








U Capital Morning Brief

8 February 2018

| GCC Market Indices | Current Close | Previous Close | Change | D/D | MTD | YTD |
|------------------------------------------------------------------------------------------------------------|---------------|----------------|---------|--------|--------|--------|
| | Index | Index | Point | % | % | % |
| U Capital Oman 20 Index | 942.42 | 957.78 | -15.36 | -1.60% | -1.35% | -3.27% |
| U Capital GCC 50 Index | 1,178.93 | 1,198.47 | -19.54 | -1.63% | -3.21% | 2.99% |
| U Capital MENA 200 Index | 1,022.80 | 1,019.25 | 3.55 | 0.35% | -2.24% | 2.78% |
| MSCI GCC Countries Index | 494.19 | 492.81 | 1.39 | 0.28% | -2.68% | 3.01% |
|  Muscat Securities Market | 4,971.71 | 5,012.30 | (40.59) | -0.81% | -0.57% | -2.50% |
|  Saudi Stock Exchange | 7,417.17 | 7,466.33 | (49.16) | -0.66% | -3.05% | 2.64% |
|  Kuwait Stock Exchange | 6,657.85 | 6,624.13 | 33.72 | 0.51% | -0.45% | 3.90% |
|  Qatar Exchange | 8,887.74 | 8,651.48 | 236.26 | 2.73% | -3.44% | 4.27% |
|  Bahrain Stock Exchange | 1,336.38 | 1,338.52 | (2.14) | -0.16% | -1.06% | 0.35% |
|  Dubai Financial Market | 3,353.98 | 3,326.47 | 27.51 | 0.83% | -1.19% | -0.48% |
|  Abu Dhabi Sec. Exchange | 4,595.69 | 4,540.85 | 54.84 | 1.21% | -0.14% | 4.48% |

Source: Bloomberg

| World Markets* | Country | Value | Change | D/D | Commodity Prices* | Price | Change | D/D |
|-----------------------------|----------------|----------|---------|--------|--------------------------------------|----------|----------|--------|
| Europe | | | | | Commodity Prices* | | | |
| | | | | | USD USD % | | | |
| FTSE 100 | United Kingdom | 7,279.4 | 138.02 | 1.93 | Brent Crude (per bbl) <i>Updated</i> | 65.25 | (0.25) | (0.38) |
| DAX | Germany | 12,590.4 | 197.77 | 1.60 | WTI Crude (per bbl) <i>Updated</i> | 61.41 | (0.36) | (0.58) |
| CAC 40 | France | 5,255.9 | 94.09 | 1.82 | Oman Crude Oil (Last Closing) | 62.66 | (1.40) | (2.19) |
| United States | | | | | | | | |
| DJIA | USA | 24,893.4 | (19.42) | (0.08) | Gold100 OZ (per oz) | 1,311.70 | (6.91) | (0.52) |
| S&P 500 | USA | 2,681.7 | (13.48) | (0.50) | Silver (per oz) | 16.29 | (0.08) | (0.46) |
| NASDAQ | USA | 7,052.0 | (63.90) | (0.90) | | | | |
| Asia Pacific | | | | | | | | |
| NIKKEI 225 | Japan | 21,830.3 | 187.75 | 0.87 | Platinum (per oz) | 975.85 | (4.99) | (0.51) |
| HANG SENG | Hongkong | 30,342.5 | 19.33 | 0.06 | Copper, MT | 6,880.00 | (196.00) | (2.77) |
| Selected Middle East | | | | | | | | |
| Tunis Se Index | Tunis | 6,571.6 | (44.37) | (0.67) | Aluminium, MT | 2,158.00 | (12.00) | (0.55) |
| EGX 30 Index | Egypt | 15,037.1 | 319.07 | 2.17 | Lead, MT | 2,508.00 | (113.00) | (4.31) |
| Blom Stock Index | Lebanon | 1,170.2 | (2.04) | (0.17) | Zinc, MT | 3,380.00 | (77.00) | (2.23) |
| | | | | | Nickel, MT | | | |
| | | | | | 13,175.00 (210.00) (1.57) | | | |

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 | 1.227 | 0.815 |
| British Pound | GBP | 1.389 | 0.720 |
| Japanese Yen | JPY | 0.009 | 109.550 |
| Chinese Renminbi | CNH | 0.157 | 6.356 |
| Indian Rupee | INR | 0.016 | 64.261 |
| Russian Ruble | RUB | 0.017 | 57.627 |
| Canadian Dollar | CAD | 0.796 | 1.256 |
| Australian Dollar | AUD | 0.782 | 1.279 |

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

His Majesty presides over Council of Ministers of meeting

His Majesty Sultan Qaboos bin Said on Wednesday presided over a meeting of the Council of Ministers at Bait Al Barakah. His Majesty the Sultan gave thanks and praise to Allah for the progress, growth and prosperity with which He has endowed Oman, praying to the Almighty to eternalize these riches on Oman and wishing that this year will be a year of bounties and blessings. Then, His Majesty the Sultan reviewed various local, regional and international conditions. On the domestic front, His Majesty the Sultan expressed his satisfaction and appreciation for the continuous efforts exerted by the government, noting that these efforts helped achieve good rates in the comprehensive development march that caters both to economic and social dimensions and safeguards the level of basic services rendered to citizens, besides channeling investments to economic diversification projects.

Source: [Times of Oman](#)

PDO signs two major agreements with local community contractors

Petroleum Development Oman (PDO) on Wednesday signed contracts with two super local community contractors (SLCCs) as part of its in-country value (ICV) drive to boost Omani business and create increased employment opportunities for Omani nationals. The company extended a previous contract signed with Al Baraka Oilfield Services in 2013 to carry out replacement and maintenance services of flowlines in Bahja in the southern part of its concession area. The contract value was increased by more than RO33mn to cover the three-year extension, according to a press release.

Source: [Muscat Daily](#)

CBO chief says central bank keeps close eye on expected US rate hikes

The Central Bank of Oman (CBO) is keeping a close watch for any expected change in the US monetary policy amid concerns that the faster than expected recovery in US job market could prompt the US Federal Reserve to accelerate interest rate hikes. "We are monitoring the situation. Also, our fixed interest rate policy provides limitations on what we can do. But we are still monitoring and we feel it still creates a reasonable environment for investment," H E Tahir bin Salim al Amri, executive president of the CBO, said while speaking to reporters on the sidelines of an event on Wednesday. Oman follows a fixed-exchange rate regime, keeping Omani rial pegged with the US dollar.

Source: [Times of Oman](#)

Industry will drive Oman's post oil future

With a huge rise in industrial activity in the Sultanate last year, Oman's post-oil future seems to be on a secure path. Data from the National Centre for Statistics and Information (NCSI) showed that Omani industries posted a huge growth, amounting to double digit last year, while the Omani economic zones of Duqm and Sohar reported massive investments fuelled by foreign investors. Foreign investments in Oman hit OMR8 billion in the first three quarters of last year and the GDP rose by 10.1 per cent during the same period. The Special Economic Zone of Duqm (SEZAD), which is tipped to be Oman's industrial estate of the future, alone, recorded an investment of OMR610 million, with more pledged by countries around the world.

Source: [Times of Oman](#)

Oman Fisheries Company sales up during 2016-17

Dr Khalid bin Mansour al Zadjali (pictured), CEO of Oman Fisheries Company, says the company's sales during 2016-2017 exceeded RO 23.5 million by producing over 40,000 tonnes of fishery products exported to 55 countries around the world. He added that the company owns 4 factories in the Governorate of Muscat, Soqra in the Governorate of Al Wusta, and Wilayat of Masirah and Niyabat of Al Ashkharah. He added that the company owns two sites for fish landing in Al Shuwaimiyah in the Wilayat of Shaleem and the Islands of Al Halaniyat and the second in Sarab, Wilayat of Mahout, in addition to added value factory in the Governorate of Al Buraimi.

Source: [Oman Observer](#)

Oman's PAM gearing up to offer investment-ready mineral blocks

Oman's Public Authority for Mining (PAM) has announced that it is making headway in the delivery of its keenly-awaited initiative to offer 'investment-ready' mining concessions that — for the first time — will come bundled with all of the requisite government permits and clearances. Hilal bin Mohammed al Busaidy, Chief Executive Officer, said the first phase of the landmark initiative — aimed at pinpointing the presence of commercially exploitable mineral resources in the different parts of the country — has now been completed.

Source: [Oman Observer](#)

MSM to host 2018 World Exchange Congress

Muscat Securities Market (MSM) will host the 2018 edition of the World Exchange Congress, billed as the preeminent platform for global bourses and financial trading houses, in the Omani capital during February 27-28, 2018. Welcoming the privilege granted to the Sultanate and its official bourse as hosts of the prestigious event, Ahmed al Marhoon, Director-General of Muscat Securities Market, said: "The World Exchange Congress is unofficially the biggest annual meeting for CEOs and senior executives of the world's trading venues. Each year, at a different location around the world we are joined by around 300 C-level and executive representatives from Stock, FX, Futures, Commodity and Energy Exchanges as well as Clearing Houses, Investment Banks and Regulators."

Source: [Oman Observer](#)

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

MIDDLE EAST ECONOMIC & CORPORATE NEWS

SABIC's PMMA plant to begin commercial ops in March

SAMAC poly methyl methacrylate (PMMA) plant, which is a joint venture between Saudi Basic Industries Corp. (SABIC) and Mitsubishi Rayon Co. Ltd, will launch commercial operations in March, Mitsubishi Rayon said in a statement. This follows the completion of mechanical works at the plant and the start of the trial run. In 2014, SABIC's Saudi Methacrylates Company (SAMAC) entered into a strategic partnership with Mitsubishi Rayon, worth SAR 1.35 billion, to build and operate two manufacturing plants in Jubail Industrial City.

Source: [Argaam](#)

Saudi Arabia plans to seize controlling stake in broadcaster MBC: sources

Saudi authorities plan to take ownership of a majority stake in MBC Group, the Middle East's largest private media company, as they move to seize assets from those caught up in an anti-corruption probe, sources close to the matter said on Wednesday. Officials plan to transfer ownership of 60 percent of the regional broadcaster while leaving the remaining 40 percent in the hands of Waleed al-Ibrahim, MBC's founder and chairman, the two sources told Reuters. A Saudi official denied that the government would take any stake in MBC, saying nothing would be changed at the company. MBC declined to comment.

Source: [Arabian Business](#)

Al Rayan to price debut RMBS sukuk next week

Birmingham-based Al Rayan Bank plans to complete its debut sale of Islamic bonds next week aiming to raise 250 million pounds (\$350 million) via residential mortgage-backed securities (RMBS), a bank official told Reuters. The sukuk from Al Rayan, an Islamic bank owned by Qatar's Masraf Al Rayan, would help diversify its funding and could pave the way for others to issue similar sukuk. Bookbuilding was launched on Monday with indicative pricing in the area of 80 basis points over the 3 month London interbank offered rate (Libor), said Amir Firdaus, treasurer of Al Rayan Bank.

Source: [Zawya](#)

Building world's tallest tower going ahead after Saudi corruption purge

Construction of the world's tallest skyscraper in Jeddah is going ahead, the head of the consortium behind the \$1.5 billion project said, despite the detention of some businessmen backing the plan in Saudi Arabia's crackdown on corruption. His comments were a sign that the government is trying to prevent the purge from disrupting major economic development schemes, even as authorities seize billions of dollars of assets from detainees in settlements of allegations against them.

Source: [Reuters](#)

Saudi Arabia working with banks to refinance \$10 bln loan

Saudi Arabia is working with three global lenders – HSBC, JPMorgan, and Mitsubishi UFJ Financial Group – to refinance its existing \$10 billion international syndicated loan, Reuters reported, citing banking sources. The refinancing, which will involve more European, American and Japanese banks, is expected to be completed by mid-February. The total amount to be refinanced has not been finalized and depends on how much Saudi Arabia raises from other fund-raising exercises, such as international bonds and local currency sukuk issuances.

Source: [Argaam](#)

UK watchdog wrestling with rule change to lure Aramco IPO

Britain's markets watchdog said it wants a practical compromise on proposed rules that would allow sovereign-controlled companies like oil giant Saudi Aramco to list on the stock market in London. The Financial Conduct Authority has completed a public consultation on its proposals for creating a new category of sovereign-controlled firms seeking a listing. It would mean relaxing a rule that companies float at least 25 percent of their shares, and British fund managers have expressed concerns about governance. London is competing with rival listing centers like New York for what would be the world's biggest IPO.

Source: [Investing](#)

Al Yamamah Steel inks SAR 59.6 mln supply deal

Al Yamamah Steel Industries Co. has inked a SAR 59.57 million agreement to supply electric towers to Saudi Services for Electro Mechanic Works Co., the company said in a statement to Tadawul. Delivery will take place over ten months as of May 2018, and financial impact is expected as of mid 2018.

Source: [Argaam](#)

Qatar National Bank secures \$3.5bln syndicated loan

Qatar National Bank said on Wednesday it had secured a \$3.5 billion three-year syndicated loan for general corporate purposes, one of the first such deals by a Qatari government-owned firm since a regional diplomatic crisis erupted. The syndication, which comprised 21 international banks, comes as QNB seeks to secure new funding lines in the wake of a dispute between Qatar and Saudi Arabia, the United Arab Emirates, Bahrain and Egypt. QNB said it had already repaid in full an earlier \$3 bln syndicated loan. That facility, which matured this year, was originally signed in 2015.

Source: [Zawya](#)

Abraaj Group says KPMG has completed audit of healthcare fund

The Abraaj group - KPMG was appointed by abraaj growth markets health fund beginning of Jan 2018 to verify all receipts and payments made by the fund. Abraaj group - KPMG completed findings, reported that all such payments and receipts have been verified, in line with agreed upon procedures performed. The Abraaj group - KPMG also reported that unused capital was returned to investors

Source: [Reuters](#)

Adnoc to invest \$3.1B for Ruwais refinery upgrade

Abu Dhabi National Oil Company (Adnoc) said on Wednesday it is investing \$3.1 billion to upgrade its Ruwais oil refinery to free up more crude for export from its flagship Murban grade. The refinery modification, known as the Crude Flexibility Project, is scheduled to be completed by the end of 2022, Adnoc said in a statement.

Source: [Khaleej Times](#)

Residential sector sales stable – Activity up in 2017, but sectoral growth uneven

Activity in the residential sector was strong while the investment and commercial sectors fell behind. Overall activity improved as the number of transactions rose 6.5% to 4,524. However, sales decreased again in 2017 but a slower rate (6.9%; to KD 2.2 billion) than in the past two years. While residential activity grew by 22%, sales in the investment and commercial sectors fell 19% and 37%, respectively. The real estate market benefited from some optimism during the year as oil prices improved.

Source: [Arab Times](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Sovereign fund redemptions from global markets fall 35 pct yoy in 2017

Sovereign Wealth Funds' (SWFs) redemptions from global stock and bond markets fell by about a third year-on-year to \$38.1 billion in 2017, preliminary data from research firm eVestment showed on Wednesday. Fourth quarter outflows slowed to \$2.5 billion, the lowest level since SWF redemptions from third-party asset managers began in the third quarter of 2014, suggesting the high watermark of selling has passed.

Source: [Arab News](#)

Asian shares flirt with six-week low as U.S. yields creep higher

Asian shares flirted with six-week lows on Thursday as U.S. bond yields crept up towards four-year highs as investors fretted that low borrowing costs enjoyed by companies for many years may be endangered by the threat of rising inflation. U.S. congressional leaders reached a two-year budget deal to raise government spending by almost \$300 billion, a rare display of bipartisanship that should stave off a government shutdown but also widen the federal deficit sharply.

Source: [Reuters](#)

China's imports surge 37% in January, exports jump 11%

China reported a 36.9 percent jump in imports and a rise of 11.1 percent in exports — both in dollar terms — for the month of January, the country's statistics bureau said on Thursday. Both figures beat expectations. A Reuters economist poll predicted that January imports had grown 9.8 percent from a year ago. They also expected export growth to come in at 9.6 percent. Long Lunar New Year public holidays start next week in China, so the trade data may be skewed due to seasonal factors such as stockpiling.

Source: [CNBC](#)

Cryptocurrencies are like Ponzi schemes, World Bank chief says

As Bitcoin continues to oscillate wildly, putting on 14% in value between Tuesday and Wednesday, the head of the World Bank compared cryptocurrencies to 'Ponzi schemes', becoming the latest financial voice to raise questions about the legitimacy of such digital currencies.

Source: [The National UAE](#)

COMMODITIES NEWS

Oil prices fall as US output soars above 10 million bpd

Oil prices on Thursday were close to their lowest levels this year, with soaring U.S. output undermining OPEC's efforts to tighten markets and prop up prices. Brent crude futures were at \$65.28 per barrel at 0104 GMT, down 23 cents, or 0.4 percent, from the previous close. U.S. West Texas Intermediate (WTI) crude futures were at \$61.58 a barrel. That was down 21 cents, or 0.3 percent, from their last settlement. The dips follow bigger falls on Wednesday, when crude touched one-month lows and erased most of 2018's early gains.

Source: [CNBC](#)

Gold holds losses on firmer dollar amid rate hike views

Gold prices held on to losses from the previous session early on Thursday, after the precious metal fell to four-week lows on a firmer dollar amid expectations of more US interest rate hikes. Spot gold was down 0.2 per cent at \$1,315.22 an ounce, as of 0112 GMT. Prices touched their lowest since Jan. 10 at \$1,311.66 on Wednesday. US gold futures were up 0.2 per cent at \$1,317.40 per ounce.

Source: [Economic Times](#)

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% | 5.8% | 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% | 7.0% | 5.0% | 25/03/2018 |
| HSBC BANK OMAN | 6% | 0.006 | 11,402 | 59.6% | 5.2% | | |
| AHLI BANK | 10% | 0.010 | 14,250 | 53.4% | 6.2% | 5.0% | |
| UNITED FINANCE CO | 4% | 0.004 | 1,222 | 56.2% | 2.7% | | |
| TAAGEER FINANCE | 10% | 0.010 | 2,536 | 53.9% | 8.1% | | |
| OMAN REFRESHMENT CO | 75% | 0.075 | 3,750 | 34.7% | 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% | 11.9% | 5.0% | 06/03/2018 |
| OMAN CHROMITE | 16% | 0.160 | 480 | 88.7% | 4.4% | | 5/3/2018 |
| OMAN PACKAGING | 20% | 0.020 | 649 | 62.6% | 7.1% | | 01/03/2018 |
| COMPUTER STATIONERY INDS | 7% | 0.007 | 70 | 75.0% | 2.7% | | 6/3/2018 |
| NATIONAL PHARMACEUTICAL | 5% | 0.005 | 250 | 15.6% | 4.7% | | 22/02/2018 |
| OMAN CABLES INDUSTRY | 45% | 0.045 | 4,037 | 59.0% | 4.0% | | |
| OOREDOO | 42% | 0.042 | 27,340 | 88.2% | 8.5% | | 5/3/2018 |
| HOTELS MANAGEMENT CO INTERNA | 100% | 1.000 | 3,000 | 116.1% | 80.0% | | 12/3/2018 |
| SAHARA HOSPITALITY | 15% | 0.150 | 875 | 35.3% | 6.0% | 5.0% | 27/02/2018 |
| 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% | 4.7% | | |

Source: MSM

Ubhar Capital SAOC (U Capital)

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