

U Capital Morning Brief

4 June 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	896.0	1.06	0.12%	-8.03%	-	-	-
U Capital GCC 50 Index	1,314.9	34.43	2.69%	14.87%	-	-	-
U Capital MENA 200 Index	1,074.8	18.46	1.75%	8.01%	-	-	-
MSCI GCC Countries Index	537.7	7.75	1.46%	12.08%	14.30	1.77	3.9%
Muscat Securities Market	4,602.1	-4.60	-0.10%	-9.75%	11.45	1.00	5.3%
Saudi Stock Exchange	8,329.6	168.47	2.06%	15.27%	18.77	1.85	3.2%
Kuwait Stock Exchange	4,857.3	11.42	0.24%	NA	14.44	1.24	4.0%
Qatar Exchange	8,931.0	50.47	0.57%	4.78%	13.30	1.37	4.9%
Bahrain Stock Exchange	1,265.6	-0.15	-0.01%	-4.96%	8.26	0.82	6.5%
Dubai Financial Market	2,987.3	23.12	0.78%	-11.36%	9.62	1.13	5.7%
Abu Dhabi Exchange	4,566.1	-38.99	-0.85%	3.81%	12.21	1.37	5.3%
Beirut Stock Exchange	1,101.5	-2.13	-0.19%	-4.10%	5.53	0.66	8.9%
Palestine Stock Exchange	541.6	-0.56	-0.10%	-5.73%	13.21	1.18	5.6%
Tunis Se Index	7,647.6	32.17	0.42%	21.74%	19.51	2.66	1.9%
EGX 30 Index	16,675.3	260.78	1.59%	11.03%	17.32	2.67	2.0%
Amman General Index	2,081.6	-14.39	-0.69%	-2.12%	15.63	1.03	4.6%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe					Currency		
FTSE 100	UK	7,701.8	0.31%	0.2%	Australian Dollar (AUD)	0.762	1.313
DAX	Germany	12,724.3	0.95%	-1.5%	British Pound (GBP)	1.337	0.748
CAC 40	France	5,465.5	1.24%	2.9%	Canadian Dollar (CAD)	0.773	1.294
United States					Chinese Renminbi (CNH)	0.156	6.416
DJIA	USA	24,635.2	0.90%	-0.3%	Egyptian Pound (EGP)	0.056	17.897
S&P 500	USA	2,734.6	1.08%	2.3%	Euro (EUR)	1.169	0.855
NASDAQ	USA	7,554.3	1.51%	9.4%	Indian Rupee (INR)	0.015	62.206
Asia Pacific					Japanese Yen (JPY)	0.009	109.630
NIKKEI 225	Japan	22,470.0	1.36%	-1.3%	New Zealand Dollar (NZD)	0.701	1.428
HANG SENG	Hongkong	30,889.9	1.30%	3.2%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	42,972.4	0.18%	6.2%	Pakistani Rupee (PKR)	0.865	115.615
NSE Nifty 50	India	10,698.6	0.02%	1.6%	Russian Ruble (RUB)	0.016	67.045
SHANGHAI Composite	China	3,081.8	0.22%	-6.8%	Singapore Dollar (SGD)	0.748	1.337
KOSPI Index	South Korea	2,447.8	0.36%	-0.8%	Turkish Lira (TRY)	0.216	4.634

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
Oil						
Brent Crude (per bbl)	76.5	-0.44%	17.4%	UAE	2.54	41.4%
WTI Crude (per bbl)	65.7	-0.15%	8.8%	Saudi Arabia	2.44	28.8%
Oman Crude Oil (Last Closing)	74.5	-1.00%	16.4%	Kuwait	2.00	6.7%
OPEC (per bbl)	75.2	1.97%	16.6%	Oman	2.31	21.0%
Precious Metals						
Gold 100 OZ (per oz)	1,291.3	-0.20%	-0.9%	Qatar	2.63	-0.5%
Silver (per oz)	16.4	-0.09%	-3.2%	Bahrain	3.21	17.8%
Platinum (per oz)	902.6	-0.19%	-3.0%	GCC Latest 10-Yr Government Bond Yields		
Other Metals						
Copper, MT	6,896	0.64%	-4.8%		Maturity date	YTM, %
Aluminium, MT	2,305	0.57%	1.6%	Kuwait	3/20/2027	3.9
Lead, MT	2,444	-0.57%	-1.7%	Abu Dhabi	10/11/2027	4.0
Zinc, MT	3,101	0.03%	-6.6%	Qatar	6/2/2026	4.2
				Saudi Arabia	3/4/2028	4.3
				Oman	1/17/2028	6.1
				Bahrain	10/12/2028	8.7

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.01	2.6	1m	2.00	28.2%
5 year	99.93	2.8	3m	2.32	36.8%
10 year	99.64	2.9	6m	2.47	34.7%
30 year	101.22	3.1	1 year	2.72	29.3%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Can Duqm become the Arab world's next 'great city?'

The town of Duqm was once a sleepy outpost on Oman's central eastern seaboard. Located roughly 330 miles south of the nation's capital, Muscat, it has been home to fishermen and their families for generations. But things are changing fast. "The town is really growing a lot ... especially in the last year," says Vijay Handa, cluster general manager of the City Hotel Duqm, one of three new hotel chains catering to an influx of businesspeople.

Source: [CNN](#)

Oman to raise OMR100m in development bonds

Oman's central bank has announced issue of government development bonds to the tune of OMR100 million. The issue, which will have a maturity of five years, will carry a coupon rate of 4.75 per cent per annum. The issue will open for subscription between June 10 and June 25 2018, while the auction will be held on Tuesday, June 26, 2018. The issue settlement date will be on June 28, 2018. Interest on the new bonds will be paid semiannually on December 28, and June 28, every year until maturity date on June 28, 2023.

Source: [Times of Oman](#)

Engie eyes expansion in Oman

Engie, which currently has a participation in seven power and water plants in Oman, together with its local partners, is focusing on several investment opportunities in renewable and energy services with a view to diversifying its portfolio. Present in the country since 1995, with the establishment of Manah Power plant, Engie is the first private investment project in the electricity sector, said Eng. Hamed Al Maghderi, Country Director of Engie Oman.

Source: [Times of Oman](#)

Duqm Refinery issues 'Notice to Proceed'

Following the groundbreaking ceremony of Duqm Refinery held at the project site on April 26, officials have now formally issued a "notice to proceed" (NTP) to the contractors of the three EPC packages worth US\$5.75 billion. The formal issuance of the NTP signifies the start of the construction work of the 230,000bpd refinery project.

Source: [Times of Oman](#)

Mekunu will not affect business in Dhofar, say hotel operators

Recovery work in Dhofar is going on in full swing, with most resorts expected to fully reopen in time for Eid al Fitr and Khareef season. Hotel operators are hopeful the damage caused due to Cyclone Mekunu will not be a deterrent to visitors. Marhoon Said al Amri, director general of Tourism too, said, that the tourist season this year is expected to be better than the previous one thanks to the heavy rain that the governorate witnessed due to Mekunu. Salalah gets maximum visitors during the Khareef season.

Source: [Muscat Daily](#)

TAKAFUL OMAN INSURANCE: Disclosure of Impact of Mekunu Cyclone

"In compliance with the circular No. KH/2-2018, dated 27th May 2018, regarding the impact of Cyclone Mekunu, Takaful Oman wishes to inform the shareholders & investors that, there are no damages to company's own properties. Takaful Oman has underwritten risk in dhofar region, we started getting the claims notifications. Our claims teams which includes surveyors are in Dhofar region to assess the impact of losses. We are constantly monitoring the situation and would update in due course on the net impact on financials (if any)."

Source: [MSM](#)

ARABIA FALCON INSURANCE: Disclosure of Impact of Mekunu Cyclone

In compliance with the circular No. KH/12-2018, dated 27th May 2018, regarding the impact of Cyclone Mekunu, Arabia Falcon Insurance SAOG wishes to inform the shareholders that, there are no damages to company's own properties. However, with regards to our insured's properties, we started receiving some initial notification of claims in respect of damages caused by Cyclone Mekunu to property, contents and projects located in areas caught under flooding in Salalah. Surveyors and Loss Adjusters have been deputed to assess and report and clear details of the extent of loss are awaited from the claimants and hence a quantification of the loss cannot be presently determined. The Management of Arabia Falcon Insurance SAOG confirms that the Company is adequately protected against these losses through extensive and robust reinsurance arrangements supported by well rated reinsurers. The net impact to AFIC from accumulation of all such claims is not expected to exceed RO 240,000/-

Source: [MSM](#)

SALALAH PORT SERVICES: Update on Port of Salalah

As already reported, Port of Salalah was severely affected by one of the worst cyclones in the recent history last week. Nearly two meters of flood water entered the port which practically submerged most of our equipment and infrastructure, which might require significant refurbishment and repairs to resume normal operations. The port has declared Force Majeure due to the cyclone. The impact assessment is ongoing. To meet the nation's demand in the wake of this emergency, the Port has been working the round the clock to clean the terminal and prepare for the commencement of limited operations. Port has commenced limited operations in our general cargo terminal by handling a few Omani navy vessels carrying relief cargo, an ORPIC vessel carrying fuel supply to the region and vessels for meeting the urgent needs of the local industries.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-New labor minister boosts Saudi market, Emaar lifts Dubai

The Saudi stock market jumped on Sunday after the weekend appointment of a prominent businessman as labour minister, a move widely welcome by the private sector. Ahmed bin Suleiman al-Rajhi is expected to create a friendlier business environment, enhance communication between the public and the private sectors and help support small and medium enterprises, economists said. The Saudi exchange closed up 2 percent, with banking stocks Samba Financial Group and Al Rajhi Bank rising 4.7 percent and 5.2 percent respectively. The new minister is a son of the founder of Al Rajhi.

Source: [Zawya](#)

Qatar Petroleum buys stake in Exxon's Argentina shale assets

Qatar Petroleum signed an agreement on Sunday with Exxon Mobil to acquire a 30 percent stake in two of Exxon's affiliates in Argentina, giving QP access to oil and gas shale assets in the Latin American country. The deal would give QP, the world's biggest supplier of liquefied natural gas (LNG), a 30 percent share in two of Exxon's local affiliates in Argentina - ExxonMobil Exploration Argentina S.R.L. and Mobil Argentina S.A., which holds rights with other partners for seven blocks, QP said in a statement.

Source: [Reuters](#)

The \$26 Billion Reason Why Qatari Banks Are Enduring the Embargo

Qatari banks have fared surprisingly well since four Arab nations started a boycott a year ago. It's thanks to the government and state-owned companies, which increased deposits by about \$26 billion since May 2017, making up for a flight of capital after a Saudi-led group of nations cut commercial links with the country. That helped buoy an industry where foreign deposits accounted for about 25 percent.

Source: [Bloomberg](#)

Property firms in UAE report \$1.18bln in Q1 profit

The combined profits of 13 listed property companies in the UAE surged to AED4.35 billion during Q1, a growth of 29.4 percent from AED3.36 billion in Q1 2017. The marked profit growth beats the expectations of industry analysts well versed with the realty sector, which, according to official figures, leads the market in terms of dividend distributions, thanks to a consistently growing demand.

Source: [Zawya](#)

Kuwait's oil revenues likely to score \$56bln: Al Shall

Kuwait is expected to have achieved oil revenues worth KWD 1.5 billion (\$4.96 billion) in May, assuming that oil production and prices would remain at the current levels. As reported by Al Shall Consulting, Kuwait's oil revenues would score about KWD 16.8 billion in oil revenues for the entire current fiscal year, which is KWD 3.5 billion higher than the value of oil revenues estimated for the budget at KWD 13.3 billion.

Source: [Zawya](#)

Debt instruments worth SAR 9 bn to debut on Tadawul today

The Saudi Stock Exchange (Tadawul) has approved the finance ministry's request to list and trade SAR 8.95 billion in local-currency government debt instruments as of June 4, 2018. Last April, about SAR 204.39 billion in local-currency government debt instruments were listed and traded on the Saudi Stock Exchange (Tadawul).

Source: [Argaam](#)

Stronger oil, investment flows to boost Saudi non-oil GDP: PwC

The impact of value-added tax (VAT) on Saudi Arabia and the United Arab Emirates (UAE) non-oil GDP growth should be mitigated in 2018 if oil prices and regional investment flows remain strong, auditing firm PwC said in a report on Sunday. Saudi Arabia and the UAE introduced VAT in January this year.

Source: [Argaam](#)

Al Akaria secures SAR 650mn Islamic financing deal

Saudi Real Estate Co. (Al Akaria) signed on May 31 a long-term Islamic financing contract with Riyad Bank worth SAR 650 million, the firm said in a statement on Tadawul on Sunday. The seven-year contract starts from the date of withdrawal, including a two-year grace period before the first installment, the statement said.

Source: [Argaam](#)

Dar Al Arkan launches SR600m Mirabilia villas

Dar Al Arkan, the largest listed real estate developer in the Kingdom of Saudi Arabia, announced the launch of the SR600 million Mirabilia upscale residential villas with interiors by Italian fashion house Roberto Cavalli, in the SR10 billion Shams Ar Riyadh Development. Mirabilia, or "Marvels" in Latin, presents a collection of high-end custom-built three to seven bedroom residential villas that range from 300 sq.m. to 1600sq.m. in the fashionable five million square meters "Shams Ar Riyadh" mixed-used development.

Source: [Saudi Gazette](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares gain as upbeat US jobs data offsets trade worries

Asian shares edged up on Monday as strong US jobs data offset worries that tariff wars between the United States and the rest of the world could drag global economic growth lower. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3 percent while Japan's Nikkei rose 1.0 percent. On Wall Street on Friday, US tech shares soared, pushing up the Nasdaq Composite 1.51 percent to 7,554, near its record closing high of 7,588 marked in March.

Source: [Money Control](#)

US to impose steel tariffs on Canada, Mexico, EU

The United States announced on Thursday that it will impose tariffs on aluminum and steel imports from Canada, Mexico, and the European Union (EU). The decision comes after a two-month temporary exemption expired without trade agreements materializing. Concerns regarding a trade war are now rising, with all parties involved expected to retaliate against American products

Source: [Mubasher](#)

US economic growth revised to 2.2% in Q1

Second estimates for the United States' real gross domestic product (GDP) showed a slower growth in the first quarter of 2018. GDP registered a 2.2% year-on-year growth in Q1-18, slower than the 2.9% rate reported for Q4-17, the Bureau of Economic Analysis (BEA) said on Wednesday. Meanwhile, current-dollar GDP rose 4.2% by \$202.7 billion in the first three months of 2018, reaching \$19.96 trillion from \$253 billion in the final quarter of 2017.

Source: [Mubasher](#)

June 12 could be a big date for US-China ties — and not because of North Korea

A senior U.S. official is expected to attend a June 12 launch for the American Institute in Taiwan's new office in a move that could irritate China. The non-profit organization operates as the de-facto U.S. embassy in Taipei and its new facility represents strengthened U.S.-Taiwan relations. Beijing opposes other countries pursuing relations with the island.

Source: [CNBC](#)

Trade Tensions Intensify With Trump and Allies Set For Showdown

President Donald Trump is headed for a showdown with America's allies at a Group of Seven summit this week in Quebec, with the European Union and Canada threatening retaliatory measures unless he reverses course on new steel and aluminum levies. China, meanwhile, is warning it will withdraw commitments it made on trade if the president carries out a separate threat to impose tariffs on the Asian country.

Source: [Bloomberg](#)

COMMODITIES NEWS

Crude oil prices ease on record US production, higher OPEC supplies

Brent crude oil futures dipped for a second session on Monday, with prices coming under pressure from record US output and expectations of higher OPEC supplies. Global benchmark Brent was down 12 cents, or 0.16 percent, at \$76.67 a barrel by 0159 GMT. "Crude oil remained under pressure as the market remained focused on the discussion between OPEC members about whether they should increase production later this year," ANZ said in a note.

Source: [Arab News](#)

Gold steady amid U.S. rate hike prospects

Gold prices were little changed on Monday as expectations of a U.S. rate hike this month offset support from trade war worries. Spot gold was nearly unchanged at \$1,292.96 per ounce by 0340 GMT, after hitting its lowest since May 23 at \$1,289.12 in the previous session. U.S. gold futures for August delivery were down 0.2 percent at \$1,297.20 per ounce. Better-than-expected U.S. economic data released on Friday is weighing on prices.

Source: [Reuters](#)

Saudi crown prince, UK PM note importance of oil market stability

Saudi Crown Prince Mohammed bin Salman and British Prime Minister Theresa May discussed the importance of oil market stability in a telephone conversation, May's office said on Sunday. "Prime Minister May and the crown prince noted the importance of stability in the oil markets, which they said was in the interests of both consumers and producers," a statement said. The call took place on Saturday.

Source: [Arab News](#)

Gold dips after upbeat U.S. payrolls data

Gold fell on Friday after stronger than forecast U.S. payrolls data boosted expectations that the Federal Reserve will press ahead with another U.S. interest rate hike this month, lifting the dollar. The metal is highly sensitive to rising rates, which increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.

Source: [Reuters](#)

