

U Capital Morning Brief

1 November 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	903.83	-0.02	0.00%	-7.23%	-	-	-
U Capital GCC 50 Index	1,323.96	14.80	1.12%	15.66%	-	-	-
U Capital MENA 200 Index	1,057.53	8.82	0.83%	6.27%	-	-	-
MSCI GCC Countries Index	544.34	6.86	1.28%	13.46%	13.56	1.76	4.0%
Muscat Securities Market	4,422.91	2.24	0.05%	-13.26%	10.45	0.78	6.2%
Saudi Stock Exchange	7,907.01	74.03	0.95%	9.42%	16.35	1.77	3.5%
Kuwait Stock Exchange	5,042.22	4.25	0.08%	NA	14.58	1.26	3.9%
Qatar Exchange	10,300.92	137.51	1.35%	20.85%	15.23	1.54	4.2%
Bahrain Stock Exchange	1,314.73	1.83	0.14%	-1.28%	8.90	0.82	6.2%
Dubai Financial Market	2,784.60	41.06	1.50%	-17.37%	7.38	1.02	6.3%
Abu Dhabi Exchange	4,901.87	45.93	0.95%	11.45%	13.03	1.42	4.9%
Beirut Stock Exchange	984.40	-3.23	-0.33%	-14.29%	5.16	0.62	9.2%
Palestine Stock Exchange	522.83	-0.94	-0.18%	-9.01%	11.94	1.16	4.6%
Tunis Se Index	7,399.83	58.86	0.80%	17.80%	19.28	2.63	1.9%
EGX 30 Index	13,250.29	95.73	0.73%	-11.78%	12.48	2.27	2.2%
Amman General Index	1,958.68	1.86	0.10%	-7.90%	13.62	0.99	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
			%	%	Currency		
Europe							
FTSE 100	UK	7,128.1	1.31%	-7.3%	Australian Dollar (AUD)	0.713	1.403
DAX	Germany	11,447.5	1.42%	-11.4%	British Pound (GBP)	1.284	0.779
CAC 40	France	5,093.4	2.31%	-4.1%	Canadian Dollar (CAD)	0.761	1.315
United States							
DJIA	USA	25,115.8	0.97%	1.6%	Chinese Renminbi (CNH)	0.144	6.970
S&P 500	USA	2,711.7	1.09%	1.4%	Egyptian Pound (EGP)	0.056	17.910
NASDAQ	USA	7,305.9	2.01%	5.8%	Euro (EUR)	1.134	0.882
Asia Pacific							
NIKKEI 225	Japan	21,747.4	-0.79%	-4.5%	Indian Rupee (INR)	0.014	73.808
HANG SENG	Hongkong	25,464.3	1.96%	-14.9%	Japanese Yen (JPY)	0.009	112.890
KSE 100 Index	Pakistan	41,576.1	-0.18%	2.7%	New Zealand Dollar (NZD)	0.658	1.519
NSE Nifty 50	India	10,404.1	0.17%	-1.2%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,632.6	1.15%	-20.4%	Pakistani Rupee (PKR)	0.755	132.490
KOSPI Index	South Korea	2,038.1	0.41%	-17.4%	Russian Ruble (RUB)	0.015	65.880
					Singapore Dollar (SGD)	0.723	1.383
					Turkish Lira (TRY)	0.179	5.583

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	74.6	-0.61%	17.8%	UAE	2.76	54.0%
WTI Crude (per bbl)	64.9	-0.61%	7.4%	Saudi Arabia	2.76	45.7%
Oman Crude Oil (Last Closing)	74.2	-1.25%	16.0%	Kuwait	2.06	10.0%
OPEC (per bbl)	75.5	-0.74%	17.1%	Oman	2.77	45.0%
				Qatar	2.81	6.1%
				Bahrain	3.70	35.8%
Precious Metals						
Gold100 OZ (per oz)	1,218.2	0.28%	-6.5%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.3	0.52%	-15.5%		Maturity date	YTM, %
Platinum (per oz)	844.5	0.89%	-9.2%	Kuwait	3/20/2027	3.9
Other Metals						
Copper, MT	5,992	-0.66%	-17.3%	Abu Dhabi	10/11/2027	4.1
Aluminium, MT	1,954	-0.69%	-13.9%	Qatar	6/2/2026	4.0
Lead, MT	1,924	-0.77%	-22.7%	Saudi Arabia	3/4/2028	4.4
Zinc, MT	2,493	-2.24%	-24.9%	Oman	1/17/2028	6.3
				Bahrain	10/12/2028	7.3

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.84	2.9	1m	2.30	47.0%
5 year	99.48	3.0	3m	2.54	50.0%
10 year	97.63	3.2	6m	2.80	52.2%
30 year	92.48	3.4	1 year	3.07	45.7%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Occidental Oman signs three pacts with local firm

As part of its in-country value (ICV) strategy to support locally manufactured materials and maximise expenditures on goods and services made in Oman, Occidental Oman signed a new contract with Global Integrated Engineering (GIE), along with two new contracts with Abraj Energy Services. Under these contracts, GIE will supply sodium chloride (salt) for the operation of the water treatment plant in Mukhaizna, and Abraj will provide drilling rigs for Oman North operations, as well as cementing services.

Source: [Times of Oman](#)

Here's when the bidding for six integral fuel stations in Oman will begin

The bidding process for six integrated fuel stations along the Batinah Expressway and Adam-Thumrait road stretch will begin by the start of December, according to a top official. The official also revealed that companies owned by Omanis will be given top priority. Eng. Saif bin Amer Al Shaqsi, Undersecretary of the Ministry of Housing and the Chairman of the Public Auction Committee of integrated fuel sites, said, "The bidding for six integrated fuel stations will start at the beginning of December as the first stage. Three of the [fuel stations] will be on the Batinah Expressway in the Wilayat of Suwaiq, Saham and Liwa.

Source: [Times of Oman](#)

National Energy Efficiency action plan mooted

The latest Petroleum Development Oman (PDO) Majlis stakeholder engagement session has called for a national action plan with clear strategies, policies and projects to boost energy efficiency in the Sultanate. The theme of the event, which was under the auspices of Eng Salim bin Nasser al Aafi, Under-Secretary of the Ministry of Oil and Gas, was "Energy Efficiency: Challenges and Aspirations." Experts discussing the topic said the energy blueprint should include a dedicated organisation to implement measures to reduce power consumption, as well as progress reporting and monitoring systems to ensure greater sustainability.

Source: [Oman Observer](#)

OMAN LNG PLANNING TO INCREASE PRODUCTION CAPACITY BY 1MN TONNES

The sultanate's sole liquefied natural gas (LNG) producer, Oman LNG is planning to increase capacity by more than one million tonnes as the starting of production from Khazzan gas projects raised the prospects for additional gas availability. For a very long time Oman LNG was working at 75 per cent of its capacity as there were problems related to insufficient availability of natural gas, a key feed needed to produce LNG. And with the commencement of natural gas production at Khazzan, situation has changed, Harib al Kitani, chief executive officer Oman LNG told Muscat Daily.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia posts SAR 48.9 bln budget deficit in 9M

Saudi Arabia has reported budget deficit of SAR 48.98 billion in the first nine months of 2018, revenues stood at SAR 663.11 billion while expenses reached SAR 712.09 billion, the finance ministry said on Wednesday. The Kingdom's public debt rose to SAR 549.52 billion in the first nine months of 2018, compared to SAR 443.25 billion at the end of 2017.

Source: [Argaam](#)

Kuwait bourse seeks to create VC platform to finance startups- CEO

The Kuwait Stock Exchange plans to set up a venture capital market to attract and support the country's growing startups, the first idea of its kind in the Gulf region, the bourse's chief executive said. Khaled al-Khaled, the chief executive of Boursa Kuwait, wants to build a platform that can attract, keep and grow these companies so that they can eventually list on its main market.

Source: [Zawya](#)

Qatar opens struggling property market to foreign ownership

Qatar will allow foreigners to own property, the latest in a series of measures aimed to stimulate the gas-rich country's economy more than a year into its boycott by Gulf neighbors. Under a new law issued Tuesday by Qatar's Emir Shaikh Tamim Bin Hamad Bin Al Thani, foreigners will be able to own property in areas designated by Qatar's cabinet, according to the official Qatar News Agency.

Source: [Gulf News](#)

MIDEAST STOCKS-Saudi profits from corporate results, most Gulf markets inch up

Saudi Arabia's stock market rose on Wednesday, aided by strong corporate earnings, while market heavyweights Emaar Properties and Emirates NBD helped support Dubai's index. The main Saudi index was up 0.6 percent, thanks in part to a nearly 8 percent jump in Lazurde Company For Jewelry after it posted a third-quarter profit.

Source: [Zawya](#)

Ma'aden model of economic growth through privatization

The Saudi Arabian Mining Company (Ma'aden) is an excellent example of how a successful government-private sector partnership can deliver strong results that stimulate economic growth, job creation, and industrial diversification, Darren Davis, the company's President and CEO, said on Thursday. Participating in the 'Market Forces' panel discussions at the Future Investment Initiative (FII) conference in Riyadh, Davis noted that Ma'aden had invested billions of dollars in building world-class and large-scale industrial projects since its IPO in 2008. Source: [SG](#)

Saudi Arabia leads MENA IPO activity in Q3, raises \$220.6m

The MENA region raised \$349.9m through four IPOs, in Q3 2018, according to the latest EY MENA IPO Eye report. Compared to Q3 2017, IPO value saw an increase year-on-year by 21.9%, while activity declined by 33.3%. Phil Gandier, MENA Transactions Leader, EY, said: "In light of fluctuating oil prices and headwinds in the economy, IPO activity in the MENA region has been slow from Q1 to Q3 2018. However it is positive to see that IPO value increased year-on-year in Q3, especially when we've seen several entities across MENA delaying their plans for IPOs in 2018 due to various factors including (but not limited to) regulatory and global trade concerns and uncertain market conditions in a rising interest rate environment."

Source: [SG](#)

Bahrain's oil company targets \$1bn through dual-tranche bond

Bahrain's state-owned oil company Nogaholding plans to raise \$1bn through a dual-tranche U.S. dollar-denominated bond on Wednesday, a document by one of the banks leading the transaction showed. The deal is the first foray by a Bahraini entity into the international debt markets since the government obtained an aid package from its Gulf neighbours earlier this month. Nogaholding, the investment arm of Bahrain's National Oil and Gas Authority, tried to raise international funds in April, but that deal was delayed, partly by emerging-market weakness and partly by doubts among investors that Bahrain could repay its debt.

Source: [Gulf Business](#)

Saudi to waive \$6bn debts of less-developed countries

Saudi Arabia plans to waive \$6bn worth of debt owed to the kingdom by "less-developed" countries, it was revealed during a Cabinet meeting on Tuesday. The names of the countries were not revealed. During the meeting, the Cabinet noted the kingdom's cooperation with the United Nations and the international community to achieve world security, stability and development, as well as continuing to provide humanitarian, political and economic aid, the Saudi Press Agency (SPA) reported.

Source: [Gulf Business](#)

DFM registers 3rd straight monthly decline in October

The Dubai Financial Market's (DFM) general index declined 50.35 points, or 1.78%, to 2,784.60 points in October, recording the third drop in a row, dragged down by investors' sell-offs to keep liquidity away from the equity market. The local stock markets have seen an outward mixed performance in October in terms of equity prices and volumes, which are still low, Al-Sharhan Centre's general manager Gamal Agag told Mubasher.

Source: [Mubasher](#)

Tadawul listed banks' profit jumps 11% YoY in Q3

Saudi banks listed on the Saudi Stock Exchange (Tadawul) achieved SAR 1.21 billion (\$324 million), or 10.7% year-on-year profit growth in the third quarter of 2018, with the exception of Alawwal Bank's profits that dipped 22.6%. Net profits of Tadawul's banks surged to SAR 12.59 billion (\$3.36 billion) during the three-month period ended September, from SAR 11.37 billion (\$3.03 billion) in Q3-17, according to Mubasher's statistics.

Source: [Mubasher](#)

Qatar-US business forum reviews boosting trade

A Qatar-US business forum held here yesterday witnessed the participation of about 40 US companies and a large number of Qatari businessmen. The two sides discussed means of enhancing mutual investments and boosting trade and economic cooperation between them.

Source: [TPQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China reports weakest manufacturing growth in more than two years

The economic impact of the intensifying trade war between Washington and Beijing appeared to deepen last month with factory activity and export orders weakening across Asia and analysts expecting a bigger hit in months to come.

Source: [Reuters](#)

China's factory sector barely grows in October, export orders extend slump: Caixin PMI

China's manufacturing sector barely grew last month after stalling in September, a private survey showed, while an extended contraction in export orders highlighted rising pressure on the economy as a trade war with the United States intensified.

Source: [Reuters](#)

UK, EU agree tentative Brexit deal on financial services: The Times

British Prime Minister Theresa May has struck a tentative deal with the European Union that would give UK financial services companies continued access to European markets after Brexit, the Times reported on Thursday.

Source: [Reuters](#)

The stock market lost nearly \$2 trillion in October. Here's what happened

October was a rough ride for U.S. stocks, which despite regaining a portion of the month's losses Wednesday ended as one of the worst months since the financial crisis. The S&P 500 lost \$1.91 trillion in October, according to S&P Dow Jones Indices analyst Howard Silverblatt. Losses were spread widely across industry sectors. October was the worst month for the S&P 500 since September 2011.

Source: [CNBC](#)

COMMODITIES NEWS

Oil down to 2.5M low

Oil prices ended Wednesday's trading session at its lowest level in two-and-a-half months, after data showed an increase in American crude inventories. Nymex futures for December delivery fell by 87 cents or 1.3% to the level of \$65.31 per barrel, registering monthly losses of nearly 11%. Meanwhile, Brent went down by 0.6% to \$75.47 a barrel. This is the biggest monthly decline in oil prices in more than two years.

Source: [Mubasher](#)

Ubhar Capital SAOC (U Capital)

Ominvest Business Centre

Building no. 95

Way no. 501

Airport Heights

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Website: www.u-capital.net



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.
