








U Capital Morning Brief

1 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	955.36	954.72	0.64	0.07%	-1.94%	-1.94%
U Capital GCC 50 Index	1,218.03	1,221.51	-3.48	-0.28%	6.41%	6.41%
U Capital MENA 200 Index	1,046.23	1,049.69	-3.46	-0.33%	5.14%	5.14%
MSCI GCC Countries Index	507.81	509.22	-1.41	-0.28%	5.84%	5.84%
 Muscat Securities Market	4,999.96	5,007.65	(7.69)	-0.15%	-1.95%	-1.95%
 Saudi Stock Exchange	7,650.12	7,631.17	18.95	0.25%	5.86%	5.86%
 Kuwait Stock Exchange	6,687.81	6,664.03	23.78	0.36%	4.37%	4.37%
 Qatar Exchange	9,204.62	9,328.24	(123.62)	-1.33%	7.99%	7.99%
 Bahrain Stock Exchange	1,350.67	1,352.26	(1.60)	-0.12%	1.42%	1.42%
 Dubai Financial Market	3,394.36	3,439.91	(45.55)	-1.32%	0.72%	0.72%
 Abu Dhabi Sec. Exchange	4,602.23	4,638.75	(36.52)	-0.79%	4.63%	4.63%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,533.6	(54.43)	(0.72)	Brent Crude (per bbl) Updated	69.02	0.13	0.19
DAX	Germany	13,189.5	(8.23)	(0.06)	WTI Crude (per bbl) Updated	64.83	0.10	0.15
CAC 40	France	5,481.9	8.15	0.15	Oman Crude Oil (Last Closing)	66.29	0.09	0.14
United States								
DJIA	USA	26,149.4	72.50	0.28	Gold100 OZ (per oz)	1,344.67	(0.46)	(0.03)
S&P 500	USA	2,823.8	1.38	0.05	Silver (per oz)	17.31	(0.03)	(0.17)
NASDAQ	USA	7,411.5	9.00	0.12				
Asia Pacific								
NIKKEI 225	Japan	23,428.4	333.05	1.44	Platinum (per oz)	1,000.80	(1.50)	(0.15)
HANG SENG	Hongkong	32,753.8	(131.59)	(0.40)	Copper, MT	7,118.00	68.00	0.96
Selected Middle East								
Tunis Se Index	Tunis	6,431.6	9.01	0.14	Aluminium, MT	2,219.50	12.50	0.57
EGX 30 Index	Egypt	15,042.4	(273.29)	(1.78)	Lead, MT	2,612.00	20.00	0.77
Blom Stock Index	Lebanon	1,177.4	(6.70)	(0.57)	Zinc, MT	3,540.00	44.00	1.26
					Nickel, MT			
					13,600.00			
					250.00			
					1.87			

Source: Bloomberg, UCapital- at 8:30AM Muscat time

Source: Bloomberg, UCapital- at 8:30AM Muscat time

Cross Rate for Major Currencies*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.243	0.805
British Pound	GBP	1.419	0.705
Japanese Yen	JPY	0.009	109.300
Chinese Renminbi	CNH	0.159	6.295
Indian Rupee	INR	0.016	63.618
Russian Ruble	RUB	0.018	56.217
Canadian Dollar	CAD	0.813	1.230
Australian Dollar	AUD	0.805	1.243

Source: Bloomberg Note: all prices/indices are updated till 8:30 AM Muscat time.* markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

Oman Mining Strategy under review

A keenly awaited national strategy for the development of Oman's hugely promising mining sector is currently being reviewed by the Public Authority for Mining (PAM), its Chief Executive Officer announced here yesterday. Hilal bin Mohammed al Busaidy (pictured) said the blueprint, which was completed and delivered by an international consortium of consultants recently, spells out a lucid roadmap for the effective development of the sector over the next 10 years.

Source: [Oman Observer](#)

JV pact signed for minerals exploration in Blocks 1&2

A joint venture agreement was signed yesterday between Minerals Development Oman (MDO), the nation's mining investment flagship, and Mawarid Mining, part of the well-diversified Omani business house MB Holding, for the continued exploration and development of metallic minerals in Blocks 1&2 in North Al Batinah Governorate. The signing ceremony was held in Sundus Rotana Hotel under the auspices of Hilal bin Mohammed al Busaidy, CEO of the Public Authority for Mining (PAM). Signing on behalf of MDO was Nasser Saif al Muqbali, Deputy Chief Executive Officer, while Mawarid Mining was represented by its CEO, Tariq al Barwani.

Source: [Oman Observer](#)

New Muscat airport opens on March 20

The wait is finally over. The commercial operations from the new passenger terminal at the Muscat International Airport will commence on March 20. In a statement on Wednesday, the Ministry of Transport and Communications (MoTC) said all inbound and outbound flights will be transferred from the current airport to the new airport as of that day. Dr Mohammed bin Nasser al Zaabi, CEO, Public Authority for Civil Aviation (PACA), indicated last week that the announcement is expected in the coming days. The ministry has called on all stakeholders to make necessary arrangements to ensure the smooth transition of operations and passenger traffic at the new airport.

Source: [Oman Observer](#)

Investments in Duqm hit above RO610mn in 2017

In 2017, the Special Economic Zone Authority in Duqm (SEZAD) succeeded in attracting several investment projects and signed 87 usufruct and development agreements with local and international companies for projects that would take place on 1.9mn square meters. The cost of the projects granted last year hit RO610.2mn with an expected generation of more than 2200 jobs for Omani and foreign nationals. The last year witnessed a good interest by local and international companies to invest in the Special Economic Zone in Duqm (SEZD). The one-stop shop in SEZAD received 256 investment applications, of which 141 were for investment in the construction of commercial residential buildings, 93 in the industrial sector, 14 in the tourism sector, seven in the logistics sector and one in the residential sector.

Source: [Muscat Daily](#)

OMINVEST: Disclosure to increase the value of perpetual bonds issuance from OMR 50 million to OMR 75 million

In reference to Oman International Investment and Development Company SAOG ("OMINVEST") disclosure dated 4th of October 2017 titled OMINVEST Board Resolution; OMINVEST Board of Directors held a meeting on the 31st of January 2018 and has resolved to increase the value of perpetual bonds issuance from OMR 50 million to OMR 75 million. This is subject to shareholders and regulatory approval.

Source: [MSM](#)

ALMAHA CERAMICS: Inauguration of new machinery

"Al Maha Ceramics is pleased to announce that it has today commissioned State of the art machinery that will enable the company to introduce quality enhanced products in a phased manner"

Source: [MSM](#)

Note: Kindly see the proposed dividend announcements of MSM on the last page

MIDDLE EAST ECONOMIC & CORPORATE NEWS

U Capital: Major GCC IPOs on anvil in 2018

With oil prices recouping, several companies have announced their plans of going public, estimating that liquidity will improve in the coming period, which might channel into equity markets. As per the information available (announced or rumoured in the media), more than 30 companies (excluding REITs) are expected to go public in 2018, majority of them on local markets and few big names are yet undecided where to list. Saudi Arabia and UAE are expected to be the biggest contributors, with a number of announced and rumoured IPOs in the pipeline.

Source: [Oman Observer](#)

Saudi Aramco considers expanding in India

Saudi Aramco is looking to foray into India and increase investments in China as part of its Asian expansion strategy, Nikkei Asian Review reported, citing CEO Amin Nasser. "Saudi Aramco is looking at additional investments in China, and India is also a very important destination which we are giving great consideration, and (where we are) currently in discussion with some companies," Nasser told the daily.

Source: [Argaam](#)

GE, Tatweer to develop diagnostics center in Riyadh

General Electric Healthcare has signed a memorandum of understanding (MoU) with Tatweer Medical Equipment Development Co. to develop a diagnostics center in Riyadh's Medical Village, according to a statement. The Medical Village, set to be one of the Kingdom's largest medical complexes, is expected to launch operations in 2020. The project will comprise seven hospitals, more than 900 beds, and 33 medical centers.

Source: [Argaam](#)

S&P affirms Walaa Insurance's rating at BBB+, outlook positive

Standard and Poor's (S&P) affirmed the credit rating of Walaa Cooperative Insurance Company at BBB+ with a positive outlook, the company said in a statement to Tadawul. The rating reflects a strong, risk-based capital adequacy, satisfactory business risk profile and an overall upper-adequate financial risk profile, the company said.

Source: [Argaam](#)

Dubai-based cryptocurrency exchange to add Ripple this week

Dubai-based cryptocurrency exchange BitOasis, which was founded in 2014 by Jordanian entrepreneur Ola Dudin, is to add Ripple to its list of tradable currencies. Starting from Tuesday, January 30, customers can buy Ripple (XRP) tokens on the platform using wire transfers in AED or credit cards issued by UAE banks. Currently, the site allows traders to buy and sell BitCoin and Ethereum, the two biggest coins by market cap, but the interest in Ripple has surged along with its price – which increased from just \$0.20 to nearly \$3.50 in the space of six weeks towards the end of 2017.

Source: [Arabian Business](#)

Kuwait Petroleum to spend over \$500bn by 2040

Kuwait Petroleum Corp expects to spend over \$500 billion as it boosts its crude oil production capacity to 4.75 million barrels per day in 2040, the national oil firm said on Wednesday, outlining ambitious growth plans for the next two decades. "KPC is expected to spend \$114 billion in capex over the next five years and an additional \$394 billion beyond that to 2040," Chief Executive Nizar al-Adsani told an oil industry conference.

Source: [Arabian Business](#)

Slow Fiscal Reform Raises L-T Risk to Kuwait's Finances: Fitch

Kuwait's recent budget outturns and the government's draft budget proposal point to the country's continuing fiscal and external strengths, which are reflected in its 'AA'/Stable sovereign rating, Fitch Ratings says. Nevertheless, the slow pace of fiscal reform and economic diversification increases long-term risks to Kuwait's public finances. We have raised our estimate for Kuwait's fiscal surplus in FY18 (ending 31 March 2018) to 1.9% of GDP, from 0.2% previously. Recent data published by the Ministry of Finance indicates that Kuwait's budget was close to balance in the first nine months of FY18, with revenues at 84% of original budget allocations, but spending considerably lower, at 63%.

Source: [Bloomberg News Alert](#)

Qurain Petrochemical to restructure \$50m debt

Qurain Petrochemical Industries has reached an agreement with a local bank to restructure part of its debts, the company disclosed in a bourse filing on Wednesday. Qurain Petrochemical will restructure \$50 million debts, while negotiations are still ongoing regarding the remaining part of its debt. On 24 December 2017, the Boursa Kuwait-listed company reached an agreement with two local banks to restructure part of its debts at a value of \$120 million.

Source: [Mubasher](#)

Gulf Navigation eyes acquisitions, debt restructure – CEO

Gulf Navigation Holding is planning two new acquisitions in the UAE added to raising its fleet and may consider postponing its sukuk issuance, a top official has revealed. The company has successfully completed the restructuring of \$80 million in debt through an alliance of UAE banks rather than a consortium of European ones, managing director and group CEO Khamis Juma Buamim told Mubasher exclusively.

Source: [Mubasher](#)

Qatar's CBQ Plans to Boost Lending to State Firms Amid Standoff

Commercial Bank of Qatar is pushing to increase lending to state-run companies as the government presses ahead with infrastructure projects to counter the impact of the Saudi-led boycott against the gas-rich Gulf country. "We have historically been under weight in the public sector and this is something we are remedying very quickly," Chief Executive Officer Joseph Abraham said in an interview with Bloomberg TV after Qatar's third-largest bank by assets posted a 20 percent increase in profit in 2017, helped by a jump in loans and advances.

Source: [Bloomberg News Alert](#)

Mubadala to go ahead with sale of Piaggio Aerospace unit – source

Abu Dhabi's sovereign fund Mubadala is pressing ahead with the sale of a unit of Piaggio Aerospace following conditions set by the Italian government under its so-called "golden powers", a source familiar with the matter said on Wednesday. Golden powers allow the government to veto or set conditions on asset sales or mergers deemed of strategic national importance.

Source: [Arabian Business](#)

Bahrain Sells 35 Million Dinars 182-day Bills; Bid-Cover 1.7

Bahrain sold 35 million dinars (\$93 million) of bills due Aug 5. Investors offered to buy 1.7 times the amount of securities sold. The bills were sold at a price of 98.373, have a yield of 3.27 percent and will settle on Feb 4.

Source: [Bloomberg News Alert](#)

Egypt's \$1.1bn cement plant in Beni Suef to start up in days

A \$1.1 billion cement plant with six production lines in the Egyptian city of Beni Suef will start up within days, officials said on Wednesday, adding to nation's bloated supplies. Each production line will each produce 6,000 tonnes of cement per day, so total output will be 13 million tonnes a year. Construction began 18 months ago. The project is starting up when Egypt already has excess cement capacity. As of 2017, the country had 79 million tonnes of annual capacity with consumption only 53 million tonnes, an official at a rival firm, who asked not to be named, said.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Fed leaves rates unchanged, sees inflation rising this year

The U.S. Federal Reserve kept interest rates unchanged on Wednesday but said inflation likely would rise this year, bolstering expectations borrowing costs will continue to climb under incoming central bank chief Jerome Powell. Citing solid gains in employment, household spending and capital investment, the Fed said it expected the economy to expand at a moderate pace and the labor market to remain strong in 2018. "Inflation on a 12-month basis is expected to move up this year and to stabilize" around the Fed's 2 percent target over the medium term, the central bank said in a statement following a two-day policy meeting, the last under Fed Chair Janet Yellen.

Source: [Reuters](#)

Asian shares bounce back, but rising U.S. yields pose risks

Asian shares eked out modest gains on Thursday, clawing back sharp losses from earlier this week, however, rising U.S. bond yields and interest rates could dampen investors' optimism toward the global economic outlook. The U.S. Federal Reserve flagged interest policy tightening later this year and upgraded inflation outlook, at its policy meeting that ended on Wednesday, its first in 2018 and last to be chaired by Janet Yellen, who will be replaced by governor Jerome Powell on Feb 3. It kept interest rates on hold as expected.

Source: [Reuters](#)

China's Domestic Stocks Slide, Heading for Worst Week Since 2016

Chinese domestic stocks took a dive on Thursday, deepening a slump that's sent benchmarks toward their worst week since 2016, and posing a test of authorities' tolerance for declines. The Shenzhen Composite Index dropped 2.4 percent to a six-month low as of the midday trading break, while the Shanghai Composite Index was down 1.1 percent. Consumer and health care shares were among the hardest hit, with dozens of stocks on both exchanges down by the limit of 10 percent.

Source: [Bloomberg](#)

China's \$11 Trillion Bond Market Is Luring Foreign Investors

China's efforts to open up its domestic bond market, the world's third largest, are starting to pay off, by pulling in foreign investors drawn to relatively high yields in a newly stable currency. It's a crucial step to balancing pressures on capital flows in and out of China, and if sustained would make it less risky for policy makers to relax controls on domestic companies and households taking money out of the country. It also helps China narrow the gap between its economy's status as world No. 2 and its currency's marginal role in the global financial system.

Source: [Bloomberg](#)

Microsoft's cloud computing business grows, stock edges up

Microsoft Corp (MSFT.O) beat Wall Street's profit forecast on Wednesday, helped by growth in its cloud computing business, but took a \$13.8 billion one-time charge due to the new U.S. tax law. Stock of the world's largest software company, which have risen almost 50 percent over the past 12 months, initially fell in after-hours trading but later moved into positive territory. The quarter was the 10th in a row of more than 90 percent revenue growth for its flagship Azure cloud computing service, which directly competes with Amazon.com Inc's (AMZN.O) Amazon Web Services.

Source: [Reuters](#)

COMMODITIES NEWS

Oil extends gains on robust OPEC compliance

U.S. oil prices extended gains on Thursday as OPEC's strong compliance with a supply reduction pact offset news that U.S. production topped 10 million barrels per day for the first time in nearly half a century. NYMEX crude for March delivery rose 18 cents, or 0.3 percent, to \$64.91 a barrel by 0030 GMT, after ending the last session up 0.4 percent. London Brent crude for April delivery had yet to start trading, after settling on Wednesday up 3 cents at \$68.89.

Source: [Zawya](#)

Gold dips on outlook for US rate hikes

Gold prices inched down early on Thursday after the U.S. Federal Reserve left interest rates unchanged but hinted at hikes later this year.

* Spot gold was down 0.2 percent at \$1,342.70 per ounce at 0112 GMT.

* U.S. gold futures were up 0.3 percent at \$1,342.90 per ounce.

Source: [Money Control](#)

OPEC ending output cut in June would surprise investors –IEA

The International Energy Agency (IEA) on Wednesday said that the potential decision by members and non-members of the Organization of Petroleum Exporting Countries (OPEC) to end the production cut agreement in June would take oil markets by surprise. Higher oil prices and lower inventories may push these countries to terminate the cut deal earlier than expected, IEA markets division head Neil Atkinson said in Kuwait.

Source: [Mubasher](#)

MSM Proposed Cash Dividends

Company Name	Price, OMR	Cash Div %	DPS, OMR	Proposed Cash OMR '000	Div payout, %	Dividend Yield, %	AGM Date
BANKMUSCAT SAOG	0.406	30%	0.030	81,281	46.0%	7.4%	
BANK DHOFAR SAOG	0.208	12%	0.012	27,094	56.9%	5.8%	27/03/2018
BANK SOHAR	0.156	5%	0.005	8,923	35.0%	3.2%	
NATIONAL BANK OF OMAN SAOG	0.215	15%	0.015	23,228	52.8%	7.0%	
HSBC BANK OMAN	0.121	6%	0.006	11,402	59.6%	4.7%	
AHLI BANK	0.166	10%	0.010	14,250	53.4%	6.0%	
TAAGEER FINANCE	0.125	10%	0.010	2,536	53.9%	8.0%	
OMAN REFRESHMENT CO	2.050	75%	0.075	3,750	35.0%	3.7%	27/02/2018
SALALAH MILLS CO	1.330	50%	0.050	2,669	66.5%	3.8%	
OMAN PACKAGING	0.280	20%	0.020	649	62.6%	7.1%	1/3/2018
OMAN CABLES INDUSTRY	1.130	45%	0.045	4,037	59.0%	4.0%	
SAHARA HOSPITALITY	2.500	15%	0.150	875	35.3%	6.0%	
SHELL OMAN MARKETING	1.750	85%	0.085	8,330	64.6%	4.9%	
OMAN OIL MARKETING COMPANY	1.460	60%	0.060	3,710	41.8%	4.1%	18/03/2018
PHOENIX POWER CO SAOG	0.124	6%	0.006	9,068	90.8%	5.0%	

Source: Bloomberg

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