

U Capital Morning Brief

26 September 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	908.32	7.32	0.81%	-6.77%	-	-	-
U Capital GCC 50 Index	1,295.94	16.94	1.32%	13.22%	-	-	-
U Capital MENA 200 Index	1,053.38	13.38	1.29%	5.86%	-	-	-
MSCI GCC Countries Index	536.66	7.86	1.49%	11.86%	13.66	1.75	4.1%
Muscat Securities Market	4,485.43	32.16	0.72%	-12.04%	11.04	0.80	6.1%
Saudi Stock Exchange	7,905.27	136.96	1.76%	9.40%	17.39	1.77	3.6%
Kuwait Stock Exchange	5,136.50	46.82	0.92%	NA	15.08	1.30	3.8%
Qatar Exchange	9,713.42	-18.23	-0.19%	13.96%	14.42	1.46	4.5%
Bahrain Stock Exchange	1,355.34	-0.79	-0.06%	1.77%	9.15	0.86	6.0%
Dubai Financial Market	2,754.04	0.75	0.03%	-18.28%	7.33	1.02	6.2%
Abu Dhabi Exchange	4,891.79	3.00	0.06%	11.22%	12.91	1.45	4.9%
Beirut Stock Exchange	967.66	-1.46	-0.15%	-15.75%	5.12	0.61	9.4%
Palestine Stock Exchange	534.38	-1.97	-0.37%	-7.00%	12.42	1.18	4.5%
Tunis Se Index	7,838.96	-3.65	-0.05%	24.79%	20.40	2.79	1.8%
EGX 30 Index	14,358.64	157.96	1.11%	-4.40%	13.03	2.26	2.5%
Amman General Index	1,986.61	-2.74	-0.14%	-6.59%	14.62	1.02	4.6%

* Kuwait YTD data is not available as the Index was reconstituted in April'18

World Markets	Country	Value	D/D	YTD	Currency Cross Rates	USD/1 Unit	Units/1 USD
Europe			%	%	Currency		
FTSE 100	UK	7,507.6	0.66%	-2.3%	Australian Dollar (AUD)	0.727	1.376
DAX	Germany	12,374.7	0.19%	-4.2%	British Pound (GBP)	1.318	0.759
CAC 40	France	5,479.1	0.05%	3.1%	Canadian Dollar (CAD)	0.772	1.295
United States					Chinese Renminbi (CNH)	0.146	6.871
DIJA	USA	26,492.2	-0.26%	7.2%	Egyptian Pound (EGP)	0.056	17.912
S&P 500	USA	2,915.6	-0.13%	9.0%	Euro (EUR)	1.177	0.850
NASDAQ	USA	8,007.5	0.18%	16.0%	Indian Rupee (INR)	0.014	72.630
Asia Pacific					Japanese Yen (JPY)	0.009	112.950
NIKKEI 225	Japan	23,970.3	0.13%	5.3%	New Zealand Dollar (NZD)	0.667	1.499
HANG SENG	Hongkong	27,950.7	1.64%	-6.6%	Omani Rial (OMR)	2.594	0.386
KSE 100 Index	Pakistan	41,036.3	0.09%	1.4%	Pakistani Rupee (PKR)	0.805	124.180
NSE Nifty 50	India	11,084.8	0.16%	5.3%	Russian Ruble (RUB)	0.015	65.862
SHANGHAI Composite	China	2,816.4	1.27%	-14.8%	Singapore Dollar (SGD)	0.733	1.365
KOSPI Index	South Korea	2,339.2	0.68%	-5.2%	Turkish Lira (TRY)	0.162	6.176

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.60	44.9%
Brent Crude (per bbl)	81.8	-0.06%	27.8%	Saudi Arabia	2.66	40.0%
WTI Crude (per bbl)	72.2	-0.18%	19.4%	Kuwait	1.94	3.3%
Oman Crude Oil (Last Closing)	82.3	-4.52%	28.6%	Oman	2.49	30.3%
OPEC (per bbl)	78.8	2.24%	22.2%	Qatar	2.69	1.6%
Precious Metals				Bahrain	3.58	31.2%
Gold100 OZ (per oz)	1,202.2	0.08%	-7.7%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.5	0.26%	-14.4%		Maturity date	YTM, %
Platinum (per oz)	825.8	0.46%	-11.3%	Kuwait	3/20/2027	3.8
Other Metals				Abu Dhabi	10/11/2027	3.9
Copper, MT	6,318	-0.55%	-12.8%	Qatar	6/2/2026	3.9
Aluminium, MT	2,071	0.53%	-8.7%	Saudi Arabia	3/4/2028	4.3
Lead, MT	2,010	-1.69%	-19.2%	Oman	1/17/2028	5.9
Zinc, MT	2,507	-2.22%	-24.5%	Bahrain	10/12/2028	7.6

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.55	2.9	1m	2.22	41.8%
5 year	99.48	3.0	3m	2.37	40.1%
10 year	98.16	3.1	6m	2.59	41.2%
30 year	95.70	3.2	1 year	2.91	38.1%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

VAT from Sept next year

The Ministry of Finance is targeting September 1, 2019 for implementation of the Value Added Tax (VAT) in Oman, but the date is under review and not yet finalised, a senior government official said on Tuesday. Speaking to the Observer, Sulaiman bin Salim al Adi, Director-General of Survey and Tax Agreements at the the Ministry of Finance, said: "There was an announcement to implement VAT from September 1, 2019, but that date is under review as the proposal has to go through various levels, including the State Council and Majlis Ash'shura, among others."

Source: [Oman Observer](#)

BAHRAINI DELEGATION EXPLORES INVESTMENT OPPORTUNITIES IN OMAN

With aspiration of getting familiarised with the investment climate in Oman, a delegation representing Bahrain Chamber of Commerce and Industry on Tuesday visited the Public Establishment for Industrial Estates (PEIE). A meeting with the delegation was organised at PEIE's headquarters in the Knowledge Oasis Muscat in cooperation with Oman Chamber of Commerce and Industry, according to a press release.

Source: [Muscat Daily](#)

OCCI MEET DISCUSSES CHALLENGES TO MINING SECTOR IN MUSANDAM

The Oman Chamber of Commerce and Industry (OCCI) branch in Musandam hosted a meeting to discuss the challenges and obstacles faced by the mining sector in the governorate. Raed bin Mohammed al Shehhi, chairman of OCCI's branch in Musandam, and Eng Hilal bin Mohammed al Busaidi, chief executive officer, Public Authority for Mining, took part in the discussion.

Source: [Muscat Daily](#)

Dedicated unit to handle complaints against banks

The Central Bank of Oman (CBO) says it is working towards establishing a dedicated unit to handle customer grievances against banking and financial institutions. The move is part of an array of measures and initiatives adopted by the banking sector regulator with the aim of promoting "financial inclusion" across the banking and financial services industry in the Sultanate.

Source: [Oman Observer](#)

Efforts on to decentralise health services in Oman

In an effort to ensure that medical services and support reach every corner of the Sultanate, the Ministry of Health and the Oman Medical Association are calling on all hospitals in Oman to decentralise their operations away from the capital to the interiors. "We advise everyone, especially private hospitals, to open hospitals not just in Muscat but in the interiors too," said Dr Waleed Al Zadjali, President of Oman Medical Association.

Source: [Times of Oman](#)

Oman's Renaissance Mulls \$1.5 Billion Topaz Energy IPO

Oman's Renaissance Services SAOG, a service provider to the oil and gas industry, is considering an initial public offering for its Topaz Energy & Marine unit, according to people familiar with the matter. Renaissance, which has a market capitalization of about \$379 million, could seek a valuation of about \$1.5 billion for the Dubai-based business, the people said. Goldman Sachs Group Inc. and Morgan Stanley are advising on the share sale, which could take place next year in London, said the people, asking not to be identified as the details aren't public.

Source: [Bloomberg](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

MIDEAST STOCKS-Saudi surges on oil prices, Kuwait gains on FTSE Russell inclusion

Saudi stocks rose 1.8 percent on Tuesday on the back of a surge in oil prices, while Kuwaiti shares gained on hopes of more foreign fund flows after inclusion in the FTSE Russell emerging market index. Oil prices jumped to a fresh four-year high, helping push Petrochemicals giant Saudi Basic Industries up 2.8 percent, refiner Petro Rabigh 1.6 percent and Al Rajhi Bank 2.6 percent.

Source: [Reuters](#)

UAE-Saudi non-oil trade surges to \$196bn by end H1

The total non-oil intra-trade between the UAE and Saudi Arabia amounted to Dh720 billion (\$196 billion) since the establishment of the GCC Customs Union in 2003 until the end of the first half (H1) of 2018, marking a growth of 1,230 per cent, a media report said. UAE imports from the Kingdom reached Dh244.2 billion (\$67 billion) during the monitored period and exports to Dh144.8 billion (\$39.7), reported Emirates news agency Wam, citing statistics of the UAE Federal Customs Authority (FCA).

Source: [GDN](#)

Saudi banks continue to build buffers and wait for growth: Fitch Ratings

Opportunities to grow lending for Saudi banks are limited by weak demand for credit. Fiscal tightening, low confidence levels and geopolitical risks are all weighing on credit demand. In the meantime, banks continue to build capital and liquidity buffers for future growth Fitch Ratings says in a peer review. The Long-Term Issuer Default Ratings (IDRs) of six of the 11 Fitch-rated Saudi banks are driven by probability of support from the Saudi authorities. This considers Saudi Arabia's strong ability to support given the government's strong financial flexibility, illustrated by large external buffers and recent record of accessing international debt capital markets.

Source: [Zawya](#)

Saudi introduces online visa system for international tourists

Saudi Arabia on Tuesday announced plans for a new online visa process for international tourists. The digital platform, known as Sharek, will be introduced for the inaugural Saudia Ad Diriyah E-Prix, which is the opening race of the 2018/19 ABB FIA Formula E Championship. The event will be the first accessible to foreign tourists in the kingdom as it looks to expand its events calendar.

Source: [Gulf Business](#)

Saudi Arabia drops statute of limitations from anti-corruption law

Saudi Arabia amended an anti-corruption law on Tuesday to remove a 60-day statute of limitations for investigating allegations against current or former ministers, as part of efforts to tackle graft and abuse of power in the world's top oil exporter.

Source: [Business Insider](#)

Saudi Arabia opens high-speed rail linking Islam's holy cities

Saudi Arabia's King Salman has inaugurated a high-speed rail link between the two holiest cities in Islam, part of efforts to boost tourism as the country seeks to shed dependence on oil exports. The 280-mile (450km) Haramain railway connecting Mecca and Medina with the Red Sea city of Jeddah cost £6bn (\$7.87bn) and is one of the largest transport projects in the Middle East, targeting nearly 60 million passengers annually. Commercial operations are due to begin next week.

Source: [The Guardian](#)

Tadawul extends MedGulf's rights issue until Sept. 25

The rights issue of Mediterranean and Gulf Insurance and Reinsurance Co. (MedGulf) was extended until today, Sept. 25, with the subscription period running until Sept. 30, the Saudi Stock Exchange (Tadawul) said in a statement on Tuesday. The rights issue was extended, as the Saudi bourse was closed on Sep. 23 and 24, after King Salman ordered a one-day extension to the National Day holiday.

Source: [Argaam](#)

Moody's assigns A1 ratings to SABIC's proposed notes; ratings affirmed

Moody's Investors Service ("Moody's") has today assigned an A1 instrument rating to the proposed new senior unsecured notes that will be issued by SABIC Capital II B.V. and unconditionally and irrevocably guaranteed by Saudi Basic Industries Corporation (SABIC). Concurrently, Moody's has affirmed SABIC's A1 long-term issuer rating and A1 senior unsecured ratings of SABIC Capital I B.V. and SABIC Capital II B.V. The outlook on all ratings is stable.

Source: [Moody's](#)

Al Hokair Group renews SAR 100 mln credit facility with Bank Aljazira

Abdulmohsen Alhokair Group for Tourism and Development Co. has renewed a SAR 100 million Sharia-compliant credit facility agreement with Bank Aljazira, the company said in a bourse filing on Tuesday. The credit facility is intended to finance working capital requirements and covered by a promissory note. The term of the financing runs for four years, it added.

Source: [Argaam](#)

Bahrain FDI inflows soar by 138% in nine months

Bahrain Economic Development Board (EDB) has attracted a record number of investment as businesses from around the world continues to look to Bahrain to access the opportunities in the \$1.5tn Gulf economy. In the first nine months of 2018, FDI inflows increased by 138% when compared to the same period of last year. This year, Bahrain EDB has already attracted a total of 76 companies, accounting for an investment of \$810m, breaking the 2017 record of 71 companies, and a total investment of \$733m.

Source: [Saudi Gazette](#)

Qatar's Foreign trade grows 'remarkable' 16% in 2017, says Sheikh Ahmed

Qatar's foreign trade has shown remarkable growth, increasing by 16% in 2017, said HE the Minister of Economy and Commerce Sheikh Ahmed bin Jassim bin Mohamed al-Thani. Qatar's total exports also increased by 18%, contributing to a total trade surplus of 49%, he said while chairing a roundtable with businessmen during a working lunch on the sidelines of Qatar's participation in the 73rd session of the United Nations General Assembly in New York on Monday.

Source: [Gulf Times](#)

UAE may see 100% growth in sukuk

The number of Islamic bond (sukuk) issuances in the UAE are expected to double this year as compared to last year as some more issuances are in the pipeline which could be released during the remainder of 2018, global ratings agency S&P analysts said on Tuesday.

Source: [Khaleej Times](#)

Loans and deposits of UAE banking sector pick up pace

Loans and deposits across the UAE's banking system reported solid growth in the month of August, according to an analysis of data from the UAE Central Bank by the Economics Team at Abu Dhabi Commercial Bank (ADCB). August data showed gross credit growth expanded by 0.6 per cent month on month (Dh9.9 billion) in August — one of the strongest monthly rises in 2018 so far. This resulted in the year on year growth rate accelerating to 3.4 per cent, up from 3.2 per cent in July.

Source: [Gulf News](#)

Dubai homes 22% cheaper than market peak in 2014

Property values in Dubai are 22.3 per cent cheaper since the peak of mid-2014, according to a third quarter report issued by local consulting firm. Although residential capital values dipped by nine per cent in third quarter of 2018, the decline has slowed to 2.9 per cent since the previous quarter.

Source: [Khaleej Times](#)

Egypt to tour Asian, European markets to prepare for global bond issue –finmin

Egyptian officials plan to launch Asian and European tours starting in the week after next to market international bonds, which will be offered when the time is right, Finance Minister Mohamed Maaait said on Tuesday. Egypt plans to issue Eurobonds worth about \$5 billion in the coming months.

Source: [Reuters](#)

Pleasing Investors Is Getting Expensive for IMF-Backed Egypt

Egypt is facing a dilemma that's troubling policymakers across emerging markets: what pleases overseas investors isn't always what's good for the economy. It needs to maintain high interest rates to keep attracting foreigners, who hold about \$17 billion in local debt, and avoid being sucked into a crisis that has swept emerging markets this year. But Egypt's high borrowing costs are hurting businesses and setting back government plans to cut one of the highest budget deficits among developing economies.

Source: [Bloomberg](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

MSCI considers increasing Chinese share weight in its indexes

The global index provider said MSCI will consider quadrupling the weighting of Chinese big-caps in its global benchmarks. MSCI also proposed adding mid-caps and shares listed on Shenzhen's start-up board ChiNext.

Source: [CNBC](#)

Asia markets mixed following Trump's comments on trade

On Tuesday, U.S. President Donald Trump told the United Nations General Assembly that his country would "no longer tolerate abuse" on trade. Trump's comments came after U.S. Trade Representative Robert Lighthizer said his country was prepared to move ahead with a trade deal with Mexico, with or without Canada.

Source: [CNBC](#)

Tech Giants Spend \$80 Billion to Make Sure No One Else Can Compete

General Motors Co. and Google couldn't be more different. GM musters an army of people and machines to produce the 10 million cars it sells each year. What Google makes doesn't really exist: You type on a laptop or click play on a YouTube video, and Google zips back bits of digital information. But Google parent Alphabet Inc. and the other four dominant U.S. technology companies—Apple, Amazon.com, Microsoft, and Facebook—are fast becoming industrial giants. They spent a combined \$80 billion in the last year on big-ticket physical assets,

Source: [Bloomberg](#)

U.S. trade chief says China policy change 'not going to be easy'

U.S. President Donald Trump's top trade official said on Tuesday that changing China's economic policies to become more market-oriented "is not going to be easy" even with tariffs now in place on \$250 billion worth of Chinese goods. U.S. Trade Representative Robert Lighthizer, in rare public remarks at the Concordia Summit, said "endless dialogues" with the Chinese government over decades had "failed miserably" in changing Beijing's policies, so the Trump administration decided to try direct pressure with tariffs based on its study of China's intellectual property and technology transfer policies.

Source: [Reuters](#)

COMMODITIES NEWS

Gold steady ahead of U.S. Fed meeting; trade worries persist

Gold steadied on Tuesday as the dollar held firm ahead of a U.S. Federal Reserve meeting, with the precious metal's upside capped by strong U.S. economic data that continues to underpin the greenback. The dollar index held above last week's two months lows, with an expected Federal Reserve rate rise mostly priced in by traders, who will be looking for clues to the future direction of rate hikes from the central bank.

Source: [Zawya](#)

Oil hits four-year peak after OPEC+ shows no sign of turning on the taps

Crude oil prices shot to a four-year high on Tuesday, catapulted by imminent U.S. sanctions on Iranian crude exports and the apparent reluctance of OPEC and Russia to raise output to offset the potential hit to global supply. Brent crude futures LCOc1 were up 61 cents at \$81.81 a barrel by 1121 GMT, having touched a session peak of \$82.20, the highest price since November 2014.

Source: [NASDAQ](#)



Ubar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net



Disclaimer: This report has been prepared by Ubar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.