

# U Capital Morning Brief

17 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	916.77	4.97	0.55%	-5.90%	-	-	-	-
U Capital GCC 50 Index	1,266.03	-16.53	-1.29%	10.60%	-	-	-	-
U Capital MENA 200 Index	1,033.00	-9.30	-0.89%	3.81%	-	-	-	-
MSCI GCC Countries Index	518.47	-6.66	-1.27%	8.07%	13.19	1.69	4.2%	
Muscat Securities Market	4,563.20	4.69	0.10%	-10.51%	11.23	0.82	6.0%	
Saudi Stock Exchange	7,469.81	-120.84	-1.59%	3.37%	16.41	1.68	3.8%	
Kuwait Stock Exchange	5,134.88	-4.68	-0.09%	NA	15.05	1.30	3.8%	
Qatar Exchange	9,942.03	-79.93	-0.80%	16.64%	14.76	1.50	4.4%	
Bahrain Stock Exchange	1,341.21	-3.83	-0.28%	0.71%	9.06	0.85	6.1%	
Dubai Financial Market	2,774.09	-35.78	-1.27%	-17.68%	7.39	1.03	6.1%	
Abu Dhabi Exchange	4,965.74	31.30	0.63%	12.90%	13.11	1.47	4.8%	
Beirut Stock Exchange	979.06	-2.48	-0.25%	-14.76%	5.18	0.61	9.3%	
Palestine Stock Exchange	541.03	-1.26	-0.23%	-5.84%	12.57	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	14,755.63	-552.99	-3.61%	-1.75%	15.66	2.31	2.4%	
Amman General Index	1,991.80	-0.53	-0.03%	-6.35%	14.66	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	Currency	USD/1 Unit	Units/1 USD
Europe			%	%				
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)	1.308	0.765
CAC 40	France	5,352.6	0.46%	0.8%		Canadian Dollar (CAD)	0.767	1.303
United States						Chinese Renminbi (CNH)	0.145	6.876
DJIA	USA	26,154.7	0.03%	5.8%		Egyptian Pound (EGP)	0.056	17.907
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	72.630
Asia Pacific						Japanese Yen (JPY)	0.009	111.980
NIKKEI 225	Japan	23,094.7	1.20%	1.4%		New Zealand Dollar (NZD)	0.655	1.526
HANG SENG	Hongkong	26,839.7	-1.67%	-10.3%		Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	40,747.1	-0.43%	0.7%		Pakistani Rupee (PKR)	0.805	124.252
NSE Nifty 50	India	11,408.6	-0.93%	8.3%		Russian Ruble (RUB)	0.015	68.037
SHANGHAI Composite	China	2,653.9	-1.03%	-19.8%		Singapore Dollar (SGD)	0.727	1.375
KOSPI Index	South Korea	2,297.4	-0.90%	-6.9%		Turkish Lira (TRY)	0.162	6.169

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	78.0	-0.15%	21.8%	UAE	2.55	41.9%
WTI Crude (per bbl)	68.9	-0.17%	14.0%	Saudi Arabia	2.63	38.9%
Oman Crude Oil (Last Closing)	76.5	-0.35%	19.6%	Kuwait	2.00	6.7%
OPEC (per bbl)	76.5	-0.91%	18.6%	Oman	2.49	30.3%
				Qatar	2.63	-0.8%
				Bahrain	3.58	31.2%
<b>Precious Metals</b>						
Gold100 OZ (per oz)	1,194.6	0.10%	-8.3%			
Silver (per oz)	14.1	0.21%	-16.9%			
Platinum (per oz)	793.5	-0.06%	-14.7%			
<b>Other Metals</b>						
Copper, MT	5,973	-0.99%	-17.6%	Kuwait	3/20/2027	3.7
Aluminium, MT	2,043	-1.02%	-9.9%	Abu Dhabi	10/11/2027	3.8
Lead, MT	2,038	0.00%	-18.1%	Qatar	6/2/2026	3.9
Zinc, MT	2,334	-1.10%	-29.7%	Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.1
				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

### Duqm Airport's new terminal opens today

With its full-fledged airport opening on Monday, Duqm has the potential to be the next summer destination of Oman. Said al Hadhalli, a hospitality industry HR executive based in Duqm, told the Observer that temperatures during the peak summer months of June and July are in the range of 25 to 35 degrees Celsius aided by strong, fresh winds. "We need good facilities for entertainment and leisure to attract tourists as well as make the place livable for future residents." Duqm can be a good night stopover for tourists visiting Salalah during Khareef season provided it offers more facilities than a couple of star hotels.

Source: [Oman Observer](#)

### PASFR board discusses 2019 budget

The board of directors of the Public Authority for Stores and Food Reserve (PASFR) on Sunday held its fourth meeting for 2018 under the chair of H E Dr Fuad bin Ja'afar bin Mohammed al Sajwani, Minister of Agriculture and Fisheries and the chairman of PASFR board. PASFR board reviewed the implementation of decisions made at its previous meeting. It also reviewed its budget for 2019 and its closing accounts.

Source: [Muscat Daily](#)

### Groundbreaking on Oman sugar refinery project soon

After a roughly five-year-long hiatus, construction work on the Sultanate's first sugar refinery project is set to commence in earnest at Sohar Port and Freezone in the coming weeks, according to high-level official. Mark Geilenkirchen, CEO, Sohar Port and Freezone, said the long anticipated project will anchor a wider Food Cluster taking shape at the industrial port. "The groundbreaking on the sugar refinery will take place (shortly)," Geilenkirchen told the Observer, adding that other key components of the Food Cluster, including a flour mill and grain silo complex, are in various stages of implementation as well.

Source: [Oman Observer](#)

### National Cargo Strategy aims at 730,000 tons of cargo handling per year by 2030

The Sultanate is making pace with global upgrade in aviation sector and trying to emerge as a major air cargo handler in the region. To achieve this aspiration, the stake holding authorities are working on development of cargo villages at all possible locations with state-of-the-art facilities and services. This was stated by Dr Ahmed bin Mohammed al Futaisi, (pictured) Minister of Transport and Communications, during his stay in Salalah where he launched the newly built air cargo terminal at the Salalah Airport and reviewed other ongoing projects.

Source: [Oman Observer](#)

### Al Batinah Development & Investment Holding Company: Disclosure regarding subsidiary Company "Oman Cans Factory LLC"

Oman Cans Factory LLC "The Factory owned 99 % by Al Batinah Development and Investment Holding Company SAOG signed on Sunday Morning September 16, 2018, a memorandum of understanding with One of the Omani Company to waive the right of use of the current factory site in the industrial area for OMR 100,000 "One Hundred Thousand Omani Rials " this waiver is subject to the approval of the competent government agencies.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast stocks: Saudi hits new 6-month low, Egypt slips on emerging market woes

Saudi Arabian shares closed at a new six-month low on Sunday, and stocks in Dubai and Egypt also fell sharply as risk aversion continued to spread across emerging markets. The Egyptian index fell by 3.4 percent to end at 14,796, its lowest close since Feb. 13. Radwa El-Swaify, head of research at Pharos, said news of the seizure of assets of some Muslim Brotherhood leaders and an arrest order on former President Hosni Mubrak's sons Alaa and Gamal on charges of stock market manipulation, as well as concern about the Egyptian pound, had hurt the market.

Source: [Zawya](#)

### SAMA well-placed for potential hike in Fed rates: Alkhолife

The Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, is well positioned to withstand a potential hike in the US Fed key rates, Ahmed Alkhолife, SAMA's governor, said on Sunday. Various instruments are available and will be used to protect the FX rate. The planned merger between Saudi British Bank (SABB) and Alawwal Bank is in final stages, Alkhولife said, adding that SAMA encourages mergers to build strong financial institutions and enhance financing going forward.

Source: [Argaam](#)

### Al Akaria's new project likely to cost SAR 38 bln, says CEO

The Al Wedyan project's total cost is expected to reach SAR 37.5 billion (\$10 billion) upon completion, Mamdouh Al Sharhan, chief executive of Saudi Real Estate Co. (Al Akaria), told Al-Arabiya TV on Sunday. The new mixed-use development will comprise between 17,000 and 20,000 residential units - 60 percent of its total area, along with other entertainment services. Al Akaria is studying to offer closed areas in the new development, after receiving bids from various entities.

Source: [Argaam](#)

## **Wafa recommends SAR 220 mln rights issue**

Saudi Indian Cooperative Insurance Co.'s (Wafa) board of directors has recommended a capital hike through a SAR 220 million rights issue, the company said in a bourse statement. The recommendation was based on the company's general assembly decision to proceed on capital hike procedures. The capital hike aims to boost solvency margin and support future activities. Shareholders of record on the second day after the extraordinary general meeting will be entitled to subscribe to the offering.

Source: [Argaam](#)

## **Saudi forex reserves rising, capital outflows due to investment: central bank**

Foreign reserves at Saudi Arabia's central bank have been increasing this year and a large proportion of recent capital outflows has been due to foreign investment by other Saudi institutions, a senior central bank official said on Sunday. Brent oil LCOc1 has jumped near \$80 a barrel from \$67 at the end of 2017, swelling Saudi Arabia's current account surplus and shrinking its state budget deficit; this has reduced the need to liquidate assets to finance government spending.

Source: [Zawya](#)

## **U.A.E. to Allow Expats Long-Term Residency After Retirement**

The United Arab Emirates will allow foreigners to obtain long-term residency visas after they retire, in a major policy shift as the government of the seven-state federation looks to bolster economic growth. The new law, which goes into effect in 2019, includes the following provisions, according to the state-run WAM news agency.

Source: [Bloomberg](#)

## **Emirates NBD expands network in Saudi Arabia with Khobar branch**

Dubai's Emirates NBD further expanded its branch network to three large cities in Saudi Arabia as the lender aims to solidify its foothold in the Arabian Gulf's largest economy. Emirates NBD, the biggest bank in Dubai by assets, has opened a new branch in Khobar in the kingdom's oil-rich eastern province, the bank said in a statement on Sunday. Emirates NBD now covers three key regions in the country with presence in Riyadh, Jeddah and Khobar. With the latest expansion, Saudi Arabia hosts Emirates NBD's biggest branch network outside of the UAE and Egypt, it said.

Source: [The National](#)

## **Major shareholder Tabarak says it's committed to Dubai's Drake & Scull**

United Arab Emirates private equity firm Tabarak Investment said it is committed to restoring Drake & Scull to financial health, despite a plunge in the Dubai construction company's shares. "Our business approach is to acquire low-performing companies and get them in shape. That's what Tabarak is determined to do with Drake & Scull," public relations manager Nader Muqbel said in an email to Reuters at the weekend.

Source: [Zawya](#)

## **Sheikh Khalifa approves Dh1.9b additional funding for federal budget**

The President His Highness Sheikh Khalifa bin Zayed Al Nahyan has issued a Federal Decree-Law No. 6 of 2018 approving an additional funding to the general federal budget and to the budgets of independent entities for the current fiscal year. The decree-law published in the latest issue of the Federal Gazette, stipulates that the estimated general budget expenses for fiscal year 2018 shall be increased by Dh1,969,269,000 (Dh1.9 billion) to be financed from the general reserve of the state.

Source: [Khaleej Times](#)

## **Abu Dhabi non-oil foreign trade surges in six months**

In yet a fresh sign of a positive economic outlook for the country, Abu Dhabi's non-oil foreign trade during H1 2018 amounted to AED80.1 billion, with the month of June recording a growth of 30 percent. According to figures recently released by the Statistics Centre- Abu Dhabi, the emirate's non-oil exports stood at around AED11.08 billion during H1, up 10.5 percent from AED10.9 billion in the corresponding period of 2017, with re-exports significantly increasing by 10.5 percent from AED11.12 billion to AED12.3 billion during the same monitored period.

Source: [Zawya](#)

## **Qatar, Spain to Increase Bilateral Investments**

This came in a joint statement issued on Thursday in Madrid on co-operation in the field of investment between Qatar and Spain after talks by HE the Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohamed bin Abdulrahman al-Thani and Spanish Prime Minister Pedro Sanchez. The Qatar Investment Authority (QIA) and Compania Espanola de Financiacion del Desarrollo (the Spanish development finance company) will also submit a memorandum of understanding that will set guidelines and operational procedures to promote business and joint investment, the statement added.

Source: [Al Bawaba](#)

## **Bahrain-origin exports jump 58pc to BD229m**

Bahrain's national origin exports during July amounted to BD229 million, increasing by 58 per cent compared with BD145m for July last year, shows the latest report from the Information and eGovernment Authority (iGA). The report that includes data on balance of trade, imports, exports and re-exports (national origin) said during July 2018 Bahrain's top 10 trading partners accounted for 90pc of the exported national origin value with the remaining claimed by other countries.

Source: [GDN Online](#)

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## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Asian Stocks Decline as Trade Concerns Resurface and Markets Wrap

Stocks in Asia tumbled at the beginning of the week after the latest U.S. move to place a further tranche of tariffs on Chinese goods. The dollar maintained gains. Shares in Hong Kong and China led declines, with Japanese markets closed for a holiday, after news that President Donald Trump instructed aides to proceed with tariffs on about \$200 billion more in Chinese products. Copper and nickel dragged industrial metals lower. The S&P 500 Index finished flat on Friday as financial and energy shares rose, while the 10-year Treasury yield hit 3 percent.

Source: [Bloomberg](#)

### High U.S. stock valuations hinge on inflation, interest rates

Investors are banking on tame inflation and interest rates to support U.S. stock prices and help counter any concerns over an anticipated slowdown in corporate earnings growth next year. As they have recently, stocks in general are poised to trade at valuations, based on price-to-earnings ratios, higher than they have traded on average since the mid-1980s, investors said.

Source: [Reuters](#)

### China may reject new trade talks if more tariffs imposed: WSJ

The Chinese government may decline to participate in proposed trade talks with the United States later this month if the Trump administration moves forward with additional tariffs on imported Chinese goods, the Wall Street Journal reported on Sunday, citing Chinese officials.

Source: [Reuters](#)

### The next crisis could be triggered by the US-China trade war, interest rates: Sovereign wealth chief

Economic problems in emerging markets and the ongoing trade war between the U.S. and China could increase the risk of the next financial crisis, according to Heenam Choi, CEO of the Korea Investment Corporation. The trade spat between the two largest economies in the world won't be easy to resolve, Choi told CNBC. Choi explained that, if the trade dispute escalates and Chinese exports are severely affected by U.S. tariffs, then that would ultimately affect South Korea's own economy.

Source: [CNBC](#)

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## COMMODITIES NEWS

### Gold treads water on reports new China tariffs imminent

Gold prices were little changed early Monday, after falling 0.6 percent in the previous session, as investors remained cautious on reports that the United States is set to impose a new round of tariffs on Chinese imports.

Source: [Reuters](#)

### Oil prices ease as trade row clouds demand outlook

Global oil prices eased in early Asian trading on Monday on concerns that the United States is poised to impose additional tariffs on China, outweighing supply fears from upcoming sanctions on Iran.

Source: [Reuters](#)

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## Ubhar Capital SAOC (U Capital)