

# U Capital Morning Brief

29 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	887.9	6.39	0.72%	-8.87%	-	-	-
U Capital GCC 50 Index	1,281.3	6.72	0.53%	11.94%	-	-	-
U Capital MENA 200 Index	1,054.8	3.15	0.30%	5.99%	-	-	-
MSCI GCC Countries Index	522.6	1.86	0.36%	8.92%	14.65	1.70	4.0%
Muscat Securities Market	4,591.1	24.16	0.53%	-9.96%	11.42	0.99	5.3%
Saudi Stock Exchange	7,962.8	-9.28	-0.12%	10.19%	17.92	1.77	3.3%
Kuwait Stock Exchange	4,842.2	-4.83	-0.10%	NA	14.37	1.24	4.0%
Qatar Exchange	9,125.2	132.43	1.47%	7.06%	13.59	1.40	4.8%
Bahrain Stock Exchange	1,260.5	-2.72	-0.21%	-5.35%	8.22	0.82	6.5%
Dubai Financial Market	2,930.0	-2.12	-0.07%	-13.06%	9.43	1.11	5.8%
Abu Dhabi Exchange	4,547.3	10.52	0.23%	3.39%	12.16	1.36	5.3%
Beirut Stock Exchange	1,118.2	0.00	0.00%	-2.65%	5.60	0.68	8.8%
Palestine Stock Exchange	539.5	-1.53	-0.28%	-6.10%	13.15	1.18	5.7%
Tunis Se Index	7,598.5	-16.27	-0.21%	20.96%	19.52	2.65	2.0%
EGX 30 Index	16,791.1	142.62	0.86%	11.80%	36.34	2.64	1.9%
Amman General Index	2,109.8	7.20	0.34%	-0.80%	16.17	1.05	4.5%

World Markets	Country	Value	D/D	YTD
Europe				
%				
FTSE 100	UK	7,730.3	0.18%	0.6%
DAX	Germany	12,863.5	-0.58%	-0.4%
CAC 40	France	5,508.9	-0.61%	3.7%
United States				
DJIA	USA	24,753.1	-0.24%	0.1%
S&P 500	USA	2,721.3	-0.24%	1.8%
NASDAQ	USA	7,433.9	0.13%	7.7%
Asia Pacific				
NIKKEI 225	Japan	22,278.3	-0.90%	-2.1%
HANG SENG	Hongkong	30,591.9	-0.66%	2.2%
KSE 100 Index	Pakistan	42,335.9	0.46%	4.6%
NSE Nifty 50	India	10,696.7	0.07%	1.6%
SHANGHAI Composite	China	3,120.1	-0.48%	-5.7%
KOSPI Index	South Korea	2,466.0	-0.52%	-0.1%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.753	1.327
British Pound (GBP)	1.332	0.751
Canadian Dollar (CAD)	0.770	1.299
Chinese Renminbi (CNH)	0.156	6.411
Egyptian Pound (EGP)	0.056	17.917
Euro (EUR)	1.163	0.860
Indian Rupee (INR)	0.015	62.313
Japanese Yen (JPY)	0.009	109.070
New Zealand Dollar (NZD)	0.693	1.443
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.635
Russian Ruble (RUB)	0.016	67.760
Singapore Dollar (SGD)	0.744	1.344
Turkish Lira (TRY)	0.219	4.560

Commodity Prices	Price	D/D	YTD
USD			
%			
Oil			
Brent Crude (per bbl)	75.5	0.25%	15.3%
WTI Crude (per bbl)	66.7	-1.69%	10.4%
Oman Crude Oil (Last Closing)	74.2	-0.38%	16.0%
OPEC (per bbl)	74.9	-2.28%	16.1%
Precious Metals			
Gold100 OZ (per oz)	1,298.0	0.00%	-0.4%
Silver (per oz)	16.5	-0.06%	-2.8%
Platinum (per oz)	906.6	0.24%	-2.6%
Other Metals			
Copper, MT	6,885	0.07%	-5.0%
Aluminium, MT	2,263	-0.79%	-0.2%
Lead, MT	2,439	-2.23%	-2.0%
Zinc, MT	3,051	0.56%	-8.1%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.46	37.2%
Saudi Arabia	2.44	28.5%
Kuwait	1.94	3.3%
Oman	2.30	20.5%
Qatar	2.60	-1.7%
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	4.0
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 %
3 year	100.13	2.6
5 year	100.08	2.7
10 year	99.73	2.9
30 year	101.00	3.1

USD Libor	Rate (%)	YTD
1m	1.98	26.3%
3m	2.32	36.8%
6m	2.48	35.1%
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

### Projects worth OMR40m coming up in Muscat

Citizens of Oman and other Gulf Cooperation Council (GCC) countries looking for an office space or an affordable apartment need not wait, as the construction of luxurious residential towers and ideal office spaces is underway in Muscat. BBH, one of the real estate developers in Oman, signed four agreements worth OMR40 million on Monday at Intercontinental Hotel, which include the construction of Al Mahalab Towers project in Al Ansab and BBH Office Towers in Al Rusayl, and the second phase of the integrated residential city project in Al Arfan City.

Source: [Times of Oman](#)

### CBO Board lauds infrastructure efficiency of banking sector

The Central Bank of Oman's (CBO) Board of Governors appreciated the sincere efforts made by all the authorities concerned and the citizens to mitigate the effects of Cyclone Mekunu. The Board also applauded the infrastructure efficiency of the banking sector, represented by CBO, Salalah Branch, and the branches of licenced banks operating in the Dhofar and Al-Wusta governorates, where they continued to provide all services that citizens and residents required in the affected areas.

Source: [Times of Oman](#)

### Planned housing plots up by 15 pc to 73,000 units

The total number of planned plots in the Sultanate rose by 15 per cent to 73,091 plots in 2017, up from 63,640 such real estate plots in the previous year. The total number of housing plots granted or allotted to different beneficiaries marginally increased by 0.2 per cent to 36,902 plots from 36,811 plots in 2016, according to Population and Construction Statistics released by the National Centre for Statistics and Information (NCSI). These plots were allocated for developing different types of real estate projects, including residential housing units, commercial buildings, government buildings and industrial projects. As far as various governorates are concerned, the Governorate of Al Dakhiliyah, with 14,166 plots, has the largest share.

Source: [Oman Observer](#)

### CBO BOARD OF GOVERNORS DISCUSSES IMPACT OF CYCLONE MEKUNU

The Central Bank of Oman's (CBO) board of governors on Monday held its second meeting of this year. The meeting was chaired by Sultan bin Salim al Habsi, deputy chairman of the CBO board. Discussing the impact of Cyclone Mekunu, which hit Dhofar and Al Wusta regions on Friday, the CBO board appreciated the sincere efforts that have been exerted by all the concerned authorities and the citizens to mitigate the effects of the cyclone. The board applauded the infrastructure efficiency of the banking sector, represented by the CBO's Salalah branch and branches of licensed banks operating in Dhofar and Al-Wusta, where they continued to provide all services that citizens and residents required in the affected areas.

Source: [Muscat Daily](#)

### BP COMMITTED TO LONG-TERM STRATEGIC RELATIONSHIP WITH OMAN

As BP's Khazzan gas field project is progressing well, the energy giant's group chief economist said that the company is investing in a long-term strategic relationship with Oman. "Khazzan project is going ahead fantastically well. Both BP and Oman are proud of this strategic major project. The phase 2 of Khazzan project is also looking incredibly impressive. BP has a long-term strategic relationship with Oman. The project is producing gas that will contribute to Oman's economy in a big way," Spencer Dale said in an exclusive interview with Muscat Daily during his visit to Oman last week.

Source: [Muscat Daily](#)

### TRISTAR GROUP OPENS NEW LOGISTICS FACILITIES IN OMAN, ABU DHABI

Tristar Group, a UAE-based fully integrated logistics solutions provider, has opened two new facilities in Oman and Abu Dhabi aimed at enhancing its integrated logistics services to the downstream petroleum industry in the GCC region. The new truck staging and workshop facility at Industrial City in Abu Dhabi 2 has 50,000sqm of area offering tailor-made logistics service options to customers for transport, warehousing, storage and distribution services. It is strategically located near Khalifa Port, and the main highway connecting UAE with Saudi Arabia.

Source: [Muscat Daily](#)

### Efforts to restore operations at Salalah Port move into high gear

Salalah Port has declared force majeure at its transshipment and logistics hub at Raysut in Dhofar Governorate, three days after Cyclone Mekunu unleashed havoc across large swathes of this popular summer tourist destination in the south of the country. Force majeure allows a party to a contract to suspend or terminate the performance of its obligations when it is faced with circumstances beyond its control.

Source: [Oman Observer](#)

### SALALAH MILLS: The disclosure of damages caused by Cyclone

The company suffered different damages caused by the rain and winds. We are evaluating the damages and have started the repairs. Insurance Companies have been informed. We hope to operate some production lines starting from Wednesday 30th May 2018.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Qatar biggest gainer as other Gulf markets subdued

Qatar's market outperformed Gulf peers on Monday, helped by a surge in blue-chip stocks and government plans to allow full foreign ownership of companies. Other markets were more subdued as investors reacted to lower oil prices, which extended losses after Saudi Arabia and Russia said they may increase supplies. Trading volumes were also generally thin because of the holy month of Ramadan. The Qatar index closed 1.5 percent higher, with Qatar National Bank rising 2.9 percent.

Source: [Reuters](#)

### Stable liquidity key to strengthening GCC Islamic banks

Slower economic growth brought on by the lower price of oil has reduced growth opportunities and hindered the performance of the GCC's banking systems, Mohamed Damak, Head of Global Islamic Finance at S&P Global Ratings, believes the profile of Islamic banks will, absent any major risks, will stabilize this year. While overall lending growth of GCC banks slowed in 2017, Islamic banks saw rapid growth of 6.9% compared with 3.7% growth seen in conventional banks over the same period. This was mainly supported by a strong performance in a few Islamic banks particularly in Kuwait and the UAE.

Source: [Saudi Gazette](#)

### Higher oil prices drive Saudi Arabia's FX reserves up by \$13 bln

The Saudi Arabian Monetary Authority's (SAMA) foreign exchange reserves rose by \$13.3 billion month-on-month to \$498.9 billion in April, reaching their highest level in over a year, Reuters reported, citing official data. The increase in the reserves come after the Brent oil price climbed to about \$75 a barrel in April from around \$50 in the middle of 2017. The data showed the central bank boosted its deposits with overseas banks by \$8.6 billion and investment in foreign securities by \$3.7 billion.

Source: [Argaam](#)

### Al-Khodari gets CMA nod to hike capital through debt conversion

The Capital Market Authority has approved Abdullah A. M. Al-Khodari Sons Company's request to increase its capital from SAR 557.81 million to SAR 1.02 billion through debt conversion, it said in a statement on Monday. The approval is conditional on getting the endorsement from the company's extraordinary general assembly and completion of the necessary procedures in relation to the applicable regulations.

Source: [Argaam](#)

### BATIC signs final deal to acquire SAR 200 mln assets

BATIC Investment and Logistics Co. (BATIC) on Sunday signed a final purchase agreement with UAE-based firms Abdullah Abbar & Sons Cold Stores (ACS), Dar Al Abbar Ltd., Abdulrahman Abdullah Abbar and Sons Ltd., as well as subsidiary Batic Real Estate, to acquire a number of properties for SAR 200 million. The assets include commercial properties and land plots located in both the UAE and Saudi Arabia.

Source: [Argaam](#)

### Saudi Arabia freezes out German companies

Saudi Arabia has some impressive infrastructure projects under way, including plans to spend over \$500 billion on Neom, a brand new futuristic desert city nearly as large as Belgium. On paper, the plan touted to reduce the kingdom's dependency on oil presents German companies with plenty of opportunities to do business there. But instead, German firms, from Siemens to Daimler to Bayer, have been run up against closed doors in Saudi Arabia in recent months.

Source: [HandelsBlatt](#)

### Women driving to rev up car sales by 10%

As women in Saudi Arabia get ready to take the wheel, automobile agents across the Kingdom have started displaying attractive car models in their showrooms to woo women customers. They are also offering attractive installment options during the holy month of Ramadan when shopping and sales in the Kingdom reach their peak. Faisal Abushausha, chairman of the national committee for cars at the Council of Saudi Chambers, said Saudi automobile agents are trying their best to offer the cars of choice to women customers.

Source: [Saudi Gazette](#)

### Alba's new facility to increase GCC's total aluminum output

Aluminum Bahrain (Alba) will have the capacity to produce 1.5mn metric tons (mt), or 25 per cent of total output across the GCC, once its US\$3bn Line 6 Expansion Project is complete, according to CEO Tim Murray. Alba produces around two per cent of the total world aluminum production. In an interview with Oxford Business Group's online broadcasting channel, Global Platform, Murray said the new line, which will make Alba the biggest single-site facility in the world, is set to take the GCC's total production to around six million mt a year, equivalent to roughly 10 per cent of the global aluminum output.

Source: [Technical Review](#)

### Bahrain implementing \$32 Bn Infrastructure Development Program

Bahrain is implementing a \$32 billion infrastructure development program which is expected to help diversify the economy, boost the kingdom's competitiveness and generate opportunities. His Royal Highness Prince Salman bin Hamad Al Khalifa, made the remarks as he last night visited the majlises of Dr Khalifa Al Dhahrani, Abdulla bin Hamad Al Nuaimi, and the Al Jishi and Al Khozaie families.

Source: [Al Bawaba](#)

### **Bahrain's Investcorp continues investment into US properties**

Alternative investment firm Investcorp has invested \$492 million in four individual rental apartment communities with 1,573 units and a student housing complex for \$286 million, the company said in a statement on its website. In addition, the Manama-listed company invested in four industrial portfolios comprising 2.7 million square feet and over 40 buildings for in a \$206 million deal.

Source: [Zawya](#)

### **UAE current account surplus surges to \$26.4bln**

The UAE current account surplus surged to AED97.1 billion in 2017, accounting for 6.9 per cent of the gross domestic product (GDP). The figure almost doubled from AED48.5 billion, 3.7 per cent of GDP, in 2016, on the back of rising oil prices and improving economic performance coupled with a trade balance surplus and a rise in investment income as well as a decline in trade deficit and a sharp fall in transfers during 2017, according to state news agency WAM.

Source: [Zawya](#)

### **Will U.A.E.'s New Visa Law Help Turnaround A Softening Property Market?**

It has only been a week since the U.A.E. revealed a law that would allow 100% foreign ownership in businesses while creating a provision to grant long term visas to specialists within certain industries and to students. Although the new law might be more limited in its scope, it is expected to positively impact the U.A.E.'s real estate market that has softened over the last few quarters.

Source: [Forbes](#)

### **How Qatar Airways went from making billions to being on the verge of a bailout**

From the moment the boycott on Qatar had been imposed, the Qatar Airways crisis has had a snowball effect. Just eleven months since the outbreak of the crisis, Akbar Al Baker who has been managing the airline since 1997 admitted that they could not continue further down without the government support. The crisis of Qatar Airways echoed the transformation that the carrier undergone; after enjoying much success and making billions it is now facing losses and asking the government for support because the company can no longer stand on its own.

Source: [Al Arabiya](#)

### **Efforts ongoing to enhance tourism sector in Qatar**

Developing Qatar's key destinations and easing business procedures for tourism establishments and event organisers are among the ongoing efforts towards achieving the goals of the Next Chapter of the Qatar National Tourism Sector Strategy, Hassan Al Ibrahim, Acting Chairman of Qatar Tourism Authority (QTA), has said. Speaking at the fifth Annual Tourism Industry Ramadan Ghabga, Al Ibrahim highlighted the future developments to further diversify Qatar's tourism offerings and promote the country as a memorable and authentic tourist destination, in line with the Next Chapter launched last year.

Source: [TPQ](#)

### **Egypt to sell up to 4 pct of Eastern Tobacco stake on Cairo exchange**

Egypt's state-owned Holding Company for Chemical Industries has agreed to sell up to 4 percent of its stake in Eastern Tobacco on the Cairo exchange, Minister of Public Enterprise Khaled Badawy said in a statement on Monday. Badawy, who also heads the holding company, said the move is part of the government's broader initiative to sell stakes in various state companies on the Cairo exchange to raise government funds and draw more investors to the exchange.

Source: [Reuters](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **With IMF nod, industry body IFSB to tighten Islamic finance guidance**

The Islamic Financial Services Board (IFSB) will expand its guidance for national regulators after the International Monetary Fund (IMF) adopted its standard for Islamic banking, hastening efforts to harmonize business practices. Islamic finance is now of significant size to be considered systemically important in over a dozen countries, prompting closer scrutiny from policy makers on its potential impact on financial systems.

Source: [Zawya](#)

### **Indonesia's currency is spiraling. It'll have to make sacrifices to save it**

The rupiah has been one of the worst-hit Asian currencies amid rising U.S. Treasury yields and strengthening in the dollar. Indonesia's central bank announced an off-schedule meeting on May 30, increasing speculations that it will hike interest rates again to support the rupiah. Indonesia increased interest rates just two weeks ago, so another rise so quickly would likely hurt growth, analysts said.

Source: [CNBC](#)

### **Markets need more clarity, and progress, on US trade and foreign policy issues**

The European Union and China are fighting to keep their huge trade surpluses while accusing the U.S. of protectionism and destruction of multilateral economic and political systems. Washington is ceding ground despite facts in its favor. It's time to show progress on America's trade, and to re-state the foreign policy agenda.

Source: [CNBC](#)

### European Union moves to ban single-use plastics

The European Commission on Monday proposed banning single-use plastic products such as cotton buds and plastic straws and putting the burden of cleaning up waste on manufacturers in an effort to reduce marine litter. Under the proposal, single-use plastic products with readily available alternatives will be banned and replaced with more environmentally sustainable materials. The proposal also requires EU countries to collect 90 percent of single-use plastic drink bottles by 2025 and producers to help cover costs of waste management and clean-up.

Source: [CNBC](#)

### Asian Shares fall on Italian turmoil, euro, oil at multi-week lows

Asian shares fell on Tuesday and the euro slipped back to 6-1/2 month lows as early elections loomed in Italy, but a revival in diplomatic talks with North Korea and a retreat in oil prices from recent highs supported sentiment.

Source: [Reuters](#)

## COMMODITIES NEWS

### Gold steady after 2 sessions of fall; strong dollar weighs on market

Gold prices steadied on Tuesday after two straight sessions of fall, but a strong dollar continued to weigh on the market amid renewed hopes of a U.S.-North Korean summit. Spot gold XAU= was nearly unchanged at \$1,297.31 per ounce at 0354 GMT, while U.S. gold futures GCcv1 for June delivery fell 0.5 percent to \$1,296.90 per ounce.

Source: [NASDAQ](#)

### Oil prices mixed but expected output increase drags

Oil prices were mixed in Asian trading on Tuesday, but remained under pressure from expectations that Saudi Arabia and Russia would pump more crude to ease a potential shortfall in supply. Brent crude futures LCOc1 were up 31 cents, or 0.41 percent, at \$75.61 a barrel at 0213 GMT, after settling at their lowest since May 8 at \$75.30. U.S. West Texas Intermediate (WTI) crude Clc1 was down \$1.05, or 1.55 percent, at \$66.83 a barrel, sitting around its lowest since April 17.

Source: [Reuters](#)