

U Capital Morning Brief

24 May 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	878.1	-2.75	-0.31%	-9.87%	-	-	-
U Capital GCC 50 Index	1,280.1	1.05	0.08%	11.83%	-	-	-
U Capital MENA 200 Index	1,056.0	-0.58	-0.05%	6.12%	-	-	-
MSCI GCC Countries Index	523.3	0.21	0.04%	9.08%	14.67	1.71	4.0%
Muscat Securities Market	4,556.7	-22.54	-0.49%	-10.64%	11.62	1.00	5.3%
Saudi Stock Exchange	8,039.1	-5.62	-0.07%	11.25%	18.52	1.82	3.2%
Kuwait Stock Exchange	4,869.3	-22.27	-0.46%	NA	14.48	1.24	3.9%
Qatar Exchange	8,999.9	6.70	0.07%	5.59%	13.40	1.38	4.9%
Bahrain Stock Exchange	1,267.0	1.56	0.12%	-4.86%	8.27	0.82	6.5%
Dubai Financial Market	2,946.7	-26.43	-0.89%	-12.56%	9.49	1.12	5.7%
Abu Dhabi Exchange	4,585.6	58.96	1.30%	4.25%	12.26	1.37	5.2%
Beirut Stock Exchange	1,124.6	-2.99	-0.27%	-2.08%	5.63	0.68	8.8%
Palestine Stock Exchange	540.2	-0.29	-0.05%	-5.99%	13.44	1.11	5.7%
Tunis Se Index	7,451.5	45.66	0.62%	18.62%	19.01	2.59	2.0%
EGX 30 Index	16,662.6	4.89	0.03%	10.94%	35.97	2.63	1.8%
Amman General Index	2,113.2	-12.85	-0.60%	-0.64%	15.77	1.04	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,788.4	-1.13%	1.3%
DAX	Germany	12,976.8	-1.47%	0.5%
CAC 40	France	5,565.9	-1.32%	4.8%
United States				
DJIA	USA	24,886.8	0.21%	0.7%
S&P 500	USA	2,733.3	0.32%	2.2%
NASDAQ	USA	7,426.0	0.64%	7.6%
Asia Pacific				
NIKKEI 225	Japan	22,427.7	-1.15%	-1.5%
HANG SENG	Hongkong	30,671.7	0.04%	2.5%
KSE 100 Index	Pakistan	42,659.1	-0.27%	5.4%
NSE Nifty 50	India	10,471.8	0.40%	-0.6%
SHANGHAI Composite	China	3,160.3	-0.27%	-4.4%
KOSPI Index	South Korea	2,466.3	-0.23%	0.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.756	1.323
British Pound (GBP)	1.336	0.748
Canadian Dollar (CAD)	0.778	1.286
Chinese Renminbi (CNH)	0.157	6.385
Egyptian Pound (EGP)	0.056	17.922
Euro (EUR)	1.170	0.855
Indian Rupee (INR)	0.015	61.341
Japanese Yen (JPY)	0.009	109.460
New Zealand Dollar (NZD)	0.692	1.445
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.624
Russian Ruble (RUB)	0.016	68.381
Singapore Dollar (SGD)	0.745	1.343
Turkish Lira (TRY)	0.216	4.627

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	79.4	-0.48%	21.3%
WTI Crude (per bbl)	71.6	-0.40%	18.4%
Oman Crude Oil (Last Closing)	77.6	0.60%	21.2%
OPEC (per bbl)	77.2	1.29%	19.7%
Precious Metals			
Gold100 OZ (per oz)	1,294.2	0.06%	-0.7%
Silver (per oz)	16.4	-0.12%	-3.0%
Platinum (per oz)	906.5	0.34%	-2.6%
Other Metals			
Copper, MT	6,867	-1.60%	-5.2%
Aluminium, MT	2,270	0.00%	0.1%
Lead, MT	2,477	0.06%	-0.4%
Zinc, MT	3,029	-0.88%	-8.7%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.44	35.8%
Saudi Arabia	2.43	28.1%
Kuwait	2.00	6.7%
Oman	2.31	21.0%
Qatar	2.63	-0.5%
Bahrain	3.20	17.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.9
Abu Dhabi	10/11/2027	4.1
Qatar	6/2/2026	4.2
Saudi Arabia	3/4/2028	4.4
Oman	1/17/2028	6.1
Bahrain	10/12/2028	8.5

Midswaps	Price	YTM %
3 year	99.94	2.6
5 year	99.71	2.8
10 year	99.02	3.0
30 year	99.44	3.2

USD Libor	Rate (%)	YTD
1m	1.97	25.6%
3m	2.33	37.5%
6m	2.50	36.1%
1 year	2.76	31.2%

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 Successfully Closes Taageer Finance Bond Issuance

Uthmaniyah Capital (U Capital) announced that it has successfully closed the RO6.15mn bond issuance for Taageer Finance Company via private placement. U Capital acted as the issue manager for the transaction and provided debt advisory services and was responsible for fund raising, according to a press release issued by U Capital. The bonds are listed on the Muscat Securities Market. This is the second bond transaction that U Capital advised this year. In March, it had successfully closed the perpetual bond issued by National Finance Company, which had an issue size of RO18.2mn. It was the first domestic perpetual bond issuance by a non-banking entity in Oman. U Capital was the sole issue manager for that issuance as well and had undertaken the placement of the deal.

Source: [Muscat Daily](#)

Ominvest: Disclosure Regarding Ominvest Subsidiary – Oman Arab Bank S.A.O.C.

Oman Arab Bank S.A.O.C. (a subsidiary of Oman International Development and Investment Company S.A.O.G.) wrote to Alizz Islamic Bank S.A.O.G. on 22 May 2018, to explore the possibility for a Strategic Collaboration that may lead to an eventual merger of the two entities. The potential Strategic Collaboration will be subject to both institutions agreeing on the terms of the transaction and subsequent approvals from the respective Board of Directors, Shareholders and the Regulators.

Source: [MSM](#)

Savannah Resources Seeks Mining License to Begin Operations in Oman

Savannah Resources, a UK-based resource development company, announced that it has received no-objection-certificate (NOC) from eight ministries for its copper mining project in Oman and the company is now seeking approval from the Public Authority for Mining (PAM) for obtaining the license to begin operations. As per the Omani law, before submitting an application to obtain a mining license from the PAM, a company is required to get approvals from eight different ministries first.

Source: [Muscat Daily](#)

Property Transactions Cross Ro1bn Mark In First 4 Months Of 2018

Oman's real estate market is witnessing a continuous recovery this year with the value of property transactions showing robust growth in the first four months of 2018. Total value of property transactions during January-April period rose 4.2 per cent to RO1.01bn compared to RO970.8mn for the same period of last year, according to the statistics released by the National Centre for Statistics and Information (NCSI).

Source: [Muscat Daily](#)

Ministry of Housing Mulls Proposal to Allow Expats Own Properties Outside ITCs

The Ministry of Housing is considering a proposal to introduce regulations that will allow expatriates to own properties in designated places other than Integrated Tourism Complexes (ITCs) in Oman. Speaking to Muscat Daily, Eng Siham Ahmed al Harthi, director general, Real Estate Development in the Ministry of Housing said, "The new regulations will allow expatriates to own properties other than those in ITCs. These properties will be made available in designated places. Expats will be direct owners. Till now expats could own a house only in ITCs licensed by the government agencies. Now, the boundary has been extended."

Source: [Muscat Daily](#)

Finance and leasing firms to adopt new anti-fraud norms from July 1

Finance and leasing companies (FLCs) operating in the Sultanate are required to implement tough new guidelines for detecting and combating fraud with effect from July 1, 2018. The new norms are set out in a Master Circular on Fraud Risk Management issued by the Central Bank of Oman last week. They assign, among other things, greater responsibility to the Boards and executive managements of FLCs in effectively managing fraud risk. Besides, they affirm the importance of Fraud Risk Management frameworks, policies, systems and measures to be put in place by FLCs across their operations.

Source: [Oman Observer](#)

Occidental Oman signs two contracts with local firms

Occidental Oman, Inc. (Oxy Oman) has signed two oil field service contracts with local Omani companies as part of Oxy Oman's in-country value (ICV) strategy that aims to maximise the company's contribution to social and sustainable economic development in the country. The signing ceremony was held at Oxy Oman Headquarters in Al Ghubra. Stephen Kelly, the President and General-Manager of Oxy Oman, Sayyid Mohammed bin Ali al Said, CEO of Value Engineering Centre, and Khamis Al Hinai, CEO of Hormuz Energy Services were signatories for their respective organisations.

Source: [Oman Observer](#)

Fitch Affirms HSBC Bank Oman at 'BBB'; outlook negative

Fitch Ratings has affirmed HSBC Bank Oman's (HBON) Long-Term Issuer Default Rating (IDR) at 'BBB' with a Negative Outlook. The bank's Viability Rating (VR) has also been affirmed at 'bbb-'. A full list of rating actions is at the end of this rating action commentary. HBON's IDRs and Support Rating (SR) are driven by Fitch's expectation of a high probability of support from the bank's ultimate parent, HSBC Holdings (HSBC; AA-/Stable/aa-). This reflects HSBC's strong ability to support HBON, and HBON's manageable and negligible size as a share of total group assets. This view is supported by HBON's role in the group, providing products and services in a market identified as strategically important to HSBC.

Source: [Zawya](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Dubai market down on profit taking, other markets mixed

The Dubai market closed lower on Wednesday, ending a two-day rally as investors took profit on a select number of stocks, while blue chips led by Jabal Omar pushed the Saudi market into weaker territory. Other markets were slightly higher, but volumes were generally low during the Muslim fasting month of Ramadan. The Saudi index was down 0.1 percent, with 98 declining stocks out of 181 stocks traded during the session.

Source: [Reuters](#)

SABB, Alawwal Bank merger may help RBS to sell stake, says S&P

A combination of Saudi British Bank (SABB) and Alawwal Bank is likely to help Royal Bank of Scotland Group (RBS) sell its stake in Alawwal Bank, S&P Global Market Intelligence said in a statement. RBS, which has an effective 40 percent of Alawwal Bank, will have a stake of about 5 percent in the combined entity, potentially making it easier for the British banking group to find a buyer, it added

Source: [Argaam](#)

Al Sorayai recommends 100% capital hike through rights issue

Al Sorayai Trading & Industrial Group Co.'s board of directors has recommended a 100 percent capital hike to SAR 450 million from SAR 225 million through a rights issue, the company said in a bourse statement. The capital hike aims to restructure the group, diversify investments and lift its solvency margin. The process is pending approval from the general assembly and regulator.

Source: [Argaam](#)

Abu Dhabi fund finances 11 projects worth \$381mln in 2017

Abu Dhabi Fund for Development (ADFD) announced that it financed 11 development projects worth AED1.4 billion in 2017, benefiting nine developing countries. Totalling more than AED 646 million, four of the 11 projects were allocated as concessionary loans to Egypt, Antigua and Barbuda and the Maldives, whereas the remaining seven projects were funded via development grants amounting to AED 754 million, aiding Colombia, Yemen, Comoros, Eritrea, Somalia, Palestine and Maldives. This brings ADFD's total cumulative development expenditure and investments as of end-2017 to AED 83 billion—an AED3 billion increase over 2016—and expands ADFD's reach to 88 beneficiary countries.

Source: [Zawya](#)

UAE 7th most competitive nation globally

The United Arab Emirates, UAE, came in first rank regionally and seventh rank globally in global competitiveness, according to the latest edition of the World Competitiveness Yearbook 2018, published by the Swiss based Institute of Management Development (IMD) that was unveiled today. According to the report, the UAE out-performed advanced economies such as Sweden, Norway and Canada and has jumped 21 ranks between the years 2011 and 2018. The UAE came first globally in various indicators such as "Government Decisions", "Public-Private Partnerships", "Employment" and "International Talent".

Source: [Zawya](#)

Moody's affirms Emirates NBD and Denizbank's ratings; action follows announcement that Emirates NBD will acquire Denizbank

Moody's Investors Service ("Moody's") has today affirmed the long- and short-term foreign currency deposit ratings of Emirates NBD PJSC (ENBD) and Denizbank A.S. (Denizbank) at A3/Prime-2 and Ba3/NP respectively, as well as their long- and short-term local currency deposit ratings at A3/Prime-2 and Ba2/NP respectively. Moody's has maintained the outlooks on the banks' long-term deposit ratings at stable and negative respectively.

Source: [Moody's](#)

Abraaj Is Said in Talks With Dubai Investor for Middlesex Campus

Abraaj Group, the private-equity firm battling allegations it has misused funds, is in talks to sell its stake in Middlesex University's campus in Dubai to Amanat Holdings PJSC, people familiar with the matter said. Negotiations with Dubai-based Amanat, which invests in healthcare and education, are at an advanced stage, said the people, asking not to be identified because the information is private. No final agreement has been reached and the deal could still fall apart, they said. Abraaj had been in talks to sell the university to London-based private-equity investor, Actis LLP, but negotiations stalled, the people said.

Source: [Bloomberg News Alert](#)

Kuwait Petroleum plans \$2.6 bln loan for LNG terminal –sources

A Kuwait Petroleum Corporation-owned firm plans to borrow up to \$2.6 billion from banks and export credit agencies to build a liquefied natural gas import terminal, banking sources said. Kuwait Integrated Petroleum Industries Company (KIPIC) will use the money raised to develop the terminal at Kuwait's Al Zour complex, which also has a refinery and a petrochemical facility. KPC did not respond to requests for comment on the planned loan for the LNG facility, which will be used to meet domestic demand for gas and is expected to be operating by 2020.

Source: [Reuters](#)

Cost of insuring Bahrain's debt jumps as deficit jitters increase

The cost of insuring Bahrain's sovereign debt against default has jumped to near multi-year highs this week because of concern the country will lose access to international capital markets, bankers and debt traders said on Wednesday. Bahrain credit default swaps soared to a 19-

month high of 380 basis points on Tuesday from 283 bps at the end of April. On Wednesday, CDS pulled back slightly to 367 bps, implying a 23 percent chance of default in the next five years.

Source: [Zawya](#)

Qatari Lender Closes Gap on Abu Dhabi Rival in Mideast Shuffle

Qatar National Bank QPSC is no longer being punished for a boycott imposed on the country by some of its neighbors as this month's MSCI Inc. weighting change draws passive inflows to the stock. A 36 percent rally spurred by the decision to raise the foreign ownership limit in March means QNB now trades at a similar valuation to First Abu Dhabi Bank PJSC for the first time in more than a year. FAB had become one of the shares of choice in the United Arab Emirates after a deal that created the country's biggest lender last year.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia share markets hit by U.S. auto tariff threat, dollar pulls back

Asian shares fell on Thursday after the U.S. government launched a national security probe into auto imports that could lead to new tariffs, and President Donald Trump's comments indicated fresh setbacks in U.S.-China trade talks.

Source: [Reuters](#)

Pakistan hires UAE banks to raise \$200m loan

The government of Pakistan is raising a \$200 million syndicated loan with three United Arab Emirates (UAE) banks, banking sources familiar with the matter said, as Islamabad clings to external funding to stave off the pressure of balance payments. The loan, with a one-year maturity, is being arranged by Commercial Bank of Dubai, Emirates NBD, and Noor Bank, said the sources. Pakistan needs to raise funds to offset a drop in international reserves and to fill a fiscal deficit which the International Monetary Fund estimates at 5.5 percent of gross domestic product this year.

Source: [Zawya](#)

Fed indicates it will let inflation run above 2 percent goal for 'temporary period'

The Federal Reserve minutes from its May meeting said "a temporary period of inflation modestly above 2 percent would be consistent with the Committee's symmetric inflation objective." The central bank also pointed to an interest rate hike at the June meeting. "It would likely soon be appropriate for the Committee to take another step in removing policy accommodation," the minutes said.

Source: [CNBC](#)

Apple is missing out on billions of dollars by skirting the hottest trend in software

While Apple has been focusing on software, only 30 percent of the services business comes from subscription revenue, according to Gene Munster. Apple hasn't opted to switch Final Cut Pro and Logic Pro to a subscription model even though investors are paying up for that type of business. The company does have monthly subscriptions for Apple Music and iCloud.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices drop on potential increase in OPEC output

Oil prices fell on Thursday, pulled down by expectations that OPEC members could step up production in the face of worries over supply from both Venezuela and Iran. International benchmark Brent LCOc1 futures were down 15 cents, or 0.19 percent, at \$79.65 per barrel at 0103 GMT. U.S. West Texas Intermediate (WTI) crude CLc1 futures were down 10 cents, or 0.14 percent, at \$71.74 a barrel.

Source: [Zawya](#)

Gold prices extend gains after dovish Fed stance

Gold prices edged higher for a second day on Thursday as the dollar extended losses after minutes of the latest Federal Reserve meeting hinted at a dovish approach to interest rate hikes in the United States. Spot gold was up 0.1 per cent at \$1,294.58 per ounce at 0046 GMT, after gaining nearly 0.2 per cent in the previous session. US gold futures for June delivery were up 0.3 per cent at \$1,294 per ounce.

Source: [Economic Times](#)

