

# U Capital Morning Brief

14 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	853.53	-11.36	-1.31%	-12.39%	-	-	-
U Capital GCC 50 Index	1,293.93	-26.60	-2.06%	14.98%	-	-	-
U Capital MENA 200 Index	1,053.26	-17.39	-1.62%	5.84%	-	-	-
MSCI GCC Countries Index	531.79	-11.07	-2.04%	10.84%	13.50	1.73	4.1%
Muscat Securities Market	4,381.92	-24.43	-0.55%	-14.07%	8.87	0.87	6.2%
Saudi Stock Exchange	7,872.79	-192.13	-2.38%	8.95%	17.18	1.77	3.6%
Kuwait Stock Exchange	5,214.61	-42.26	-0.80%	NA	15.17	1.32	3.8%
Qatar Exchange	9,556.64	-78.36	-0.81%	12.12%	14.19	1.44	4.6%
Bahrain Stock Exchange	1,346.09	-2.27	-0.17%	1.08%	8.91	0.85	6.1%
Dubai Financial Market	2,847.14	-42.31	-1.46%	-15.52%	9.04	1.06	5.9%
Abu Dhabi Exchange	4,800.90	-43.65	-0.90%	9.15%	12.58	1.42	5.0%
Beirut Stock Exchange	1,020.53	-2.48	-0.24%	-11.15%	5.40	0.64	9.5%
Palestine Stock Exchange	539.77	-3.06	-0.56%	-6.06%	12.83	1.17	4.5%
Tunis Se Index	8,341.75	-48.31	-0.58%	32.79%	21.79	2.97	1.7%
EGX 30 Index	15,521.52	-216.82	-1.38%	3.34%	11.22	2.38	2.5%
Amman General Index	1,972.05	-14.71	-0.74%	-7.28%	14.45	1.00	4.6%

World Markets	Country	Value	D/D	YTD
			%	%
<b>Europe</b>				
FTSE 100	UK	7,642.5	-0.32%	-0.6%
DAX	Germany	12,358.7	-0.53%	-4.3%
CAC 40	France	5,412.3	-0.04%	1.9%
<b>United States</b>				
DJIA	USA	25,187.7	-0.50%	1.9%
S&P 500	USA	2,821.9	-0.40%	5.5%
NASDAQ	USA	7,819.7	-0.25%	13.3%
<b>Asia Pacific</b>				
NIKKEI 225	Japan	22,260.9	1.85%	-2.2%
HANG SENG	Hongkong	27,687.0	-0.89%	-7.5%
KSE 100 Index	Pakistan	42,637.6	-0.48%	5.4%
NSE Nifty 50	India	11,399.3	0.38%	8.2%
SHANGHAI Composite	China	2,771.8	-0.50%	-16.2%
KOSPI Index	South Korea	2,258.0	0.43%	-8.5%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.728	1.375
British Pound (GBP)	1.277	0.783
Canadian Dollar (CAD)	0.763	1.312
Chinese Renminbi (CNH)	0.145	6.889
Egyptian Pound (EGP)	0.056	17.883
Euro (EUR)	1.141	0.877
Indian Rupee (INR)	0.014	67.815
Japanese Yen (JPY)	0.009	110.830
New Zealand Dollar (NZD)	0.660	1.515
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.814	123.900
Russian Ruble (RUB)	0.015	69.824
Singapore Dollar (SGD)	0.728	1.374
Turkish Lira (TRY)	0.145	6.902

Commodity Prices	Price	D/D	YTD
	USD	%	%
<b>Oil</b>			
Brent Crude (per bbl)	72.8	0.32%	13.1%
WTI Crude (per bbl)	67.5	0.42%	11.7%
Oman Crude Oil (Last Closing)	71.5	-0.36%	11.7%
OPEC (per bbl)	70.6	-1.99%	9.5%
<b>Precious Metals</b>			
Gold100 OZ (per oz)	1,195.4	0.18%	-8.3%
Silver (per oz)	15.1	0.40%	-11.1%
Platinum (per oz)	800.1	-0.42%	-14.0%
<b>Other Metals</b>			
Copper, MT	6,154	-0.59%	-15.1%
Aluminium, MT	2,082	-1.09%	-8.2%
Lead, MT	2,125	1.29%	-14.6%
Zinc, MT	2,483	-2.51%	-25.2%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.54	41.2%
Saudi Arabia	2.61	37.5%
Kuwait	2.00	6.7%
Oman	2.47	29.3%
Qatar	2.65	0.1%
Bahrain	3.53	29.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.8
Abu Dhabi	10/11/2027	3.9
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.2
Oman	1/17/2028	6.3
Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %
3 year	100.15	2.7
5 year	99.97	2.8
10 year	99.92	2.9
30 year	99.02	3.1

USD Libor	Rate (%)	YTD
1m	2.07	32.1%
3m	2.32	36.9%
6m	2.51	36.7%
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

### IMF hails Oman's move to launch national data page

The International Monetary Fund (IMF) has hailed Oman's adoption of the IMF's enhanced general data dissemination system (e-GDDS) as a 'major step forward' which will enhance transparency. Oman recently launched a National Summary Data Page (NSDP), becoming one of the first GCC countries to implement the IMF's recommendations of 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, the IMF said in a statement on its website.

Source: [Muscat Daily](#)

### 292 mining licenses issued, says PAM

As many as 292 mining exploration licenses were issued by the Public Authority of Mining (PAM) as of 2017, underscoring a thrust by the government to harness the commercial potential of the nation's mineral resources for the Sultanate's economic development. "The 9th Development Plan envisages increasing the contribution of mining in national GDP to 0.5% by 2020. Towards this objective, the Public Authority for Mining continued to promote exploration and production of minerals in the Sultanate by issuing licenses to the companies.

Source: [Oman Observer](#)

### Eight international firms prequalified to bid for Muscat water scheme

Eight leading international water developers have been prequalified by Omani authorities to participate in a competitive tender to build the Sultanate's biggest water desalination project at Ghubrah in the capital city of Muscat. The Oman Power and Water Procurement Company SAOC (OPWP), which is the sole procurer of new power generation and water desalination capacity under the sector law, has named the prequalified bidders (and their joint venture partners where applicable) as:

Source: [Oman Observer](#)

### Central Bank of Oman formulating new norms for e-wallets

The Central Bank of Oman (CBO) has announced that it is currently formulating guidelines designed to enable the efficient roll-out of electronic wallets and other payment instruments used by banking and non-banking institutions, as well as strengthen the role of payment service providers in the Sultanate.

Source: [Oman Observer](#)

### 'Oman-Pakistan economic relations strong, growing'

Pakistan's top diplomatic representative to Oman has highlighted the strong and ever growing economic and political ties between the two nations. Speaking on the occasion of Pakistan's 71st Independence Day, Ali Javed, Ambassador of Pakistan to the Sultanate of Oman, praised the performance of the Pak-Oman Investment Company (POIC).

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Turkish banking links weigh on Gulf markets

Saudi Arabia's stock index touched its lowest level in more than three months on Monday, with regional markets sinking as investors shied away from banks with links to Turkey's deepening economic turmoil. Attracted by its large population and surging economy, several Gulf banks have expanded into Turkey in recent years, most recently Dubai's largest bank Emirates NBD, which in May agreed to buy Turkey's Denizbank in a \$3.2 billion deal.

Source: [Reuters](#)

### Saudi Aramco forms \$8 bln Power JV with ACWA Power, Air Products

Saudi Aramco, Air Products (NYSE: APD), and ACWA Power signed today a Term Sheet to form a Gasification/Power joint venture at Jazan Economic City (JEC). The JV will purchase the gasification assets, power block and the associated utilities from Saudi Aramco for about \$8 billion, the three companies said in a joint statement. "The assets are currently under construction and will be transferred to the JV upon successful start-up, scheduled in 2019," the statement said.

Source: [Argaam](#)

### Saudi CMA says Wafa Insurance faces termination if EGM not held before Sept.11

The Capital Market Authority (CMA) on Monday said that Saudi Indian Company for Cooperative Insurance (Wafa Insurance) will be terminated on Sept.11, under the Saudi Companies Law if it fails to hold an extraordinary general assembly meeting within 45 days from the date its board of directors were informed of losses.

Source: [Argaam](#)

### Saudi Arabia healthcare providers show divergent performance as austerity, inexperience bite

Saudi Arabia's healthcare sector has been a recent favourite for investors due to unmet demand for medical services, the kingdom's growing population and foreigner-friendly ownership rules. Yet the diverging performance of two of the industry's listed companies shows the market remains difficult, with austerity measures crimping healthcare spending.

Source: [Zawya](#)

### **L'Azurde reviewing Saudi portfolio; Egypt remains key market: CEO**

L'Azurde for Jewelry Co. is reviewing its network of 14 stores in Saudi Arabia to enhance performance, and may look to close or relocate some outlets, chief executive Selim Chidiac told Argaam in an exclusive interview.

Source: [Argaam](#)

### **Saudi refinance firm plans Islamic bond issues to fund mortgage drive**

Government-owned Saudi Real Estate Refinance Co (SRC) plans to begin issuing Islamic bonds in coming months to finance its drive to expand the kingdom's home mortgage market, its chief executive said on Monday. Founded in 2017 by the Public Investment Fund (PIF), the country's top sovereign wealth fund, SRC has so far operated with financing from the PIF and short-term deals with banks.

Source: [Reuters](#)

### **55 road projects completed in Saudi Arabia in H1 worth \$1.33bn**

The Saudi Transport Ministry announced that the number of road projects completed during the first half of 2018 has reached 55 projects, spanning 1,689 km with a total cost of 4.978 billion riyals. The announcement reflects the ministry's ongoing efforts to improve quality and safety of the road network within the Kingdom, facilitating the movement of people, goods and boosting growth of the wider economy.

Source: [Zawya](#)

### **Riyadh, Bahrain finalize King Hamad Causeway consultative works**

Saudi Arabia and Bahrain completed the infrastructure project's consultancy and administrative works of King Hamad Causeway, Alyaum newspaper reported on Sunday, citing Abdullah Al Shaikh, the Saudi ambassador to Bahrain.

Source: [Argaam](#)

### **Musk says talking to Saudi fund, others on Tesla buyout**

Tesla Inc. Chief Executive Elon Musk said on Monday he was in discussions with Saudi Arabia's sovereign wealth fund and other potential backers of his plan to take the electric car-maker private, but said financing was not yet nailed down. Musk's disclosure, made in a blog post on Tesla's website, comes six days after the Silicon Valley billionaire shocked investors with a post on Twitter saying he was considering taking Tesla private at \$420 a share and that funding was "secured."

Source: [Zawya](#)

### **Bahrain's non-oil sector set to grow 4.3 per cent**

Faster non-oil growth in Bahrain this year will be underpinned by an acceleration in pace of project implementation, according to the latest Bahrain Economic Quarterly. The report by the Economic Development Board (EDB) projects the kingdom's non-oil sector to grow 4.3 per cent in 2018, with headline growth of 3.4pc.

Source: [GDN](#)

### **Kuwait's Agility teams up with Centerbridge on Abraaj bid**

Kuwait's Agility has teamed up with New York-based Centerbridge Partners for its bid to acquire all or part of stricken Middle East private equity firm Abraaj, according to a finance source. The pair are among potential buyers to emerge for 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: [Zawya](#)

### **Kuwait denies cash buy to shore up lira**

Kuwait has rebuffed as "ungrounded" reports that it injected KD 500 million (\$1.6 billion) to back the Turkish currency of lira, which has been in free-fall over deteriorating ties with the US. Denying such reports, the Kuwaiti Ministry of Finance said in a statement that Finance Minister Nayef Al-Hajraf met with Turkish Minister of Treasury and Finance Berat Albayrak at Kuwait International Airport on Sunday evening. During the meeting, both ministers addressed the latest economic situation in Turkey, where Kuwait has various investments, according to the statement.

Source: [Arab Times](#)

### **Nasdaq Dubai to allow individuals to invest in Sukuk market by 2019**

The Nasdaq Dubai exchange plans to allow individuals to invest in Sukuk (Islamic bonds) by 2019, the chief executive officer said in remarks published on Monday. Over the past few years, the exchange has been looking at ways to sell Sukuk directly to retail investors, expanding the primary market beyond institutional buyers.

Source: [Reuters](#)

### **UAE real estate sector sees stagnation: experts**

The real estate sector in the UAE is facing a stagnation, as property prices drop while investors tend to sell their units in a bid to avoid any risk that could impact their investments, analysts told Mubasher. Following the global financial crisis in 2008, the GCC nation's real estate sector suffered a lot, as credit shrank, technical analyst Gamal Abdul Hamid commented.

Source: [Zawya](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### US reaps more than \$1.4 billion from steel and aluminum tariffs, report finds

Between March 23 and July 16, the U.S. collected \$1.4 billion from levies on foreign imports of steel and aluminum. That figure could reach \$7.5 billion this year, based on last year's import levels. Tariff revenue is impacted by Commerce Department exclusions and President Trump's change of heart.

Source: [CNBC](#)

### Asian Stocks Trade Mixed; Dollar Slips with Yen: Markets Wrap

Asian stocks mostly steadied Tuesday as the contagion from the economic crisis in Turkey remained relatively contained in developed markets overnight. The dollar slipped from its highest in 14 months and Treasuries were little changed. Equities climbed in Japan as the yen pared some of Monday's rise. Australian and South Korean shares also rose while those in China and Hong Kong traded lower. The offshore yuan was little changed even as data showed China's economy hit a mid-year rough patch. Earlier, the S&P 500 Index fell for a fourth day, its longest run of losses in five months. Turkey's lira edged lower, but was relatively stable after slumping over 20 percent in four days.

Source: [Bloomberg](#)

### Turkey's Collapse Sinks Emerging Markets on 'Manic Monday'

Turkey's meltdown rippled across emerging markets, sending stocks and currencies to their lowest levels in at least a year. The lira led losses among global peers after the nation's first steps to bolster the financial system were seen by some analysts as insufficient to protect markets. As President Recep Tayyip Erdogan lashed out at the U.S., took higher rates off the table and said he wouldn't accept an international bailout, traders pushed down Turkish assets in a selloff that spilled over to other developing countries. The rand's one-month implied volatility soared by the most since December 2015, while the Argentine peso touched 30 per dollar.

Source: [Bloomberg](#)

### 'What happens in Turkey won't stay in Turkey': Why this debt crisis could be different

Turkey's currency crisis is reminiscent of other debt emergencies across the globe, but differs in some key ways. Whereas other crises have been fueled primarily by government debt, Turkey's is more of a corporate story, making a buyout more problematic. There's still considerable optimism that Turkey's problems won't trigger global contagion. "Risks tend to be centered on lenders that get caught up in financial crisis," said John Stoltzfus, CIO at Oppenheimer.

Source: [CNBC](#)

### Trump signs defence policy bill with watered-down China measures

US President Donald Trump signed a US\$716 billion defence policy bill on Monday (Aug 13) that authorizes military spending and includes watered-down controls on US government contracts with China's ZTE Corp and Huawei Technologies Co Ltd. Trump signed the law at the US Army's Fort Drum base in upstate New York on his way back to Washington after a 12-day working vacation at his golf club in New Jersey.

Source: [Channel News Asia](#)

## COMMODITIES NEWS

### OPEC lowers oil demand growth forecast; raises supply estimates

The Organization of Petroleum Exporting Countries (OPEC) on Monday lowered its projections for oil demand growth for this year and the next by 20,000 barrels per day (bpd). In its latest monthly oil market report, the producers group said expects demand growth to increase by 1.64 million bpd, down from 1.65 million bpd forecast in its July report. Total oil demand is anticipated to reach 98.83 million bpd.

Source: [Argaam](#)

### Oil prices edge up as Saudi cuts output, but looming demand slowdown drags

Oil prices rose on Tuesday after a report from OPEC confirmed that top exporter Saudi Arabia had cut production to avert looming oversupply. Front-month Brent crude oil futures were at \$72.87 per barrel at 0111 GMT, up 26 cents, or 0.4 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures were up 32 cents, or 0.5 percent, at \$67.52 per barrel.

Source: [Energy World](#)

### Gold stabilizes as dollar pulls back from 13-month high

Gold prices traded steady on Tuesday, but hovered close to an 18-month low, as the U.S. dollar pared gains after posting a 13-month high in the previous session. Spot gold was up 0.1 percent at \$1,194.13 an ounce, as of 0106 GMT. In the previous session, the bullion hit \$1191.35, its lowest since January 30, 2017.

Source: [Reuters](#)

### Iraq and Petrofac sign \$369 million deal to build Majnoon crude-processing plant

Iraq signed a \$369 million contract with Petrofac on Monday to build a new crude-processing facility in the giant Majnoon oilfield, a senior oil executive told Reuters. Under the deal terms, work to build the new facility which has a capacity to produce 200,000 barrels per day, should be completed in 34 months, said Ihsan Abdul Jabbar, head of the state-run Basra Oil Company.

Source: [Reuters](#)

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