

U Capital Morning Brief

5 November 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	908.57	-2.56	-0.28%	-6.75%	-	-	-
U Capital GCC 50 Index	1,318.13	-2.71	-0.21%	15.15%	-	-	-
U Capital MENA 200 Index	1,054.43	-2.18	-0.21%	5.96%	-	-	-
MSCI GCC Countries Index	542.06	-1.42	-0.26%	12.98%	13.51	1.75	4.0%
Muscat Securities Market	4,424.86	2.69	0.06%	-13.23%	10.45	0.78	5.9%
Saudi Stock Exchange	7,846.93	-32.44	-0.41%	8.59%	16.25	1.75	3.6%
Kuwait Stock Exchange	5,072.89	3.53	0.07%	NA	14.67	1.26	3.9%
Qatar Exchange	10,331.14	50.18	0.49%	21.21%	15.27	1.54	4.2%
Bahrain Stock Exchange	1,315.18	1.96	0.15%	-1.24%	8.90	0.82	6.2%
Dubai Financial Market	2,794.98	-10.24	-0.37%	-17.06%	7.47	1.02	6.3%
Abu Dhabi Exchange	4,919.84	-0.82	-0.02%	11.85%	13.07	1.43	4.9%
Beirut Stock Exchange	979.41	0.00	0.00%	-14.73%	5.13	0.61	9.3%
Palestine Stock Exchange	528.06	0.87	0.17%	-8.10%	12.08	1.17	4.6%
Tunis Se Index	7,400.93	7.84	0.11%	17.81%	19.28	2.63	1.9%
EGX 30 Index	13,170.28	-32.04	-0.24%	-12.31%	12.41	2.26	2.3%
Amman General Index	1,965.95	-0.36	-0.02%	-7.56%	13.78	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
			%	%	Currency		
Europe							
FTSE 100	UK	7,094.1	-0.29%	-7.7%	Australian Dollar (AUD)	0.719	1.391
DAX	Germany	11,519.0	0.44%	-10.8%	British Pound (GBP)	1.299	0.770
CAC 40	France	5,102.1	0.32%	-4.0%	Canadian Dollar (CAD)	0.763	1.311
United States							
DJIA	USA	25,270.8	-0.43%	2.2%	Chinese Renminbi (CNH)	0.145	6.912
S&P 500	USA	2,723.1	-0.63%	1.8%	Egyptian Pound (EGP)	0.056	17.908
NASDAQ	USA	7,357.0	-1.04%	6.6%	Euro (EUR)	1.139	0.878
Asia Pacific							
NIKKEI 225	Japan	21,965.0	-1.27%	-3.5%	Indian Rupee (INR)	0.014	72.844
HANG SENG	Hongkong	25,785.2	-2.65%	-13.8%	Japanese Yen (JPY)	0.009	113.190
KSE 100 Index	Pakistan	42,004.1	0.00%	3.8%	New Zealand Dollar (NZD)	0.664	1.505
NSE Nifty 50	India	10,518.8	-0.32%	-0.1%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,649.8	-1.00%	-19.9%	Pakistani Rupee (PKR)	0.749	132.553
KOSPI Index	South Korea	2,069.9	-1.25%	-16.1%	Russian Ruble (RUB)	0.015	66.150
					Singapore Dollar (SGD)	0.727	1.376
					Turkish Lira (TRY)	0.184	5.445

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	72.4	-0.56%	14.4%	UAE	2.77	54.4%
WTI Crude (per bbl)	62.7	-0.73%	3.7%	Saudi Arabia	2.78	46.4%
Oman Crude Oil (Last Closing)	71.8	-0.03%	12.2%	Kuwait	2.13	13.3%
OPEC (per bbl)	72.6	-3.46%	12.7%	Oman	2.77	45.3%
				Qatar	2.81	6.1%
				Bahrain	3.70	35.8%
Precious Metals						
Gold100 OZ (per oz)	1,232.6	-0.04%	-5.4%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.7	-0.14%	-13.1%		Maturity date	YTM, %
Platinum (per oz)	870.5	0.17%	-6.4%	Kuwait	3/20/2027	3.9
Other Metals						
Copper, MT	6,283	3.17%	-13.3%	Abu Dhabi	10/11/2027	4.1
Aluminium, MT	1,973	0.36%	-13.0%	Qatar	6/2/2026	4.0
Lead, MT	1,990	1.89%	-20.0%	Saudi Arabia	3/4/2028	4.5
Zinc, MT	2,553	0.49%	-23.1%	Oman	1/17/2028	6.2
				Bahrain	10/12/2028	7.3

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.76	3.0	1m	2.32	48.2%
5 year	99.31	3.0	3m	2.59	53.0%
10 year	97.25	3.2	6m	2.83	54.0%
30 year	91.67	3.4	1 year	3.10	47.4%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Sezad signs land lease pact with two companies

Yahya bin Said bin Abdullah Al Jabri, Chairperson of the Special Economic Zone Authority in Duqm (Sezad), signed two usufruct (land lease) and development agreements with companies. The first agreement was to develop a commercial, tourism, educational, and recreational complex in three phases with Bin Zayed International Investment Group on Sunday.

Source: [Times of Oman](#)

250,000 tourists visited Musandam in 2018

The number of tourists who visited the Musandam governorate during the last nine months of the year 2018 reached to 250,000. It showed that the varied tourism products of the governorate and its natural and historical components were attracting tourists.

Source: [Oman Observer](#)

Advocate for gas as a clean energy resource: Oman LNG CEO

The Sultanate, an important producer of liquefied natural gas (LNG) for the global market, has urged fellow producers around the world to make a strong pitch for gas as a comparatively clean fuel resource amid unprecedented challenges potentially imperilling the growth of the industry worldwide.

Source: [Oman Observer](#)

Sultanate marks 40 years of gas production

Petroleum Development Oman (PDO) yesterday celebrated 40 years of uninterrupted gas production, marking a major milestone in the history of Oman's largest oil and gas producer. A special event was held at the Company's Muscat headquarters under the auspices of Salim bin Nasser al Afi, Under-Secretary of the Ministry of Oil and Gas, who was joined by hundreds of staff at the Mina Al Fahal offices.

Source: [Oman Observer](#)

Oman's oil output touches 265m barrels in the first nine months

The Sultanate's crude oil production, including condensates, stood 0.3 percent higher at 265.46 million barrels for the first nine months of 2018. This is against an output of 264.61 million barrels for the corresponding January-September period of 2017, according to the latest data released by the National Centre for Statistics and Information (NCSI). Of the total production, crude oil production was down 2.2 percent at 236.01 million barrels, while condensates production rose 25.8 percent to touch 29.46 million barrels. Oman recorded a daily average crude oil production of 972,400 barrels during January-September period of 2018, the NCSI report added.

Source: [NCSI](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Qatar firms after cabinet reshuffle; other markets subdued

Qatari stocks ended firmer on Sunday following a government reshuffle, while markets elsewhere in the region, including Saudi Arabia, were mostly weaker in lacklustre trade. Qatar, the world's top liquefied natural gas producer, announced the appointment of the heads of its biggest bank and state-run oil firm to two key ministerial posts, in the first reshuffle since early 2016.

Source: [Zawya](#)

Foreign selling of Saudi stocks slows in week to November 1

Foreigners sold a net 89.2 million riyals (\$23.8 million) in the Saudi stock market in the week ended Nov. 1, a sharp drop from the previous two weeks when investor worries over the impact of journalist Jamal Khashoggi's killing prompted heavy selling. The foreign selling slowed from 2.34 billion riyals in the previous week and a record 4.01 billion riyals the week before when Khashoggi's killing caused concern about the effects on the kingdom's relations with foreign powers.

Source: [Reuters](#)

Investors Scarred by Saudi Shocks See Bigger Risks Than Qatar

Investors stunned by Saudi Arabia's unpredictable foreign policy under Crown Prince Mohammed bin Salman are unlikely to drop their guard even if the kingdom succumbs to U.S. pressure to resolve its conflict with neighbouring Qatar and end the war the Yemen. While both issues shocked the investor community when they first erupted, they have since been eclipsed by aggressive policies at home and abroad.

Source: [Bloomberg](#)

Savola to complete Al Kabeer stake acquisition by year-end

Savola Group said on Sunday that Good Food Co., its wholly owned company, will complete the process of acquiring 51 percent shares in Dubai-based Al Kabeer Group by the end of fourth quarter 2018. The sellers of Al Kabeer Group have fulfilled the pre-conditions for transfer and pending formalities, including the share transfer, will be completed before Dec. 31, 2018, the statement added.

Source: [Argaam](#)

Al Khodari shareholders to vote on capital hike on Nov. 27

Abdullah A. M. Al-Khodari Sons Company's shareholders are set to vote on a proposed capital hike, on Nov. 27, 2018. In June, the company's board of directors amended its previous recommendation to raise capital by SAR 566 million instead of SAR 458 million through the issuance of new shares.

Source: [Argaam](#)

Tasnee in talks to sell Ashtabula complex, says CFO

National Industrialization Co. (Tasnee) is in talks with a strategic investor to sell Cristal's Ashtabula complex, chief financial officer Fawaz Al-Fawaz told Argaam in an exclusive on Sunday. The deal shows positive signals and will help complete the Tronox-Cristal acquisition deal in the near term.

Source: [Argaam](#)

Qatar stock exchange listed companies reported qtr 31.1 billion net profits for the 3rd quarter of 2018

All listed companies at Qatar Stock Exchange (45 companies) have disclosed their financial statements results for the nine months' period ended September 30, 2018., The combined net profit of all companies as of September 30, 2018 amounted to QR 31.1Billion versus QR 29.2 Billion for the corresponding period in 2017, with an increase of 6.74%.

Source: [QE](#)

How VAT in Bahrain impacts its neighbors

Value-added tax, being all pervasive, impacts a country's economy as well as the industries therein. Furthermore, VAT impact also spills over to the import and export of goods and services. The UAE, all along, has business ties with Bahrain through either a local presence in Bahrain (as branch or local entity) or through export/import of goods or services.

Source: [Khaleej Times](#)

UAE's ADNOC to boost oil output capacity to 4mln bpd by 2020

State energy giant Abu Dhabi National Oil Company (ADNOC) plans to increase its oil production capacity to 4 million barrels per day by the end of 2020 and 5 million bpd by 2030 after new oil and gas finds, the company said on Sunday. Abu Dhabi's Supreme Petroleum Council (SPC) on Sunday approved ADNOC's new integrated gas strategy and its plan for capital investment between 2019-2023, the company said in a statement.

Source: [Zawya](#)

UAE salaries increase 4.5% in 2018, 50% of companies planning to hire

The average UAE salary has increased by 4.5 per cent this year as companies look to new hires, according to a survey by HR consulting firm Mercer. The report comes amid recent attention on the country's job market after Dubai bank Emirates NBD's purchasing managers' index found UAE employment decreased for the first time in the report's history in August and continued to decline in September.

Source: [Gulf Business](#)

DIFC signs landmark agreement with China Banking

Dubai International Financial Centre (DIFC) has signed a landmark agreement with China Banking Association (CBA) which will benefit 2,000 financial firms in the Centre and 695 member units of the Association. This will be a significant addition to the Centre's global network of strategic partnerships.

Source: [GDN](#)

Higher loan yields lift profitability of banks

Year-to-date bank results show UAE banks have benefited from rising interest rates, after the three rate hikes by the Federal Reserve. GCC central banks track US interest rates, as their currencies are pegged to the dollar. It is important to maintain interest rates at par or in close range with US rates, to prevent capital flight in the event of higher rates offered on dollar deposits.

Source: [Gulf News](#)

Egypt's Sarwa Capital exposed to IPO "irregularities": regulator

Egypt's financial regulator suspended the IPO unit of Egypt's Beltone Financial Holdings after finding that Sarwa Capital had been exposed to irregularities in IPO procedures, the regulator's deputy head said on Sunday. Beltone managed the IPO of Sarwa Capital, which began trading on the Egyptian stock exchange last month. Its IPO unit was suspended on Thursday from carrying out any activity for six months.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China's services sector growth slowest in 13 months as orders dry up - Caixin PMI

China's services sector chalked its slowest growth in over a year last month as the volume of new orders dried up, a private survey showed, suggesting a further loss in economic momentum as a rough 2018 draws to a close. The slowdown in the services sector - which accounts for more than half of China's economy and is an important generator of jobs - is particularly worrying for policy makers as they have been counting on it to offset rising pressure on exports from a heated trade row with the United States.

Source: [Reuters](#)

Buffett's Berkshire doubles profit, repurchases \$900 million stock in third quarter

Berkshire Hathaway Inc, the conglomerate run by billionaire Warren Buffett, on Saturday said its quarterly operating profit doubled as its insurance business dodged hurricanes and benefited from lower taxes. The strong result gives Buffett more cash to deploy even as the well-known bargain-hunting "value" investor has admitted struggling to find a place to put those earnings to work and resorted to buying back \$928 million in his own company's stock in the latest quarter.

Source: [Reuters](#)

Asian shares fall on trade, Fed rate hike fears, pound hits 2-week top

Asian stocks were hammered on Monday as fears of faster rate hikes in the United States and uncertainty around the Sino-U.S. trade war dented risk sentiment, while sterling jumped to two-week highs on hopes of an orderly Brexit. MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS stumbled more than 1 percent but was still well off a 1-1/2 year trough touched last week.

Source: [Reuters](#)

Amazon in late-stage talks with U.S. cities for second headquarters: Wall Street Journal

Amazon.com Inc (AMZN.O) is in late-stage talks with Dallas, New York, the Crystal City area of northern Virginia and a few other candidates for the location of its second headquarters, the Wall Street Journal reported on Sunday. Talks with the leading contenders are likely in different phases, while discussions with some of the others on Amazon's shortlist have cooled, the newspaper reported, citing people familiar with the matter.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices fall as U.S. grants Iran sanction waivers to major importers

Oil prices fell on Monday as the start to U.S. sanctions against Iran's fuel exports was softened by waivers that will allow major buyers to still import Iranian crude, at least temporarily. Front-month Brent crude futures LCOc1 were at \$72.40 per barrel at 0332 GMT on Monday, down 43 cents, or 0.6 percent from their last close. U.S. West Texas Intermediate (WTI) crude futures CLc1 were down 46 cents, or 0.7 percent, at \$62.68 a barrel.

Source: [Reuters](#)