

U Capital Morning Brief

20 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	901.78	-0.60	-0.07%	-7.44%	-	-	-
U Capital GCC 50 Index	1,275.35	5.46	0.43%	11.42%	-	-	-
U Capital MENA 200 Index	1,038.00	3.12	0.30%	4.31%	-	-	-
MSCI GCC Countries Index	527.58	3.56	0.68%	9.97%	13.43	1.72	4.2%
Muscat Securities Market	4,485.06	-10.63	-0.24%	-12.05%	11.04	0.80	6.1%
Saudi Stock Exchange	7,729.65	86.25	1.13%	6.97%	17.00	1.74	3.7%
Kuwait Stock Exchange	5,118.62	-10.78	-0.21%	NA	15.03	1.29	3.9%
Qatar Exchange	9,805.40	-18.13	-0.18%	15.04%	14.56	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	2,740.68	-2.30	-0.08%	-18.68%	7.30	1.02	6.2%
Abu Dhabi Exchange	4,884.06	7.67	0.16%	11.04%	12.89	1.45	4.9%
Beirut Stock Exchange	976.03	-5.11	-0.52%	-15.02%	5.17	0.61	9.3%
Palestine Stock Exchange	538.42	-0.09	-0.02%	-6.29%	12.51	1.19	4.5%
Tunis Se Index	7,924.17	-18.24	-0.23%	26.14%	20.57	2.82	1.8%
EGX 30 Index	14,098.56	-555.35	-3.79%	-6.13%	12.79	2.22	2.5%
Amman General Index	1,996.64	-8.52	-0.42%	-6.12%	14.70	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	7,331.1	0.42%	-4.6%	Australian Dollar (AUD)	0.727	1.378
DAX	Germany	12,219.0	0.50%	-5.4%	British Pound (GBP)	1.315	0.760
CAC 40	France	5,393.7	0.56%	1.5%	Canadian Dollar (CAD)	0.774	1.292
United States					Chinese Renminbi (CNH)	0.146	6.854
DIJA	USA	26,405.8	0.61%	6.8%	Egyptian Pound (EGP)	0.056	17.950
S&P 500	USA	2,908.0	0.13%	8.8%	Euro (EUR)	1.168	0.856
NASDAQ	USA	7,950.0	-0.08%	15.2%	Indian Rupee (INR)	0.014	72.379
Asia Pacific					Japanese Yen (JPY)	0.009	112.190
NIKKEI 225	Japan	23,725.4	0.22%	4.2%	New Zealand Dollar (NZD)	0.665	1.504
HANG SENG	Hongkong	27,400.6	-0.02%	-8.4%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,320.1	0.20%	2.1%	Pakistani Rupee (PKR)	0.805	124.255
NSE Nifty 50	India	11,234.4	-0.39%	6.7%	Russian Ruble (RUB)	0.015	66.820
SHANGHAI Composite	China	2,727.5	-0.12%	-17.5%	Singapore Dollar (SGD)	0.730	1.369
KOSPI Index	South Korea	2,331.8	1.01%	-5.5%	Turkish Lira (TRY)	0.160	6.258

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.57	43.0%
Brent Crude (per bbl)	79.7	0.35%	24.5%	Saudi Arabia	2.65	39.8%
WTI Crude (per bbl)	71.7	0.86%	18.7%	Kuwait	2.00	6.7%
Oman Crude Oil (Last Closing)	77.9	0.35%	21.8%	Oman	2.50	30.8%
OPEC (per bbl)	76.1	-0.13%	18.0%	Qatar	2.67	1.0%
Precious Metals				Bahrain	3.58	31.2%
Gold100 OZ (per oz)	1,206.0	0.17%	-7.4%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.3	0.67%	-15.4%		Maturity date	YTM, %
Platinum (per oz)	825.3	0.21%	-11.3%	Kuwait	3/20/2027	3.8
Other Metals				Abu Dhabi	10/11/2027	3.9
Copper, MT	6,121	0.58%	-15.5%	Qatar	6/2/2026	3.9
Aluminium, MT	2,026	-0.44%	-10.7%	Saudi Arabia	3/4/2028	4.3
Lead, MT	2,025	-2.41%	-18.6%	Oman	1/17/2028	6.0
Zinc, MT	2,434	3.62%	-26.7%	Bahrain	10/12/2028	7.9

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.63	2.9	1m	2.17	38.4%
5 year	99.12	2.9	3m	2.34	38.0%
10 year	98.42	3.1	6m	2.57	39.8%
30 year	96.02	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

From now, all real estate transactions through brokerage firms

The Ministry of Housing has announced that the real estate transactions will be registered through the brokerage offices licensed by the ministry from October 1, 2018. As per guidelines set by the ministry, the real estate brokerage office must be licensed by the ministry. The role of estate brokerage offices to be limited to registering the initial sales contract while the final processes will be completed at the ministry's one-stop shop counter.

Source: [Oman Observer](#)

Regulator to assess impact of higher power tariffs on large consumers

The Authority for Electricity Regulation Oman (AER) is preparing to commission a survey designed to study the impact of Cost-Reflective Tariffs (CRT) on large power consumers in the Sultanate. The study will assess, among other things, customer responses to the first-ever changes in electricity tariffs in nearly 30 years. The exercise will also seek to examine the short-term and long-term measures adopted by the entities in question to offset the impact of higher electricity costs on their operations.

Source: [Oman Observer](#)

Oman Technology Fund inks pact to set up 'British-Omani Technology Gateway'

Oman Technology Fund (OTF) has announced the establishment of a 'British-Omani Technology Gateway' — a platform designed to enable UK-based start-ups from HP's portfolio to access the Sultanate's technology eco-system. A Memorandum of Understanding (MoU) to this effect was signed recently between Yousuf al Harthy, CEO of Oman Technology Fund (OTF), and Dominic Perks, CEO and co-founder of Hambro Perks (HP).

Source: [Oman Observer](#)

Fertiliser industry key to addressing food security

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](#)

2040 vision: Committee meets to steer Oman forward

Preparations for the national conference on Oman 2040 Vision scheduled to be held in the first quarter of 2019 and the progress made in the project was reviewed by the main committee for Future Vision 'Oman 2040' under the chair of His Highness Sayyid Haitham bin Tariq Al Said, Minister of Heritage and Culture, Chairman of the Committee. The committee also discussed the options to emphasise the importance of their compatibility with Oman Vision 2040 at its eighth meeting yesterday.

Source: [Times of Oman](#)

Oman's SMEs: Fuelling new economic growth for a brighter future

When His Majesty Sultan Qaboos bin Said took the reins of the Renaissance in 1970, he envisioned a strong, self-sustainable Oman, which at its core, consisted of eager, hardworking men and women who strove to always achieve the best. Whether this meant becoming an integral cog in the engine of Oman's largest companies, or starting a new enterprise for themselves, the path of the Renaissance was one everyone in Oman would walk on together.

Source: [Times of Oman](#)

Oman plan dedicated firm for marketing farm produce

The ninth annual fertilisers conference under the theme "New Boundaries and Opportunities", organised by the Gulf Petrochemical and Chemical Association (GPCA) started on Wednesday. The opening ceremony was sponsored by Dr. Fuad bin Jaafar Al Sagwani, Minister of Agriculture and Fisheries, who stressed the importance of the Conference for the Fertiliser Industry, which has grown over the past period and has added value and comparative advantage to the producing countries of this material, in addition to its influence on agricultural and food production which are one of the greatest challenges for the international community.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Egypt plunges as liquidity tightens, Saudi climbs

Egypt's stock market plunged to its lowest close this year on Wednesday as liquidity tightened, while most Gulf markets were little changed and Saudi Arabia continued to rebound from six-month lows. The Egyptian stock index tumbled 3.8 percent, its biggest drop since mid-2016. On Sunday it had plunged 3.6 percent after an Egyptian criminal court ordered the arrest of ousted president Hosni Mubarak's two sons on charges of stock market manipulation.

Source: [Reuters](#)

GCC economies begin recovery after a slow start

Higher crude production and recovering oil prices will aid growth in an otherwise sluggish oil sector and strengthen fiscal and external balances for the GCC economies, according to ICAEW's latest Economic Insight report for the third quarter, produced by Oxford Economics. The report forecast global crude oil price to average at \$78 per barrel in the second half of 2018, and at \$74.5 per barrel for the year.

According to the IMF, Bahrain and Saudi Arabia have the highest fiscal break-even oil prices this year at \$113 and \$87.9 per barrel, respectively. This was followed by Oman and UAE at \$77.1 and \$71.5 per barrel, respectively. Kuwait and Qatar enjoy the lowest fiscal break-even oil prices at \$48.1 and \$47.1 per barrel, respectively.

Source: [Gulf News](#)

Chinese buyers snapped up \$720mln of Dubai properties last year

Chinese buyers purchased properties in the United Arab Emirates worth at least 2.64 billion UAE dirhams (\$720 million) last year, according to Chinese property portal Juwai.com. The company's 2018 Chinese Global Property Investment Report stated that although Chinese buyers pulled back from property investment in North America (down 31.9 percent to \$41.8 billion) and Australia (down 23.2 percent to \$18.4 billion), global investment in overseas property increased by 18.1 percent year-on-year to \$119.7 billion, despite the Chinese government tightening capital controls to prevent domestic capital flight.

Source: [Zawya](#)

Saudi economy to clock 2.1% growth this year, says report

Rising oil production, higher public spending, steady progress of economic and social reforms and recovering oil prices are expected to push Saudi Arabia's economic growth to 2.1 percent this year, according to a joint report by the accountancy body ICAEW and advisory firm Oxford Economics released on Wednesday. The economic prospects this year are in contrast to the 0.9 percent contraction in 2017, when economic activity was weighed down by low oil prices, various austerity measures and restricted levels of oil production due to the OPEC-plus mandate, the report Economic Insight: Middle East Q3 2018 said.

Source: [Argaam](#)

Kuwait real estate improves in Q2, private housing up 2.4%

The real estate sector in Kuwait appears to have improved in the second quarter of the year going up by 3.1 percent with the private housing sector in specific jumping to 2.4 percent. According to the Justice Ministry's documentation and registration data, the value of real estate trades in the second quarter reached around KD 857 million (around \$2.8 billion).

Source: [Zawya](#)

Al Ahli Bank of Kuwait prints \$300 mln perpetual bond

Al Ahli Bank of Kuwait has issued \$300 million in perpetual bonds, according to a bank document seen by Reuters. Perpetual bonds are similar to an equity instrument in the fact that they have no maturity. The Kuwaiti lender, rated A2 by Moody's and A+ by Fitch, priced the Tier 1 paper on Wednesday with a coupon rate of 7.25 percent.

Source: [Reuters](#)

Emirate NBD: Foreigner's ownership limits (FOL)

The process of fixing a time limit for the implementation of the General Assembly's Resolution to increase FOL to 20% is subject to the Bank's Board of Directors under the authorization granted to them by the General Assembly. The DFM will be notified of the specified time beforehand.

Source: [DFM](#)

Saudi Telecom Company to offer digital wallet service in an effort to diversify

Saudi Telecom Company, Saudi Arabia's largest telco, is launching its first FinTech platform in the kingdom next month, to tap about a third of the population that is unbanked. In 2017, there were 6.4 million unbanked adults in Saudi Arabia, out of a population of 21 million adults, according to the World Bank. "STC Pay is a FinTech platform. It will help our customers to transfer money whenever they want and they can immediately authenticate whether the money is received on the other end or not," said Tarig Enaya, senior vice president of enterprise at STC.

Source: [The National](#)

AL KHALIJI: ANNOUNCEMENT ON NOT PURSUING DISPOSAL OF SUBSIDIARY

Al Khalij Commercial Bank (al khaliji) has engaged in discussions with various bidders for the disposal of its subsidiary, Al Khaliji France S.A. The Board of Directors of the Bank considered the terms of the various offers received to be not in the best interest of the Bank's stakeholders, and has therefore decided not to pursue the process any further.

Source: [QSE](#)

Burgan Bank launches rights issue to raise up to KWD 62.55m

Burgan Bank has commenced its capital rights offering process on Wednesday, 19 September, to increase up to KWD 62.55 million of additional capital, according to an official statement. The subscription period for raising Burgan Bank's capital will end on 10 October 2018.

Source: [Mubasher](#)

Qatar's arrivals fall 31% in 7M – Report

The number of non-residents traveling to Qatar witnessed a 31.2% year-on-year drop over the first seven months of 2018, as the GCC arrivals dropped on the back of the gas-rich nation's diplomatic crisis with four Arab countries led by Saudi Arabia. The number of travelers recorded 1.08 million during the period between January and July, compared to 1.57 million in the same period of the previous year, according to the Ministry of Development Planning and Statistics' (MDPS) monthly report.

Source: [Mubasher](#)

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](#)

Abu Dhabi studies restructuring options for \$1.2 bln Etihad-linked bonds –sources

The government of Abu Dhabi is looking at proposals to restructure some \$1.2 billion of troubled bonds that were issued by Abu Dhabi state-owned carrier Etihad Airways in partnership with other airlines, sources familiar with the matter said. Etihad issued \$700 million of bonds through a special purpose vehicle (SPV) called Equity Alliance Partners (EAP) in 2015, and \$500 million in 2016.

Source: [Reuters](#)

UAE central bank trims 2018 GDP growth forecast to 2.3 pct

The United Arab Emirates central bank has cut its forecast for economic growth this year after non-oil growth slowed slightly in the second quarter, according to a report released by the bank on Wednesday. The central bank now expects the UAE's inflation-adjusted gross domestic product to expand 2.3 percent in 2018, instead of the 2.7 percent which it had projected in its last report three months ago.

Source: [NASDAQ](#)

Aramco Is Not Alone as Saudi Arabia's Privatization Push Slows

Aramco may have grabbed the biggest headlines, but the oil giant's delayed initial public offering is just the latest sign of Saudi Arabia's slowing privatization push. The program is part of Crown Prince Mohammed bin Salman's Saudi Vision 2030 to transform the economy and envisages the sale of stakes in ports, railways, utilities and airports. When the government began to consider the plans almost three years ago, Brent crude traded at less than \$40 a barrel.

Source: [Bloomberg](#)

Qatar Airways Defiant as It Reveals Cost of Saudi-Led Embargo

Qatar Airways revealed the impact of a Saudi-led embargo of its home state while striking a defiant note by suggesting the losses suffered are lower than rival nations had intended. The Persian Gulf carrier has sought to follow a business-as-usual policy in the face of "aggressive action" by Saudi Arabia and three other countries that forced it to abandon 18 destinations and divert flights to others to avoid closed airspace.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares rise as investors reassess trade war impact

Asian stocks followed global indexes higher on Thursday, as investors took a less bearish view on the impact of the U.S.-China trade war on markets, a sharp contrast to dim expectations economists had on U.S. growth amid the worsening tensions.

Source: [Reuters](#)

Emerging markets could actually benefit from trade tensions, says pension fund

The U.S.-China trade war could force emerging markets to implement structural reforms that would benefit long-term investors, says Suyi Kim, from the Canada Pension Plan Investment Board. "We believe in the long-term expected returns of emerging markets," she said at the World Economic Forum in Tianjin.

Source: [CNBC](#)

Amazon hit by EU antitrust probe

European Competition Commissioner Margrethe Vestager has begun questioning merchants on Amazon's use of their data. Vestager has the power to fine companies up to 10 percent of their global turnover for breaching EU antitrust rules. Earlier this year, she levied a record \$5 billion fine against Google related to its Android business. She also launched an "in-depth investigation" into Apple and its purchase of music recognition app Shazam.

Source: [CNBC](#)

COMMODITIES NEWS

Oil jumps 1.8%, settling at \$71.12, after 5th weekly drop in US crude stockpiles

U.S. crude oil tacked on gains after rising more than 1 percent in the previous session. The market is concerned that top oil exporter Saudi Arabia will not respond aggressively to price increases with supply cuts. U.S. crude stockpiles fell by 2.1 million barrels, the Energy Information Administration reported on Wednesday.

Source: [Reuters](#)

Gold prices steady as easing trade concerns drag on dollar

Gold prices held steady on Thursday, after rising in the previous session, as the dollar softened amid easing Sino-U.S. trade tensions and investors wait on direction from next week's U.S. Federal Reserve meeting.

Source: [Reuters](#)

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