

U Capital Morning Brief

30 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	890.0	2.16	0.24%	-8.65%	-	-	-
U Capital GCC 50 Index	1,285.8	4.49	0.35%	12.33%	-	-	-
U Capital MENA 200 Index	1,057.0	2.27	0.22%	6.22%	-	-	-
MSCI GCC Countries Index	524.8	2.24	0.43%	9.38%	14.71	1.71	4.0%
Muscat Securities Market	4,598.1	6.99	0.15%	-9.83%	11.44	1.00	5.3%
Saudi Stock Exchange	7,999.6	36.82	0.46%	10.70%	18.01	1.78	3.4%
Kuwait Stock Exchange	4,853.1	10.89	0.22%	NA	14.41	1.24	4.0%
Qatar Exchange	9,126.4	1.16	0.01%	7.07%	13.59	1.40	4.8%
Bahrain Stock Exchange	1,262.9	2.42	0.19%	-5.17%	8.24	0.82	6.5%
Dubai Financial Market	2,924.9	-5.03	-0.17%	-13.21%	9.42	1.11	5.8%
Abu Dhabi Exchange	4,575.2	27.82	0.61%	4.02%	12.24	1.37	5.3%
Beirut Stock Exchange	1,104.4	0.00	0.00%	-3.85%	5.53	0.67	8.9%
Palestine Stock Exchange	538.9	-0.65	-0.12%	-6.21%	13.07	1.18	5.7%
Tunis Se Index	7,578.0	-20.52	-0.27%	20.63%	19.47	2.64	2.0%
EGX 30 Index	17,005.9	214.77	1.28%	13.23%	17.46	2.75	2.0%
Amman General Index	2,100.6	-9.17	-0.43%	-1.23%	16.11	1.04	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,632.6	-1.26%	-0.7%
DAX	Germany	12,666.5	-1.53%	-1.9%
CAC 40	France	5,438.1	-1.29%	2.4%
United States				
DJIA	USA	24,361.5	-1.58%	-1.4%
S&P 500	USA	2,689.9	-1.16%	0.6%
NASDAQ	USA	7,396.6	-0.50%	7.1%
Asia Pacific				
NIKKEI 225	Japan	22,015.3	-1.54%	-3.3%
HANG SENG	Hongkong	30,003.8	-1.57%	0.3%
KSE 100 Index	Pakistan	42,455.5	-0.39%	4.9%
NSE Nifty 50	India	10,565.5	-0.64%	0.3%
SHANGHAI Composite	China	3,076.8	-1.40%	-7.0%
KOSPI Index	South Korea	2,404.0	-2.17%	-2.6%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.749	1.335
British Pound (GBP)	1.325	0.755
Canadian Dollar (CAD)	0.767	1.304
Chinese Renminbi (CNH)	0.156	6.426
Egyptian Pound (EGP)	0.056	17.929
Euro (EUR)	1.153	0.867
Indian Rupee (INR)	0.015	62.829
Japanese Yen (JPY)	0.009	108.530
New Zealand Dollar (NZD)	0.691	1.447
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.615
Russian Ruble (RUB)	0.016	67.733
Singapore Dollar (SGD)	0.743	1.345
Turkish Lira (TRY)	0.220	4.538

Commodity Prices	Price	D/D	YTD
		USD	%
Oil			
Brent Crude (per bbl)	75.0	-0.49%	14.6%
WTI Crude (per bbl)	66.5	-0.37%	10.0%
Oman Crude Oil (Last Closing)	74.3	0.04%	16.1%
OPEC (per bbl)	73.4	-2.00%	13.8%
Precious Metals			
Gold100 OZ (per oz)	1,299.4	0.04%	-0.3%
Silver (per oz)	16.4	0.04%	-3.4%
Platinum (per oz)	905.7	0.02%	-2.7%
Other Metals			
Copper, MT	6,860	-0.36%	-5.3%
Aluminium, MT	2,275	0.53%	0.3%
Lead, MT	2,447	0.35%	-1.6%
Zinc, MT	3,089	1.25%	-6.9%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.55	42.1%
Saudi Arabia	2.44	28.6%
Kuwait	1.94	3.3%
Oman	2.31	21.0%
Qatar	2.63	-0.7%
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	5.9
Bahrain	10/12/2028	8.6

Midswaps	Price	YTM %
3 year	100.42	2.5
5 year	100.59	2.6
10 year	100.61	2.8
30 year	102.70	3.0

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

CBO issues treasury bills worth OMR55m

Oman's central bank raised OMR55 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from May 30, until June 27, 2018. The average accepted price reached 99.878 for every OMR100, and the minimum accepted price arrived at 99.860 per OMR100. Whereas the average discount rate and the average yield reached 1.58799 per cent and 1.58993 per cent, respectively.

Source: [Times of Oman](#)

New aggregate terminal coming up at Sohar Port

Highlighting the rapid growth in Oman's aggregate market, Marafi SOHAR has joined hands with Sohar Port and Freezone to develop and operate a new high-capacity mineral aggregate terminal at the port. The agreement was formalized between Sohar Port and Marafi on May 23 at the Sohar Port and Freezone branch office in Muscat. Sohar Port CEO Mark Geilenkirchen signed the agreement with Dr. Ahmed Mohammed Al Abri representing Marafi SOHAR.

Source: [Times of Oman](#)

Mekunu takeaway: Why insurance coverage is imperative

Low insurance penetration in Dhofar Governorate, parts of which were devastated by Cyclone Mekunu during its destructive sweep of the region over the past weekend, means that significant numbers of uninsured property and farm owners are unlikely to receive compensation for damage to their holdings, say market experts. With the exception of industries, factories, hotels and resorts, and well-established commercial businesses operating in the governorate, few other holdings — whether residential homes or small farm — are covered, the Observer has learnt. The low uptake of insurance coverage in the governorate, particularly among home and farm owners, is partly attributable to cultural reasons, it is pointed out.

Source: [Oman Observer](#)

NATIONAL GAS: National Gas Company signs MOU in India

National Gas Company SAOG, the Company, after a detailed due diligence and market feasibility on the LPG market in India, has entered into a Memorandum of Understanding (MOU) on 29 May 2018 with Krishnapatnam Port Company Limited (KPCL) in the state of Andhra Pradesh in India to engage in further discussions for setting up an LPG import and storage terminal. Post the MOU signing and consequent to the fruitful outcome of the detailed discussions, the Company would be incorporating the required legal entity in India to enter into the requisite agreements for this project.

Source: [MSM](#)

Consumer Price Index in Oman shows upward trend

The Consumer Price Index (CPI) in Oman showed an upward trend from 69.7 points in 2004 to 104.9 points in 2017, according to the latest bulletin of the National Centre for Statistics and Information (NCSI). During the period between 2011 and 2017, the magnitude of the change in the index was highest in 2011, with 4.1 per cent, and the lowest in 2015, when it was 0.1 per cent.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Gulf stocks see limited gains, property shares weigh on Dubai

Dubai shares were sluggish on Tuesday, dragged down by property stocks, while other Gulf markets closed in positive territory. Gains were modest amid very thin trading volumes during the holy month of Ramadan, a risk-off sentiment in foreign markets as well as slightly lower oil prices over the past few days. In Dubai where the index slipped 0.2 percent, property stocks such as Union Properties and blue-chip Emaar Properties lost 1.1 percent and 0.6 percent, respectively.

Source: [Reuters](#)

GCC BANKS SHOW RESILIENCE TO EFFECTS OF IFRS 9, SAYS S&P

Banks in the GCC countries have shown resilience to the effects of the International Financial Reporting Standard No 9 (IFRS 9) which was adopted by the banks from January 1 this year, according to S&P Global Ratings. 'As we anticipated, the overall impact appears manageable. What's more, classification and measurement under IFRS 9 had little influence on the overall impact, owing to the banks' good investment quality, limited trading activities, and largely hold-to-collect or hold-to-collect and sell, business models', the ratings agency said in a report released on Tuesday.

Source: [Muscat Daily](#)

Saudis, UAE, Kuwait plan June 2 meeting on OPEC issues

Saudi Arabia, the United Arab Emirates and Kuwait are planning to meet on Saturday (June 2) to discuss OPEC matters, Bloomberg reported, citing sources. Saudi Energy Minister Khalid Al-Falih will meet with Kuwait's Bakheet Al Rashidi and the UAE's Suhail Al Mazroui — the holder of OPEC's rotating presidency — in Kuwait City, according to people with direct knowledge of the matter.

Source: [Argaam](#)

IFRS 9 adoption to drive higher provisions for Saudi banks

The implementation of the International Financial Reporting Standard (IFRS) 9 is likely to drive higher provisions for Saudi banks in the near-term, with lenders set to exercise greater caution to avoid future volatility of net income, analysts told Argaam. As of Jan. 1, 2018, Saudi-based banks began to apply the IFRS 9 accounting standard, which provisions to be set aside for credit impairment on anticipation of customer default, not when actual default happens. IFRS 9 has a direct impact on banks' solvency positions and shareholders' equity.

Source: [Argaam](#)

Al-Khodari's capital hike to boost growth, says CEO

Abdullah A. M. Al-Khodari Sons Co.'s (Al-Khodari) capital increase through debt conversion is a strong step that will help boost the firm forward, Fawwaz Al-Khodari, chief executive officer, told CNBC Arabia. Al-Khodari has offered debt settlement to a number of companies. The firms included in the settlement account for 40 percent of Al-Khodari's liabilities to suppliers, subcontractors and the holding company (major shareholder), he said.

Source: [Argaam](#)

Saudi bank lending climbs on real estate loans

Bank lending to the private sector in Saudi Arabia rose in April, providing a tentative sign that confidence in the Kingdom's economy is returning, say analysts. Total bank credit to the private sector increased by about 0.7 percent compared to the same month the previous year, according to Saudi Arabian Monetary Authority (SAMA) data.

Source: [Zawya](#)

Moody's assigns A3 insurance financial strength rating to Chubb Arabia Cooperative Insurance Company; Stable Outlook

Moody's Investors Service has today assigned an A3 insurance financial strength rating (IFSR) to Chubb Arabia Cooperative Insurance Company (Chubb Arabia). The outlook for Chubb Arabia is stable. Based in Saudi Arabia, Chubb Arabia is the Saudi P&C affiliate of Chubb INA International Holdings Ltd. which in itself is part of Chubb Limited (Chubb or group, whose principal US and Bermuda-based insurance subsidiaries have IFSRs of Aa3, Positive).

Source: [Moody's](#)

Al Ahli Bank of Kuwait Seeks Acquisitions as Gulf Lenders Merge

Al Ahli Bank of Kuwait is on the lookout for acquisitions in the Gulf region as it seeks to boost revenue from international operations. "We want to manage and absorb the last merger, but we're always looking for acquisitions," Chief Executive Officer Michel Accad said in an interview on Monday in Kuwait City. "We can consider anything at the right price, but not anywhere, we have a preference for the Gulf Cooperation Council."

Source: [Bloomberg](#)

Kuwait's banking sector profits grew 8.9%: KPMG

KPMG has recently released the third edition of the 'GCC listed banks results' report. The report shows that the banking sector in Kuwait saw a healthy profit of 8.9 % compared to 2016. The total assets stood at US\$ 251.9 billion, at the end of 2017, with a 5.9% increase compared to the previous year 2016. The report, titled 'Shifting Horizons', analyzed the published results of listed banks across the region for the year ended Dec 31, 2017.

Source: [Zawya](#)

Abu Dhabi appoints new board, chairman for its bourse

The Crown Prince of Abu Dhabi Sheikh Mohammed bin Zayed has appointed new members of the board of directors of Abu Dhabi Securities Exchange (ADX), including Khalid Abdullah Al Muhairi as a chairman, the state news agency WAM reported. WAM said four other members of the new board were named by the Crown Prince, including the current vice chairman Khalefa Al Mansouri. Al Muhairi served as a managing director at the Abu Dhabi executive Council, the top policymaking body in the emirate.

Source: [Gulf Business](#)

UAE non-oil economic growth slows slightly in Q1

Non-oil economic activity in the United Arab Emirates grew by 3.1 per cent from a year earlier in the first quarter, slowing slightly from 3.4 per cent in the final quarter of 2017, the central bank estimated on Tuesday. Overall economic activity, which includes oil output, grew by 1.2 per cent in the first quarter, accelerating from 0.1 per cent in the previous quarter. The central bank raised its forecast for gross domestic product growth in 2018 to 2.7 per cent from its previous forecast of 2.5 per cent.

Source: [Gulf Business](#)

Qatari banks exposed to new banking bad loan rules

Qatari banks have been hardest hit by new accounting rules aimed at ensuring Gulf lenders have put enough aside to cover potentially bad loans, according to a new report. Gulf lenders have shown "resilience" to the new accounting rules introduced at the start of the year, according to S&P Global. The agency said that the impact of the regulation on the region's banks "appears manageable" due to the quality of investments held by the financial institutions and their limited trading activities.

Source: [Arab News](#)

No fines on Dubai companies as government relaxes renewal terms

In a major relief to businesses in Dubai, the government has decided to exempt companies from all fines and they can benefit from this decision and renew their licences by the end of 2018. Sami Al Qamzi, director-general, Department of Economic Development in Dubai, urged all business owners to benefit from the decision, which exempts companies and establishments operating in Dubai from all the fines imposed on them, and facilitate the procedures for renewing licenses by the end of 2018.

Source: [Khaleej Times](#)

Alba Line 6 reach Major Milestone with Pot Shells' Fabrication Complete

Aluminium Bahrain B.S.C. (Alba)'s Chief Executive Officer, Tim Murray paid a scheduled visit to Ahmed Mansoor Al Aali (AMA Group), one of the major Bahraini contractors for its Line 6 Expansion Project, to celebrate the successful fabrication of 427 Pot Shells in early-May 2018.

Source: [Bahrain Bourse](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Stocks take battering as Italian crisis roils financial markets

Asian stocks extended a global sell-off on Wednesday as Italy's political crisis rippled across financial markets, toppling the euro to a 10-month low, pushing up Italian borrowing costs and sending investors rushing to safe-haven assets such as U.S. Treasuries.

Source: [Reuters](#)

New Chinese plans are raising questions about Hong Kong's IPO prominence

China is laying the groundwork for China Depository Receipts, allowing major firms to issue a type of secondary listing in the mainland. Some are worried that could negatively affect the Hong Kong IPO market, but experts said it's unlikely to have a major impact in the short term.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices mixed amid worries over growing supplies

Oil prices were mixed in early Asian trade on Wednesday, with worries that Saudi Arabia and Russia will pump more crude weighing on the market. Saudi Arabia and Russia have discussed raising OPEC and non-OPEC oil production by 1 million barrels per day (bpd) to counter potential supply shortfalls from Venezuela and Iran. Brent crude was down 1 cent at \$75.38 a barrel by 0015 GMT, after settling up 9 cents on Tuesday.

Source: [CNBC](#)

Gold gains as Italy crisis drives safe-haven buying

Gold prices rose in early Asian trade on Wednesday as political turmoil in Italy and concerns over Sino-U.S. trade conflict spurred safe-haven demand. Spot gold XAU= had risen 0.3 percent to \$1,301.98 per ounce by 0125 GMT.

* Italy may hold repeat elections as early as July after the man asked to be prime minister failed to secure support from major political parties for even a stop-gap government, sources said on Tuesday, as markets tumbled on the growing political turmoil.

Source: [NASDAQ](#)