

U Capital Morning Brief

4 February 2018

GCC Market Indices	Current Close	Previous Close	Change	D/D	MTD	YTD
	Index	Index	Point	%	%	%
U Capital Oman 20 Index	958.42	955.36	3.06	0.32%	-1.63%	-1.63%
U Capital GCC 50 Index	1,219.53	1,218.03	1.50	0.12%	6.54%	6.54%
U Capital MENA 200 Index	1,048.92	1,046.23	2.69	0.26%	5.41%	5.41%
MSCI GCC Countries Index	507.70	507.73	-0.04	-0.01%	5.82%	5.82%
Muscat Securities Market	5,035.23	4,999.96	35.27	0.71%	-1.26%	-1.26%
Saudi Stock Exchange	7,656.07	7,650.12	5.95	0.08%	5.95%	5.95%
Kuwait Stock Exchange	6,685.23	6,687.81	(2.58)	-0.04%	4.33%	4.33%
Qatar Exchange	9,207.01	9,204.62	2.39	0.03%	8.02%	8.02%
Bahrain Stock Exchange	1,357.68	1,350.67	7.01	0.52%	1.95%	1.95%
Dubai Financial Market	3,412.26	3,394.36	17.90	0.53%	1.25%	1.25%
Abu Dhabi Sec. Exchange	4,612.33	4,602.23	10.10	0.22%	4.86%	4.86%

Source: Bloomberg

World Markets*	Country	Value	Change	D/D	Commodity Prices*	Price	Change	D/D
Europe					Commodity Prices*			
					USD USD %			
FTSE 100	United Kingdom	7,443.4	(46.96)	(0.63)	Brent Crude (per bbl) Updated	68.58	(1.07)	(1.54)
DAX	Germany	12,785.2	(218.74)	(1.68)	WTI Crude (per bbl) Updated	65.45	(0.35)	(0.53)
CAC 40	France	5,365.0	(89.57)	(1.64)	Oman Crude Oil (Last Closing)	65.90	(1.13)	(1.69)
United States								
DJIA	USA	25,521.0	(665.75)	(2.54)	Gold 100 OZ (per oz)	1,332.90	(15.80)	(1.17)
S&P 500	USA	2,762.1	(59.85)	(2.12)	Silver (per oz)	16.60	(0.64)	(3.70)
NASDAQ	USA	7,240.9	(144.92)	(1.96)				
Asia Pacific								
NIKKEI 225	Japan	23,274.5	(211.58)	(0.90)	Platinum (per oz)	992.00	(15.80)	(1.57)
HANG SENG	Hongkong	32,601.8	(40.31)	(0.12)	Copper, MT	7,045.00	(74.00)	(1.04)
Selected Middle East								
Tunis Se Index	Tunis	6,515.7	57.73	0.89	Aluminium, MT	2,210.00	(15.00)	(0.67)
EGX 30 Index	Egypt	15,088.7	46.29	0.31	Lead, MT	2,681.00	16.00	0.60
Blom Stock Index	Lebanon	1,173.9	(1.38)	(0.12)	Zinc, MT	3,502.00	(55.00)	(1.55)
					Nickel, MT			
					13,435.00 (565.00) (4.04)			

Source: Bloomberg, U Capital - at 8:30AM Muscat time

Source: Bloomberg, U Capital - at 8:30AM Muscat time

Cross Rate for Major Currencies*

Currency	Code	USD/1 Unit	Units/1 USD
Euro	EUR	1.246	0.803
British Pound	GBP	1.412	0.708
Japanese Yen	JPY	0.009	110.170
Chinese Renminbi	CNH	0.158	6.313
Indian Rupee	INR	0.016	64.065
Russian Ruble	RUB	0.018	56.550
Canadian Dollar	CAD	0.805	1.243
Australian Dollar	AUD	0.793	1.262

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

U Capital: MSM30 end positively up on good dividends

Following drops in its performance in weeks before, the MSM30 managed to end positively up by 0.55 per cent at 5,035.23 supported mainly by good announced distributions by companies, funds movements, speculative activities and analyst meetings held by companies. We previously insisted on the importance of such meetings and this step was also urged by the MSM administration. All sub-indices closed up led by the Financial Index (+1.61 per cent at 7,495.92) followed by the Services Index (+0.97 per cent) then the Industrial Index (+0.8 per cent). The MSM Shariah Index closed up by 0.11 per cent.

Source: [Oman Observer](#)

Positive Preliminary Indicators of National Economy in 2017

The Omani economy during 2017 was able to achieve many positive results driven by high oil prices, control of government spending and growth of non-oil revenues. Oil prices, which rose again in 2017, bolstered the state's public finances. Preliminary statistics indicate that government revenues rose to RO7.2 billion as at the end of last November 2017, constituting an increase by RO1 billion from their level in the same period of 2016. The government cut spending to reach RO10.5 billion compared to RO11.1 billion in the corresponding period of 2016. The average price of Oman oil last year grew by 27.8 percent to USD51.3 per barrel, compared to USD40.1 per barrel in 2016. According to the monthly bulletin issued by the National Centre for Statistics and Information (NCSI) last January, figures indicate the Sultanate's commitment to reduce its oil production to an average of 970,000 barrels per day, compared to more than one million barrels per day in 2016.

Source: [Oman News Agency](#)

Al Maha opens polishing and squaring line

Al Maha Ceramics, one of the leading ceramic tiles manufacturers in Oman, recently launched its new polishing and squaring lines at its factory premises in Sohar. The company unveiled its new lines under the auspices of Sheikh Ali bin Ahmed bin Mishary Al Shamsi, the Wali of Sohar, and in the presence of several high profile dignitaries, channel partners, contractors, tile distributors, real-estate developers, consultants, customers and members of the media fraternity. This is the first time this technology has been brought in the region.

Source: [Times of Oman](#)

ICAI calls for implementing new IFRS standards in Oman

A senior official of the Institute of Chartered Accounts of India (ICAI) has called for strictly complying with the implementation of the new International Financial Reporting Standards (IFRS). While welcoming the participants of the IFRS workshop organised by the ICAI Muscat Chapter in Muscat recently, Aastha Rangan, Chairperson of ICAI Muscat Chapter, said that it is very important for finance professionals to keep themselves abreast of the entire technicalities of the standards.

Source: [Times of Oman](#)

OPWP named Market Operator of Oman electricity spot market

Oman Power and Water Procurement Company (OPWP) will serve as the Market Operator of the proposed wholesale electricity Spot Market due to go live by the end of 2020. As Market Operator, the state-owned entity — which has the mandate to procure all new power and water desalination capacity under the sector law — will also operate and administer the Spot Market. Additionally, as the Power Procurer under the new market rules underpinning the rollout of the Spot Market, OPWP will be the sole purchaser in the Spot Market.

Source: [Oman Observer](#)

Oman's Mawarid Mining sees up to \$100m investment in copper blocks

Mawarid Mining, one of Oman's largest independent mining firms, envisions a potential investment of as much as \$100 million in the development of copper deposits in its Block 1 and 2 concessions in North Al Batinah Governorate. The two blocks — part of Mawarid Mining's portfolio of mineral assets in the Sultanate — were the subject of a joint venture partnership agreement signed by the company with Minerals Development Oman (MDO), a new national mining investment flagship, on Wednesday.

Source: [Oman Observer](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

U Capital: 10 Saudi firms planning IPOs in 2018

A number of companies in Saudi Arabia have started work on their plans for an initial public offering (IPO) as oil prices edge higher, triggering hopes that subsequent improvement in liquidity will also channel into the domestic equity markets, research firm U-Capital said in a recent report. "We believe early 2018 would be an opportune time for the companies to go public as oil prices would continue to remain higher supported by output cuts," the Oman-based firm said. In the wider Gulf region, Saudi Arabia and the United Arab Emirates (UAE) are expected to be the biggest contributors with regard to IPOs, with Saudi Aramco's mega-listing expected towards the end of this year.

Source: [Argaam](#)

Kuwait's \$508 Billion Oil Spending Plan Gets Attention of Banks

Kuwait's \$508 billion energy spending plan and the prospect for juicy profits from financing it is grabbing the attention of some of the nation's banks. With Brent crude near \$70 a barrel, oil companies are looking to spend to boost production and build refineries after cutting back since oil began plunging in June 2014. Kuwait, OPEC's fifth-biggest crude producer, plans to invest \$114 billion on capital projects over the next five years and another \$394 billion by 2040, Kuwait Petroleum Corp. Chief Executive Officer Nizar Al-Adsani said this week.

Source: [Bloomberg](#)

S&P: Kuwait ratings affirmed, economy to grow this year

Ratings agency S&P has affirmed Kuwait's credit rating, saying the outlook for the Gulf state is stable and that it will likely return to economic growth this year. Kuwait's real gross domestic product (GDP) contracted by 2.3 percent in 2017 but is set to grow by 2.5 percent this year, S&P said. The agency affirmed its "AA/A-1+" long- and short-term foreign and local currency sovereign credit ratings on Kuwait, according to a statement.

Source: [Arab News](#)

Outlook positive for Saudi construction sector in 2018: survey

Business sentiment is set to improve across Saudi Arabia's construction sector over the next 12 months despite challenging economic conditions, according to law firm Pinsent Masons' Annual GCC Construction Survey. For the GCC region overall, sentiment in the construction sector rose from 32 percent to 39 percent over the course of the last two years. The UAE continued to retain the top slot among regional peers in terms of overall optimism and ease of doing business, followed by Oman. According to the report, 29 percent of respondents expect Saudi Arabia to provide more opportunities in 2018, compared to only 11 percent in 2016.

Source: [Argaam](#)

In Aramco IPO, China talks crucial for choice of listing venue: sources

Saudi Arabia wants to complete talks with strategic investors such as China, Japan and South Korea before deciding where to list shares in state oil company Saudi Aramco, three sources familiar with the discussions said. The decision shows the initial public offering (IPO), which could be the biggest in history, is becoming an increasingly difficult balancing act for Riyadh. Saudi officials have said the government plans to sell up to 5 percent of Aramco shares on one or more foreign exchanges in addition to Riyadh.

Source: [Reuters](#)

Saudi Arabia steps up efforts to end \$22-billion debt dispute: sources

Saudi Arabia has accelerated steps to resolve a \$22-billion debt dispute that is seen by investors as a litmus test of Crown Prince Mohammed bin Salman's commitment to reforms, three sources familiar with the matter say. Legal battles over the debts left by Saad Group and Ahmad Hamad al-Gosaibi & Bros Co (AHAB) have dragged on for almost a decade since the two family conglomerates collapsed in 2009.

Source: [Reuters](#)

Saudi Hospital Chain Is Close to Hiring Goldman on Deal

Saudi Arabian hospital operator Al Hammadi Co. for Development & Investment is close to hiring Goldman Sachs Group Inc. to advise on merger talks with National Medical Care Co., according to people with knowledge of the matter. Al Hammadi could finalize appointing Goldman Sachs in coming days, the people said, asking not to be identified because the information is private. The mandate isn't final and the company's plans could change, they said. National Medical Care is likely to work with JPMorgan Chase & Co., they said.

Source: [Bloomberg](#)

UAE authority urges businesses to submit tax returns before February 28

The Federal Tax Authority, FTA, has set up integrated electronic systems to allow Taxable Persons to register, file tax returns and pay their due taxes seamlessly. The system encourages voluntary compliance, said FTA Director General Khalid Ali Al Bustani, calling on all businesses registered with the Authority, whose first Tax Period ends on January 31, 2018, to file their returns for the first Tax Period no later than February 28, 2018.

Source: [Zawya](#)

Dubai Islamic Bank issues \$1 billion senior unsecured Sukuk

The issuance emanating from DIB's \$5 billion Sukuk Programme carries a profit rate of 3.625 per cent and is the first dollar benchmark Sukuk transaction from the GCC in 2018, once again reopening the regional FI and corporate Debt Capital Markets, as was done a year earlier. The deal points towards the continued existence of the strong demand for DIB's credit as well as the confidence which global investors have in the UAE's largest Islamic bank.

Source: [CPI Financial](#)

UAE's Al Jaber Group close to \$1.6bn debt restructuring

Abu Dhabi-based Al Jaber Group expects to seal a deal to restructure around 5.75 billion dirhams (\$1.6 billion) in debt this month, a source at the company and other sources familiar with the matter said on Thursday. Although the conglomerate, which was founded by the Al-Jaber family in 1970, has struggled since a downturn in construction hit the UAE after the global financial crisis, its outlook for 2018 onwards is positive.

Source: [Arab News](#)

First Abu Dhabi Bank mandates banks for dollar sukuk – sources

First Abu Dhabi Bank, the largest bank in the United Arab Emirates, has appointed banks to lead a U.S. dollar-denominated sukuk issue, sources familiar with the matter said. The lender will meet investors on Feb. 5 in London ahead of the planned Islamic bond issue. Citi, First Abu Dhabi Bank, KFH Capital, NCB Capital and Standard Chartered will lead the deal, which has a five-year tenor, said the sources.

Source: [Reuters](#)

London Court Again Finds for Creditors in Dana Gas Sukuk Dispute

A London High Court judge again ruled in favour of creditors on Thursday in a dispute over whether United Arab Emirates energy company Dana Gas must repay \$700 million (£491.4 million) of Islamic bonds, a source familiar with the court proceedings said. Judge George Leggatt rejected an attempt by the company to overturn his decision last November that the purchase undertaking behind the sukuk was valid and enforceable. There was no immediate comment from Dana.

Source: [NY Times](#)

Etihad scrambles to shore up \$1.2 billion bonds before coupon crunch – sources

Etihad Airways is urgently examining ways to avert a technical default of some \$1.2 billion in bonds indirectly linked to the Gulf airline, sources close to the situation told Reuters. An Amsterdam-based special purpose vehicle called SPV Equity Alliance Partners (EAP) was set up in 2015 and issued two bonds for Etihad and other airlines it partially owned at the time, including Alitalia and Air Berlin, which are both now insolvent.

Source: [Reuters](#)

Emirates NBD Leads on Fintech, Block chain Integration

Fintech companies are better off collaborating with banks and insurers to leverage their large client database and avoid Regulatory burden. Emirates NBD collaborated this year with a Fintech venture capital company Motive and last year launched UAE's first digital bank, Liv. The bank raised its commitment to digital transformation to 1 billion dirham over three years. ENBD is among the first banks to use block chain underlying technology in cheque chain to reduce fraud and costs. The bank may adopt block chain in trade finance and logistics.

Source: [Bloomberg News Alert](#)

Air Arabia Starts Flights to Russia's Sheremetyevo Airport

Air Arabia, the Middle East and North Africa's largest low-cost carrier, started flights to Moscow's Sheremetyevo International Airport, adding a second route to the Russian capital, airline says in emailed statement. * Outbound flights from Sharjah International Airport will operate four times a week, before being upgraded to a daily service from March 1

Source: [Bloomberg News Alert](#)

Egypt aims to finish Zohr development by early 2019 – minister

Egypt aims to finish the development of its giant Zohr gas field by the beginning of 2019, Petroleum Minister Tarek El Molla told a local television channel late on Wednesday. Egypt had initially planned to finish the third and last phase of the project by the end of 2019. In December the giant offshore field, whose estimated 30 trillion cubic feet makes it the biggest gas field in the Mediterranean, began initial production of 350 million cubic feet per day.

Source: [Al Arabiya](#)

International Islamic Trade Finance Corp opens \$400 mln credit line for Egypt

International Islamic Trade Finance Corporation this week opened a credit line worth \$400 million for Egypt to buy petroleum products in a last tranche of a \$3 billion finance deal signed in 2015, Chief Executive Officer Hani Sonbol said on Thursday. The corporation will start implementing a new \$3 billion deal with Egypt in the first half of 2018 for petroleum products and essential commodities, Sonbol told Reuters. He expected the corporation's trade finance portfolio to rise to \$5-5.5 billion in 2018 from \$4.9 billion in 2017.

Source: [KITCO](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Dell says it will explore IPO or merger with VMware

Computer maker Dell Technologies Inc said on Friday it was considering a public offering of common stock or a combination with business software maker VMware Inc (VMW.N), its publicly held subsidiary. Dell, the world's largest privately held technology company, is under pressure to boost profitability after its debt-laden acquisition of data storage provider EMC Corp for \$67 billion in 2016 failed to meet financial targets, hurt by intensifying price competition.

Source: [Zawya](#)

Bank of England at forefront of global rates dilemma

The Bank of England will find itself facing a question next week that is set to trouble many other central banks this year - does an unexpectedly strong global economy mean it should press ahead with raising interest rates? For the BoE - and its Indian, Australian and New Zealand counterparts - the answer over the next few days is likely to be no, as domestic uncertainties for now outweigh the inflationary pressure of a powerful global upswing.

Source: [Zawya](#)

US Stocks plunge as job growth augurs inflation, rising interest rates

Wall Street took sharp losses Friday with the Dow tumbling 665 points, as strong job gains in January caused inflation jitters. The Dow Jones Industrial Average plummeted to 25,520, clinching its worst day since June 24, 2016, the day after the U.K.'s Brexit vote. The S&P 500 dropped 59 points to 2,762. The Nasdaq Composite fell 144 points to 7,240. Employers added 200,000 new jobs in January, topping economists' expectations. But the better-than-expected report caused investors to refocus on rising inflation projections, as well as the increasing odds that the Fed will increase interest rates in March.

Source: [Yahoo Finance](#)

Britain is already worse off because of Brexit

Executives, forecasters and bankers have been trying to answer that question for at least two years. The U.K. government has done its own analysis, and a leaked draft Tuesday makes for ugly reading. BuzzFeed reported that the government analysis suggests Brexit will reduce economic growth by between 2% and 8% over 15 years. "This was initial work, not approved by ministers, which only considers off-the-shelf scenarios. No analysis was made of the bespoke [trade] arrangement we seek as a matter of government policy," a spokesman for Prime Minister Theresa May told reporters.

Source: [CNN Money](#)

COMMODITIES NEWS

Saudi Aramco to launch construction tenders for oilfields expansion this year

State oil producer Saudi Aramco is expected to launch a tender in July to build facilities to expand its Marjan oilfield while another tender for the Berri oilfield expansion is expected by the third or fourth quarter of this year, industry sources said. The planned projects are further proof that Saudi Aramco is pushing ahead with oil investments to maintain capacity while also meeting domestic demand for gas to fuel industrial growth. International engineering and construction firms have expressed interest in bidding to build oil and gas facilities at Marjan oilfield whose development is expected to cost more than \$10 billion.

Source: [Gulf News](#)

Gold prices drop as dollar strengthens after US jobs data

Gold prices declined on Friday as the U.S. dollar ticked up against the euro after U.S. jobs data showed a robust rise in jobs and wages and 10-year U.S. Treasury yields peaked. Spot gold dropped 1.48 percent at \$1,328.91 an ounce by 3 p.m. EST, while U.S. gold futures for April delivery settled down \$10.60, or 0.8 percent, at \$1,337.30. Non-farm payrolls rose by 200,000 jobs in January, the U.S. Labor Department said, beating expectation of 180,000 and their largest annual gain in more than 8-1/2 years. Average hourly earnings rose and boosted the year-on-year increase to 2.9 percent, the largest rise since June 2009.

Source: [CNBC](#)

Goldman Says Oil to Surpass \$80 With Market Likely Balanced

Goldman Sachs Group Inc. hiked its short-term crude oil price forecast by as much as 33 percent, saying the market is now likely balanced. The bank now estimates Brent will reach \$75 a barrel over the next three months and will climb to \$82.50 within six months, analysts including Damien Courvalin wrote in an emailed report. Their previous estimate for both time periods was \$62 a barrel. "The rebalancing of the oil market has likely been achieved, six months sooner than we had expected," Goldman's analysts wrote. "The decline in excess inventories was fast-forwarded in late 2017 by stellar demand growth, high OPEC compliance, heavy maintenance as well as collapsing Venezuela production."

Source: [Bloomberg](#)

MSM Proposed Dividends

Company Name	Cash Div %	DPS, OMR	Proposed Cash OMR '000	Div Payout, %	Dividend Yield, %	Stock Dividend %	AGM Date
BANKMUSCAT SAOG	30%	0.030	81,281	46.0%	7.2%	5.0%	
BANK DHOFAR SAOG	12%	0.012	27,094	56.9%	5.6%	8.0%	27/03/2018
BANK SOHAR	5%	0.005	8,923	35.2%	3.2%	10.0%	
NATIONAL BANK OF OMAN SAOG	15%	0.015	23,228	52.8%	6.8%	5.0%	
HSBC BANK OMAN	6%	0.006	11,402	59.6%	5.0%	-	
AHLI BANK	10%	0.010	14,250	53.4%	6.1%	5.0%	
UNITED FINANCE CO	4%	0.004	1,222	56.2%	2.7%	3.5%	
TAAGEER FINANCE	10%	0.010	2,536	53.9%	8.0%	-	
OMAN REFRESHMENT CO	75%	0.075	3,750	35.0%	3.7%	-	27/02/2018
SALALAH MILLS CO	50%	0.050	2,669	66.5%	3.8%	-	
MUSCAT THREAD MILLS CO	10%	0.010	152	80.2%	12.5%	5.0%	6/3/2018
OMAN PACKAGING	20%	0.020	649	62.6%	7.1%	-	1/3/2018
NATIONAL PHARMACEUTICAL	5%	0.005	250	15.6%	4.7%	-	
OMAN CABLES INDUSTRY	45%	0.045	4,037	59.0%	4.0%	-	
SAHARA HOSPITALITY	15%	0.150	875	35.3%	6.0%	5.0%	
SHELL OMAN MARKETING	85%	0.085	8,330	64.6%	4.9%	-	
OMAN OIL MARKETING COMPANY	60%	0.060	3,710	41.8%	4.1%	-	18/03/2018
PHOENIX POWER CO SAOG	6%	0.006	9,068	90.8%	4.8%	-	

Source: Bloomberg

Ubhar Capital SAOC (U Capital)

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