

U Capital Morning Brief

10 July 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	869.6	-1.87	-0.21%	-10.75%	-	-	-
U Capital GCC 50 Index	1,313.0	1.49	0.11%	14.71%	-	-	-
U Capital MENA 200 Index	1,069.6	0.96	0.09%	7.48%	-	-	-
MSCI GCC Countries Index	543.0	4.13	0.77%	13.18%	14.42	1.79	3.9%
Muscat Securities Market	4,517.3	-2.75	-0.06%	-11.41%	11.26	0.98	5.4%
Saudi Stock Exchange	8,326.6	104.06	1.27%	15.23%	18.95	1.86	3.2%
Kuwait Stock Exchange	5,131.2	-6.74	-0.13%	NA	15.29	1.32	3.8%
Qatar Exchange	9,265.0	-60.15	-0.65%	8.70%	13.80	1.42	4.7%
Bahrain Stock Exchange	1,334.4	-1.89	-0.14%	0.20%	8.71	0.87	6.2%
Dubai Financial Market	2,875.3	-10.03	-0.35%	-14.68%	9.28	1.09	5.9%
Abu Dhabi Exchange	4,617.0	1.50	0.03%	4.97%	12.37	1.40	5.2%
Beirut Stock Exchange	1,036.8	-6.47	-0.62%	-9.73%	5.60	0.63	9.4%
Palestine Stock Exchange	544.4	-0.64	-0.12%	-5.26%	13.14	1.20	4.5%
Tunis Se Index	8,069.5	-28.89	-0.36%	28.46%	21.06	2.87	1.6%
EGX 30 Index	15,785.9	-53.91	-0.34%	5.11%	15.69	2.53	2.2%
Amman General Index	2,052.3	-4.75	-0.23%	-3.50%	15.35	1.02	4.4%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,688.0	0.92%	0.0%
DAX	Germany	12,543.9	0.38%	-2.9%
CAC 40	France	5,398.1	0.42%	1.6%
United States				
DJIA	USA	24,776.6	1.31%	0.2%
S&P 500	USA	2,784.2	0.88%	4.1%
NASDAQ	USA	7,756.2	0.88%	12.4%
Asia Pacific				
NIKKEI 225	Japan	22,271.5	0.98%	-2.2%
HANG SENG	Hongkong	28,824.2	0.48%	-3.7%
KSE 100 Index	Pakistan	38,993.5	-0.77%	-3.7%
NSE Nifty 50	India	10,910.7	0.53%	3.6%
SHANGHAI Composite	China	2,816.1	0.03%	-14.8%
KOSPI Index	South Korea	2,297.8	0.53%	-6.9%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.747	1.340
British Pound (GBP)	1.324	0.755
Canadian Dollar (CAD)	0.762	1.313
Chinese Renminbi (CNH)	0.151	6.614
Egyptian Pound (EGP)	0.056	17.915
Euro (EUR)	1.174	0.852
Indian Rupee (INR)	0.015	62.491
Japanese Yen (JPY)	0.009	111.170
New Zealand Dollar (NZD)	0.684	1.461
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.823	121.543
Russian Ruble (RUB)	0.016	68.781
Singapore Dollar (SGD)	0.738	1.354
Turkish Lira (TRY)	0.212	4.708

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	78.7	0.79%	21.5%
WTI Crude (per bbl)	74.4	0.72%	23.1%
Oman Crude Oil (Last Closing)	75.2	1.35%	17.6%
OPEC (per bbl)	74.5	-0.94%	15.6%
Precious Metals			
Gold100 OZ (per oz)	1,258.6	0.07%	-3.4%
Silver (per oz)	16.1	0.03%	-4.9%
Platinum (per oz)	849.3	-0.20%	-8.7%
Other Metals			
Copper, MT	6,390	1.72%	-11.8%
Aluminium, MT	2,121	1.97%	-6.5%
Lead, MT	2,339	0.30%	-6.0%
Zinc, MT	2,705	-1.10%	-18.5%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.60	44.7%
Saudi Arabia	2.61	37.6%
Kuwait	2.00	6.7%
Oman	2.44	27.6%
Qatar	2.64	-0.2%
Bahrain	3.50	28.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.1
Oman	1/17/2028	5.9
Bahrain	10/12/2028	8.5

Midswaps	Price	YTM %
3 year	99.90	2.7
5 year	99.39	2.8
10 year	100.09	2.9
30 year	103.06	3.0

USD Libor	Rate (%)	YTD
1m	2.09	33.4%
3m	2.33	37.6%
6m	2.51	36.5%
1 year	2.77	31.6%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Market share of mobile resellers rises to 17pc of total subscribers

Oman's two remaining mobile resellers – Friendi and Renna – down from a total of six that were originally licensed to operate in the local telecom market – have seen their market share grow to an impressive 17 per cent of total subscribers in 2017 – a growth trend that the Telecom Regulatory Authority (TRA) wants to sustain by scrapping the current bar on investment by the host operators in the shares of the resellers. But ahead of any move to lift this restriction, the TRA has announced the start of a public consultation phase designed to elicit public feedback on this measure.

Source: [Oman Observer](#)

Contract for Duqm bus assembly plant by Sept

A contract for the construction of Oman's first bus assembly plant — in the Special Economic Zone at Duqm — is expected to be awarded by September this year, according to project officials associated with this landmark venture. The project is promoted by Karwa Motors — a strategic partnership between Qatar Transport, the national transport company in Qatar with a 70 per cent stake, and Oman Investment Fund (OIF), a sovereign wealth fund of the Sultanate of Oman, owning the balance 30 per cent. Project costs amount to \$90 million in Phase 1, with total investment expected to triple to \$270 million over the next two phases.

Source: [Oman Observer](#)

Omani e-commerce firms may face tax in US

Omani companies that engage in e-commerce transactions with the United States may end up having to pay sales tax after previously enjoying a tax-free status. The fear that Omani and other non-American companies may be taxed comes in the wake of the landmark Wayfair ruling of the US Supreme Court. Crowe Horwath, the public accounting, consultancy, and technology firm, issued a circular, which alerted Omani companies about the possibility of having to pay taxes in the US.

Source: [Times of Oman](#)

OMAN CHROMITE - Transfer of the Government shares in Oman Chromite Company (SAOG) to the State General

Oman Chromite announced that the Company has received on 08/07/2018 a copy of the Ministry of Finance letter on the subject of the decision to transfer the Government shares to the State General Reserve Fund. The transfer will be made in accordance to the rules made in the agreement between the Ministry of Finance and the State General Reserve Fund. We will advise you of any updates due to the transfer process.

Source: [MSM](#)

ARABIA FALCON INSURANCE - Resignation of the Chief Executive Officer

The Board of directors of Arabia Falcon Insurance SAOG 'Board' announces that Mr. A R Srinivasan, Chief Executive Officer of the Company tendered his resignation to the Board on the 8th of July 2018 for personal reasons. The Board accepted the resignation on the 9th of July 2018 and commenced the process for appointing a replacement before the end of Mr. Srinivasan's notice period, and shall update the market as and when the new Chief Executive Officer is appointed. Mr. Srinivasan shall serve his notice period, which ends by 7th October 2018, and shall continue in his position till the new Chief Executive Officer is appointed.

Source: [MSM](#)

OMAN TELECOMMUNICATION - Disclosure concerning renewal of Omantel first class mobile license

Omantel wishes to inform the investors and general public that it has received a letter from Telecom Regulatory Authority of Oman ("TRA") confirming acceptance of Omantel's application to renew its first-class mobile telecom license which is due to expire on 10th of February, 2019. Omantel will engage with the TRA to discuss, understand and evaluate the license renewal terms, conditions and obligations and further necessary disclosures will be made once the license renewal terms and obligations are finalized.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi issues draft law for public-private projects worth billions

Saudi Arabia has published a draft law covering partnerships between the government and private sector in a step towards launching billions of dollars' worth of infrastructure projects and attracting fresh foreign investment. The draft, revealed late on Sunday, offers investors exemptions from labor laws, real state ownership restrictions and other regulations. The government's National Centre for Privatization and Public-Private Partnerships said it would accept public comment on the draft for three weeks, before promulgation of the law on an unspecified future date. Riyadh announced in April that it aimed to generate 35 billion to 40 billion riyals (\$9 billion to \$11 billion) of non-oil state revenues from its privatization program by 2020.

Source: [Zawya](#)

Saudi Arabia's Leejam Sports to Offer Shares Next Month

Saudi Arabian sports and fitness business Leejam Sports Co will offer 30 percent of its existing shares in a public offering (IPO) next month, according to a prospectus on the Saudi bourse website. The listing is the latest in what is expected to be a busy pipeline of public share sales in the kingdom, encouraged by a government drive to entice investment and diversify the economy away from a reliance on oil. Leejam's subscription period takes place from August 1 to August 7. Source: [NY Times](#)

Expatriate Workers Are Leaving Saudi Arabia in Droves

Saudi Arabia's expatriate workers are leaving the kingdom by the thousands, and the exodus may not yet be over. As companies struggle with slower business and authorities impose more fees on foreigners, the biggest Arab economy is losing some of its allure to expats who once flocked to a country awash with petrodollars.

Source: [Bloomberg](#)

New center for Saudi financial auditing established

The Training and Emission Committee for civil servants adopted the Saudi Center for Financial Auditing and Performance Monitoring at the General Auditing Bureau as an authority to provide training programs in financial auditing and performance monitoring and apply the training regulations on civil service employees. The establishment of this center is part of the bureau's initiatives to increase the efficiency of workers under its control, at the orders that stress the need for the General Auditing Bureau to follow up these bodies.

Source: [Zawya](#)

Saudi cement sales record 2.1 mln tons in June

Aggregated sales of the listed Saudi cement companies, except for Umm Al-Qura Cement Company, grew to 2.09 million tons in June 2018, from 2.03 million tons in June 2017, data released from Yamama Cement Company said. Combined cement sales of 9 companies dropped in June this year, compared to the same month last year, led by Arabian Cement, Al Safwa Cement and Al Jouf Cement whose sales leveled down 35 percent. On the other hand, seven companies saw a rise.

Source: [Zawya](#)

NBK reports net profit of KD 185.9 mln for H1 2018

National Bank of Kuwait (NBK) reported net profits of KD 185.9 million (USD 613.8 million) for the period of 1H 2018 compared with KD 164.7 million (USD 543.9 million) in 1H 2017, growing 12.9% year-on-year. NBK's 2Q 2018 net profits reached KD 92.3 million (USD 304.7 million), compared to KD 79.3 million (USD 262.0 million) for the same period in 2017 recording an increase of 16.3% YoY.

Source: [Arab Times](#)

Dubai non-oil growth remains marked in June

Dubai's non-oil private sector growth improved at a marked rate in June, according to the latest Emirates NBD Dubai Economy Tracker, a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy. Although the headline index fell from May's recent peak, reflecting easing travel & tourism growth momentum, stronger expansions were registered in both the wholesale & retail and construction sectors

Source: [Zawya](#)

Remittances from UAE set to surge as Asian currencies continue to slide

Rising interest rates in the US, political and economic volatility in Asian countries and high oil prices will continue to result in a strong US dollar. This will also make the UAE dirham stronger against Asian currencies because it is pegged to the greenback. As witnessed during the first half of this year, all Asian currencies - such as those of India, Pakistan, Bangladesh, Sri Lanka and Philippines - lost their value against the UAE dirham. This trend will continue in the second half of the year. Asian currencies will remain under pressure, therefore a large number of Asian expats in the UAE will get more from remitting dirhams.

Source: [Zawya](#)

UAE giant eyes 2019 launch for \$1.4bn Guinea bauxite mine

Emirates Global Aluminum, the largest industrial company in the UAE outside oil and gas, has announced that its project to develop a bauxite mine and associated export facilities in the Republic of Guinea, West Africa, has reached 50 percent construction completion. More than 4,000 Guineans, 90 percent from the Boké region, are currently working to construct the Guinea Alumina Corporation project, the company said in a statement. GAC has a total budgeted project cost of approximately \$1.4 billion and first bauxite exports are expected during the second half of 2019.

Source: [Khaleej Times](#)

Emirates said to generate \$819m revenue on Dubai-Heathrow route

Emirates' route between Dubai and London Heathrow has been named the world's third best for generating revenue, according to a report by OAG Aviation. The provider of digital flight information said on its website that the route produced more than \$819 million between April 2017 and this March, putting it behind the Qantas service between Melbourne and Sydney (\$854 million) in second place. The Emirates route makes more than \$25,000 per hour, the highest rate in the world, OAG said.

Source: [Arabian Business](#)

Aramex, EG-Gate ink supply services MoU

[Aramex](#) has signed a memorandum of understanding (MoU) with the Egyptian company EG-Gate to double and boost the volume of Egyptian exports. Upon the agreement, the Dubai-based logistics firm will provide EG-Gate with supply services, whether locally or internationally, Al Bayan Newspaper reported. Samer Gharaibeh, CEO of Aramex in Africa, said that the company aims at doubling its investments in Egypt.

Source: [Mubasher](#)

Invest exits \$4.6m real estate investment in Saudi Arabia

Bahrain-based Invest on Sunday announced that it had sold its entire stake in a real estate investment in Saudi Arabia. This exit deal led to generating a profit of \$4.6 million that will be included in the company's financial results for the second quarter of 2018. The Sharia-compliant investment company, which is a dual-listed on Boursa Kuwait and Bahrain Bourse, last reported a 64.6% profit decrease to \$2.9 million in the first three months of 2018, compared to \$8.2 million in the corresponding period a year earlier.

Source: [Mubasher](#)

Orascom Construction Adds USD 650 Million to its Backlog in Egypt and USA in Q2 2018

Orascom Construction Limited announces that it has added USD 650 million of new awards to its backlog during Q2 2018 in Egypt and the United States. The Group maintains its strategy of pursuing high-quality projects from both commercial and technical standpoints across its key markets. The value of new awards in Egypt in Q2 2018 stood at approximately USD 415 million across important sectors such as transportation, water and new urban developments including the Alamein cities. A portion of these projects has commenced under a letter of intent and execution is underway.

Source: [Nasdaq Dubai](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia shares rise for a third day, pound bewildered by politics

Asian shares rallied for a third session on Tuesday as hopes for upbeat corporate earnings buoyed Wall Street, while several high-profile resignations from Britain's government kept sterling on the defensive. MSCI's broadest index of Asia-Pacific shares outside Japan put on 0.4 percent in early trade, adding to a 1.3 percent rise on Monday. Japan's Nikkei climbed about 1 percent and South Korea 0.5 percent, while E-mini futures for the S&P 500 firmed 0.2 percent.

Source: [Reuters](#)

Germany and China sign deals, lobby against US trade tariffs

German Chancellor Angela Merkel and Chinese Prime Minister Li Keqiang stressed their commitment to a multilateral trade system Monday in the wake of Washington's decision to impose widespread tariffs, saying it was to everyone's benefit. Speaking in Berlin after the two countries signed deals worth 20 billion euros (\$23.6 billion), Li told reporters the projects demonstrated how nations could work together.

Source: [CNBC](#)

Top House Republicans Question Apple, Alphabet on Privacy

Alphabet Inc. and Apple Inc. are facing questions about their privacy practices from four top Republican members of Congress as tech companies fail to assuage lawmakers' concerns. In letters released Monday, the chairmen of the House Energy and Commerce Committee and three of its subcommittees asked Alphabet Chief Executive Officer Larry Page about reports that the Google parent "permitted third parties to access the contents of users' emails."

Source: [Bloomberg](#)

Tesla moves first to hike prices in China as trade war hits car makers

U.S. carmaker Tesla Inc (TSLA.O) has hiked prices on its Model X and S cars by about 20 percent in China, becoming the first automaker to raise prices in the world's largest automotive market in response to a U.S.-China trade war. The move is the first indication of how much higher Chinese tariffs on certain U.S. imports will flow through to showroom floors, with other automakers likely to follow suit or shift a greater portion of production to China.

Source: [Reuters](#)

COMMODITIES NEWS

OPEC Says It's Doing Best to Supply Market but Won't Overdo It

OPEC and its allies are doing what they can to offset crude output shortfalls that have kept global supplies tight and prices high, but they don't want to overdo it. That was the message from United Arab Emirates Energy Minister Suhail Al Mazrouei after being asked about U.S. President Donald Trump's call for the group to do more. He said it's important to avoid bringing the market back to the kind of excessive supply that triggered the recent downturn.

Source: [Bloomberg](#)

Brent leads crude prices higher as Norway oil workers get ready to strike

Oil prices rose on Tuesday on escalating concerns over potential supply shortages, with Brent crude leading the way as hundreds of oil workers in Norway were set to strike later in the day. Brent crude LCOc1 had added 32 cents, or 0.4 percent, to \$78.39 per barrel by around 0303 GMT, following a 1.2-percent climb on Monday. U.S. light crude futures were up 17 cents, or 0.2 percent, at \$74.02. They gained 5 cents to settle at \$73.85 a barrel the session before.

Source: [Reuters](#)

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