

# U Capital Morning Brief

12 August 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	864.53	-6.36	-0.73%	-11.27%	-	-	-
U Capital GCC 50 Index	1,347.60	0.78	0.06%	17.73%	-	-	-
U Capital MENA 200 Index	1,089.20	0.30	0.03%	9.46%	-	-	-
MSCI GCC Countries Index	550.69	-0.06	-0.01%	14.78%	13.96	1.79	4.0%
Muscat Securities Market	4,431.21	-4.51	-0.10%	-13.10%	8.97	0.88	6.2%
Saudi Stock Exchange	8,176.18	-34.11	-0.42%	13.14%	17.83	1.83	3.4%
Kuwait Stock Exchange	5,280.86	-6.29	-0.12%	NA	15.51	1.33	3.7%
Qatar Exchange	9,886.86	-74.69	-0.75%	16.00%	14.68	1.49	4.4%
Bahrain Stock Exchange	1,349.61	3.55	0.26%	1.34%	8.90	0.85	6.1%
Dubai Financial Market	2,920.11	-28.54	-0.97%	-13.35%	9.27	1.09	5.8%
Abu Dhabi Exchange	4,872.03	-53.58	-1.09%	10.77%	12.79	1.44	4.9%
Beirut Stock Exchange	1,023.01	-4.10	-0.40%	-10.93%	5.42	0.64	9.5%
Palestine Stock Exchange	543.95	-2.75	-0.50%	-5.33%	12.93	1.18	4.5%
Tunis Se Index	8,341.75	-48.31	-0.58%	32.79%	21.79	2.97	1.7%
EGX 30 Index	15,924.06	61.20	0.39%	6.03%	11.52	2.45	2.4%
Amman General Index	1,986.99	-1.60	-0.08%	-6.57%	14.56	1.01	4.6%

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					Australian Dollar (AUD)	0.730	1.370
FTSE 100	UK	7,667.0	-0.97%	-0.3%	British Pound (GBP)	1.276	0.783
DAX	Germany	12,424.4	-1.99%	-3.8%	Canadian Dollar (CAD)	0.761	1.314
CAC 40	France	5,414.7	-1.59%	1.9%	Chinese Renminbi (CNH)	0.146	6.869
<b>United States</b>					Egyptian Pound (EGP)	0.056	17.860
DJIA	USA	25,313.1	-0.77%	2.4%	Euro (EUR)	1.141	0.876
S&P 500	USA	2,833.3	-0.71%	6.0%	Indian Rupee (INR)	0.014	67.696
NASDAQ	USA	7,839.1	-0.67%	13.6%	Japanese Yen (JPY)	0.009	110.830
<b>Asia Pacific</b>					New Zealand Dollar (NZD)	0.659	1.520
NIKKEI 225	Japan	22,298.1	-1.33%	-2.1%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	28,366.6	-0.84%	-5.2%	Pakistani Rupee (PKR)	0.808	123.926
KSE 100 Index	Pakistan	42,842.2	-0.19%	5.9%	Russian Ruble (RUB)	0.015	68.835
NSE Nifty 50	India	11,429.5	-0.36%	8.5%	Singapore Dollar (SGD)	0.728	1.373
SHANGHAI Composite	China	2,795.3	0.03%	-15.5%	Turkish Lira (TRY)	0.156	6.432
KOSPI Index	South Korea	2,282.8	-0.91%	-7.5%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	72.8	1.03%	13.1%	UAE	2.58	43.5%
WTI Crude (per bbl)	67.6	1.23%	11.9%	Saudi Arabia	2.61	37.5%
Oman Crude Oil (Last Closing)	71.7	0.96%	12.1%	Kuwait	2.00	6.7%
OPEC (per bbl)	72.0	-0.10%	11.7%	Oman	2.46	29.1%
<b>Precious Metals</b>						
Gold100 OZ (per oz)	1,211.7	-0.06%	-7.0%	Qatar	2.63	-0.5%
Silver (per oz)	15.3	-0.84%	-9.6%	Bahrain	3.53	29.4%
Platinum (per oz)	827.6	-0.66%	-11.1%	<b>GCC Latest 10-Yr Government Bond Yields</b>		
<b>Other Metals</b>						
Copper, MT	6,190	-0.56%	-14.6%		<b>Maturity date</b>	<b>YTM, %</b>
Aluminium, MT	2,105	1.30%	-7.2%	Kuwait	3/20/2027	3.7
Lead, MT	2,098	-0.47%	-15.7%	Abu Dhabi	10/11/2027	3.9
Zinc, MT	2,547	-2.58%	-23.3%	Qatar	6/2/2026	3.9
				Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	6.2
				Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.20	2.7	1m	2.07	32.1%
5 year	100.02	2.7	3m	2.32	36.9%
10 year	100.02	2.9	6m	2.51	36.7%
30 year	99.41	3.0	1 year	2.82	33.6%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### U Capital: MSM weekly performance best in GCC

The performance of the general index improved during the past week on relatively better investment sentiment, investment positions by individuals in a number of leading companies and capturing opportunities in equities, which were trading at attractive levels, which we mentioned in our previous report. MSM30 ended the week with good gains up by 2.42 per cent supported by all sub-indices which were led by the Financial Index (+2.19 per cent) then the Services Index (+0.52 per cent) and the Industrial Index (+0.21 per cent). The MSM Shariah Index closed stable at 607.75 points.

Source: [Oman Observer](#)

### Oman's economy witnessing a transformation

Oman's economy is witnessing a structural transformation, with increased diversification leading to accelerated non-oil economic activities and reduced dependence on the hydrocarbon sector over the last few years, according to the Central Bank of Oman (CBO) Annual Report 2017. International oil prices also recovered significantly due to a resurgent global demand and the Organization of Petroleum Exporting Countries (Opec) and non-Opec oil producers' agreement clearing the global supply glut.

Source: [Times of Oman](#)

### Oman implements IMF's enhanced e-GDDS

Oman has launched a National Summary Data Page (NSDP), becoming one of the first Gulf Cooperation Council (GCC) countries to implement the recommendations of the enhanced General Data Dissemination System (e-GDDS). The NSDP is a national data page that serves as a one-stop vehicle for publishing essential macroeconomic data in both human and machine-readable formats.

Source: [Times of Oman](#)

### Inflation in Oman rises 1.42% in July

The rate of inflation in the Sultanate increased by 1.42 per cent in July 2018 compared to the same month in 2017, according to the latest data released by the National Centre for Statistics and Information (NCSI) on consumer prices' index (CPI). It also stated that the inflation rate increased by 0.14 per cent compared to June 2018. The rise in the price index in July 2018 compared to the same period in 2017 is attributed to the rise in prices in major groups, such as housing, water, electricity, gas, and other fuels by 0.6 per cent; transport by 7.07 per cent; restaurants and hotels by 0.35 per cent; miscellaneous goods and services by 0.91 per cent; and education by 4.9 per cent.

Source: [Times of Oman](#)

### TOTAL CARGO TRAFFIC TO TOUCH 40MN TONNES AT DUQM PORT: DAVOS FORUM

The total movement of goods through Duqm Port will increase significantly in the next few years to reach about 40mn tonnes by 2022, the World Economic Forum (Davos) has projected. The forum praised the developments witnessed by the Special Economic Zone of Duqm through the establishment of several major economic projects, such as Duqm refinery, petrochemical industries complex, and factories specialised in the manufacture of solar energy equipment, in addition to the production of oil and gas equipment and a factory for automotive assembly.

Source: [Muscat Daily](#)

### Remittances dip as expats spend more locally: CBO

Remittances by expatriate workers in the Sultanate fell for the second year in succession to RO 3.774 billion in 2017, down from RO 3.965 billion a year earlier, the Central Bank of Oman (CBO) revealed in its newly released Annual Report for last year. The apex bank attributed the 4.8 per cent decline in remittance outflows to "increased domestic consumption" by foreign workers, as well as "muted growth in expatriate employment". While expatriate jobs in the private sector grew 6 per cent last year, this growth was predominantly seen in low-paying, unskilled sections of the labour force. Consequently, any uptick in remittance outflows as a result has been negligible, according to experts.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Gulf stocks slide on volatile oil, property

Gulf stocks were mostly lower, as volatile oil prices hit petrochemical and energy firms in the Saudi market, while lower-than-expected earnings of property firm Aldar Properties weighed on the Abu Dhabi market. Abu Dhabi slipped 1.1 percent, easing from a near four-year high on Wednesday. Aldar Properties dropped 2.5 percent, as investors were disappointed after the firm this week missed estimates with a 28 percent fall in second-quarter profit, which it blamed on a revaluation of properties related to its retail portfolio.

Source: [Reuters](#)

### Saudi Arabia's PIF has shown no interest in bankrolling Tesla buyout

Saudi Arabia's Public Investment Fund (PIF) has shown no interest so far in financing Tesla Inc (TSLA.O) CEO Elon Musk's proposed \$72 billion deal to take the U.S. electric car maker private, despite acquiring a minority stake in the company this year, two sources familiar with the matter said.

Source: [Argaam](#)

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### **Saudi leads Gulf IPO activity in H1 with REIT listings**

Saudi Arabia led initial public offering (IPO) activity in the Gulf Cooperation Council (GCC) region during the first half of this year, driven by the listing of eight new REITs on the Saudi Stock Exchange (Tadawul), consultancy firm PwC said in a recent report. Other than the eight listings in Saudi, the only other initial public offering (IPO) in the region was that of Arabian Falcon Insurance Company SAOG in Oman.

Source: [Argaam](#)

### **UAE proposes setting up secondary market for listed companies that report losses of 50% or more- SCA**

Loss-making companies listed on the Dubai and Abu Dhabi stock exchanges could be moved to a secondary category market if their reported losses are 50 percent or more of their total capital, according to a proposal posted on the official website of the United Arab Emirates' Securities and Commodities Authority (SCA) on Monday. "The company which its periodical or annual financial statements show that the accumulated losses have reached a percentage of 50 percent or more from its capital should immediately disclose to the authority and the market," the SCA statement, posted in Arabic, said.

Source: [Zawya](#)

### **Qatar's QIA raises stake in Credit Suisse to 5.21%: QNA**

Qatar's sovereign wealth fund, the Qatar Investment Authority, has increased its stake in Swiss bank Credit Suisse to 5.21 percent, the Qatar state news agency QNA said on Saturday. "Qatar Investment Authority (QIA) has become the largest investor in Switzerland's Credit Suisse, after increasing its stake to 5.21 percent," the agency said, without providing further details. QIA's stake in Credit Suisse Group had fallen below 5 percent last August, but an SEC filing on Friday showed it had reported a 5.07 percent passive stake as of Aug. 6, 2018.

Source: [Zawya](#)

### **UAE's ADNOC chases more Japan deals in Asian energy push**

Abu Dhabi National Oil Company (ADNOC) is chasing more business in Japan as part of a wider focus on Asia, its CEO has said. ADNOC group CEO, Dr Sultan bin Ahmad Sultan Al Jaber, also Minister of State, met with Hiroshige Seko, Japan's Minister of Economy, Trade and Industry, as part of a series of meetings, with government officials, business partners and customers, state news agency WAM reported.

Source: [Arabian Business](#)

### **ADX distributes over \$6 billion in cash dividends**

Abu Dhabi Securities Exchange (ADX), the region's leading financial market, has distributed more than Dh23.4 billion (\$6.37 billion) in cash dividends to around 406,000 investors on behalf of listed companies in 2018, a media report said. The cash dividends paid out by listed companies increased around 5.5 per cent compared Dh22.2 billion in the year 2017, reported Emirates news agency Wam.

Source: [Trade Arabia](#)

### **Abu Dhabi Islamic Bank hires banks for \$750m sukuk**

Abu Dhabi Islamic Bank (ADIB), the largest sharia-compliant lender in Abu Dhabi, has hired international banks to arrange the sale of \$750m in Islamic bonds, three sources familiar with the matter said. ADIB's debt sale, which still needs final approval by the bank's shareholders, would follow months of subdued activity in the Middle East primary bond market, as potential issuers in the region have held back their plans because of market volatility and the price premium they might have to pay to attract demand.

Source: [Gulf Business News](#)

### **15,000 projects under construction in Saudi Arabia, UAE: report**

Saudi Arabia and the UAE together accounted for 60 percent of the 25,000 projects under construction in the MENA region in 2017, valued at over AED 900 billion (\$245 billion), Dubai's Arabtec Holding said in its latest investor presentation. The UAE construction market is estimated to grow at 9.1 percent compound annual growth rate (CAGR) in line with the work on projects connected to Expo 2020 and the UAE Vision 2021, it added.

Source: [Argaam](#)

### **Dubai hotel room rates hit 14-year low**

The average room rates of Dubai hotels dropped due to an increase in supply, hitting a 14-year low during the month of July. According to STR data, the average daily rate fell 9.7 per cent to Dh423.63 while demand expanded by 7.2 per cent and supply grew by 6.3 per cent. Occupancy levels rose 0.9 per cent to 66 per cent.

Source: [Zawya](#)

### **Drake and Scull weights on DFM, with contractor now down 77.9% so far this year**

Drake and Scull International (DSI) was down 9.9 percent for a second consecutive session on Thursday and was the most traded stock in volumes on Dubai's index. Concerns about the company's financial position, business outlook and the outcome of an investigation by United Arab Emirates authorities into alleged financial violations by previous management have led the stock to lose 77.9 percent so far since the start of the year

Source: [Zawya](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### **Turkish currency's freefall rocks world equity markets, euro**

A plunge in the Turkish lira rocked global equities and emerging markets on Friday and fear of further fallout sent investors scurrying for safety in assets like the yen and U.S. government bonds.

Source: [Reuters](#)

### **The US-China trade war is worrying some Hong Kong-owned manufacturers, CEO says**

Some Hong Kong-owned factories in China are growing concerned about the escalating U.S.-China trade war, according to Raymond Young, CEO of the Chinese Manufacturers' Association of Hong Kong. Some are even thinking about shifting operations elsewhere, he told CNBC. "But I don't think factories are relocating en masse because of the trade war — not yet," he said.

Source: [CNBC](#)

### **Trump Targets a Doubling of Turkey Metals Tariffs as Ties Worsen**

President Donald Trump ordered the doubling of steel and aluminum tariffs against Turkey, roiling global markets as relations between the NATO allies hit a new low. Trump announced the decision in a Friday morning tweet following a defiantly nationalist speech Friday by Turkish President Recep Tayyip Erdogan in which he vowed that his country wouldn't bow to "economic warfare." Tensions have intensified in recent weeks over Turkey's detention of an American evangelical pastor.

Source: [Bloomberg](#)

### **U.S.-Iran Sanctions Give China Lead in World's Biggest Gas Field**

China National Petroleum Corp. is expected to take the lead on a \$5 billion project to develop Iran's share of the world's biggest gas deposit, taking over from France's Total SA, which halted operations after U.S. President Donald Trump reimposed sanctions on the Islamic Republic. State-owned CNPC, which had joined an original consortium involving Total and Iran's Petropars Ltd. in 2016 to develop Phase 11 of the South Pars Gas field in the Persian Gulf, would increase its stake in the project from the current 30 percent. Total had originally agreed to take a 50.1 percent stake in the development.

Source: [Bloomberg](#)

## COMMODITIES NEWS

### **A move in crude oil to \$50 could come as quickly as a surge above \$100, says veteran oil investor**

Crude oil prices just posted their longest losing streak in three years, registering six straight weeks of declines, and one veteran oil watcher says there could be much more volatility ahead. Tom Kloza, co-founder of the Oil Price Information Service, told CNBC's "Futures Now" this week that oil prices have been so volatile that a slump to \$50, or even a spike above \$100 could not be completely ruled out.

Source: [CNBC](#)

### **Gold pares gains as Turkish currency crisis roils markets**

Gold prices gave up earlier gains on Friday, with the crisis engulfing Turkey's lira boosting demand for bullion as a safe investment while at the same time bolstering the U.S. dollar, making gold more expensive for buyers with other currencies.

Source: [Reuters](#)

### **Oil price up on Iran sanctions but set for weekly decline**

Oil prices rose more than 1 percent on Friday as U.S. sanctions against Iran looked set to tighten supply, but futures remained lower for the week as investors worried that global trade disputes could slow economic growth and hurt demand for energy. Benchmark Brent crude oil was up 90 cents at \$72.96 a barrel by 1:56 EDT (1756 GMT). U.S. light crude was 78 cents higher at \$67.59 a barrel.

Source: [The Star](#)

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