

U Capital Morning Brief

8 November 2018

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
					(x)	(x)	%
U Capital Oman 20 Index	913.65	5.86	0.64%	-6.22%	-	-	-
U Capital GCC 50 Index	1,307.96	-7.24	-0.55%	14.27%	-	-	-
U Capital MENA 200 Index	1,051.67	-3.31	-0.31%	5.68%	-	-	-
MSCI GCC Countries Index	537.44	-2.92	-0.54%	12.02%	13.58	1.73	4.1%
Muscat Securities Market	4,446.06	24.94	0.56%	-12.81%	10.42	0.78	5.9%
Saudi Stock Exchange	7,792.56	-19.78	-0.25%	7.84%	16.60	1.74	3.6%
Kuwait Stock Exchange	5,089.17	36.16	0.72%	NA	14.88	1.24	3.9%
Qatar Exchange	10,252.50	-124.44	-1.20%	20.29%	15.16	1.53	4.3%
Bahrain Stock Exchange	1,316.27	2.36	0.18%	-1.16%	8.91	0.82	6.2%
Dubai Financial Market	2,829.23	13.63	0.48%	-16.05%	7.56	1.04	6.2%
Abu Dhabi Exchange	5,016.07	12.44	0.25%	14.04%	13.32	1.46	4.8%
Beirut Stock Exchange	984.98	7.77	0.79%	-14.24%	5.16	0.62	9.2%
Palestine Stock Exchange	529.33	2.60	0.49%	-7.88%	12.11	1.18	4.6%
Tunis Se Index	7,332.27	-22.90	-0.31%	16.72%	19.09	2.61	1.9%
EGX 30 Index	13,615.85	179.74	1.34%	-9.34%	12.71	2.34	2.2%
Amman General Index	1,959.57	-4.24	-0.22%	-7.86%	13.77	0.98	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
Europe			%	%	Currency		
FTSE 100	UK	7,117.3	1.09%	-7.4%	Australian Dollar (AUD)	0.728	1.373
DAX	Germany	11,579.1	0.83%	-10.4%	British Pound (GBP)	1.313	0.762
CAC 40	France	5,137.9	1.24%	-3.3%	Canadian Dollar (CAD)	0.762	1.312
United States					Chinese Renminbi (CNH)	0.144	6.930
DJIA	USA	26,180.3	2.13%	5.9%	Egyptian Pound (EGP)	0.056	17.914
S&P 500	USA	2,813.9	2.12%	5.2%	Euro (EUR)	1.143	0.875
NASDAQ	USA	7,570.8	2.64%	9.7%	Indian Rupee (INR)	0.014	73.000
Asia Pacific					Japanese Yen (JPY)	0.009	113.670
NIKKEI 225	Japan	22,555.8	2.09%	-0.9%	New Zealand Dollar (NZD)	0.679	1.474
HANG SENG	Hongkong	26,386.1	0.86%	-11.8%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	41,544.0	0.00%	2.7%	Pakistani Rupee (PKR)	0.752	132.480
NSE Nifty 50	India	10,598.4	0.65%	0.6%	Russian Ruble (RUB)	0.015	66.318
SHANGHAI Composite	China	2,657.4	0.61%	-19.6%	Singapore Dollar (SGD)	0.729	1.372
KOSPI Index	South Korea	2,107.6	1.39%	-14.6%	Turkish Lira (TRY)	0.186	5.370

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
Oil					
Brent Crude (per bbl)	72.0	-0.07%	13.7%	UAE	2.72
WTI Crude (per bbl)	61.7	0.08%	2.2%	Saudi Arabia	2.79
Oman Crude Oil (Last Closing)	71.2	0.10%	11.3%	Kuwait	2.06
OPEC (per bbl)	70.9	-0.80%	9.9%	Oman	2.79
Precious Metals				Qatar	2.82
Gold100 OZ (per oz)	1,224.1	-0.20%	-6.1%	Bahrain	3.75
Silver (per oz)	14.5	-0.19%	-14.1%		
Platinum (per oz)	871.7	-0.09%	-6.3%		
Other Metals					
Copper, MT	6,153	-0.08%	-15.1%		
Aluminium, MT	1,985	1.77%	-12.5%		
Lead, MT	1,928	0.97%	-22.5%		
Zinc, MT	2,455	-1.84%	-26.0%		

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.86
Abu Dhabi	10/11/2027	4.11
Qatar	6/2/2026	4.01
Saudi Arabia	3/4/2028	4.47
Oman	1/17/2028	6.27
Bahrain	10/12/2028	7.25

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	99.55	3.0	1m	2.32
5 year	99.07	3.1	3m	2.59
10 year	99.11	3.2	6m	2.84
30 year	98.84	3.4	1 year	3.12

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

OAB closes OMR42.55mn bond issue

Oman Arab Bank (OAB) announced that it has successfully closed unsecured perpetual subordinated bonds valued at OMR42.55 million as Additional Tier 1 Capital, with an issue price of OMR1.000 per bond, comprising the nominal value, and an interest rate of 7.5 per cent per annum. The bank issued the bonds at a value of OMR35 million with a green shoe option of OMR15 million and was managed by **Ubhar Capital (U Capital)**, who acted as the financial advisor, issue manager, and lead arranger. These bonds attracted a significant number of investors, which in turn prompted the bank to increase the placement size by some 22 per cent from its initial size, a clear reflection of the level of trust and confidence investors placed in the bank.

Source: [Times of Oman](#)

Innovation holds key to non-oil future of Oman

Oman and innovation took centre stage, as the International Road Union (IRU) World Congress opened Wednesday morning. The Sultanate has stepped up its plans to establish a strong and sustainable economy as part of its non-oil future. Inaugurated under the auspices of His Highness Sayyid Asa'ad bin Tariq Al Said, Deputy Prime Minister for International Relations and Cooperation Affairs and Personal Representative of His Majesty, the event united more than 1,000 delegates to discuss the future of logistics around the world.

Source: [Times of Oman](#)

Oman Post plans revamping business, focuses more on ecommerce

Oman Post plans to revamp its entire business operations in the country to cash in on the new opportunities that are being made available advent of ecommerce and modern technology. Speaking to media persons on the sidelines of the World Road Transport Organization (IRU) World Congress at the Oman Convention & Exhibition Centre, Oman Post's CEO Abdul Malik al Balushi said, "Changing dynamics of business and newer entrants are forcing us to innovate in the way, we do business, innovate in transportation. We are trying to reduce cost and improve customer experience."

Source: [Muscat Daily](#)

Construction of Oman-Qatar bus assembly project to start in Jan

Construction work on a bus assembly plant – promoted by a partnership of Omani and Qatari investors – will commence at the Duqm Special Economic Zone (SEZ) in January 2019. The landmark project, which is expected to jumpstart the growth of a thriving automotive manufacturing industry in the Sultanate, is backed by Karwa Motors, a strategic partnership between Qatar Transport, the national transport company in Qatar with a 70 per cent stake, and Oman Investment Fund (OIF), a sovereign wealth fund of the Sultanate of Oman, owning the balance 30 per cent.

Source: [Oman Observer](#)

Pre-clearance, 1-Stop-Shop to fuel trade facilitation

Recent initiatives adopted by the Sultanate to facilitate cross-border trade will underpin Oman's drive to emerge as a major logistics hub in the region, HE Dr Ahmed bin Mohammed al Futaisi, Minister of Transport and Communications, announced here yesterday. Addressing the International Road Transport Union's (IRU) 'World Congress', which opened at the Oman Convention and Exhibition Centre here, he said the initiatives are set out in an ambitious long-term national logistics strategy designed to propel the Sultanate into the rankings of the world's Top 10 logistics-friendly destinations by 2040.

Source: [Oman Observer](#)

MEDC signs OMR 7,500,000 contracts to strengthen power network in Muscat

Muscat Electricity Distribution Company (MEDC) signed a number of contracts worth RO7,500,000 on Wednesday. The contracts were signed by Eng Alaa bin Hassan Mousa al Lawati, acting CEO, MEDC and companies that were awarded tenders. The first contract worth RO1,070,000 was signed with Manahel Middle East Trading & Contracting for Madinat Al Nahda, phase-11 at Amerat. The second contract worth RO1,600,000 was awarded to Manahel Middle East Trading and Contracting for Madinat Al Nahda, phase-14, Amerat. The third contract worth RO1,100,000 was awarded to Manahel Middle East Trading and Contracting for Amerat Heights, phase-8/1. The fourth contract worth RO590,000 was given to Al Falahi Company for Amerat Heights, phase-4. The fifth contract worth RO500,000 was awarded to Gal Engineering Services Company for Amerat Heights, phase-6. The sixth contract worth 1,100,000 was awarded to Al Majadeef Trading Company for Madinat Al-Nahda, phase-12.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

GCC sovereigns' funding needs see a slowdown to \$300bn

The GCC region's funding needs are projected at about \$300bn between 2018 and 2021, a slower pace due to higher oil prices and government policy responses, S&P Global Ratings said yesterday. GCC sovereigns' combined central government deficit has much improved, and S&P estimates it will be around \$75bn in 2019 (5.5 percent of combined GDP), way below the 2016 nadir of \$190bn (16 percent of combined GDP). Nevertheless, GCC governments' net debt positions have significantly deteriorated since oil prices fell in 2015 and debt-servicing costs now account for a much larger proportion of fiscal revenue.

Source: [TPQ](#)

Zain reports robust Q3 2018 results

Zain Group, announces its consolidated financial results for the third-quarter and nine month periods ended 30 September, 2018. The company ended the period serving 47.8 million customers, reflecting a 5% year-on year (Y-o-Y) increase. For the third-quarter of 2018, Zain Group generated consolidated revenues of KD 403 million (USD 1.3 billion), up 55% Y-o-Y in KD terms. EBITDA for the quarter reached KD 155 million (USD 512 million), an increase of 48% Y-o-Y, reflecting a 38% EBITDA margin. **Net income for the three months amounted to KD 51 million (USD 167 million), reflecting 26% increase Y-o-Y.** Earnings Per Share for the third-quarter reached 12 Fils (USD 0.03). For the first nine months (9M) of 2018 to 30 September, Zain Group generated consolidated revenues of KD 906 million (USD 3.0 billion), up 18% Y-o-Y in KD terms, while consolidated EBITDA for the period reached KD 324 million (USD 1.1 billion), up 3% Y-o-Y, reflecting a healthy EBITDA margin of 36%. Consolidated net income amounted to KD 137 million (USD 454 million), reflecting a 12% Y-o-Y increase. Earnings Per Share amounted to 32 Fils (USD 0.10) for the nine-month period.

Source: [Arab Times](#)

Jazeera Airways posts 9M earnings

Jazeera Airways today announced its financial and operational results for the first nine months of 2018, reporting a 38.4% growth in operating revenue and a 44.5% growth in number of passengers in comparison to the same period last year. **The Company's net profit stood at KD8.5 million for the first nine months of 2018.** 9M 2018 Financial and Operational Highlights: (Adjusted 9M 2018 net profit of KD9.6 million accounting for KD885 thousand one-offs related to irregular events in 9M 2018 and KD287 thousand operating loss related to facilities operations)

Source: [Arab Times](#)

King Salman initiates projects worth SAR 16 bln in Qassim

Saudi Arabia's King Salman today inaugurated and launched a total of 601 development projects worth more than SAR 16 billion in the central region of Qassim, said a statement from the Center for International Communication (CIC). King Salman's visit to Qassim was marked by the completion of 402 projects across 12 government sectors, with a value of SAR 12.15 billion. He also laid the foundations for 199 new planned projects in Qassim, with a total value of SAR 4.2 billion.

Source: [Argaam](#)

Saudi shipper Bahri targets acquisitions in Asia, Middle East - CEO

Saudi Arabia's Bahri is targeting acquisitions in Asia and the Middle East as the exclusive oil shipper for state energy giant Saudi Aramco seeks to expand its reach, the chief executive said on Wednesday. Bahri is the world's largest owner and operator of very large crude carriers (VLCCs). Saudi sovereign wealth fund the Public Investment Fund (PIF) owns 22 percent of the company and Aramco has a 20 percent stake. "We are looking at multiple acquisitions in the Middle East and Asia worth tens of millions of dollars," Bahri CEO Abdullah Aldubaikhi told Reuters.

Source: [Zawya](#)

Halwani Bros. still facing challenges in Egypt, Saudi Arabia: CEO

Halwani Bros. Co. still has several challenges to overcome locally and in its Egypt's unit, chief executive officer, Saleh Ahmed Hefni, told CNBC Arabia, adding that the company had to secure loans to fulfill its financial liabilities over the previous period. Halwani was planning to raise prices in the Egyptian market over the past two years, after the EGP currency devaluation. However, prices were increased gradually to eliminate a material impact on the sales volumes, Hefni stated. Halwani is selling around 220 products in the Egyptian market at different prices, as pricing diversity reflected positively on profitability.

Source: [Argaam](#)

Dubai Payments Firm Is Said to Pick Citigroup, JPMorgan for IPO

The private equity owners of Middle Eastern payment processor Network International have picked investment banks including Citigroup Inc. and JPMorgan Chase & Co. to advise on a potential stock sale, according to people familiar with the matter. Morgan Stanley was also selected to join Citigroup and JPMorgan in leading the initial public offering, which could take place next year in London, the people said, asking not to be named as the details aren't public. Barclays Plc, Goldman Sachs Group Inc. and Emirates NBD Capital are acting as book runners for the listing.

Source: [Reuters](#)

Amanat deployed AED 1.2 billion in the first nine months of 2018 in a diversified portfolio of leading assets

Amanat Holdings PJSC ("Amanat"), announced its results for the 9 months ending 30 September 2018. **Amanat recorded a net profit of AED 24.3 million for the 9M 2018.** This includes the full consolidation of the recent majority stakes acquired in two high-quality assets, 100% of Middlesex University Dubai and a 69.36% holding in Royal Hospital for Women in Bahrain, in line with Amanat's strategy.

Source: [DFM](#)

UAE's NMC Health prepares dollar Sukuk

United Arab Emirates' healthcare provider NMC Health plans to issue U.S. dollar-denominated sukuk, or Islamic bonds, a document issued by one of the banks leading the deal showed on Wednesday, confirming what sources told Reuters earlier. London-listed NMC has hired HSBC and Standard Chartered Bank to coordinate a series of meetings with fixed income investors ahead of the planned deal, which will be a five-year benchmark bond.

Source: [Reuters](#)

Kuwait Finance House expects board to decide on AUB merger before year-end

The board of Kuwait Finance House will likely decide on whether to go ahead with a merger with Bahrain's Ahli United Bank before the end of the year, its chief executive told Reuters. The two banks have been in talks since earlier this year on a potential merger that would create one of the largest Islamic banks in the Gulf. Plans for potential mergers between banks in the Gulf have increased in the past two or three years after more moderate levels of oil prices hit state revenue, pushed up bad loans and squeezed bank profit margins.

Source: [Nasdaq](#)

China is Qatar's key trading partner; trade volume at QR38.6bn

China is Qatar's third largest trading partner with the combined value of trade exchange hitting at QR38.6bn (\$10.6bn) in 2017, accounting for 10.92 percent Qatar's total foreign trade, noted a senior government official at the opening of the Qatar-China Economic Forum in Shanghai, yesterday. Sultan bin Rashid Al Khater, Undersecretary at the Ministry of Commerce and Industry chaired the Forum, which took place on the sidelines of the First China International Import Expo in the commercial capital of the world's second largest economy. He highlighted the importance of the bilateral economic cooperation for mutual benefits.

Source: [TPQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Global stocks rise after U.S. vote splits power; dollar slips

Most major stock markets rose on Wednesday, led by a strong rally on Wall Street, after the outcome of the U.S. midterm congressional elections drove expectations of political gridlock in Washington, boosting risk assets and weighing on the dollar. Tuesday's vote delivered a split U.S. Congress, with Democrats seizing control of the House of Representatives and Republicans strengthening their majority in the Senate. U.S. oil prices fell after U.S. crude output hit another record high.

Source: [Reuters](#)

Yield Surge Spurs Biggest Japan Buying of U.S. Bonds Since 2016

Japanese investors bought the most U.S. sovereign bonds since July 2016 in September, when the Federal Reserve raised interest rates for the third time this year, spurring an advance in the dollar and Treasury yields. Investors bought a net 2.28 trillion yen (\$20 billion) of the debt, according to balance-of-payments data from the Asian nation's Ministry of Finance Thursday. "Japanese investors may be increasing purchases of unhedged U.S. sovereign bonds as the perception toward dollar-yen improved after the Fed's tightening," says Eiichiro Miura, general manager of the fixed-income investment department at Nissay Asset Management Corp. in Tokyo.

Source: [Bloomberg Terminal](#)

Iran Says Saudis, Russia Must Cut Oil Supply After Failed Boost

Saudi Arabia and Russia are being forced to reduce production after their plan on reversing cuts backfired, Iran's representative to OPEC said, pegging the potential cut at more than 1 million barrels a day. "They have over-balanced the market," Hossein Kazempour Ardebili said in an interview. "Saudi Arabia and Russia have increased production and prices have come down \$15 a barrel." The OPEC+ coalition, spearheaded by those two key producers, will discuss the possibility of cutting production again for 2019 in Abu Dhabi on Sunday, according to delegates who declined to be identified. Brent crude traded at around \$73 a barrel Wednesday after rising to a four-year high of more than \$86 a barrel in early October.

Source: [Bloomberg Terminal](#)

COMMODITIES NEWS

China's Sinopec signs 2019 annual crude oil supply deal with Kuwait

Chinese oil major Sinopec on Thursday signed a 2019 annual deal to purchase crude oil from Kuwait Petroleum Corp at a public ceremony during a trade conference in Shanghai. Volumes agreed in the contract were not made public, but two Sinopec executives with knowledge of the terms said Kuwait would supply the same amount of crude as in 2018. The sources declined to be identified as they were not authorized to speak with media.

Source: [Zawya](#)

Middle East Crude-Benchmarks fall as U.S. allows some Iran oil exports

The Middle East crude benchmarks tumbled on Wednesday as more details on U.S. waivers for Iranian oil buyers emerged. DME Oman's premium to Dubai swaps dropped 23 percent from Monday to \$0.76 while cash Dubai's premium to swaps fell 31 percent to \$0.35 on Wednesday. Singapore markets were closed on Tuesday because of a public holiday. China and India are allowed to import 560,000 barrels per day of Iranian oil under the 180-day waiver while Japan's JXTG could resume Iran oil lifting's as soon as December.

Source: [Economic Times](#)

PRECIOUS-Gold prices hold steady, eyes on Fed meeting

Gold prices were steady in early Asian trade on Thursday, while the dollar edged higher and investors turned their attention to this week's Federal Reserve meeting for clues on future interest rate hikes.

Source: [Reuters](#)

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