

# U Capital Morning Brief

29 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	911.95	-1.05	-0.12%	-6.40%	-	-	-	-
U Capital GCC 50 Index	1,310.17	-7.85	-0.60%	14.46%	-	-	-	-
U Capital MENA 200 Index	1,048.39	-4.88	-0.47%	5.36%	-	-	-	-
MSCI GCC Countries Index	536.97	-3.41	-0.63%	11.92%	13.36	1.74	4.1%	
Muscat Securities Market	4,453.97	1.06	0.02%	-12.65%	10.21	0.80	6.1%	
Saudi Stock Exchange	7,802.65	-32.90	-0.42%	7.98%	16.07	1.74	3.6%	
Kuwait Stock Exchange	5,033.42	-6.14	-0.12%	NA	14.62	1.26	3.9%	
Qatar Exchange	10,144.37	-8.99	-0.09%	19.02%	15.00	1.53	4.3%	
Bahrain Stock Exchange	1,318.87	3.34	0.25%	-0.96%	8.84	0.83	6.2%	
Dubai Financial Market	2,724.83	-11.57	-0.42%	-19.15%	7.28	1.01	6.5%	
Abu Dhabi Exchange	4,897.57	15.31	0.31%	11.35%	13.04	1.43	4.9%	
Beirut Stock Exchange	981.43	0.00	0.00%	-14.55%	5.19	0.62	9.2%	
Palestine Stock Exchange	524.83	-1.84	-0.35%	-8.66%	11.99	1.16	4.6%	
Tunis Se Index	7,356.94	38.53	0.53%	17.11%	19.16	2.62	1.9%	
EGX 30 Index	12,980.96	-42.77	-0.33%	-13.57%	12.28	2.24	2.3%	
Amman General Index	1,970.80	1.37	0.07%	-7.33%	13.75	1.00	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	Currency	USD/1 Unit	Units/1 USD
Europe			%	%				
FTSE 100	UK	6,939.6	-0.92%	-9.7%		Australian Dollar (AUD)	0.710	1.409
DAX	Germany	11,200.6	-0.94%	-13.3%		British Pound (GBP)	1.283	0.779
CAC 40	France	4,967.4	-1.29%	-6.5%		Canadian Dollar (CAD)	0.763	1.310
United States						Chinese Renminbi (CNH)	0.144	6.962
DJIA	USA	24,688.3	-1.19%	-0.1%		Egyptian Pound (EGP)	0.056	17.913
S&P 500	USA	2,658.7	-1.73%	-0.6%		Euro (EUR)	1.139	0.878
NASDAQ	USA	7,167.2	-2.07%	3.8%		Indian Rupee (INR)	0.014	73.368
Asia Pacific						Japanese Yen (JPY)	0.009	111.960
NIKKEI 225	Japan	21,298.0	0.53%	-6.4%		New Zealand Dollar (NZD)	0.653	1.531
HANG SENG	Hongkong	24,701.1	-0.07%	-17.4%		Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,347.0	1.94%	2.2%		Pakistani Rupee (PKR)	0.756	132.463
NSE Nifty 50	India	10,062.7	0.33%	-4.4%		Russian Ruble (RUB)	0.015	65.690
SHANGHAI Composite	China	2,560.7	-1.47%	-22.6%		Singapore Dollar (SGD)	0.724	1.381
KOSPI Index	South Korea	2,023.4	-0.19%	-18.0%		Turkish Lira (TRY)	0.179	5.593

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	77.7	0.08%	22.1%	UAE	2.67	48.7%
WTI Crude (per bbl)	67.7	0.10%	12.0%	Saudi Arabia	2.75	45.1%
Oman Crude Oil (Last Closing)	77.0	0.46%	20.4%	Kuwait	2.13	13.3%
OPEC (per bbl)	75.0	-2.68%	16.4%	Oman	2.74	43.6%
Precious Metals				Qatar	2.81	6.2%
Gold100 OZ (per oz)	1,233.3	0.02%	-5.4%	Bahrain	3.70	35.8%
Silver (per oz)	14.7	-0.13%	-13.4%			
Platinum (per oz)	833.1	0.07%	-10.5%			
Other Metals						
Copper, MT	6,160	-1.06%	-15.0%	GCC Latest 10-Yr Government Bond Yields		
Aluminium, MT	1,998	0.20%	-11.9%	Maturity date	YTM, %	
Lead, MT	1,998	-0.67%	-19.7%	Kuwait	3/20/2027	3.9
Zinc, MT	2,651	0.53%	-20.1%	Abu Dhabi	10/11/2027	4.0
				Qatar	6/2/2026	4.0
				Saudi Arabia	3/4/2028	4.4
				Oman	1/17/2028	6.2
				Bahrain	10/12/2028	7.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.04	2.9	1m	2.30	46.8%
5 year	99.83	2.9	3m	2.52	48.8%
10 year	98.28	3.1	6m	2.78	51.2%
30 year	94.09	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

### Experts in Oman focus on energy efficiency

Energy efficiency policies, technologies and practices for the industrial and building sectors in the EU and in the GCC region are being discussed during a two-day executive workshop starting on Sunday in Muscat. The event, organised by Petroleum Development Oman (PDO) and the EU-GCC Clean Energy Technology Network, has gathered more than 180 experts representing policy makers, authorities, industry, building energy-users, engineers and technology providers, as well as academicians and researchers.

Source: [Times of Oman](#)

### PDO's gas network operations facility opens

Dr Mohammed bin Hamad Al Rumhy, the Minister of Oil and Gas, has officially opened Petroleum Development Oman's (PDO's) Gas Network Operations Centre (GNOC). The state-of-the-art facility in Saih Rawl monitors and co-ordinates the production from PDO's eight gas plants in real time to ensure safe, efficient and reliable delivery to customers. The complex is equipped with modern technology and software providing a comprehensive view of the Company's entire gas network and centralising operational controls and monitoring of all its Gas Directorate facilities.

Source: [Times of Oman](#)

### Move to integrate gas and power sectors in Oman

The Ministry of Oil and Gas is currently in discussion with the Authority for Electricity Regulation Oman (AER) aimed at exploring a possible incorporation of the electricity sector into the Ministry, a top official revealed here yesterday. Salim bin Nasser al Aufi (pictured), Oil and Gas Under-Secretary, said the move stems from recommendations of the Energy Lab — a high-level forum hosted by the National Programme for Enhancing Economic Diversification (Tanfeedh) — which mooted, among other things, the integration of the governance structures of the electricity and gas sectors. "We are working on a programme to move the electricity sector to the Ministry of Oil and Gas," said Al Aufi, citing synergies between the two sectors.

Source: [Oman Observer](#)

### M-91 grade output rises by 40 per cent

The production of standard grade petrol (M-91) by Omani refineries has seen a robust 40 per cent jump to touch 10.60 million 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 9.14 million barrels during January-September period of 2018, according to data released by the National Centre for Statistics and Information (NCSI).

Source: [Times of Oman](#)

### Total number of passengers at Muscat International Airport grows by 9.8 percent to 11m

The total number of passengers at the Muscat International Airport grew by 9.8 percent to 11,419,791 million in the first nine months of 2018, over the same period of last year. In addition, the total number of flights at the Muscat International Airport rose 5.4 percent to 89,045 flights during January-September period of 2018, from 84,454 flights for the same period of last year, according to the latest monthly statistics released by the Centre.

Source: [NCSI](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Most Mideast Stocks Retreat as Traders Eye Earnings

Most equity indexes in the Middle East declined as investors focus on third-quarter results. Volatility in Saudi stocks dropped to the lowest level in two weeks as the uproar over the killing of columnist Jamal Khashoggi in Istanbul dissipate. Saudi Basic Industries Corp. fell even after third-quarter profit met analysts' estimates.

Source: [Bloomberg](#)

### Ahli United Bank and KFH say merger talks 'still ongoing'

Ahli United Bank, the Bahraini lender, and Kuwait Finance House are still in discussions for a potential merger, which would create a new Islamic entity with \$92 billion (Dh337.6bn) in combined assets. The two parties signed a preliminary and non-disclosure agreement on July 22 to appoint banks to undertake valuations required to explore the possibility of a tie-up. "With reference to our earlier disclosures ... please note that consultations are still under way regarding the valuation results of the studies prepared by HSBC and Credit Suisse to recommend and determine a fair share exchange ratio," Ahli United said in a statement on Sunday to Boursa Kuwait, where its shares are traded.

Source: [The National](#)

### CMA approves amendments to REIT instructions

Saudi Arabia's Capital Market Authority (CMA) on Sunday approved the amendments to Real Estate Investment Traded Funds (REIT) instructions. The amendments, which come into effect from its publication date, aim to support the principal of investors protection, regulate the aspects needed to enhance the investment in these funds and set the rules which will help to mitigate the risks relevant to investing in the REITs.

Source: [Argaam](#)

### **SIECO's rights issue 87.8% subscribed**

Saudi Industrial Exports Co. (SIECO) said its rights issue was 87.8 percent subscribed, as investors pumped SAR 47.41 million into 4.74 million shares, the company said in a bourse filing. The remaining 658,710 shares will be reoffered on a pro rata basis to institutional investors on Oct. 30-31, 2018. The insurer offered 5.4 million shares at SAR 10 per share, and the issue closed on Oct. 25.

Source: [Argaam](#)

### **Saudi central bank assets fall SAR 10 bln in September**

Assets held by the Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, decreased by SAR 9.9 billion month-on-month to SAR 1.94 trillion in September, new data showed. When compared to the same month last year, assets increased by SAR 64.2 billion.

Source: [Argaam](#)

### **Here's how Saudi Aramco is spreading its footprint worldwide**

Saudi Arabia's Vision 2030, announced in April 2016, sets ambitious targets for economic diversification, privatization, and employment creation. State-owned oil giant Saudi Aramco, through its strategic overseas investments including joint ventures and acquisitions, has steadily begun the push for economic diversification -- one of the key objectives of Vision 2030.

Source: [Argaam](#)

### **Saudi's SABIC optimistic on growth potential; mulling investments overseas**

Saudi Basic Industries Corp (SABIC), the world's fourth-biggest petrochemicals company, is evaluating investment opportunities in Africa, China and the United States, underpinned by a positive global economic outlook, its chief executive said on Sunday. The petrochemical giant reported earlier on Sunday a 5.4 percent rise in third-quarter net profit citing higher average selling prices and increase in sale volumes.

Source: [Zawya](#)

### **UAE leads Islamic economy**

The UAE ranks top globally across five Islamic economy sectors, according to a report that forecasts Islamic finance assets would surge to \$3.8 trillion while global Muslim spend on food and beverage would reach \$1.9 trillion by 2023. In five out of the six Islamic economy sectors, the UAE ranks number one globally while Malaysia once again tops the Global Islamic Economy Indicator in the State of the Global Islamic Economy Report 2018-19.

Source: [Zawya](#)

### **Air Arabia set to place order for 100 aircraft next year: CEO**

Air Arabia aims to place an order for around 100 aircraft next year and is negotiating with different plane manufacturers including Airbus, Boeing and Embraer, a senior official said on Sunday. Speaking to media to mark 15th anniversary, Adel Ali, chief executive officer, Air Arabia, said the low-cost carrier could place order with diverse aircraft manufacturers to replace its ageing fleet.

Source: [Khaleej Times](#)

### **Foreigners sold net \$624 mln of Saudi stocks in week to October 25**

Foreigners sold a net 2.34 billion ryals (\$624 million) in the Saudi stock market in the week ending October 25, but the bourse was supported by local institutions which bought 8.06 billion ryals worth of stocks, stock exchange data showed. The foreign selling slowed from a record 4.01 billion ryals in Saudi stocks in the previous week when investors were jolted by the kingdom's deteriorating relations with foreign powers following the killing of journalist Jamal Khashoggi.

Source: [Mideast Monitor](#)

### **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](#)

### **Qatar's non-oil exports hit QR18.032bn in nine months**

Qatar's non-oil exports have reached QR18.032bn in the first nine months of 2018, a 36.5 percent year-on-year growth over QR3.02bn recorded in the same period of 2017. Non-oil exports in September 2018 reached QR1.642bn, a 4.6 percent increase compared to the QR1.570bn reported in September 2017, said the report, which was based on 3015 certificates of origin issued in September this year by Qatar Chamber's Research & Studies Department and Member Affairs Department.

Source: [TPQ](#)

### **Four projects floated in Kuwait**

Deputy Director General for Investment and Private Sector Projects at Public Authority for Housing Welfare (PAHW) Hadeel bin Naji revealed that PAHW has floated four investment opportunities – two in Jaber Al-Ahmad City and other two in Sabah Al-Ahmad City, reports Aljarida daily. She indicated about other investment opportunities in Jaber Al-Ahmad City to be floated, which will be of investment housing system for sale and not for rent.

Source: [Arab Times](#)

---

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Asian Stocks Trade Mixed; Treasuries Steady: Markets Wrap

Asian stocks traded mixed and U.S. stock futures pared gains, as investors started the week on edge amid the recent global sell-off. The dollar nudged higher with Treasury yields. Shares in Tokyo and Hong Kong posted modest gains while Chinese shares declined. Australian stocks outperformed while Korean equities slipped. U.S. futures were little changed after the S&P 500 Index finished Friday just short of a 10 percent decline from its record September high and on pace for the worst month since 2009. The offshore yuan held near the lowest level in a decade amid expectations China will ease policy to stem a growth slowdown.

Source: [Bloomberg](#)

### IBM to acquire software company Red Hat for \$34 billion

IBM Corp said on Sunday it had agreed to acquire U.S. software company Red Hat Inc for \$34 billion, including debt, as it seeks to diversify its technology hardware and consulting business into higher-margin products and services. The transaction is by far IBM's biggest acquisition. It underscores IBM Chief Executive Ginni Rometty's efforts to expand the company's subscription-based software offerings, as it faces slowing software sales and waning demand for mainframe servers.

Source: [Reuters](#)

### China tariff effects started showing up in shipping data months ago

The Trump administration's tariffs on \$34 billion in Chinese goods went into effect in July. For weeks before that, there was a huge push to import products ahead of the tariffs. But once they went into effect in July, imports on the \$34 billion of Chinese goods dropped 21 percent from the prior year. The trade data on the \$16 billion tariff that went into effect will be out in November and September's \$200 billion will be out in December.

Source: [CNBC](#)

## COMMODITIES NEWS

### Gold prices nudge down as Asian stocks gain

Gold prices inched down early on Monday to drift away from a more than three-month high hit in the previous session, pressured as the dollar firmed and Asian stocks edged up after setbacks last week.

\* U.S. gold futures GCcv1 were down 0.1 percent at \$1,234.70 an ounce.

\* Asian shares looked set for a modest bounce on Monday, though sentiment remains fragile as bears are on the ascendancy after steep declines across world financial markets last week.

Source: [NASDAQ](#)

### Oil stable as Asia stock markets rebound, but sentiment cautious on trade concerns

Oil prices were stable on Monday, supported by a bounce in Asian stocks, but analysts said sentiment remained cautious after a plunge in financial markets last week triggered worries that global growth may be slowing. Front-month Brent crude oil futures were at \$77.63 a barrel at 0221 GMT, 1 cent above their last close. U.S. West Texas Intermediate (WTI) crude futures were at \$67.65 a barrel, up 6 cents from their last settlement.

Source: [Reuters](#)

---

## Ubhar Capital SAOC (U Capital)