

U Capital Morning Brief

29 July 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	844.08	-0.17	-0.02%	-13.36%	-	-	-
U Capital GCC 50 Index	1,348.00	-4.54	-0.34%	17.76%	-	-	-
U Capital MENA 200 Index	1,088.20	-2.95	-0.27%	9.36%	-	-	-
MSCI GCC Countries Index	553.36	0.00	0.00%	15.34%	14.20	1.80	3.9%
Muscat Securities Market	4,335.91	-38.97	-0.89%	-14.97%	10.49	0.87	6.3%
Saudi Stock Exchange	8,367.70	-32.13	-0.38%	15.79%	18.26	1.87	3.3%
Kuwait Stock Exchange	5,226.03	7.76	0.15%	NA	15.44	1.32	3.7%
Qatar Exchange	9,607.89	-5.89	-0.06%	12.72%	14.15	1.45	4.6%
Bahrain Stock Exchange	1,367.90	5.03	0.37%	2.72%	8.61	0.87	6.0%
Dubai Financial Market	2,948.80	4.13	0.14%	-12.50%	9.35	1.09	5.7%
Abu Dhabi Exchange	4,844.19	13.77	0.29%	10.13%	12.62	1.43	5.0%
Beirut Stock Exchange	1,042.90	4.31	0.41%	-9.20%	5.63	0.63	9.3%
Palestine Stock Exchange	541.24	-0.66	-0.12%	-5.80%	13.06	1.20	4.5%
Tunis Se Index	8,308.16	84.32	1.03%	32.26%	21.69	2.96	1.7%
EGX 30 Index	15,199.29	12.93	0.09%	1.20%	15.21	2.49	2.3%
Amman General Index	2,023.23	-0.32	-0.02%	-4.87%	15.14	1.00	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,701.3	0.50%	0.2%
DAX	Germany	12,860.4	0.40%	-0.4%
CAC 40	France	5,511.8	0.57%	3.7%
United States				
DJIA	USA	25,451.1	-0.30%	3.0%
S&P 500	USA	2,818.8	-0.66%	5.4%
NASDAQ	USA	7,737.4	-1.46%	12.1%
Asia Pacific				
NIKKEI 225	Japan	22,712.8	0.56%	-0.2%
HANG SENG	Hongkong	28,804.3	0.08%	-3.7%
KSE 100 Index	Pakistan	42,786.5	1.66%	5.7%
NSE Nifty 50	India	11,278.4	0.99%	7.1%
SHANGHAI Composite	China	2,873.6	-0.30%	-13.1%
KOSPI Index	South Korea	2,295.0	0.26%	-7.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.740	1.351
British Pound (GBP)	1.311	0.763
Canadian Dollar (CAD)	0.766	1.306
Chinese Renminbi (CNH)	0.147	6.818
Egyptian Pound (EGP)	0.056	17.899
Euro (EUR)	1.166	0.858
Indian Rupee (INR)	0.015	62.798
Japanese Yen (JPY)	0.009	111.050
New Zealand Dollar (NZD)	0.679	1.473
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.779	127.865
Russian Ruble (RUB)	0.016	68.663
Singapore Dollar (SGD)	0.735	1.362
Turkish Lira (TRY)	0.206	4.852

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.3	-0.34%	14.7%
WTI Crude (per bbl)	68.7	-1.32%	13.7%
Oman Crude Oil (Last Closing)	73.7	-0.47%	15.1%
OPEC (per bbl)	73.6	1.03%	14.2%
Precious Metals			
Gold100 OZ (per oz)	1,223.3	0.05%	-6.1%
Silver (per oz)	15.5	0.73%	-8.5%
Platinum (per oz)	832.0	0.83%	-10.6%
Other Metals			
Copper, MT	6,297	0.10%	-13.1%
Aluminium, MT	2,071	0.19%	-8.7%
Lead, MT	2,145	-0.88%	-13.8%
Zinc, MT	2,596	0.46%	-21.8%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.52	40.6%
Saudi Arabia	2.61	37.6%
Kuwait	2.06	10.0%
Oman	2.48	29.8%
Qatar	2.62	-1.0%
Bahrain	3.50	28.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	5.9
Bahrain	10/12/2028	7.9

Midswaps	Price	YTM %
3 year	99.62	2.8
5 year	99.59	2.8
10 year	99.33	3.0
30 year	100.83	3.1

USD Libor	Rate (%)	YTD
1m	2.08	32.8%
3m	2.34	38.3%
6m	2.53	37.7%
1 year	2.82	33.9%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

U Capital: MSM30 slumps despite upbeat economic and corporate profitability growth

Despite an upbeat economic health outlook for the country coupled with corporate profitability growth in the recent half-year results, the market is nearing its 10-year low, which it hit in the financial crisis of 2008/09. We believe this all is due to the summer season because of which we have witnessed subdued trades along with volatile oil prices, which have made investors skeptical about future market movement and have forced investors to remain on the sidelines.

Source: [Oman Observer](#)

Total Bank Credit in Oman Hits RO24bn Mark

The combined balance sheet of conventional and Islamic banks and windows (other depository corporations) taken together, provides a complete overview of the financial intermediation taking place in the banking system in Oman. Total outstanding credit extended by other depository corporations grew by 6.8 per cent to RO24.1bn as of the end of May 2018 from the level witnessed a year ago.

Source: [Muscat Daily](#)

Commercial activities registered in Oman rises 972%

The number of commercial activities in different parts of the Sultanate, which was registered with the Ministry of Commerce and Industry (MoCI) during the first quarter of 2018 stood at 267,793 compared to 24,973 activities during the same period in 2017, a growth of 972.30 per cent. MoCI Statistics Department said that the remarkable activity during first quarter of 2018 was focused in the Governorate of Muscat (30.2 per cent of the total business activities in the Sultanate), followed by the Governorate of North Al Batinah (15.8 per cent).

Source: [Times of Oman](#)

New SME registrations estimated at 3,059 in first half

The number of new small and medium enterprise (SME) registrations in Oman stood at 3,059 in the first half of 2018, down from 4,778 new registrations during the same period last year, according to monthly figures from the National Centre for Statistics and Information (NCSI). The SME units include medium, small, and micro-business enterprises.

Source: [Times of Oman](#)

Duqm port, Petrojet sign 25-year land lease agreement

The Port of Duqm Company (PDC), a 50:50 joint venture between the Omani government and Consortium Antwerp Port (CAP), has signed a 25-year usufruct land lease agreement for a 50,000 sq.m. plot of land through its subsidiary, Duqm Industrial Land Company (DILC), with Petroleum Projects & Technical Consultations (Petrojet).

Source: [Times of Oman](#)

Oman's budget deficit witnesses decline

The economic recovery in the Sultanate is gaining traction, as domestic demand improves and market sentiment becomes more conducive to growth. Also, the sustained increase in oil prices coupled with strong external demand will give non-oil activities the needed stimulus. The diversification policy continues to add more strength to sustainable economic growth. Oil prices saw further gains and the price of Omani crude oil averaged US\$63 a barrel between January and May 2018, as against US\$51.6 a barrel during the same period last year.

Source: [Times of Oman](#)

Private sector investments to spur growth

The Ministry of Health (MoH) launched the first phase of investment process last week, under which land plots will be allocated for investment in the sector. In the first phase, four land parcels, including two in the Waljah area of Ruwi and one in Ghubra in Bausher, will be offered for investment to help raise funds for various services offered in the health sector. "MoH believes the delivery of quality health services has become a major challenge for all countries due to high wages for medical experts and costly equipment," the statement said.

Source: [Oman Observer](#)

New debt management office to benefit Oman

The recent establishment of a full-fledged Debt Management Office (DMO) within the Ministry of Finance is a key plank of the Omani government's efforts to effectively manage the nation's public debt, while securing funding for its annual budget deficit at the lowest possible cost. Furthermore, the new Office will lay the foundations for the growth of a liquid domestic debt market, as well as build new levels of credibility and trust with international credit ratings agencies, according to a well-known Muscat-based economist.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia's Sabc mandates banks for international bond issue – sources

Saudi Arabian conglomerate Sabc has hired banks for an international bond offering, according to sources. The timing and nature of the trade remain to be seen, given news that state-owned oil company Saudi Aramco is seeking to buy a controlling stake in Sabc. Aramco could possibly take the entire 70% holding owned by Saudi Arabia's sovereign wealth fund, Public Investment Fund, sources told Reuters last week. Sabc, rated A1/A-/A+, has a US\$1bn bond maturing this October, which was sold in 2013 through Sabc Capital.

Source: [Reuters](#)

Saudi banks tie personal loans to income, credit score on SIMAH: Talaat Hafez

Saudi banks tie personal loans to salaries, personal expenses and credit scores according to the Saudi Credit Bureau (SIMAH), in order to ensure that clients won't be over-burdened, Al-Madina newspaper reported, citing Talaat Hafez, secretary-general of the Media and Banking Awareness Committee of Saudi Banks.

Source: [Argaam](#)

Dubai Tourism ties up with Al Tayyar to draw more Saudi visitors

Dubai's Department of Tourism and Commerce Marketing (Dubai Tourism) and Al Tayyar Travel Group, Saudi Arabia's leading travel and tourism company, have formed a strategic alliance with the aim of further enhancing Dubai's position as the preferred destination for Saudi visitors. The partnership will pave the way for launching unique initiatives that will help expand Dubai Tourism's marketing reach and visibility within Saudi Arabia, one of Dubai's top three visitor source markets.

Source: [Zawya](#)

Dubai: Preferred health destination in the GCC

The strategically located Dubai offers a range of health solutions that meet the highest global standards and are supported by state-of-the-art technologies, Dr Layla Al Marzouqi, Director of Health Tourism Department at Dubai Health Authority (DHA) said in an interview, noting that most travelers coming to Dubai to seek medical treatments are from the GCC nations. "Due to its world-class status and reputation and strictly regulated environment.

Source: [Saudi Gazette](#)

Privatization of aviation sector to boost Saudi-US ties

CEO of Al-Salem Johnson Controls (YORK) Dr. Mohanad Al-Shaikh said that plans to privatize the aviation sector in the Kingdom will provide promising investment opportunities for solution providers to develop all aspects of airport infrastructure in the Kingdom. By 2020, the General Authority of Civil Aviation (GACA) will privatize 11 airports as well as specialized aviation services sectors in the areas of airport construction, operation, technical and air navigation systems.

Source: [Arab news](#)

Qatar economic rating risks being downgraded: S&P

Qatar's economic prospects have been termed "negative" by one of the world's leading investment organizations, and the Gulf state could see its rating downgraded in light of the sanctions imposed by the Anti-Terror Quartet. S&P Global Ratings, one of the "big three" US credit-ratings agencies, said that the outlook for the country's economic and financial system "primarily reflects our view of the geopolitical risks and potential consequences of the ongoing diplomatic tensions for Qatar's economic, fiscal, and external metrics, especially if the boycott is tightened or prolonged."

Source: [Arab News](#)

GCC investors seek greener pastures offshore

Lack of investment options in the GCC is pushing money offshore. The Middle East accounted for the largest quantum of wealth that was parked offshore in 2017, compared to other regions like Africa, Asia, North America, Europe, central Asia, Japan among others. About 31 per cent of the wealth that originated from the Middle East was invested offshore, although the figure is expected to moderate to 25 per cent by 2022. This figure was compared with 25 per cent in Africa, and 23 per cent in Latin America, and was 7 times more than the global average of 4 per cent.

Source: [Gulf News](#)

Non-oil revenue up 21.7% – Kuwait releases closing accounts

The Kuwait Ministry of Finance Saturday announced the State of Kuwait's closing accounts for the fiscal year ending March 31, 2018. The State's accounts recorded KD 16.0 billion in revenue, KD 19.2 billion in expenditure, and closed with a fiscal deficit of KD 4.8 billion after accounting the transfer of 10% of total revenue to the State's Future Generations Fund (FGF) as mandated by law.

Source: [Arab Times](#)

Al Futtaim, Al Zarooni acquire minority stakes in The Entertainer

UAE family conglomerates Al Futtaim and Al Zarooni have acquired "significant" minority stakes in lifestyle app The Entertainer and will partner with majority shareholder GFH Financial Group to expand its reach. GFH Capital, a unit of Bahraini GFH Financial Group, has signed an investment agreement with Al Futtaim Group and Al Zarooni Emirates Investments to accelerate the app's next phase of growth, it said in a statement on Saturday. GFH and its investors aim to double The Entertainer's size over the next three years, it said, without providing specifics.

Source: [The National](#)

Egypt gets most of IFC's record \$2.4b financing for Mena

International Finance Corporation (IFC), which is a member of the World Bank, financed a record \$2.4 billion (Dh8.8 billion) to companies in the Middle East in the year to June, with nearly half of the money being sent to Egypt, its senior executive told Gulf News. IFC, which offers investment, advisory, and asset-management services to companies in developing economies, made investments in a slew of sectors including solar, agri-business, micro-financing, oil and gas sector among others in Egypt, Iraq, Jordan, and Lebanon in the Middle East.

Source: [Gulf News](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Storm of News to Hit Global Economy This Week Before August Calm

People charged with running or monitoring the world economy are set for a busy week before those in the Northern Hemisphere get to enjoy their summer vacations. Central bankers in the U.S., Japan, the U.K., Brazil and India all meet to set their respective monetary policies at a time when Eric Oynoyan, senior European interest-rate strategist at BNP Paribas SA, is telling clients that “central banks are back in the bond market driving seat.”

Source: [Bloomberg](#)

Shell unveils \$25 billion share buyback program

Royal Dutch Shell plc launched last Thursday of a \$25 billion share buyback program on Thursday. “Shell starts a share buyback program of at least \$25 billion in the period 2018-2020, subject to further progress with debt reduction and oil price conditions,” the company said in a statement on its website. “In the first tranche of this program Shell enters into an irrevocable, non-discretionary arrangement to enable the purchase of A ordinary shares and/or B ordinary shares up to the maximum aggregate consideration of \$2 billion over a period of 3 months,” the statement added.

Source: [Saudi Gazette](#)

Forex - Robust U.S. growth data fail to lift dollar

The dollar slipped against a basket of currencies on Friday as data showing the U.S. economy rang up its strongest quarter in nearly four years failed to erase worries that trade frictions would be a drag in the second half of 2018. The euro stabilized following its biggest one-day loss in a month in reaction to the European Central Bank on Thursday reaffirming its plan to slowly end its accommodative monetary policy.

Source: [Zawya](#)

M&A Rainmakers Flock to America's Heartland in Search for Growth

Manhattan is the center of finance, but some of the world’s top investment banks are thinking more about Minneapolis. Dealmakers of all sizes are pushing deeper into America’s heartland, adding top bankers in cities like Chicago, Houston and St. Louis. They’re seeking to grab market share in the competitive world of advising on mergers and acquisitions, and scouring every corner of the U.S.

Source: [Bloomberg](#)

COMMODITIES NEWS

US drillers added 3 oil rigs last week: Baker Hughes

US drillers added three oil rigs in the week ending July 27, bringing the total count to 861, Baker Hughes energy services firm said in a report on Friday. Meanwhile, the number of gas rigs dropped by 1 to 186 gas rigs for the week. In the same period last year the number of US gas rigs were 192.

Source: [Argaam](#)

OPEC Oil-Cuts Compliance Slides as Saudis, Russia Open the Taps

Saudi Arabia and Russia succeeded in late June in convincing OPEC and its allies to boost oil production -- though by then the two nations had already opened the taps. Saudi compliance with previously agreed output curbs dropped off the charts, falling to a rate of 26 percent last month. Russian adherence also slumped, to 55 percent. Here’s a look at OPEC and non-OPEC compliance in June, the 18th month of oil cuts.

Source: [Bloomberg](#)

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