

U Capital Morning Brief

26 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	844.25	-9.40	-1.10%	-13.35%	-	-	-
U Capital GCC 50 Index	1,352.54	1.54	0.11%	18.16%	-	-	-
U Capital MENA 200 Index	1,091.15	0.78	0.07%	9.65%	-	-	-
MSCI GCC Countries Index	554.23	0.33	0.06%	15.52%	14.30	1.81	3.9%
Muscat Securities Market	4,374.88	-30.46	-0.69%	-14.20%	10.60	0.85	6.3%
Saudi Stock Exchange	8,399.83	-5.99	-0.07%	16.24%	18.43	1.88	3.3%
Kuwait Stock Exchange	5,218.27	-4.01	-0.08%	NA	15.36	1.32	3.7%
Qatar Exchange	9,613.78	-4.55	-0.05%	12.79%	14.16	1.45	4.6%
Bahrain Stock Exchange	1,362.87	-4.75	-0.35%	2.34%	8.58	0.86	6.0%
Dubai Financial Market	2,944.67	18.93	0.65%	-12.62%	9.33	1.09	5.8%
Abu Dhabi Exchange	4,830.42	53.53	1.12%	9.82%	12.63	1.43	5.0%
Beirut Stock Exchange	1,043.73	-2.93	-0.28%	-9.13%	5.63	0.63	9.3%
Palestine Stock Exchange	541.90	0.33	0.06%	-5.69%	13.08	1.20	4.5%
Tunis Se Index	8,157.88	-14.25	-0.17%	29.86%	21.29	2.90	1.8%
EGX 30 Index	15,186.36	-294.01	-1.90%	1.11%	15.19	2.49	2.3%
Amman General Index	2,023.55	0.64	0.03%	-4.85%	15.13	1.00	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,658.3	-0.66%	-0.4%
DAX	Germany	12,579.3	-0.87%	-2.6%
CAC 40	France	5,426.4	-0.14%	2.1%
United States				
DJIA	USA	25,414.1	0.68%	2.8%
S&P 500	USA	2,846.1	0.91%	6.5%
NASDAQ	USA	7,932.2	1.17%	14.9%
Asia Pacific				
NIKKEI 225	Japan	22,584.5	-0.12%	-0.8%
HANG SENG	Hongkong	28,716.3	-0.70%	-4.0%
KSE 100 Index	Pakistan	41,904.1	1.34%	3.5%
NSE Nifty 50	India	11,171.0	0.35%	6.1%
SHANGHAI Composite	China	2,885.3	-0.63%	-12.8%
KOSPI Index	South Korea	2,289.4	0.72%	-7.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.744	1.345
British Pound (GBP)	1.320	0.758
Canadian Dollar (CAD)	0.767	1.304
Chinese Renminbi (CNH)	0.147	6.787
Egyptian Pound (EGP)	0.056	17.903
Euro (EUR)	1.173	0.853
Indian Rupee (INR)	0.015	62.826
Japanese Yen (JPY)	0.009	110.750
New Zealand Dollar (NZD)	0.684	1.463
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.780	128.250
Russian Ruble (RUB)	0.016	68.660
Singapore Dollar (SGD)	0.735	1.361
Turkish Lira (TRY)	0.208	4.800

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	74.3	0.55%	14.8%
WTI Crude (per bbl)	69.4	0.10%	14.8%
Oman Crude Oil (Last Closing)	72.8	0.87%	13.8%
OPEC (per bbl)	72.0	0.22%	11.7%
Precious Metals			
Gold100 OZ (per oz)	1,231.3	-0.03%	-5.5%
Silver (per oz)	15.6	-0.10%	-7.9%
Platinum (per oz)	840.7	-0.45%	-9.7%
Other Metals			
Copper, MT	6,290	-0.08%	-13.2%
Aluminium, MT	2,062	-1.08%	-9.1%
Lead, MT	2,152	-0.42%	-13.5%
Zinc, MT	2,585	-1.19%	-22.1%

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	2.62	-1.0%
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	4.2
Oman	1/17/2028	6.0
Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %
3 year	99.65	2.8
5 year	99.02	2.8
10 year	99.22	3.0
30 year	100.61	3.1

USD Libor	Rate (%)	YTD
1m	2.07	32.3%
3m	2.33	37.8%
6m	2.52	37.3%
1 year	2.81	33.3%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

OMAN, SOUTH KOREA sign MOU to establish smart cities in Duqm

Oman and the Republic of Korea on Wednesday signed a memorandum of understanding (MoU) on cooperation between the two sides to establish smart cities. The MoU was signed on the sidelines of the Oman-Korea Business Forum, which was organised on Wednesday. The Forum aimed to develop a study on the importance of investment factors, projects and fields in relation to smart cities in the Special Economic Zone in Duqm (SEZD). The MoU was signed from Omani side by H E Dr Ali bin Masoud bin Ali al Sunaidy, Minister of Commerce and Industry, whilst it was signed from the Korean side by Son Byeong Suk, Vice Minister of Land and Infrastructure of the Republic of Korea.

Source: [Muscat Daily](#)

South Korea firm to build \$200m Sharqiyah desalination project

South Korean engineering firm Doosan Heavy Industries & Construction Co, billed as the world's largest builder of desalination plants, has announced that it has won a contract to construct a new water desalination project at Al Aseelah in South Al Sharqiyah Governorate. The announcement came at the signing of project finance agreements covering the financing of the estimated \$203 million cost of the scheme. Last December, the Oman Power and Water Procurement Company (OPWP) — the sole buyer of power and water output under the sector law — named Al Asilah Desalination Company as the winner of the license to design, finance, build, operate and maintain a new Independent Water Project (IWP) at Aseelah. The contracted capacity of the plant is 80,000 cubic metres /day (equivalent to 17 million imperial gallons per day MIGD).

Source: [Oman Observer](#)

Tender Board awards RO 48m worth projects

The Tender Board meet on Wednesday presided over by Chairman Dr Rasheed bin al Safi al Huraibi awarded RO 48,372,152 for the following projects:

- Appointment of teachers for the colleges of technology of the Ministry of Manpower (RO 35,990,760).
- Supply of food for Sultan Qaboos University students (RO 3,754,701).
- Road between Al Wajaja in the Wilayat of Shinas to Alfi in the Wilayat of Mahda (in the governorates of North Al Batinah and Al Buraimi) for the Ministry of Transport and Communications (RO 3,038,694).
- Omani Tourism Strategy 2040 (RO 1,500,000).
- Others

Source: [Oman Observer](#)

Oman's hospitality market to reach \$1bn by 2022

Oman's hospitality market is expected to grow at a compound annual growth rate (CAGR) of 7.5 per cent to US\$1 billion between 2017 and 2022, according to the GCC Hospitality Industry report. International tourist visits are expected to grow at a 5-year CAGR of 1.3 per cent to 3.4 million, while hotel supply is expected to grow at a 5-year CAGR of 5.6 per cent to approximately 29,635 hotel rooms in 2022. The average daily rate (ADR) is expected to decline at a 5-year CAGR of negative 0.9 per cent to \$144 until 2022, whereas the RevPAR is expected to grow at a 5-year CAGR of 0.6 per cent to \$93 by 2022.

Source: [Times of Oman](#)

Oman jumps five places on logistics index

Over the past two years, Oman's logistics performance has significantly improved, jumping five places from 48th to occupy the 43rd position on the World Bank's recently released Logistics Performance Index (LPI) 2018 report. The LPI helps countries identify the challenges and opportunities they face in their trade logistics performance and how they can improve performance. The bi-annual LPI report measures countries across six components.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

S&P Dow Jones Indices upgrades Saudi Arabia classification to EM

Global equities index provider S&P Dow Jones Indices will change the status of Saudi Arabia's \$530 billion equity market, the biggest in the Arabian Gulf, to an emerging market in 2019. S&P DJI took the decision to upgrade Saudi Arabia's standalone status "in response to recent positive market structure reforms to support foreign investment and a strong consensus among members of the investment community", It said in a statement. The classification change will become effective in two phases: from the beginning of March 2019, the quarterly rebalancing of S&P DJI and the second in the annual reconstitution of indexes in September 2019, the index provider said.

Source: [The National UAE](#)

Saudi Arabia's Sabc mandates banks for international bond issue – sources

Saudi Arabian conglomerate Sabc has hired banks for an international bond offering, according to sources. The timing and nature of the trade remain to be seen, given news that state-owned oil company Saudi Aramco is seeking to buy a controlling stake in Sabc. Aramco could possibly take the entire 70% holding owned by Saudi Arabia's sovereign wealth fund, Public Investment Fund, sources told Reuters last week. Sabc, rated A1/A-/A+, has a US\$1bn bond maturing this October, which was sold in 2013 through Sabc Capital.

Source: [Reuters](#)

Potential merger with Sipchem may be finalized by year-end: Sahara's CEO

Sahara Petrochemical Co.'s planned merger with Saudi International Petrochemical Co. (Sipchem) is likely to be complete by year-end, backed by the strong results of both companies, Sahara CEO Saleh Bahamdan told **Argaam** on Wednesday. The merger process is proceeding as scheduled. All requirements of the Capital Market Authority and other regulatory entities are likely to be fulfilled. "We're optimistic that the merger will create a new entity with strong prospects going forward," Bahamdan said.

Source: [Argaam](#)

UAE's largest bank sees half-year net profit jump to \$1.6bn

First Abu Dhabi Bank (FAB), the UAE's largest bank, on Tuesday reported net profit of AED6.1 billion (\$1.6 billion) for the first six months of 2018, up 10 percent year-on-year. The bank also announced that second quarter net profit rose by 19 percent to AED3.1 billion while cost-to-income ratio at 25.7 percent continues to improve on the back of cost discipline. Loans and advances rose by 2 percent to AED345 billion while customer deposits at AED431 billion were up by 7 percent.

Source: [Arabian Business](#)

Dubai's Biggest Bank Said to Seek Rolling Over \$1.7 Billion Loan

Emirates NBD PJSC started talks with banks to roll over a \$1.7 billion loan due next year, according to people with knowledge of the plans. Dubai's biggest lender is hoping to replace the loan at a cheaper rate, said some of the people, asking not to be identified because the information is private. "This borrowing is from a set of relationship banks and has been rolled over twice before, though the amounts and individual bank participation vary," a spokesman for Emirates NBD said.

Source: [Bloomberg News Alert](#)

Increased foreign demand to spur Dubai office market

This quarter, the Dubai Government has made a number of announcements designed to promote foreign investment and investor confidence, which is likely to boost demand in the office market in the medium term, says JLL's latest report. Two key announcements have been made during Q2 as the government seeks to stimulate demand and support the office market. These include a reduction in the fee charged on businesses by the Dubai Municipality from 5% to 2.5%, and the relaxation of existing regulations to allow 100% foreign ownership in businesses located outside of free zones.

Source: [Saudi Gazette](#)

DP World to build and operate new logistics hub in Mali

DP World has struck a major new logistics deal in Mali as it seeks to boost its presence in West Africa and rebound from a series of setbacks in the east of the continent. The Dubai-based ports operator has signed a 20-year concession with an automatic 20-year extension with the Republic of Mali to build and operate a 1,000-hectare logistics hub outside of the capital, Bamako. The multimodal logistics platform, Mali Logistics Hub (MLH), will have inland container depots container freight stations, the Dubai-based port operator said in a statement on Wednesday.

Source: [Arab News](#)

Kuwait's Agility bid for part of Abraaj's investment business – document

Kuwait's Agility, one of the largest Gulf logistics companies, submitted a bid to acquire part of the investment management business of troubled Middle East private equity firm Abraaj, a document seen by Reuters on Wednesday showed. Agility is one of several potential buyers of the investment management unit of Dubai-based Abraaj, which filed for provisional liquidation in the Cayman Islands in June after months of turmoil related to a row with investors over the use of their money in a \$1 billion healthcare fund.

Source: [Reuters](#)

'Mega' projects implementation vital for Kuwait '30 vision

Director General of Public Authority for Road and Land Transportation (PARLT) Eng Ahmad Al-Hassan affirmed Wednesday the importance of "mega" projects which the authority is currently supervising with the aim of implementing the NewKuwait 2035 vision. On the sidelines of the inauguration of an exhibition on the authority's projects at the Avenues Mall which will continue until July 28, Eng. Al-Hassan said the most prominent project is the Sheikh Jaber Al-Ahmad Causeway with its Doha and Subbiya links, as it is the longest causeway in the world with length of about 43.14 kms.

Source: [Arab Times](#)

Qatar to build sugar refinery to avoid boycott disruptions: sources

Qatar is building a sugar refinery in a bid to avoid supply disruptions after neighboring Gulf Arab states severed economic and political ties with Doha more than a year ago, sources say. In normal trading conditions, building a refinery in Qatar would make little commercial sense because of depressed sugar prices, surplus world stocks and the presence of regional refineries that could provide supplies.

Source: [Reuters](#)

Egypt to pump \$20.6bln in electricity projects

The Egyptian government is planning to develop the electricity sector, through 237 projects with investments of EGP 370 billion in line with Egypt Vision 2030, according to the planning, follow-up and administrative reform ministry. The electricity sector was able to add 6.2 gigawatts, along with installing 4.6 million smart meters. The ministry also noted that the 4,800-megawatt Dabaa nuclear power plant will see investments of around EGP 1 trillion, as revealed by President Abdel Fattah El-Sisi. Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Trump eases car tariff threat as U.S., EU launch talks to quell trade tensions

In what the EU chief called a “major concession,” U.S. President Donald Trump agreed on Wednesday to refrain from imposing car tariffs while the two sides launch negotiations to cut other trade barriers, easing the threat of a transatlantic trade war. After a meeting at the White House, Trump and European Commission President Jean-Claude Juncker said the talks would also seek to “resolve” U.S. tariffs on steel and aluminum and Europe’s retaliatory duties - marking a step back from Trump’s signature import protections for American metals producers.

Source: [Reuters](#)

Venezuela to remove five zeroes from ailing currency

Venezuela will remove five zeroes from the bolivar currency rather than the three zeroes originally planned, President Nicolas Maduro said on Wednesday, in an effort to keep up with inflation projected to reach 1 million percent this year. The OPEC nation’s economy has been steadily collapsing since the 2014 crash of oil prices left it unable to maintain its socialist economic system that for years provided lavish subsidies while enforcing strict price controls.

Source: [Reuters](#)

Here's what Facebook said that spooked investors and wiped \$130 billion off its market value

Facebook shareholders wiped more than \$130 billion off the company’s market value Wednesday after the company’s second-quarter earnings call. Shares fell as much as 24 percent, slumping below \$170 in extended trading. The call and subsequent plunge followed a revenue miss for the company and a report of lower daily active user counts in Europe. Chief Financial Officer David Wehner said shareholders can expect “revenue growth rates to decline by high single-digit percentages from prior quarters” for the third and fourth quarter.

Source: [CNBC](#)

Qualcomm says it will terminate NXP deal by end of day and buy back \$30 billion of stock

Qualcomm CEO Steve Mollenkopf said his company will terminate its acquisition of NXP by the end of the day and plans to buy back up to \$30 billion of stock. “We intend to terminate our purchase agreement to acquire NXP when the agreement expires at the end of the day today, pending any new material developments,” Mollenkopf said in a statement. While there’s still a chance China’s State Administration for Market Regulation, or SAMR, could make a last minute announcement before 11:59 pm ET, Qualcomm now sees the likelihood of an agreement as very slim, according to a person familiar with the matter, who asked not to be named because the company’s discussions are private.

Source: [CNBC](#)

Ireland opens the door to extending Brexit talks beyond 2019

Ireland’s Foreign Minister Simon Coveney suggested the U.K.’s negotiations over leaving Europe could be extended beyond 2019 as concerns grow that Britain and the EU might not reach an agreement before a legal deadline. Brexit negotiators are racing against a cut-off date of March 29, 2019 — when the U.K. officially stops being a member of the European Union. They need to establish how the future relationship will work between both sides of the English Channel after that date.

Source: [CNBC](#)

Asia Share Gains Fade After U.S.-EU Trade Optimism: Markets Wrap

Asian stocks gains eased as initial enthusiasm following a U.S.-European Union agreement to avert a transatlantic trade war for now faded. Treasuries edged higher and the dollar steadied. Japan’s Topix index and South Korea’s shares rose after President Donald Trump agreed with the European Commission chief to suspend new tariffs while continuing to negotiate over trade. But benchmarks turned lower in Australia, Hong Kong and China, and U.S. futures dropped with weak sales at Facebook wiping about 1 percent off Nasdaq futures.

Source: [Bloomberg](#)

COMMODITIES NEWS

Gold edges up as dollar eases after US-EU trade agreement

Gold prices inched up early on Thursday as the dollar eased after U.S. President Donald Trump and European Commission President Jean-Claude Juncker agreed to work towards eliminating trade barriers.

* Spot gold was up 0.2 percent at \$1,233.26 an ounce at 0102 GMT.

* U.S. gold futures for August delivery were 0.2-percent higher at \$1,233.60 an ounce.

* The dollar index, which measures the greenback against a basket of six major currencies, fell 0.2 percent to 94.164. It marked a two-week low earlier in the session.

Source: [Reuters](#)

Oil climbs after Saudi Arabia suspends shipments through Red Sea lane

Brent crude led oil prices higher, extending gains into a third day after Saudi Arabia suspended crude shipments through a strategic Red Sea shipping lane and as data showed U.S. inventories fell to a 3-1/2-year low. Brent crude LCOc1 futures had risen 47 cents, or 0.6 percent,

to \$74.40 a barrel by 0247 GMT, after gaining 0.7 percent on Wednesday. U.S. West Texas Intermediate crude CLc1 futures were up 5 cents at \$69.35 a barrel, after climbing more than 1 percent in the previous session.

Source: [Zawya](#)

Oil producer Berry Petroleum prices below target in bellwether IPO

Berry Petroleum raised less than planned in its initial public offering on Wednesday, an underwhelming showing in what was seen as a potential bellwether for other exploration and production (E&P) companies looking to go public. In the first E&P IPO since late-2016, California-based Berry priced at \$14 per share, it said in a statement, below its \$15-\$17 target range. Berry sold around 10.5 million shares to raise \$146.96 million, less than the originally planned 12.2 million shares. Existing shareholders sold a further 2.5 million shares, also less than originally planned.

Source: [Reuters](#)