

U Capital Morning Brief

27 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	882.1	3.93	0.45%	-9.47%	-	-	-
U Capital GCC 50 Index	1,281.1	1.03	0.08%	11.92%	-	-	-
U Capital MENA 200 Index	1,057.6	1.64	0.16%	6.28%	-	-	-
MSCI GCC Countries Index	523.6	-0.03	-0.01%	9.14%	14.68	1.71	4.0%
Muscat Securities Market	4,564.5	7.75	0.17%	-10.49%	11.56	1.01	5.3%
Saudi Stock Exchange	8,037.8	-1.24	-0.02%	11.23%	18.53	1.82	3.3%
Kuwait Stock Exchange	4,839.0	-30.27	-0.62%	NA	14.37	1.24	4.0%
Qatar Exchange	9,049.2	49.27	0.55%	6.17%	13.48	1.39	4.9%
Bahrain Stock Exchange	1,263.1	-3.91	-0.31%	-5.15%	8.24	0.82	6.5%
Dubai Financial Market	2,944.9	-9.58	-0.32%	-12.62%	9.48	1.12	5.7%
Abu Dhabi Exchange	4,593.3	-7.77	-0.17%	4.43%	12.29	1.38	5.2%
Beirut Stock Exchange	1,122.4	-2.29	-0.20%	-2.28%	5.62	0.68	8.8%
Palestine Stock Exchange	541.3	1.07	0.20%	-5.80%	13.44	1.11	5.6%
Tunis Se Index	7,614.8	67.72	0.90%	21.22%	19.53	2.65	2.0%
EGX 30 Index	16,634.0	-28.58	-0.17%	10.75%	35.91	2.62	1.8%
Amman General Index	2,110.2	-3.02	-0.14%	-0.78%	16.18	1.05	4.5%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe					Currency		
FTSE 100	UK	7,730.3	0.18%	0.6%	Australian Dollar (AUD)	0.755	1.325
DAX	Germany	12,938.0	0.65%	0.2%	British Pound (GBP)	1.331	0.752
CAC 40	France	5,542.6	-0.11%	4.3%	Canadian Dollar (CAD)	0.771	1.297
United States					Chinese Renminbi (CNH)	0.157	6.389
DJIA	USA	24,753.1	-0.24%	0.1%	Egyptian Pound (EGP)	0.056	17.936
S&P 500	USA	2,721.3	-0.24%	1.8%	Euro (EUR)	1.165	0.858
NASDAQ	USA	7,433.9	0.13%	7.7%	Indian Rupee (INR)	0.015	62.300
Asia Pacific					Japanese Yen (JPY)	0.009	109.410
NIKKEI 225	Japan	22,450.8	0.06%	-1.4%	New Zealand Dollar (NZD)	0.692	1.446
HANG SENG	Hongkong	30,588.0	-0.56%	2.2%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	42,074.1	-1.09%	4.0%	Pakistani Rupee (PKR)	0.865	115.624
NSE Nifty 50	India	10,605.2	0.87%	0.7%	Russian Ruble (RUB)	0.016	67.771
SHANGHAI Composite	China	3,141.3	-0.42%	-5.0%	Singapore Dollar (SGD)	0.745	1.342
KOSPI Index	South Korea	2,460.8	-0.21%	-0.3%	Turkish Lira (TRY)	0.212	4.716

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
Oil						
Brent Crude (per bbl)	76.4	-2.98%	16.7%	UAE	2.47	37.7%
WTI Crude (per bbl)	67.9	-4.00%	12.3%	Saudi Arabia	2.43	28.3%
Oman Crude Oil (Last Closing)	74.5	-3.28%	16.4%	Kuwait	1.94	3.3%
OPEC (per bbl)	76.6	0.25%	18.9%	Oman	2.31	21.0%
Precious Metals						
Gold 100 OZ (per oz)	1,301.7	-0.22%	-0.1%	Qatar	2.63	-0.5%
Silver (per oz)	16.5	-0.94%	-2.5%	Bahrain	3.20	17.4%
Platinum (per oz)	901.5	-0.97%	-3.1%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,885	0.07%	-5.0%		Maturity date	YTM, %
Aluminium, MT	2,263	-0.79%	-0.2%	Kuwait	3/20/2027	3.9
Lead, MT	2,439	-2.23%	-2.0%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	3,051	0.56%	-8.1%	Qatar	6/2/2026	4.2
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.0
				Bahrain	10/12/2028	8.4

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.05	2.6	1m	1.98	26.3%
5 year	99.93	2.8	3m	2.32	36.8%
10 year	99.52	2.9	6m	2.48	35.1%
30 year	100.64	3.1	1 year	2.73	29.6%

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 continues downtrend, but calm and caution prevail

As expected, the domestic financial market witnessed calm activities in the first week of the holy month. Further, the rapid developments in the other Gulf markets in terms of the results and announcements attracted more attentions and supported intermarket movements. Continued pressure on certain local stocks was also noted. The MSM30 closed down by 1.15 per cent at 4,564.45. Sub-indices closed down led by the Industrial Index (-2.75 per cent) then the Service Index (-0.84 per cent) and the Financial Index (-0.7 per cent). The MSM Shariah Index also closed down by 1.22 per cent.

Source: [Oman Observer](#)

SGRF says Oman infrastructure fund to be launched soon

Abdul Salam bin Mohammed al Murshidi, executive president of the State General Reserve Fund (SGRF) said that the Oman Infrastructure Investment Fund will be established in the coming period. The new fund aims to raise capital from investors from various countries to invest in Oman's infrastructure sector. This was announced during a dialogue session held by Meethaq Islamic Banking.

Source: [Muscat Daily](#)

Nama appoints consortium for water sector restructuring

Nama Holding, the government supervisor for water sector restructuring in the Sultanate, has appointed a consortium to provide advisory services on the design and implementation of new sector arrangements. The consortium, which is led by PricewaterhouseCoopers Oman (PwC), together with partners from Mott MacDonald, Castalia, Curtis and Zeenah PR, will advise on the restructuring process.

Source: [Oman Observer](#)

Oman soya meal project attracts foreign investors

Leading international players specializing in the production of animal feed have taken equity stakes in Oman's maiden soya meal processing project planned for implementation within the Food Cluster of Sohar Port and Freezone (SOHAR). Oman Food Investment Holding Company (OFIC), the government's food investment flagship, is spearheading the development of the project with an investment of around RO 38 million. It is the latest in a rapidly expanding portfolio of initiatives and programs being pursued by the state-owned enterprise in support of the nation's food security strategies.

Source: [Oman Observer](#)

Wastewater service deals worth OMR17m signed

The Salalah Wastewater Services Company on Thursday signed three wastewater service agreements worth some OMR17 million. The agreements were signed by Advisor Abdullah bin Aqeel Al Ibrahim, Acting Dhofar Deputy Governor and Chairman of Salalah Wastewater Services Company, and the contractors. The first agreement, worth OMR2.9 million, is related to expanding the sanitary drainage network to cover different parts of Salalah city.

Source: [Times of Oman](#)

OMAN NATIONAL ENGINE. INVT.: Award of Tender

THE Public Authority for Electricity and water has awarded Oman National Engineering & Investment Company SAOG (ONEIC) on 24/5/2018 the contract for construction of Desalination Plant at Musandam Governorate on BOO basis (Tender 59/2017) for the sum of RO 16,285,655 (Sixteen Million Two Hundred Eighty Five Thousand and Six Hundred Fifty Five Omani Rials). The construction period shall be (12) months and the duration of sales agreement shall be (10) years. The contract shall commence on the date of receiving the plant site.

Source: [MSM](#)

DHOFAR POULTRY - Disclose of Mukuno Cyclone losses for DPC

Would like to inform you that Dhofar Poultry Company SAOG at Salalah has been affected by climatic conditions and (Mukuno) cyclone during the previous days, where the roof of breeding sheds is affected. The slaughterhouse and workers' housing were also affected at the farm. Sales losses are concentrated in a two-day sales loss due to the shops closed and the un-access to reach the shops. The insurance company has been informed and we will disclose the losses when it is available and after loss evaluation and quantification.

Source: [MSM](#)

DHOFAR CATTLE FEED - Disclose of Mukuno Cyclone Losses

Would like to inform you that Dhofar Cattle Feed Company SAOG at Salalah has been affected by climatic conditions and (Mukuno) cyclone during the previous days, where the roof of warehouses of raw materials for the Feed Mill is affected. The cow sheds and workers' housing were also affected at Sahnoot farm. As for the dairy plant, the losses are concentrated in a two-day sales loss due to the shops closed and the un-access to reach the shops. The insurance company has been informed and we will disclose the losses when it is available and after loss evaluation and quantification.

Source: [MSM](#)

DHOFAR INSURANCE - Disclose of Mukuno Cyclone Losses

Dhofar Insurance Company would like to inform its investors & customers that with the decline in climatic conditions which effected Dhofar and Wusta governorates, the Company is currently evaluating the impact of the company's branches in order to return to work normally.

Mirbat & Taqqah Branches were affected by the power outage & Al Qouf Branch was affected by the amount of water in front of the branch. There is no effect on other branches.

Source: **MSM**

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Qatar market up on foreign ownership hopes, other markets flat

Qatari stocks led regional gains on Thursday after the government announced it was moving ahead with a draft law to allow full foreign ownership of companies. Qatar's index rose 0.6 percent, despite lingering questions about how the plan differed from a similar draft law proposed in 2016. Non-Qatari investors would still be limited to 49 percent stakes in listed companies. Gains were led by Qatar Islamic Bank, which rose 2.1 percent.

Source: **Reuters**

Qatar bans goods from Arab rivals 1 year into diplomatic crisis

Qatar is stripping shop shelves of goods that come from rival nations embroiled in the nearly year-long diplomatic spat with Doha. Items imported from Saudi Arabia, the United Arab Emirates, Bahrain and Egypt are now off-limits. The economic ministry on Saturday ordered Qatari shops to remove goods imported from the four countries at once. Inspectors will be visiting shops to ensure compliance. "Products originating from blockading states, which as a result of the blockade cannot pass the GCC customs territory, have to undergo proper import inspections and customs procedures," Qatar's Government Communications Office (GCO) said in a statement.

Source: **RT**

Draft law to boost foreign investments in all sectors

Minister of Economy and Commerce H E Sheikh Ahmed bin Jassim bin Mohammed Al Thani has said that draft law allowing non-Qatari investors to invest 100 percent capital in all sectors will accelerate development and attract foreign investment in all economic and commercial activities. In a statement yesterday, the Minister affirmed that the draft law recently approved by the Cabinet regulating the non-Qatari capital in the economic activity would help non-Qatari investors invest in all economic sectors up to 100 percent.

Source: **TPQ**

Saudi Arabia sells SAR 3.95 bln in domestic sukuk

Saudi Arabia's Ministry of Finance has sold SAR 3.95 billion worth of domestic sukuk under the Saudi Arabian government SAR-denominated sukuk program. The 2018-04 sukuk issuance was divided into three tranches: the first one valued at SAR 3.35 billion, maturing in 2023; the second tranche worth SAR 350 million, maturing in 2025; and the third was set at SAR 250 million, maturing in 2028, according to a statement published by Saudi Press Agency on Saturday.

Source: **Argaam**

Almarai Sets Five-Year Capital Expenditure at \$2.83 Billion

Almarai Co. set its five-year capital investment at 10.6 billion riyals (\$2.83 billion) as the Saudi dairy-farm operator and food producer navigates "persistent challenging economic conditions" in the region. "The focus on efficiency and cost optimization measures will continue throughout the plan period to ensure continuous competitive advantage," the Riyadh-based company said in a statement. The investment program will be financed through increasing operating cash flow and debt, including Islamic bonds.

Source: **Bloomberg News Alert**

Al-Falih says Aramco IPO likely in 2019

Saudi Arabia is most likely to hold the initial public offering (IPO) of oil giant Aramco in 2019, Reuters reported, citing Khalid Al-Falih, energy minister. The statement confirms a delay from the initial plan to list the company this year. Saudi Arabia is planning to sell a 5 percent stake in Aramco, as the Kingdom looks to diversify its economy through privatization and fiscal reforms. The listing is expected to be the world's largest, valued at \$100 billion.

Source: **Argaam**

Saudi Arabia to exclude German firms from government tenders: Spiegel

Saudi Crown Prince Mohammed bin Salman has ordered that no more government contracts be awarded to German companies, in a sign of continued irritation over Berlin's foreign policy in the Middle East, German magazine Der Spiegel reported on Friday. Citing no sources, it said the move was likely to hit major companies such as Siemens (SIEGn.DE), Bayer (BAYGn.DE) and Boehringer Ingelheim as well as carmaker Daimler (DAIGn.DE).

Source: **Reuters**

Here are 5 key benefits of the SABB-Alawwal merger

Saudi British Bank (SABB) and Alawwal Bank this month agreed on a merger, in a deal that would create the Kingdom's third-largest bank in terms of total assets. According to a recent Moody's report, the new entity would have approximately SAR 271 billion (\$72 billion) in total assets and a market share of 12-13 percent in terms of assets, loans and deposits as of March 2018. "We believe the entity would benefit from a very high probability of government support in case of need given its systemic importance, complexity and financial interconnectedness," Moody's said.

Source: **Argaam**

Tourism sector adds \$42bn to UAE's GDP in 2017

The total contribution of travel and tourism to UAE's GDP was Dh154.1 billion (\$41.9 billion), reflecting 11.3 per cent of the country's GDP in 2017 and is forecast to rise by 4.9 per cent in 2018, said a top government official. Mohammed Khamis Al Mheiri, Under-Secretary of the Ministry of Economy and Advisor to the Minister for Tourism Affairs, was speaking at the 108th meeting of the Executive Council of the World Tourism Organization (UNWTO) held recently in San Sebastian, Spain, reported Emirates news agency Wam.

Source: [Trade Arabia](#)

UAE, Saudi Arabia sign double tax avoidance treaty

The UAE and Saudi Arabia have signed a landmark double income tax treaty, the first such agreement between two members of the GCC, a tweet by the UAE Ministry of Finance confirmed on Thursday. Obaid Humaid Al Tayer, UAE Minister of State for Financial Affairs, and Mohammed bin Abdullah, Minister of Finance of Saudi Arabia, signed the agreement. "The UAE and Saudi Arabia have signed an agreement to avoid double taxation on income and prevent tax evasion," the tweet said. "This agreement to avoid double taxation aims at strengthening cooperation frameworks in tax matters and consolidate financial, economic and investment relations between the UAE and Saudi Arabia."

Source: [Khaleej Times](#)

UAE sovereign wealth fund Mubadala pays \$271m for stake in Gazprom oil subsidiary

Abu Dhabi's state-owned Mubadala Investment Company (MIC) has agreed to pay \$271 million for a 44 percent stake in an oil subsidiary of Russian gas giant Gazprom. The move underpins a strengthening alliance between Moscow and Opec's Middle East countries, which joined forces to agree a supply-cut deal 18 months ago to stabilize the oil market after the price crashed in late 2014. "This cements the link between GCC countries and Russia," Giorgos Beleris, a Dubai-based oil analyst for Thomson Reuters, told Arab News.

Source: [Arab News](#)

Bahrain government seeks deal with parliament on new subsidy system

Bahrain's cash-strapped government is in talks with parliament on a new subsidy system that would redirect some of the financial aid the government provides to its citizens, officials said. It is not yet clear whether the new system would reduce the state's overall subsidy burden, they said. Bahrain, much poorer than most of its Gulf neighbours, runs a big state budget deficit which the International Monetary Fund estimates at 11.6 percent of gross domestic product this year, and is rated "junk" by major credit rating agencies.

Source: [Reuters](#)

Noor Financial sells 2.49 percent stake in Meezan Bank to foreign investors

Meezan Bank on Friday announced that its majority shareholder Noor Financial Investment Company had successfully divested 2.49 percent of its stake in the bank to foreign institutional buyers. In a notification sent to the stock exchange on Friday, Meezan Bank said, "Noor Financial Investment Company has successfully consummated the divestment/sale of 26,447,000 ordinary shares in Meezan, constituting a total of 2.49% of the total issued and paid-up capital of Meezan pursuant to which the sale shares have been acquired by various foreign institutional investors at a purchase price of Rs70 per share."

Source: [Pakistan Today](#)

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](#)

China's secret goal is to crush Silicon Valley

China's share of the global venture capital market has risen from 5 percent to 24 percent over the last decade, according to Dow Jones VentureSource. R&D spending in China is growing by 18 percent annually versus 4 percent in the U.S. If current trends continue, China will overtake the U.S. for R&D spending by 2019, predicts the U.S. National Science Board. For the first time, two Chinese unicorns are on the CNBC Disruptor 50 list — Didi Chuxing and Xiaomi — which have attracted billions in equity financing.

Source: [CNBC](#)

Turkey's economy at risk as currency hits record low

Turkey is trying desperately to halt a collapse in its currency that could trigger an economic crisis just as the country prepares to vote in an election. The lira has plunged about 20% against the US dollar since the start of the year, hurt by a broader move by investors to switch money out of emerging markets and into the United States.

Source: [CNN Money](#)

IMF so as to add Islamic finance to market surveillance in 2019

The Worldwide Financial Fund (IMF) will incorporate Islamic finance into its monetary sector assessments of choose international locations beginning subsequent year, aiming to enhance regulation within the rising sector. The IMF has historically targeted on typical banking, but it surely has been more and more partaking with regulators in international locations the place Islamic finance is now deemed to be systemically necessary.

Source: [News Planet](#)

COMMODITIES NEWS

Oil price fall hits energy shares, dollar rises

Growing expectations of increased oil supply hit crude prices on Friday, lifting the U.S. dollar and weighing on energy shares, while political upheaval in Europe and uncertainty over a U.S.-North Korea summit restrained equity markets. Brent crude futures fell \$2.35, or 3 percent, to settle at \$76.44 a barrel after Saudi Arabia and Russia said they were ready to ease supply curbs that have pushed prices to their highest since 2014.

Source: [Energy World](#)

Gold dips slightly as Trump says North Korea talks may continue

Gold prices dropped slightly on Friday, but still remained above \$1,300 per ounce as investors digested news of U.S. President Donald Trump saying a meeting with North Korea's leader could still go ahead. Spot gold lost 0.1 percent at \$1,303.34 per ounce by yet was on track for a weekly gain of 0.9 percent, its biggest since March. Spot gold earlier hit a 10-day high at \$1,307.80.

Source: [Reuters](#)