, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, JPMorgan, Societe Generale and Standard Chartered Bank as joint book runners for the Sukuk, or Islamic bond. It will start meeting investors in London and Europe on September 12.

Source: [Gulf News](#)

DP World to pursue all legal means against Djibouti gov't

DP World has stated on Tuesday that it will resort to any legal procedure in order to defend its rights in Djibouti's Doraleh Container Terminal against the African country's government. Yesterday, the government of Djibouti announced the nationalization of Port de Djibouti, the operator of DCT. This decision is, apparently, an attempt to circumvent an injunction order by the English High Court, restraining Djibouti's Port de Djibouti S.A. company from treating its joint venture shareholders' agreement with DP World as terminated.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Dollar retreats amid Sino-US trade dispute concerns

The US dollar on Tuesday eased against a basket of major rivals amid recent developments in Europe and despite concerns over the trade dispute between the US and China. At 7:50 am GMT, the greenback declined 0.3% against the euro (EUR) to \$1.1632, while it gained 0.4% against the Japanese yen (JPY) to JPY 111.53. By 11:02 am GMT, the EUR/USD pair edged down 0.09% to \$1.1583, while the USD/JPY inched rose 0.26% to JPY 111.4200.

Source: [Mubasher](#)

Asia stocks slip to 14-month lows on simmering trade worries

Asian stocks slipped to 14-month lows on Wednesday, as investor confidence was chilled by the latest round of verbal threats in an intensifying U.S.-China trade conflict. MSCI's broadest index of Asia-Pacific shares outside Japan. MIAPJ0000PUS lost 0.3 percent, plumbing its lowest levels since July 2017.

Source: [Reuters](#)

Apple will probably lower iPhone prices on Wednesday

Apple will reportedly reduce the price of the iPhone X's successor to as low as \$800. Since all three new iPhone models are expected to be based on the iPhone X's design and technical features, Apple has to shift the pricing structure. The new strategy could help Apple increase iPhone unit sales, which have been flattening recently.

Source: [CNBC](#)

China is set to ask the WTO for permission to impose sanctions on the US

China's WTO request comes at a time of escalating trade tensions between the world's two largest economies, with President Donald Trump reportedly saying last week he was "ready to go" on tariffs for another \$267 billion on Chinese goods "if he wants." The case cites Washington's non-compliance with a ruling in a dispute over U.S. dumping duties. It is likely to lead to years of legal wrangling over the case for sanctions and the amount.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices rise on lower U.S. crude inventories, looming Iran sanctions

Oil prices rose on Wednesday after a report of falling crude inventories and the looming sanctions against Iran fueled expectations of a tightening market. Prices were also pushed up by Hurricane Florence, which is expected to make landfall on the U.S. East Coast on Friday, and which has caused fuel shortages following the evacuation of millions of households and businesses.

Source: [CNBC](#)

Gold prices slip on U.S.-Sino trade war fears

Gold prices inched down on Wednesday after touching two-week lows in the previous session, with investors staying away from bullion on fears the U.S.-China trade war could escalate. The trade conflict has prompted investors to buy the U.S. Dollar in the belief that the United States has less to lose from the dispute, making dollar-priced gold more expensive for non-U.S. buyers.

Source: [NASDAQ](#)