

U Capital Morning Brief

16 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	911.80	3.50	0.39%	-6.41%	-	-	-
U Capital GCC 50 Index	1,282.56	-2.05	-0.16%	12.05%	-	-	-
U Capital MENA 200 Index	1,042.30	-1.20	-0.11%	4.74%	-	-	-
MSCI GCC Countries Index	525.13	0.03	0.01%	9.45%	13.34	1.71	4.2%
Muscat Securities Market	4,558.51	27.96	0.62%	-10.60%	11.22	0.82	6.0%
Saudi Stock Exchange	7,590.65	-44.73	-0.59%	5.04%	16.67	1.71	3.7%
Kuwait Stock Exchange	5,139.56	13.19	0.26%	NA	15.07	1.30	3.8%
Qatar Exchange	10,021.96	31.79	0.32%	17.58%	14.88	1.51	4.4%
Bahrain Stock Exchange	1,345.04	4.53	0.34%	1.00%	9.08	0.85	6.1%
Dubai Financial Market	2,809.87	-23.11	-0.82%	-16.62%	7.48	1.04	6.0%
Abu Dhabi Exchange	4,934.44	-58.18	-1.17%	12.19%	13.03	1.46	4.9%
Beirut Stock Exchange	979.06	-2.48	-0.25%	-14.76%	5.18	0.61	9.3%
Palestine Stock Exchange	542.29	0.53	0.10%	-5.62%	12.60	1.20	4.5%
Tunis Se Index	7,948.46	-29.75	-0.37%	26.53%	20.63	2.83	1.8%
EGX 30 Index	15,308.62	-179.87	-1.16%	1.93%	16.25	2.40	2.3%
Amman General Index	1,992.33	-10.28	-0.51%	-6.32%	14.67	1.03	4.6%

* 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	7,304.0	0.31%	-5.0%	Australian Dollar (AUD)	0.715	1.398
DAX	Germany	12,124.3	0.57%	-6.1%	British Pound (GBP)	1.307	0.765
CAC 40	France	5,352.6	0.46%	0.8%	Canadian Dollar (CAD)	0.767	1.304
United States					Chinese Renminbi (CNH)	0.145	6.875
DIJA	USA	26,154.7	0.03%	5.8%	Egyptian Pound (EGP)	0.056	17.910
S&P 500	USA	2,905.0	0.03%	8.7%	Euro (EUR)	1.163	0.860
NASDAQ	USA	8,010.0	-0.05%	16.0%	Indian Rupee (INR)	0.014	71.855
Asia Pacific					Japanese Yen (JPY)	0.009	112.060
NIKKEI 225	Japan	23,094.7	1.20%	1.4%	New Zealand Dollar (NZD)	0.657	1.528
HANG SENG	Hongkong	27,286.4	1.01%	-8.8%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	40,920.3	-0.32%	1.1%	Pakistani Rupee (PKR)	0.807	124.252
NSE Nifty 50	India	11,515.2	1.28%	9.3%	Russian Ruble (RUB)	0.015	68.087
SHANGHAI Composite	China	2,681.6	-0.18%	-18.9%	Singapore Dollar (SGD)	0.728	1.374
KOSPI Index	South Korea	2,318.3	1.40%	-6.0%	Turkish Lira (TRY)	0.162	6.169

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.61	45.7%
Brent Crude (per bbl)	78.1	-0.12%	22.0%	Saudi Arabia	2.63	38.8%
WTI Crude (per bbl)	69.0	0.58%	14.2%	Kuwait	2.00	6.7%
Oman Crude Oil (Last Closing)	76.5	-0.35%	19.6%	Oman	2.49	30.5%
OPEC (per bbl)	76.5	-0.91%	18.6%	Qatar	2.65	0.1%
Precious Metals				Bahrain	3.58	31.2%
Gold100 OZ (per oz)	1,193.5	-0.67%	-8.4%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.1	-0.80%	-17.0%		Maturity date	YTM, %
Platinum (per oz)	794.0	-1.13%	-14.7%	Kuwait	3/20/2027	3.7
Other Metals				Abu Dhabi	10/11/2027	3.8
Copper, MT	5,973	-0.99%	-17.6%	Qatar	6/2/2026	3.9
Aluminium, MT	2,043	-1.02%	-9.9%	Saudi Arabia	3/4/2028	4.2
Lead, MT	2,038	0.00%	-18.1%	Oman	1/17/2028	6.1
Zinc, MT	2,334	-1.10%	-29.7%	Bahrain	10/12/2028	7.9

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.70	2.9	1m	2.16	38.4%
5 year	99.30	2.9	3m	2.34	37.9%
10 year	98.97	3.0	6m	2.57	39.8%
30 year	97.47	3.1	1 year	2.88	36.7%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

U Capital: Strong performance of general index supported by leading stocks

The performance of the Muscat Securities Market Index last week was an accurate reflection of our expectations and recommendations outlined in recent reports, in which we pointed to the start of an improved performance and the need to invest in leading stocks. Overall, the market witnessed the return of speculators and investors alike, which supported volume and values. MSM 30 ended the previous week posting its best weekly performance in more than 2.5 years i.e. since the third week of March 2016.

Source: [Oman Observer](#)

Financial affairs council reviews state of economy, budget performance

The Financial Affairs and Energy Resources Council (FAERC) has held its fifth meeting of 2018 at the Ministry of Finance under the chair of H E Darwish bin Ismail bin Ali al Balushi, Minister Responsible for Financial Affairs and deputy chairman of FAERC. The Council reviewed the position of the implementation of state budget 2018 and expected results by the end of the year. It reviewed the financial performance indicators for the first seven months of 2018, including actual realized oil price, actual revenues, expenditures and deficit levels.

Source: [Muscat Daily](#)

Oman seeks cooperation with S Korea in developing Duqm SEZ

Arriving in South Korea on the second leg of its tour of the Far-East, the Omani delegation headed by Yahya bin Saeed al Jabri, Chairman of the Special Economic Zone Authority of Duqm (SEZAD), visited a number of key institutions, notably the offices of the International Contractors Association of Korea, the Smart Cities Museum in Seoul, and the Incheon Free Economic Zone (iFEZ). The delegation is made up of high-level officials of SEZAD, the Omani Authority for Investment Promotion and Export Development (Ithraa), Oman Oil Company, Oman Dry-Dock Company and Port of Duqm.

Source: [Oman Observer](#)

Oman's trade surplus surges to OMR1.7b

The Sultanate's trade balance recorded a surplus of OMR1.777 billion at the end of April 2018, compared to OMR946.3 million at the end of April 2017, according to preliminary statistics released by the National Centre for Statistics and Information (NCSI). The total export of goods to the Sultanate by the end of April 2018 was OMR5.109 billion, which is an increase of 27.7 per cent compared to April 2017 when the exports to the Sultanate were OMR4.2 billion.

Source: [Times of Oman](#)

Oman set for robust growth in retail sector

Industry observers expect the country's retail sector to be at a prime position to significantly contribute to the GCC's continuing retail growth story as a result of the increasing demand among young markets, the growing interests of residents in new lifestyle experiences, and the influx of tourists entering the Sultanate.

Source: [Times of Oman](#)

The electric cars market in Oman is expected to get a boost

The electric cars market in Oman is expected to get a boost with the unveiling of more public charging stations, according to industry sources. "A few hybrid brands have already hit the roads and are doing well. Buyers are just waiting for reliable infrastructure across strategic locations in various cities," said a senior executive with an auto dealership. Omanoil unveiled its first charging station for Electric Vehicles (EV) in the Sultanate on Friday. "The facility will be offered at the company's Mazoon Service Station in the capital," said the company.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi falls to six-month low, Qatar at 16-month high

Saudi Arabia's stock market fell to a six-month low on Thursday, missing out on a wider emerging markets rebound, but Qatar continued rising to a fresh 16-month high. The MSCI emerging market index was up 1.1 percent but the Saudi index closed 0.6 percent lower at 7,591 points, with losers outnumbering gainers by 107 to 56.

Source: [Reuters](#)

Emerging market sell-off impacting Saudi equities, but outlook positive

The recent sell-off in emerging market (EM) assets is having some impact on trading in Saudi stocks, but higher oil prices and reforms carried out by the Kingdom's bourse are reasons for optimism, analysts told Argam. "The sell-off in EM along with high prices of some blue-chips already had an impact on Saudi market, which retreated by over 12 percent from its high in 2018," said Hettish Karmani, head of research at Oman-based Uthmaniyah Capital.

Source: [Argam](#)

Saudi Arabia raises \$2bn with new Islamic bonds

Saudi Arabia has raised \$2 billion in new Sukuk, or Islamic bonds, completing its external funding requirements for 2018. The transaction is the kingdom's second international sale of Sukuk after a \$9 billion issue last year. The bond sale was "part of the Ministry of Finance's

commitment to the development of the Shariah-compliant debt capital markets," the country's debt management office said in a statement on Thursday.

Source: [Zawya](#)

Saudi Aramco says media reports of SABIC deal troubles "speculative"

State oil giant Saudi Aramco on Thursday described media reports of complications in its potential acquisition of a stake in petrochemicals firm SABIC as "entirely speculative". The Wall Street Journal reported on Wednesday that Aramco was seeking a discount on the potential 70 per cent stake in SABIC it is looking to acquire from the kingdom's Public Investment Fund (PIF).

Source: [Gulf Business](#)

Saudi Electricity Company Announces Its Intention to Commence Holding Meetings with Investors in Preparation for Potential Issuance of Sukuk

The Saudi Electricity Company (SEC) announces its intention to commence holding meetings as of Thursday, September 13th, 2018 with fixed income investors in preparation for a potential issuance of sukuk that could be offered in one or multiple tranches depending on market conditions. SEC has mandated Citi, First Abu Dhabi Bank, HSBC, Mizuho, MUFG, NATIXIS, SMBC Nikko and Standard Chartered Bank as Joint Lead Managers. Any potential issuance is subject to market conditions and the approval of official authorities. SEC will announce all details and further developments in due course.

Source: [Tadawul](#)

Al Mazaya ready to deliver key phase of Oman lifestyle project

Al Mazaya Holding, a leading real estate developer in Kuwait, said the Phase One of its modern, integrated lifestyle project, Mazaya Residence, featuring 120 apartments units and 28 retail outlets in the heart of Muscat, Oman, had been completed within a record time and was now ready for handover to its owners.

Source: [GDN](#)

Abu Dhabi Financial Group offers revised bid for Abraaj's Middle East funds

Abu Dhabi Financial Group (ADFG) has submitted a revised bid to acquire the management rights for the Middle East funds of stricken Dubai-based Abraaj, according to a document seen by Reuters. The Abu Dhabi-based alternative investment firm is among more than a dozen bidders seeking to buy the bulk of Abraaj's private equity funds.

Source: [Gulf Business](#)

BRIEF: Dubai's DSI Says Tabarak Investment Raises Stake in Co

DRAKE AND SCULL INTERNATIONAL PJSC DSI.DU:

* SAYS OWNERSHIP OF TABARAK INVESTMENT IN CO HAS INCREASED TO 13.73 PERCENT OF THE PAID UP CAPITAL OF THE COMPANY FROM 13.26 PERCENT

* SAYS SOME OF THESE SHARES ARE HELD IN NAME OF AJMAN BANK AS A COLLATERAL AGAINST FINANCIAL FACILITIES

Source: [Reuters](#)

UAE's Amanat eyes 'world class' hospital after \$38m stake deal

Amanat Holdings, the GCC's largest healthcare and education investment company, has pledged to provide "world class" services following its acquisition of a majority stake in a women's hospital in Bahrain. The 69.3 percent stake in Bahrain's Royal Maternity Hospital Holding in a deal worth AED141.7 million (\$38.6 million) takes Amanat's total investments in assets to AED2 billion.

Source: [Arabian Business](#)

Abu Dhabi phases in dual licenses to free zone firms

Abu Dhabi Department of Economic Development is rolling out dual licenses allowing companies in free zones to establish an onshore branch as the emirate seeks to attract foreign investment and stimulate the economy. The first phase of the initiative is open to companies headquartered in Abu Dhabi and based in one of its free zones, the department said in a statement on Saturday. It is also working on the second phase that will allow more companies to qualify for a dual license.

Source: [The National](#)

ADIB raises \$750m in through Sukuk issuance

Abu Dhabi Islamic Bank (ADIB) announced on Saturday that it has successfully raised \$750 million of additional first tier-one perpetual Sukuk compliant with Basel III regulatory framework issued by the Central Bank of the UAE. The non-call, five-year Sukuk, rated B1 by Moody's Investors Service, are priced at a profit rate of 7.125 percent, the bank said in a statement.

Source: [Mubasher](#)

HSBC named lead bank for 20% listing of Egypt's AMOC –ministry

Egypt has named HSBC as lead bank to manage a public offering for a 20 percent stake in the Alexandria Mineral Oils Company (AMOC) in a bid to raise up to 2.8 billion Egyptian pounds (\$156 million), the finance ministry said on Friday. The government is selling minority stakes in public companies on the stock exchange as it aims to draw investment and raise 80 billion Egyptian pounds.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Trump 'likely' to announce new China tariffs as early as Monday

U.S. President Donald Trump is likely to announce new tariffs on about \$200 billion on Chinese imports as early as Monday, a senior administration official told Reuters on Saturday.

Source: [Reuters](#)

Islamic banks face outdated property rules: industry body

Regulators overseeing Islamic banking must revise guidance on real estate exposures to align with the post-financial crisis capital rules of Basel III, a global industry body said on Sunday. The Bahrain-based General Council for Islamic Banks and Financial Institutions (CIBAFI) said treatment of real estate across Islamic finance jurisdictions still reflected Basel II or pre-reform Basel III rules.

Source: [Reuters](#)

The bond market is beginning to believe the Fed is serious about two more rate hikes this year

Bonds are ripped and yields move higher around the world, taking the U.S. 10-year to the key 3 percent level. Strategists say the market is moving on a number of factors, but key drivers are the fact that the European Central Bank continues to signal it will end asset purchases and now even dovish Fed officials sound serious about rate hikes.

Source: [CNBC](#)

G20 trade ministers call for urgent WTO 'reforms' as new tariffs loom

Trade and investment ministers from G20 countries meeting in Argentina said there was an "urgent need" to improve the World Trade Organization, a joint statement said on Friday. With US President Donald Trump readying tariffs on another \$200 billion in Chinese goods, the ministers said they were "stepping up the dialogue" on international trade disputes, according to the statement issued at the summit.

Source: [Khaleej Times](#)

Trade conflict looms but higher rates, oil prices help some stocks

A world stock index climbed as bank and energy shares rose on Friday, but the momentum was sapped by a report that Washington may fire a new salvo in its trade dispute with Beijing. U.S. President Donald Trump has directed aides to place U.S. tariffs on about \$200 billion of Chinese goods, according to a person familiar with the matter. Bloomberg News first reported Trump's action.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices claw back on supply concerns though but demand worries drag

Oil on Friday clawed back some of its losses from the previous session, when prices fell the most in a month, as concerns about oil supply are countering worries that emerging market crises and trade disputes could dent demand. Brent crude was up 8 cents, or 0.1 percent, at \$78.26 a barrel by 0338 GMT, after falling 2 percent on Thursday. The global benchmark rose on Wednesday to its highest since May 22 at \$80.13.

Source: [Zawya](#)

Gold turns negative as dollar strengthens from U.S.-China tariff spat

Gold turned negative on Friday, as the U.S. dollar rose against the Chinese yuan after U.S. President Donald Trump reportedly told aides to proceed with tariffs on Chinese imports. Trump has directed aides to place tariffs on about \$200 billion of Chinese goods, according to a person familiar with the matter. Bloomberg News first reported Trump's action.

Source: [Reuters](#)

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