

U Capital Morning Brief

19 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	902.38	-0.95	-0.11%	-7.38%	-	-	-	-
U Capital GCC 50 Index	1,269.89	1.63	0.13%	10.94%	-	-	-	-
U Capital MENA 200 Index	1,034.88	1.91	0.18%	4.00%	-	-	-	-
MSCI GCC Countries Index	524.02	1.73	0.33%	9.22%	13.34	1.71	4.2%	
Muscat Securities Market	4,495.69	-20.25	-0.45%	-11.84%	11.06	0.81	6.1%	
Saudi Stock Exchange	7,643.40	33.75	0.44%	5.77%	16.81	1.72	3.7%	
Kuwait Stock Exchange	5,129.40	-2.93	-0.06%	NA	15.06	1.30	3.8%	
Qatar Exchange	9,823.53	-9.15	-0.09%	15.25%	14.59	1.48	4.5%	
Bahrain Stock Exchange	1,340.06	1.08	0.08%	0.63%	9.05	0.85	6.1%	
Dubai Financial Market	2,742.98	-9.15	-0.33%	-18.61%	7.31	1.02	6.2%	
Abu Dhabi Exchange	4,876.39	-6.46	-0.13%	10.87%	12.87	1.45	4.9%	
Beirut Stock Exchange	981.14	1.13	0.12%	-14.58%	5.19	0.62	9.3%	
Palestine Stock Exchange	538.51	-1.98	-0.37%	-6.28%	12.52	1.19	4.5%	
Tunis Se Index	7,942.41	22.91	0.29%	26.43%	20.62	2.83	1.8%	
EGX 30 Index	14,653.91	2.94	0.02%	-2.43%	13.29	2.30	2.4%	
Amman General Index	2,005.16	6.73	0.34%	-5.72%	14.76	1.03	4.5%	

*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	7,300.2	-0.03%	-5.0%		Australian Dollar (AUD)	0.725	1.380
DAX	Germany	12,157.7	0.51%	-5.9%		British Pound (GBP)	1.315	0.760
CAC 40	France	5,363.8	0.28%	1.0%		Canadian Dollar (CAD)	0.771	1.297
United States						Chinese Renminbi (CNH)	0.146	6.851
DJIA	USA	26,247.0	0.71%	6.2%		Egyptian Pound (EGP)	0.056	17.908
S&P 500	USA	2,904.3	0.54%	8.6%		Euro (EUR)	1.168	0.856
NASDAQ	USA	7,956.1	0.76%	15.2%		Indian Rupee (INR)	0.014	72.604
Asia Pacific						Japanese Yen (JPY)	0.009	112.330
NIKKEI 225	Japan	23,736.8	1.35%	4.3%		New Zealand Dollar (NZD)	0.660	1.515
HANG SENG	Hongkong	27,358.9	1.00%	-8.6%		Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,133.7	-0.26%	1.6%		Pakistani Rupee (PKR)	0.805	124.255
NSE Nifty 50	India	11,330.8	0.46%	7.6%		Russian Ruble (RUB)	0.015	67.360
SHANGHAI Composite	China	2,727.0	1.00%	-17.5%		Singapore Dollar (SGD)	0.730	1.370
KOSPI Index	South Korea	2,310.2	0.05%	-6.4%		Turkish Lira (TRY)	0.157	6.385

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	79.0	0.01%	23.5%	UAE	2.63	46.3%
WTI Crude (per bbl)	69.9	0.11%	15.7%	Saudi Arabia	2.64	39.4%
Oman Crude Oil (Last Closing)	77.7	1.68%	21.4%	Kuwait	1.94	3.3%
OPEC (per bbl)	76.2	0.18%	18.2%	Oman	2.50	30.8%
Precious Metals				Qatar	2.67	1.0%
Gold100 OZ (per oz)	1,203.0	0.37%	-7.7%	Bahrain	3.58	31.2%
Silver (per oz)	14.2	0.50%	-16.0%			
Platinum (per oz)	818.8	0.62%	-12.0%			
Other Metals						
Copper, MT	6,086	2.37%	-16.0%	GCC Latest 10-Yr Government Bond Yields		
Aluminium, MT	2,035	0.15%	-10.3%	Maturity date	YTM, %	
Lead, MT	2,075	0.17%	-16.6%	Kuwait	3/20/2027	3.7
Zinc, MT	2,349	1.25%	-29.2%	Abu Dhabi	10/11/2027	3.9
				Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	7.9

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.63	2.9	1m	2.17	38.6%
5 year	99.14	2.9	3m	2.34	38.0%
10 year	98.53	3.0	6m	2.57	39.9%
30 year	96.36	3.2	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

ALIZZ ISLAMIC BANK SIGNS MOU WITH TAKAFUL OMAN

Alizz Islamic Bank has signed a memorandum of understanding (MoU) with Takaful Oman, the sultanate's first full-fledged Islamic insurance provider, to launch Sharia'a-compliant insurance products (takaful) for the bank's customers. The agreement was signed by Salaam bin Said al Shaksy, CEO of Alizz Islamic Bank and Sayyida Rawan Ahmed al Said, CEO of Takaful Oman, a press release said. The signing ceremony was attended by senior officials from both Alizz Islamic Bank and Takaful Oman.

Source: [Muscat Daily](#)

CBO issues treasury bills worth OMR30.40mn

Oman's central bank raised OMR30.40 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from Wednesday until October 17, 2018. The average accepted price reached 99.836 for every OMR100, and the minimum accepted price arrived at 99.835 per OMR100. Whereas the average discount rate and the average yield reached 2.13588 per cent and 2.13939 per cent, respectively.

Source: [Times of Oman](#)

National Bank of Oman set to issue \$500mn bond

National Bank of Oman, rated Baa3 by Moody's and BB+ by Fitch, is selling \$500 million of five-year bonds, a document by one of the banks leading the deal showed. The senior, unsecured notes offer investors a spread of 270 basis points over mid-swaps. Orders for the deal topped \$1.2 billion, the document showed. Bank ABC, Citi, Credit Agricole CIB, Emirates NBD Capital, First Abu Dhabi Bank, National Bank of Oman and Standard Chartered Bank are the joint bookrunners for the transaction, which is expected to price later on Tuesday.

Source: [Zawya](#)

New pricing structure impacts fuel marketing firms

A new fuel pricing structure adopted by Omani authorities earlier this year has negatively impacted the bottom-lines of fuel marketing companies operating in the Sultanate, according to a key industry executive. David Kalife, CEO of Oman Oil Marketing Company — wholly owned subsidiary of Oman Oil Company — said the reduced margins offered on motor fuels supplied from the new fuel logistics terminal at Al Jifnain have made a significant dent in the profitability of all three marketing companies.

Source: [Oman Observer](#)

Fisheries sector's contribution to gdp to increase fivefold by 2023

The Ministry of Agriculture and Fisheries (MoAF) is aiming to increase the fisheries sector's contribution to the GDP fivefold, taking it to RO1.3bn in 2023 from RO225mn in 2016. To achieve this target, the ministry is expecting to raise fish production to 1.4mn tonnes in 2023 from 280,000 tonnes in 2016. The projections were presented by H E Dr Hamad bin Said al Oufi, Undersecretary in MoAF, at a fisheries and aquaculture workshop held in Oman Chamber of Commerce and Industry (OCCI) on Tuesday.

Source: [Muscat Daily](#)

SEZAD targets new Chinese companies to boost investment in Duqm

The promotional campaign for investments in Duqm kick-started on Monday in Jinan, China, which will last several days with the participation of a number of companies operating in the Special Economic Zone of Duqm (SEZD). The campaign is part of the Special Economic Zone Authority of Duqm's (SEZAD) efforts to attract new Chinese companies to invest in Duqm area, which is currently witnessing the establishment of a Chinese industrial city on an area of 1,172 hectares under the umbrella of Oman Wanfang.

Source: [Muscat Daily](#)

OOMC plans expansion, aims to be among top 5 oil marketing firms in GCC

Oman Oil Marketing Co (OOMC) on Tuesday announced a slew of measures to be taken in the next seven years as the company plans to become one of the top five oil marketing firms in the GCC by 2025. Implementing a forward-thinking strategy, OOMC is exploring new investment opportunities including joint ventures and plans to grow non-fuel revenue while continuing to invest in human capital in order to be part of the top five fuel marketers in the GCC by 2025.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi stocks lifted by oil rise, SABIC-Clariant partnership

Saudi Arabia's stock market closed higher on Tuesday, buoyed by rising oil prices and more details on Saudi Basic Industries Corp's (SABIC) partnership with Switzerland's Clariant. In Egypt, the stock index was flat, closing up 0.02 percent after tumbling to its lowest level this year on Monday due to fallout from the arrest of ousted President Hosni Mubarak's two sons on charges of stock market manipulation.

Source: [Reuters](#)

FDI inflows in MENA set to go up by 30% this year: IIF

Foreign capital inflows into the Middle East and North Africa (Mena) are expected to rise from Dh516 billion last year to Dh668 billion (\$182 billion) this year, an increase of nearly 30 per cent, driven by sovereign issuances and banking inflows, predicts a new research released on Tuesday. According to the Institute of International Finance (IIF), the main source of inflows in 2018 remains sovereign bond issuance as the GCC countries raised Dh112 billion (\$30.5 billion) in Eurobonds in the first half of the year.

Source: [Khaleej Times](#)

Saudi Arabia ready to start its atomic energy project: Al-Falih

Saudi Arabia has established the agencies and legislative framework needed to implement and run its national atomic energy project, Saudi Press Agency (SPA) reported, citing Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources. The Kingdom has issued the policies of the atomic energy program, the nuclear and radiation control system, and the civil liability for nuclear damage. It has also established the Nuclear and Radiological Regulatory Authority, he said.

Source: [Argaam](#)

Saudi Arabia real estate market drop in 2018 – Report

A new report covering international real estate markets has indicated that the Saudi market was among those that witnessed a fall in prices so far in 2018. Saudi was only one of seven markets to see prices fall in the 12-month period ended June 2018, according to Knight Frank. The Kingdom was also the only GCC state included in the report.

Source: [Zawya](#)

Abu Dhabi Islamic aims to boost lending after capital increase

Abu Dhabi Islamic Bank expects to increase lending in 2018 after boosting its capital, its acting chief executive said, adding that the rate of profit growth will slow as the sharia-compliant bank battles against a sluggish economy. An economy weakened by lower oil prices and a crowded banking market has hit the balance sheets of United Arab Emirates banks and hobbled loan growth.

Source: [Zawya](#)

Dubai's DP World to issue more than \$3.3bln of multi-currency bonds

Dubai port operator DP World is to issue more than \$3.3 billion in bonds divided across different currencies and formats, according to bank documents seen by Reuters. The company will issue \$1 billion in 10-year sukuk, or Islamic bonds, offering 175 basis points over mid-swaps. It is also selling \$1 billion in 30-year conventional bonds, with a yield set at 5.7 percent.

Source: [Zawya](#)

Fitch Rates Emirates Development Bank 'AA-'; Outlook Stable

Fitch Ratings has assigned Emirates Development Bank (EDB) a Long-Term Issuer Default Rating (IDR) of 'AA-'. The Outlook is Stable. A full list of rating actions is at the end of this rating action commentary. EDB's IDRs, Support Rating (SR) and Support Rating Floor (SRF) reflect an extremely high probability of support from the UAE authorities in case of need.

Source: [Fitch](#)

Investcorp to invest up to \$150m in China tech fund

Investcorp, a Bahrain-listed asset manager, will invest in a Chinese state-backed fund with holdings in some of the mainland's fastest-growing technology companies, joining a raft of global investors seeking to capitalise on the prospects for the sector in Asia. The investment group has agreed to pour as much as \$150m into the China Everbright Limited New Economy Fund, which is managed by China Everbright, a Hong Kong-listed financial conglomerate that is controlled by the Chinese state.

Source: [FT](#)

Qatar National Bank in talks to refinance 2.25 bln euro loan

Qatar National Bank, the largest bank by assets in the Middle East and Africa, is in discussions with lenders to refinance a 2.25 billion euro syndicated loan, sources familiar with the matter said. QNB, which is 50 percent owned by Qatar's sovereign wealth fund Qatar Investment Authority, is a regular borrower in the international syndicated loan market. Over the past three years it has raised over \$7 billion in loans.

Source: [NASDAQ](#)

Nebras power acquire 75% equity stake in Zon Exploitatie Nederland Holding

Qatar Electricity and Water company announces that Nebras Power Investment Management B.V., a Dutch affiliate of Nebras Q.S.C. (Nebras) has signed a binding agreement to acquire 75% equity stake in Zon Exploitatie Nederland Holding B.V. (ZEN), a leading developer and operator of solar power generation assets in the Netherlands. The acquisition provides Nebras with access to the attractive and fast-growing Netherlands renewable power market and is in line with Nebras stated objectives of establishing itself as a leading international power developer.

Source: [QE](#)

Islamic Development Bank gives price guidance for new dollar Sukuk

The Jeddah-based Islamic Development Bank (IsDB) has given initial price guidance in the high 30 basis points over mid-swaps for a planned sale of five-year U.S. dollar-denominated Sukuk, a document by one of the banks leading the deal showed. IsDB is a regular issuer of international Sukuk, or Islamic bonds, which it raises to fund its business activities and to promote the international Sukuk market by building a liquid Sukuk yield curve.

Source: [Reuter](#)

Egypt to set up \$2bln petrochemical projects

Egypt is looking to implement six new projects in the petrochemical sector with \$2 billion in investments, petroleum minister said on Tuesday. The anticipated projects come within the petroleum sector's plan to strengthen the petrochemical industry and provide main materials for the local market, Tarek El-Mola added in a statement.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian Stocks, U.S. Treasury Yields Climb as Trade Row Fails to Dent Confidence

Asian stocks rose across the board and long-term U.S. Treasury yields hovered near four-month highs on Wednesday with investors looking past the latest escalation in the U.S.-China trade feud, seen by some market participants as less severe than expected. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.7 percent.

Source: [US News](#)

Amid loan talk, Pakistani PM arrives in Saudi Arabia

Pakistani Prime Minister Imran Khan arrived on Tuesday in Saudi Arabia where, comments from his finance minister suggest, he will seek financial help to stave off the likelihood of another IMF bailout. Khan, on his first foreign trip since taking office last month, also plans to visit the United Arab Emirates, the Saudi Ministry of Media said.

Source: [MSN](#)

EMERGING MARKETS-Stimulus hopes lift emerging stocks after latest US tariffs

Emerging equities rose on Tuesday as investors bet that China would need to step up infrastructure spending to offset the latest tariffs from the United States, while Turkey's lira dipped back towards pre-rate hike levels. U.S. President Donald Trump has escalated his trade war with China, imposing 10 percent tariffs on about \$200 billion worth of Chinese imports, with the rate set to increase to 25 percent by the end of 2018.

Source: [Reuters](#)

Turkey's lira falls as much as 2 percent, wiping out gains from rate hike

Turkey's lira fell as much as 2 percent on Tuesday, erasing all its gains since the central bank's rate hike last week, as investors took a cautious tack before the government announces its three-year plan this week. Finance Minister Berat Albayrak has promised "realistic macro targets" and "right action plans" in the government's new medium-term economic programme, due on Thursday. He has also promised savings measures and making the fight against inflation and the current account deficit priorities.

Source: [Reuters](#)

COMMODITIES NEWS

Oil prices fall amid surprise growth in U.S. crude stocks

Oil prices on Wednesday pulled back from gains racked up the previous day, pushed down amid a surprise climb in U.S. crude stockpiles. Brent crude futures LCOc1 had dropped 22 cents, or 0.28 percent, to \$78.81 per barrel by 0042 GMT, chipping away at Tuesday's 1.26 percent gain. U.S. West Texas Intermediate (WTI) crude CLc1 fell 0.20 percent, or 14 cents, to \$69.71 a barrel.

Source: [Reuters](#)

Gold prices inch up as dollar eases despite trade dispute

Gold prices edged up on Wednesday as the dollar weakened despite another round of tit-for-tat tariffs in the Sino-U.S. trade dispute. Spot gold had climbed 0.1 percent to \$1,199.18 an ounce by 0044 GMT. * U.S. gold futures were up 0.1 percent at \$1,203.70 an ounce.

Source: [Reuters](#)

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