

# U Capital Morning Brief

30 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  | 907.82        | -4.13  | -0.45% | -6.82%  | -                 | -             | -         |
| U Capital GCC 50 Index   | 1,313.57      | 3.40   | 0.26%  | 14.76%  | -                 | -             | -         |
| U Capital MENA 200 Index | 1,051.51      | 3.12   | 0.30%  | 5.67%   | -                 | -             | -         |
| MSCI GCC Countries Index | 539.13        | 2.16   | 0.40%  | 12.37%  | 13.39             | 1.74          | 4.1%      |
| Muscat Securities Market | 4,428.80      | -25.17 | -0.57% | -13.15% | 10.20             | 0.79          | 6.2%      |
| Saudi Stock Exchange     | 7,847.51      | 44.86  | 0.57%  | 8.60%   | 16.18             | 1.76          | 3.6%      |
| Kuwait Stock Exchange    | 5,032.39      | -1.03  | -0.02% | NA      | 14.58             | 1.26          | 3.9%      |
| Qatar Exchange           | 10,191.68     | 47.31  | 0.47%  | 19.57%  | 15.08             | 1.53          | 4.3%      |
| Bahrain Stock Exchange   | 1,315.04      | -3.84  | -0.29% | -1.25%  | 8.91              | 0.82          | 6.2%      |
| Dubai Financial Market   | 2,714.83      | -10.00 | -0.37% | -19.44% | 7.25              | 1.00          | 6.5%      |
| Abu Dhabi Exchange       | 4,871.58      | -25.99 | -0.53% | 10.76%  | 12.97             | 1.42          | 4.9%      |
| Beirut Stock Exchange    | 983.39        | 1.96   | 0.20%  | -14.38% | 5.20              | 0.62          | 9.2%      |
| Palestine Stock Exchange | 523.68        | -1.15  | -0.22% | -8.86%  | 11.96             | 1.16          | 4.6%      |
| Tunis Se Index           | 7,347.53      | -9.41  | -0.13% | 16.96%  | 19.14             | 2.61          | 1.9%      |
| EGX 30 Index             | 13,074.47     | 93.51  | 0.72%  | -12.95% | 12.36             | 2.26          | 2.3%      |
| Amman General Index      | 1,961.70      | -9.10  | -0.46% | -7.76%  | 13.61             | 0.99          | 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 |
|----------------------|-------------|----------|--------|--------|--------------------------|------------|-------------|
| <b>Europe</b>        |             |          | %      | %      | <b>Currency</b>          |            |             |
| FTSE 100             | UK          | 7,026.3  | 1.25%  | -8.6%  | Australian Dollar (AUD)  | 0.709      | 1.411       |
| DAX                  | Germany     | 11,335.5 | 1.20%  | -12.2% | British Pound (GBP)      | 1.281      | 0.781       |
| CAC 40               | France      | 4,989.4  | 0.44%  | -6.1%  | Canadian Dollar (CAD)    | 0.763      | 1.311       |
| <b>United States</b> |             |          |        |        | Chinese Renminbi (CNH)   | 0.143      | 6.974       |
| DJIA                 | USA         | 24,442.9 | -0.99% | -1.1%  | Egyptian Pound (EGP)     | 0.056      | 17.917      |
| S&P 500              | USA         | 2,641.3  | -0.66% | -1.2%  | Euro (EUR)               | 1.138      | 0.879       |
| NASDAQ               | USA         | 7,050.3  | -1.63% | 2.1%   | Indian Rupee (INR)       | 0.014      | 73.621      |
| <b>Asia Pacific</b>  |             |          |        |        | Japanese Yen (JPY)       | 0.009      | 112.720     |
| NIKKEI 225           | Japan       | 21,462.2 | 1.47%  | -5.7%  | New Zealand Dollar (NZD) | 0.655      | 1.527       |
| HANG SENG            | Hongkong    | 24,769.8 | -0.17% | -17.2% | Omani Rial (OMR)         | 2.597      | 0.385       |
| KSE 100 Index        | Pakistan    | 41,453.8 | 0.00%  | 2.4%   | Pakistani Rupee (PKR)    | 0.755      | 132.619     |
| NSE Nifty 50         | India       | 10,243.1 | -0.08% | -2.7%  | Russian Ruble (RUB)      | 0.015      | 65.839      |
| SHANGHAI Composite   | China       | 2,560.4  | 0.72%  | -22.6% | Singapore Dollar (SGD)   | 0.723      | 1.383       |
| KOSPI Index          | South Korea | 2,019.6  | 1.18%  | -18.2% | Turkish Lira (TRY)       | 0.180      | 5.550       |

| Commodity Prices              | Price   | D/D    | YTD    | GCC 3m Interbank Rates                         | Current Rate % | YTD %  |
|-------------------------------|---------|--------|--------|--|----------------|--------|
|                               | USD     | %      | %      |  |                |        |
| <b>Oil</b>                    |         |        |        | UAE  | 2.69           | 50.1%  |
| Brent Crude (per bbl)         | 77.1    | -0.27% | 21.2%  | Saudi Arabia                                   | 2.76           | 45.3%  |
| WTI Crude (per bbl)           | 67.2    | 0.21%  | 11.2%  | Kuwait   | 2.13           | 13.3%  |
| Oman Crude Oil (Last Closing) | 76.0    | -1.30% | 18.8%  | Oman   | 2.76           | 44.8%  |
| OPEC (per bbl)                | 75.7    | 0.50%  | 17.4%  | Qatar  | 2.81           | 6.1%   |
| <b>Precious Metals</b>        |         |        |        | Bahrain  | 3.70           | 35.8%  |
| Gold100 OZ (per oz)           | 1,227.2 | -0.18% | -5.8%  | <b>GCC Latest 10-Yr Government Bond Yields</b> |                |        |
| Silver (per oz)               | 14.5    | 0.37%  | -14.3% |  | Maturity date  | YTM, % |
| Platinum (per oz)             | 834.3   | 0.29%  | -10.3% | Kuwait   | 3/20/2027      | 3.9    |
| <b>Other Metals</b>           |         |        |        | Abu Dhabi                                      | 10/11/2027     | 4.0    |
| Copper, MT                    | 6,160   | 0.00%  | -15.0% | Qatar  | 6/2/2026       | 4.0    |
| Aluminium, MT                 | 1,984   | -0.70% | -12.5% | Saudi Arabia                                   | 3/4/2028       | 4.4    |
| Lead, MT                      | 1,958   | -2.00% | -21.3% | Oman   | 1/17/2028      | 6.2    |
| Zinc, MT                      | 2,622   | -1.09% | -21.0% | Bahrain  | 10/12/2028     | 7.1    |

| Midswaps | Price | YTM % | USD Libor | Rate (%) | YTD   |
|----------|-------|-------|-----------|----------|-------|
| 3 year   | 99.97 | 2.9   | 1m        | 2.30     | 46.8% |
| 5 year   | 99.72 | 2.9   | 3m        | 2.52     | 48.8% |
| 10 year  | 98.09 | 3.1   | 6m        | 2.78     | 51.2% |
| 30 year  | 93.55 | 3.3   | 1 year    | 3.06     | 45.1% |

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### **PDO awards contract for 100mw solar plant**

Petroleum Development Oman (PDO) on Monday announced it has awarded a contract to build a landmark 100MW solar photovoltaic independent power producer (IPP) project to a joint Japanese-Omani consortium. The Marubeni Consortium, comprising the Marubeni Corporation (Japan) as the lead founder, Oman Gas Company, Bahwan Renewable Energy Company LLC and Modern Channels Services LLC, won the bidding process, which attracted competitive tenders from highly reputed global developers in the renewable energy industry, a press release said.

Source: [Muscat Daily](#)

### **Oman's regular petrol production surges 40% in first 9 months of 2018**

The production of standard grade petrol (M-91) by Omani refineries has seen a robust 40 per cent jump to touch 10.60mn barrels during the first nine months of 2018, over the same period of 2017. However, the output of super grade petrol (M-95) declined by 23 per cent to 9.14mn barrels during January-September period of 2018, according to data released by the National Centre for Statistics and Information (NCSI).

Source: [Muscat Daily](#)

### **OPEX to boost Oman, Kenya ties**

Omani Products Exhibition (OPEX 2018) was inaugurated by Adan Mohamed, Cabinet Secretary for the Ministry of the East African Community and Regional Development, at Kenyatta International Convention Centre in Nairobi on Tuesday. The ceremony was attended by Dr Ali bin Masoud al Sunaidy, Minister of Commerce and Industry, Saleh bin Sulaiman al Harthy, Sultanate's Ambassador to Kenya, officials and businessmen from Oman and Kenya. Speaking at the event, Dr Al Sunaidy said: "This exhibition comes at a very opportune time as Kenya is currently focusing on four major sectors on which the economy is based. Most of the Omani products that are featured in the event belong to these sectors."

Source: [Oman Observer](#)

### **CMA prepares comprehensive plan to introduce mandatory health insurance for all private sector employees**

Oman's financial regulator, Capital Market Authority (CMA) recently said it has devised a comprehensive plan for implementing mandatory health insurance for all private sector employees in the sultanate from next year. The proposed new health insurance policy, which is still under discussion, aims to provide medical coverage for all including expatriates. The implementation of mandatory health coverage is likely to be done in stages, starting from big companies to smaller enterprises. Small, micro and Medium enterprises (SME) would be excluded from it in initial stages.

Source: [Muscat Daily](#)

### **Total Internet Subscriptions Surge 15 Percent**

Total internet subscriptions, excluding active mobile subscriptions, surged by 14.8 percent in the Sultanate to touch 403,233 by the end of September 2018, up from 351,335 by the end of December 2017. Of this, fixed broadband internet connections, which have more than 256 kilobytes speed, increased by 14.9 percent to 400,964 by the end of September 2018, compared to the end of December 2017, according to the latest data released by National Centre for Statistics and Information (NCSI).

Source: [ONA](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **UAE's RAK Gas signs production sharing agreement with Zanzibar**

The United Arab Emirates' RAK Gas has signed an oil and gas production sharing agreement with Tanzania's semi-autonomous region of Zanzibar. The government of Ras Al Khaimah, the owner of RAK Gas, said on Monday that the agreement had been signed by RAK Gas' Zanzibar subsidiary and the Zanzibar government.

Source: [Gulf Business](#)

### **Dubai 'has always benefited from instability,' top property chairman says**

The United Arab Emirates' most populous city has long benefited from the seemingly constant turmoil in its wider orbit, DAMAC Properties chairman Hussain Sajwani told CNBC Monday. This is thanks to its status as a regional business hub and its reputation for safety and stability, which has attracted those with means when political or economic unrest has hit neighbors such as Egypt, Lebanon, Iraq, and Kuwait, to name a few. Dubai has been ranked among the world's safest cities for years, and was ranked the fifth safest in the world this year by the Global Smart City Performance Index

Source: [CNBC](#)

### **UAE's Air Arabia unveils new identity on 15th birthday**

Air Arabia, the Middle East's largest low-cost carrier, has unveiled a new brand identity after celebrating 15 years of operations. The unveiling took place during a launch ceremony at the Air Arabia hangar in Sharjah International Airport where the carrier showed off its new aircraft livery and interior through a live display of an Airbus A320.

Source: [Arabian Business](#)

### **Qatar's Doha Bank cuts UAE exposure with asset swaps –sources**

Qatar's Doha Bank has cut its exposure to the United Arab Emirates through an asset swap with UAE banks amid strained relations between the two countries, four sources said. As part of moves by some Qatari companies to try to trim exposure to the Gulf's main financial and wealth centre, Doha Bank has been in talks with UAE banks to sell some of its loan book and other assets since last year.

Source: [Reuters](#)

### **QP to allocate free Qamco shares for Qataris covered by social security law**

Qatar Petroleum has announced that it will allocate 750 free shares in Qatar Aluminium Manufacturing Company (Qamco), under incorporation, to all registered Qatari beneficiaries covered by the social security law. In addition to the free Qamco shares, members of the entitled groups can subscribe to an additional number of shares, if they wish, and pay the due share price in accordance with the Offering Memorandum. The details of the free share allocation will be finalised in consultation with the various concerned entities. Qamco shares will be offered at QR10.1, which includes the nominal value per share of QR10, plus offering and listing costs of QR0.1 per share.

Source: [TPQ](#)

### **Batelco Signs Deal to Build New Bahrain Data Centre with Huawei**

The company required more efficient cloud infrastructure for storing and managing data as part of the agreement, and Huawei was only too pleased to add to its rapidly growing business in the region. Bahrain telco Batelco has brought in Huawei to build an Uptime Institute-certified Tier III data centre for the company. The facility will aid the company's digital transformation and help it expand into new growth services to serve both the public and private sector.

Source: [Economy](#)

### **Alinma Bank optimistic about growth prospects on mega projects: CEO**

Alinma Bank is likely to record strong growth, driven by the mega projects unveiled during the Future Investment Initiative (FII) 2018 conference, chief executive Abdulmohsen Al-Fares told Argam on Monday. The bank will be bolstered by the higher cost of funding. "Despite its potential positive impact, I hope the cost of funding will remain at the lowest end, especially for retail lending," Al-Fares said on the sidelines of the FII.

Source: [Argam](#)

### **Mideast Stocks: Saudi extends gain after earnings, banks weigh on Abu Dhabi**

Saudi Arabia's stock index closed higher on Monday, aided by strong corporate earnings, while Abu Dhabi recovered some of its losses after opening at its lowest in two months. Stock exchange data on Sunday showed that foreigners sold a net 2.34 billion riyals (\$623.85 million) in the Saudi stock market for the week ending Oct. 25, but the bourse was supported by local institutions, which bought 8.06 billion riyals worth of shares.

Source: [Zawya](#)

### **Sheikh Khalifa issues new law to raise UAE Central Bank capital to Dh20bn**

A new law issued by president Sheikh Khalifa bin Zayed Al Nahyan raises the capital of the central bank to Dh20 billion, establishing a general reserve of up to four times the paid-up capital. "The law also sets three major objectives for the Central Bank, of which the most important is to protect stability of the financial system in the state, ensure prudent management of CBUAE foreign reserves and maintain stability of the national currency ... to achieve balanced growth of the national economy," said Sheikh Hamdan bin Rashid, deputy ruler of Dubai and minister of finance.

Source: [The National](#)

### **SISCO reduced loans to SAR 900 mln, says CEO**

Saudi Industrial Services Co. (SISCO) was able to reduce its loans to about SAR 900 million from SAR 1.2 billion over the past few years, CEO Mohammed Mudarres told CNBC Arabia. All loans are long term used for several projects, mainly the firm's expansion work, he said, adding that loans are repaid in fixed annual installments that the firm is able to pay on time. Commenting on SISCO's results, Mudarres said that the firm launched this year a marketing plan targeting new markets. The impact started to show as of Q2 2018 and continued in Q3.

Source: [Argam](#)

### **Foreign investments worth \$300mln pour into Abu Dhabi shares in first nine months: stock market chief**

The net foreign investments in the Abu Dhabi Securities Exchange (ADX) stood at 1.1 billion dirhams (\$300 million) for the first nine months of 2018, Rashed Al Blooshi, the chief executive of ADX said on Monday. "The foreign net position is positive and stood at 1.1 billion dirhams," Al Blooshi told reporters on the sidelines of the annual conference of the Federation of Euro-Asian Stock Exchanges (FEAS) in Abu Dhabi.

Source: [Zawya](#)

### **HSBC CEO says business appetite in Saudi Arabia unchanged: report**

Saudi Arabia is unlikely to see a significant impact on its trade and investment flows following the death of Jamal Khashoggi, Bloomberg reported, citing the chief executive officer of HSBC. "It has been a difficult few weeks for the Kingdom; this has not been good for Saudi Arabia," HSBC CEO John Flint said.

Source: [Argam](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### US reportedly planning tariffs on remaining \$257 billion in Chinese goods if Trump-Xi talks fail

The U.S. is preparing new tariffs against all remaining Chinese imports if talks between Presidents Donald Trump and Xi Jinping fail, according to Bloomberg. The new round of taxes against goods from China could occur as early as December and target the rest of the imports from China, about \$257 billion worth, per the report. The Dow Jones Industrial Average fell more than 100 points following the trade news, erasing a 350-point gain earlier in the session.

Source: [CNBC](#)

### Chinese securities regulator to enhance market liquidity, encourage share buybacks

China's securities regulator will encourage share buybacks and mergers and acquisitions by listed firms, it said in a statement on Tuesday responding to market concerns about recent sharp moves in markets. The China Securities Regulatory Commission also said it will enhance market liquidity, reduce unnecessary interference in trading, and create a level playing ground for investors.

Source: [CNBC](#)

### U.S. go-go growth stock days are gone, value back in play

One undeniable fact has underpinned the latest leg of the long-running U.S. bull market: Paying up for growth stocks at any price paid off, hugely. Paying a premium for shares of fast-growing companies like Amazon Inc. and Google parent Alphabet Inc. over those viewed as good value for the money has been a recipe for success for more than five years. Growth stocks have beaten their value rivals by a margin of more than two-for-one in that span.

Source: [Reuters](#)

### Major Chinese banks seen swapping yuan for dollars in forwards: traders

Major state-owned Chinese banks were seen swapping yuan for dollars in forwards CNYFWD= on Tuesday, but there was no immediate evidence of dollar selling in the spot market as the currency neared a key support level, three traders said. The operation was mainly conducted in the one-year tenor of dollar/yuan swaps, the traders said.

Source: [Reuters](#)

## COMMODITIES NEWS

### Brent crude prices dip on rising supply, global market woes

Brent oil prices fell on Tuesday, weighed down by ongoing weakness in global stock markets and by signs of rising global supply despite looming sanctions on Iran's crude exports. Front-month Brent crude oil futures were at \$77 a barrel at 0246 GMT, down 34 cents, or 0.4 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures were at \$67.08 a barrel, little changed from their last settlement.

Source: [Reuters](#)

### Gold Down On Profit-Taking, Strong U.S. Dollar

Gold prices are moderately lower in early-afternoon U.S. trading Monday. Some profit taking from the shorter-term futures traders is featured. The stronger U.S. dollar index today that is hovering near last week's nine-week high also worked against the precious metals market bulls today. There is also less risk aversion in the marketplace early this week as world stock markets have settled down, for now. December gold futures were last down \$7.80 an ounce at \$1,228.10. December Comex silver was last down \$0.25 at \$14.45 an ounce.

Source: [KITCO](#)