

U Capital Morning Brief

22 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	862.41	-2.13	-0.25%	-11.48%	-	-	-
U Capital GCC 50 Index	1,349.80	1.07	0.08%	17.92%	-	-	-
U Capital MENA 200 Index	1,086.70	-0.14	-0.01%	9.21%	-	-	-
MSCI GCC Countries Index	552.52	0.04	0.01%	15.16%	14.50	1.80	3.9%
Muscat Securities Market	4,448.28	-8.84	-0.20%	-12.77%	10.78	0.89	6.2%
Saudi Stock Exchange	8,449.97	-2.33	-0.03%	16.93%	19.13	1.89	3.3%
Kuwait Stock Exchange	5,210.85	5.81	0.11%	NA	15.45	1.33	3.7%
Qatar Exchange	9,420.67	-27.09	-0.29%	10.53%	13.83	1.42	4.7%
Bahrain Stock Exchange	1,354.66	3.75	0.28%	1.72%	8.80	0.88	6.0%
Dubai Financial Market	2,926.04	-5.86	-0.20%	-13.18%	9.27	1.08	5.8%
Abu Dhabi Exchange	4,770.09	15.08	0.32%	8.45%	12.79	1.44	5.0%
Beirut Stock Exchange	1,032.75	0.00	0.00%	-10.08%	5.57	0.63	9.4%
Palestine Stock Exchange	543.56	0.49	0.09%	-5.40%	13.12	1.20	4.5%
Tunis Se Index	8,163.49	54.32	0.67%	29.95%	21.31	2.90	1.8%
EGX 30 Index	15,416.31	-162.42	-1.04%	2.64%	15.38	2.53	2.2%
Amman General Index	2,023.87	-7.24	-0.36%	-4.84%	15.14	1.00	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,678.8	-0.07%	-0.1%
DAX	Germany	12,561.4	-0.98%	-2.8%
CAC 40	France	5,398.3	-0.35%	1.6%
United States				
DJIA	USA	25,058.1	-0.03%	1.4%
S&P 500	USA	2,801.8	-0.09%	4.8%
NASDAQ	USA	7,820.2	-0.07%	13.3%
Asia Pacific				
NIKKEI 225	Japan	22,697.9	-0.29%	-0.3%
HANG SENG	Hongkong	28,224.5	0.76%	-5.7%
KSE 100 Index	Pakistan	41,221.8	-1.37%	1.9%
NSE Nifty 50	India	11,010.2	0.48%	4.6%
SHANGHAI Composite	China	2,829.3	2.05%	-14.5%
KOSPI Index	South Korea	2,289.2	0.30%	-7.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.742	1.348
British Pound (GBP)	1.314	0.761
Canadian Dollar (CAD)	0.761	1.315
Chinese Renminbi (CNH)	0.148	6.781
Egyptian Pound (EGP)	0.056	17.893
Euro (EUR)	1.172	0.853
Indian Rupee (INR)	0.015	63.534
Japanese Yen (JPY)	0.009	111.410
New Zealand Dollar (NZD)	0.681	1.468
Omani Rial (OMR)	2.598	0.385
Pakistani Rupee (PKR)	0.774	128.498
Russian Ruble (RUB)	0.016	68.849
Singapore Dollar (SGD)	0.735	1.363
Turkish Lira (TRY)	0.209	4.793

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	73.1	0.68%	12.8%
WTI Crude (per bbl)	68.3	0.03%	13.0%
Oman Crude Oil (Last Closing)	71.1	0.10%	11.1%
OPEC (per bbl)	70.9	1.33%	10.0%
Precious Metals			
Gold100 OZ (per oz)	1,232.0	0.74%	-5.5%
Silver (per oz)	15.5	1.34%	-8.4%
Platinum (per oz)	828.5	2.64%	-11.0%
Other Metals			
Copper, MT	6,148	1.36%	-15.2%
Aluminium, MT	2,029	1.40%	-10.5%
Lead, MT	2,135	0.90%	-14.2%
Zinc, MT	2,575	1.16%	-22.4%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.52	40.4%
Saudi Arabia	2.61	37.6%
Kuwait	2.06	10.0%
Oman	2.48	29.8%
Qatar	2.64	-0.2%
Bahrain	3.50	28.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.6
Abu Dhabi	10/11/2027	3.8
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	6.1
Bahrain	10/12/2028	8.2

Midswaps	Price	YTM %
3 year	99.85	2.7
5 year	99.36	2.8
10 year	99.84	2.9
30 year	101.94	3.0

USD Libor	Rate (%)	YTD
1m	2.07	32.3%
3m	2.34	38.2%
6m	2.52	37.4%
1 year	2.80	33.0%

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: Recovery in performance, overall good results

Improvement was seen in trading activities in the past week as value and volume went up by 84.62 per cent and 127.1 per cent. However, the prevailing impression is caution, despite overall good results of many companies, especially the banking sector. Perhaps external factors such as trade tensions between China and the United States, drop in oil prices and the summer period have played a part in the subdued trade. The MSM30 ended the week up by 0.17 per cent on weekly basis joined by the Financial Index (+1.12 per cent) and the Services Index (+0.36 per cent) while the Industrial Index closed down by 1.33 per cent. The MSM Shariah Index closed down by 0.43 per cent.

Source: [Oman Observer](#)

Roadmap for power trading with GCC states by Dec

An action plan for enabling electricity trading between Oman and fellow members of the Gulf Cooperation Council (GCC) — a first for the Sultanate's power sector — is expected to be in place before the end of this year, according to the Oman Power and Water Procurement Company (OPWP), which is overseeing this landmark initiative. The Sultanate northern power grid — the Main Interconnected System (MIS) — is connected with the power system of the neighboring Emirate of Abu Dhabi via a 220 kV link at Mahdha. This key link provides access to the power systems of the five other GCC member states. Overseeing the interconnection between the member states is the GCC Interconnection Authority (GCCIA), of which Oman is a member.

Source: [Oman Observer](#)

14% of imported goods cleared before arrival

At the end of 2017, the Oman Logistics Center and Directorate General of Customs conducted a trial for pre-clearance of import goods through the seaport of Sohar. This trial is part of the national plan to improve performance of the logistics sector in Oman and to transform Oman into an international trade and logistics hub.

Source: [Oman Observer](#)

Oman's fiscal deficit falls 46% to RO1bn in first 5 months of 2018

A major recovery in crude prices this year boosted Oman's oil revenues and reduced the country's fiscal deficit by 46.2 per cent to RO1.09bn in the first five months of 2018. The sultanate's fiscal deficit stood at RO2.03bn for the first five months of 2017. Total government revenues rose 23.2 per cent to RO4.09bn during January - May period of 2018 over the same period of last year, according to the statistics released by the National Centre for Statistics and Information (NCSI) as reported by Oman News Agency on Saturday.

Source: [Muscat Daily](#)

Deposits in Oman's banks down slightly

Aggregate deposits held in conventional banks stood at OMR18.9 billion in April 2018, down by 0.8 per cent from OMR19.1 billion a year ago. Government deposits in conventional banks declined by 1.8 per cent to OMR5.1 billion, while deposits from public enterprises decreased significantly by 10.6 per cent to OMR885.90 million during the same period. Private sector deposits, which accounted for 65.6 per cent of total deposits in conventional banks, declined by 1.1 per cent to OMR12.4 billion in April 2018, from OMR12.6 billion one year ago. The core capital and reserves of conventional banks stood at OMR4.50 billion at the end of April 2018.

Source: [Times of Oman](#)

Islamic Banking Entities Provide financing to RO 3.2 billion

The Islamic banking entities provided financing to the extent of RO 3.2 billion as at the end of April 2018 as compared to RO 2.7 billion a year ago. The Total deposits held with Islamic banks and windows increased substantially by 25.4 percent to RO 3.1 billion in April 2018 from RO 2.5 billion a year ago. The total assets of Islamic banks and windows combined, amounted to RO 4 billion as at the end of April 2018, constituting about 12.4 percent of the entire banking system assets.

Source: [ONA](#)

Khareef season visitors surge 67 percent to 105,888 in the first three weeks

As many as 105,888 tourists visited Salalah during the ongoing Khareef season for the first three weeks between June 21 and July 11, 2018. This shows a phenomenal growth of 66.8 percent, against an arrival of 63,296 tourists for the same period of 2017. In addition, the number of tourists during the third week between July 5 and 11 touched 48,542, showing a marked growth of 39.9 percent compared to the second week of the current season at 34,704 visitors, according to the latest statistics released by the NCSI.

Source: [NCSI](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia to report modest budget deficit in 2018: Fitch

The windfall from oil prices recovery will test the durability of fiscal improvements carried by Gulf countries, Fitch Ratings said in a report on Thursday. Most Gulf countries saw significant improvements in their fiscal and external balances, driven by a higher average oil price, but that has been offset by additional spending, the report said. Saudi Arabia is expected to post a modest deficit, while Kuwait and Abu Dhabi are set to return to fiscal surpluses this year.

Source: [Argaam](#)

Aramco's potential SABIC deal to affect IPO timing: CEO

Saudi Aramco's potential acquisition of a stake in petrochemicals maker would affect the timeframe of its own planned initial public offering, the firm's chief executive, Amin Nasser, said in a TV interview. The offering is the centerpiece of an ambitious plan championed by Crown Prince Mohammed bin Salman to diversify Saudi Arabia's economy beyond oil, but preparations for the IPO, which could prove the biggest in history, have slowed.

Source: [Zawya](#)

Privatization process begins for Saudi flour milling sector

Saudi Arabia is preparing to start the privatization process of its flour milling industry, tying into broader plans to enhance the role of the private sector. In late June the state-run Saudi Grains Organization (SAGO) published the qualification criteria for prospective investors ahead of the privatization and potential sale of its four flour mills and associated companies. The Request for Qualification document outlines that bidding companies – or at least one company in a consortium of bidders – must have experience operating in flour milling or food processing, while individual companies and consortiums must have had a net worth of at least SAR750m (\$200m) by the end of the financial year 2017.

Source: [Zawya](#)

S&P affirms Kuwait's AA sovereign credit rating

Standard and Poor's affirmed Friday Kuwait's (AA/A-1+) long and short-term foreign and local currency sovereign credit ratings, with stable economic outlook. The credit rating agency, in a statement on its website, said it expected Kuwait to continue to hold "extremely large" government and external net asset positions, which would allow authorities to gradually implement reforms. S&P said stable outlook reflects expectation that Kuwait's public and external balance sheets would remain strong over the next two years, backed by a significant stock of financial assets. "We expect these strengths to offset risks related to volatile oil prices, Kuwait's undiversified economy, and rising geopolitical tensions in the region," it said.

Source: [Kuwait Times](#)

Kuwait CBK issues Balance of Payments report for the first quarter of '18

The Central Bank of Kuwait (CBK) published Thursday the preliminary data of the Balance of Payments (BoP) of the State of Kuwait for the first quarter of 2018 and the revised data of the fourth quarter of 2017. The Data show that the Current Account surplus (summing up receipts and payments between domestic economy and other economies in terms of goods, services and income) recorded a surplus of KD 1.6 million during the first quarter of 2018 against a surplus of KD 1.158 million during the previous quarter, representing a hike of KD 521.8 million, ie 45.1 percent.

Source: [Arab Times](#)

WH Ireland says Kuwaiti investor transfers stake in firm

WH Ireland Group said on Friday that its second biggest investor, Kuwaiti European Holding Group (KEH), had transferred ownership of its 23.1 percent stake in the financial services company. The British stockbroker said the transfer meant KEH no longer had the right to appoint a director to the board of the company. KEH Chief Executive Humphrey Percy has stepped down from his director role with immediate effect.

Source: [Arab News](#)

Moody's upgrades Doha bank's outlook to stable

Moody's Ratings has upgraded the outlook of Doha Bank (DB) to Stable and affirmed the Long-term Issuer Default Ratings (IDR) at 'A3'. The upgrade to stable, follows the revision of the Qatari sovereign's Outlook to Stable and affirmation of the country's Long-Term issuer and foreign-currency senior unsecured debt ratings at 'Aa3', and reflects Moody's view that Qatar can withstand the economic, financial and diplomatic boycott by the three neighboring Gulf Cooperation Council (GCC) countries and Egypt (B3 stable) in its current form, or with possible further restrictions, for an extended period of time without a material deterioration of the sovereign's credit profile.

Source: [QE](#)

GFH Awards EPC Contract to China Machinery and Engineering Corporation

GFH would like to inform its shareholders and the markets that it has awarded a turnkey Engineering, Procurement & Contracting (EPC) Contract to China Machinery and Engineering Corporation ("CEMC") for the construction and financing of up to 85% of its Dubailand based project, California Village, for around US\$150 million. The contract will see financing provided by Chinese banks under an insurance policy to be issued by state government agencies of China.

Source: [DFM](#)

SHUAA – Update on the acquisition of Amwal International Investment Company

Shuaa Capital received the approval from CMA of Kuwait to proceed with the implementation of a Voluntary Offer of Amwal International Investment Company that Shuaa Capital has initiated earlier.

Source: [DFM](#)

Cerberus Capital Walks Away from Offer for Abraaj Funds

Cerberus Capital Management LP has pulled out of the bidding process for Abraaj Group's asset-management platform after its offer was rejected by investors of the embattled Dubai-based private equity firm, according to people familiar with the matter. Cerberus, whose offer of about \$25 million for the rights to manage the platform was the lowest among several bidders, walked away from the process on Friday, the people said, asking not to be identified as the matter is private.

Source: [Bloomberg](#)

Egypt hikes gas prices by up to 75% in IMF-backed austerity plan

Egypt said on Saturday it was raising the price of natural gas for home and commercial use by up to 75 percent, the latest move in an IMF-backed austerity program that has left many Egyptians struggling to make ends meet. The increases follow hikes to fuel, electricity and public transport prices that are part of a \$12 billion IMF loan program signed in 2016 that aims to lure back investors and lift the economy battered by political turmoil since 2011.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

US dollar falls as Trump accuses 'China, European Union and others' of manipulating their currencies

President Donald Trump ramped up his criticism of global monetary policy as well as his own central bank, saying in tweets that multiple nations are manipulating currencies to the detriment of the U.S. The comments come a day after Trump, in a CNBC interview, ripped U.S. trading partners including China and the European Union and said the nation needs a weak dollar. Immediately after the president's tweets, the euro, yuan and yen strengthened against the dollar.

Source: [CNBC](#)

Trump threatens to put tariffs on all \$500bn Chinese imports

President Trump's controversial comments that the Federal Reserve is wrong to raise US interest rates and his new threats to impose tariffs on \$500bn worth of Chinese imports have unsettled investors as the trading week winds to a close. The dollar was damaged by the remarks, giving some support to Wall Street. But European markets likely to be hit by any escalation of trade tensions, Germany in particular, came under pressure.

Source: [Guardian](#)

Sky Is Comcast's Final Prize as Disney Battle Approaches Endgame

After raising the white flag in the battle with Walt Disney Co. for the bulk of Rupert Murdoch's media empire, Comcast Corp. Chief Executive Officer Brian Roberts has one last prize to fight for: the British pay-TV company Sky Plc. Comcast currently has the upper hand in the race for Sky, with an offer of 26 billion pounds (\$34 billion) that's 6 percent higher than a rival, Disney-backed bid by Murdoch's 21st Century Fox Inc., which already owns 39 percent of the company.

Source: [Bloomberg](#)

Amazon, Toyota, Alcoa and others working to counter Trump's tariff plans

Big companies in the United States from Amazon.com Inc (AMZN.O) to Toyota Motor Corp (7203.T) and Alcoa Corp (AA.N) are working to counter the effect of the Trump administration's trade policies and to head off new tariffs.

Source: [Reuters](#)

COMMODITIES NEWS

U.S. oil industry lobbies against tighter sanctions on Russia

The U.S. oil and gas industry is lobbying against tighter sanctions on Russia that could impact U.S. investments there, congressional sources said on Friday. The U.S. Senate has revived a bill, called DETER, that would allow for swift sanctions if Moscow was found meddling in future U.S. elections. Both Democrats and Republicans are looking to redress what they consider President Donald Trump's weak stance on accusations of Russian interference in the 2016 election when he met Russian President Vladimir Putin on Monday.

Source: [Reuters](#)

Iran leader backs suggestion to block Gulf oil exports if own sales stopped

Iran's Supreme Leader Ayatollah Ali Khamenei on Saturday backed President Hassan Rouhani's suggestion that Iran may block Gulf oil exports if its own exports are stopped and said negotiations with the United States would be an "obvious mistake". Rouhani's apparent threat earlier this month to disrupt oil shipments from neighboring countries came in reaction to looming U.S. sanctions and efforts by Washington to force all countries to stop buying Iranian oil.

Source: [Reuters](#)

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