

U Capital Morning Brief

24 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	902.53	-0.17	-0.02%	-7.37%	-	-	-
U Capital GCC 50 Index	1,280.35	6.05	0.47%	11.85%	-	-	-
U Capital MENA 200 Index	1,041.83	4.33	0.42%	4.70%	-	-	-
MSCI GCC Countries Index	529.40	-0.40	-0.07%	10.34%	13.48	1.73	4.1%
Muscat Securities Market	4,486.42	-8.89	-0.20%	-12.02%	11.04	0.80	6.1%
Saudi Stock Exchange	7,768.31	38.66	0.50%	7.50%	17.09	1.74	3.7%
Kuwait Stock Exchange	5,093.33	-54.33	-1.06%	NA	14.96	1.29	3.9%
Qatar Exchange	9,768.91	2.58	0.03%	14.61%	14.51	1.47	4.5%
Bahrain Stock Exchange	1,351.44	11.38	0.85%	1.48%	9.13	0.86	6.1%
Dubai Financial Market	2,761.94	-2.44	-0.09%	-18.05%	7.36	1.03	6.1%
Abu Dhabi Exchange	4,892.16	8.74	0.18%	11.22%	12.92	1.45	4.9%
Beirut Stock Exchange	975.90	-0.12	-0.01%	-15.03%	5.16	0.61	9.3%
Palestine Stock Exchange	537.07	-0.15	-0.03%	-6.53%	12.48	1.19	4.5%
Tunis Se Index	7,815.44	-53.07	-0.67%	24.41%	20.33	2.78	1.8%
EGX 30 Index	14,261.25	177.77	1.26%	-5.05%	12.94	2.25	2.5%
Amman General Index	1,995.05	-0.10	-0.01%	-6.19%	14.69	1.03	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	7,490.2	1.67%	-2.6%	Australian Dollar (AUD)	0.727	1.375
DAX	Germany	12,430.9	0.85%	-3.8%	British Pound (GBP)	1.308	0.765
CAC 40	France	5,494.2	0.78%	3.4%	Canadian Dollar (CAD)	0.773	1.293
United States					Chinese Renminbi (CNH)	0.146	6.861
DIJA	USA	26,743.5	0.32%	8.2%	Egyptian Pound (EGP)	0.056	17.910
S&P 500	USA	2,929.7	-0.04%	9.6%	Euro (EUR)	1.175	0.851
NASDAQ	USA	7,987.0	-0.51%	15.7%	Indian Rupee (INR)	0.014	72.429
Asia Pacific					Japanese Yen (JPY)	0.009	112.580
NIKKEI 225	Japan	23,869.9	0.82%	4.9%	New Zealand Dollar (NZD)	0.667	1.499
HANG SENG	Hongkong	27,603.1	-1.25%	-7.7%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,392.6	0.19%	2.3%	Pakistani Rupee (PKR)	0.812	124.255
NSE Nifty 50	India	11,087.5	-0.50%	5.3%	Russian Ruble (RUB)	0.015	66.451
SHANGHAI Composite	China	2,797.5	2.50%	-15.4%	Singapore Dollar (SGD)	0.732	1.366
KOSPI Index	South Korea	2,339.2	0.68%	-5.2%	Turkish Lira (TRY)	0.158	6.324

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.62	45.9%
Brent Crude (per bbl)	79.8	1.28%	24.7%	Saudi Arabia	2.65	39.9%
WTI Crude (per bbl)	71.6	1.14%	18.5%	Kuwait	1.94	3.3%
Oman Crude Oil (Last Closing)	77.6	0.28%	21.3%	Oman	2.42	26.7%
OPEC (per bbl)	77.1	0.09%	19.6%	Qatar	2.68	1.0%
Precious Metals				Bahrain	3.58	31.2%
Gold100 OZ (per oz)	1,197.7	-0.11%	-8.1%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.2	-0.32%	-15.9%		Maturity date	YTM, %
Platinum (per oz)	826.6	-0.15%	-11.2%	Kuwait	3/20/2027	3.8
Other Metals				Abu Dhabi	10/11/2027	3.9
Copper, MT	6,363	4.62%	-12.2%	Qatar	6/2/2026	3.9
Aluminium, MT	2,091	2.35%	-7.8%	Saudi Arabia	3/4/2028	4.3
Lead, MT	2,039	1.72%	-18.0%	Oman	1/17/2028	5.9
Zinc, MT	2,496	1.67%	-24.8%	Bahrain	10/12/2028	7.7

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.61	2.9	1m	2.22	41.7%
5 year	99.09	2.9	3m	2.37	40.0%
10 year	98.41	3.1	6m	2.59	41.1%
30 year	96.17	3.2	1 year	2.91	38.0%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Higher oil prices could boost Oman's current account deficit, but infrastructure demand means upside will be limited

Oman's current account deficit will narrow in 2018 and 2019 as higher oil prices boost the value of exports, according to Fitch Solutions. While the Gulf state's fast-growing tourism sector also offers an upside to services exports, increasing infrastructure and transportation demands will offset this, the macro research company said in note published on Friday. The note said while external stability is expected to remain intact under current conditions, diminished external buffers render Oman especially exposed to currency pressures, compared to other Gulf States.

Source: [Zawya](#)

MEDC copes with rising number of customers

Muscat Electricity Distribution Company (MEDC), a member of the Nama Group, added more than 6,000 new accounts to its customer base during the second quarter of 2018. These accounts fall into different categories—agricultural, commercial, industrial and residential—in Muscat Governorate. Accordingly, the overall total number of customers by the second quarter of this year reached 375,978. The “cost reflective tariff customers” represent 1.24 per cent i.e. 4,680 of the total customer accounts, and they contribute by 55 per cent to the total revenue of electricity sales.

Source: [Times of Oman](#)

Sohar Port plans 1 GW solar farm project

A world-scale solar farm project of around 1 gigawatts (GW) at full capacity is envisioned for development at Sohar Port and Freezone — part of a multifaceted strategy to support sustainable ‘green’ energy initiatives at the industrial hub. The ambitious project, according to Mark Geilenkirchen, Chief Executive Officer, will be implemented in phases with output earmarked for consumption by industrial tenants at the port and adjoining free zone. “Our renewable energy strategy is taking off,” said Geilenkirchen. “We plan to have a large solar farm that will cater to the energy needs of a few of our industries. We are currently in the phase of signing contracts,” the official told the Observer.

Source: [Oman Observer](#)

Property rents decline 20pc over last two years

After a roughly 20 per cent decline in property rents over the past two years, real estate rents appear to be bottoming out, according to the Central Bank of Oman (CBO), which nevertheless has urged local banks to beware of possible exposure to this key sector. Commercial banks, the banking sector regulator has warned, have “substantial direct and indirect exposure” to the Omani real estate sector, which in past years has thrived amid a low interest rate environment. Steady demand for rental property has contributed to attractive rental yields for property owners, the apex bank stated in its Financial Stability Report 2018.

Source: [Oman Observer](#)

Construction work in Liwa Plastics Industry reaches 67pc

The Omani Refineries and Petroleum Industries Company (Orpic) confirmed that the construction work in Liwa Plastics Industry Project has exceeded the 67 per cent barrier in all four project packages. This project is one of the largest transformational projects in the Sultanate, which will contribute to improving and increasing the diversity of the production of Orpic, developing its business model and increasing profits, as well as developing the plastic products industry in the Sultanate and providing opportunities for business and employment in the Sultanate, besides providing new opportunities for business development in the Sultanate.

Source: [Oman Observer](#)

CBO Board of Governors holds meeting

The CBO Board of Governors held its third meeting of 2018 on Sunday under the chairmanship of Sultan bin Salim al Habsi, Deputy Chairman of the CBO Board of Governors. The meeting was held at the CBO Headquarters in MBD area, Muttrah. At the beginning of the meeting, the Board reviewed the subjects on the agenda. It then studied the CBO Report on the economic and financial developments in the Sultanate.

Source: [Oman Observer](#)

Salalah making strong ground as conference tourism destination

Rich in nature, culture and emerging good facilities and services, Salalah is making strong ground for an emerging conference tourism destination in the region. The trend, which had started some 10-15 years ago with some annual regional and national events, set its foot this monsoon (Khareef) season with different halls of the city becoming the venues of a large number of international conferences. The city hosted about 200 small and big conferences this year with more than 50 happened only during the Khareef season.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Kuwait down ahead of FTSE entry, other Middle East markets mixed

Kuwait's stock market fell on Sunday, pausing after recent gains ahead of joining of the FTSE Russell emerging market index this week, which is expected to draw investment from passive funds. Entry to the emerging market index will be in two phases, on Sept. 24 and Dec. 24. Arqaam Capital estimates the inflows in across the two phases will reach \$1 billion.

Source: [Zawya](#)

Bursa Kuwait upgrades to emerging markets

The upgrading of Bursa Kuwait to the status of emerging markets is vital for the country's economic development, according to the stock exchange's Chief Executive Officer. Khaled Al-Khaled, CEO of Bursa Kuwait, said that the first step was the inclusion of national stock exchange in FTSE Russell index and the upcoming inclusion into MSCI index in 2019.

Source: [Zawya](#)

Qatari investments in UK hit \$50bn

Qatar's investments in the UK reached GBP 38.5 billion (\$50.37 billion), Lord Mayor of London Charles Edward Beck Bowman (Alderman) said. "Qatar represents a natural regional partner for British businesses looking to expand internationally," Alderman said.

Source: [Mubasher](#)

UAE banks' investments in T-bills hit AED 200bn in August

UAE banks investments in treasury bills declined by AED 3.5 billion at the end of August compared to the month before, recording AED 199.7 billion. Meanwhile, Emirati banks' investments in shares decreased by 2.4% month-on-month to AED 12.2 billion in August, according to Central Bank of the UAE (CBUAE). Last month, total assets of the UAE banks grew 4% year-to-date to AED 2.8 trillion.

Source: [Mubasher](#)

Emaar Properties raises stake in Emrill

Emaar Properties and Al-Futtaim Real Estate Investment have upped their stakes in Emrill, a UAE-based facilities management (FM) company. Both companies have purchased the stake of Carillion plc, a British multinational facilities management and construction services company, after its liquidation in January. "Emrill would remain an independently operated joint venture company, and equally owned by Emaar and Al-Futtaim," Emrill said, quoted by Construction Week Online.

Source: [Mubasher](#)

Abu Dhabi hotel guest numbers up 10.5pc in August

The number of hotel guests staying in Abu Dhabi during August rose by 10.5 per cent compared to the same month in 2017, with double-digit growth in most key source markets underpinning the upward trend, said a report. With the emirate's popularity with visitors boosted by the annual Abu Dhabi Summer Season, August's results show that the Department's targets of improving upon 2017's record-breaking numbers of guest arrivals, when close to five million people stayed in the emirate, are firmly on track, said a report in WAM citing figures released by the Department of Culture and Tourism – Abu Dhabi.

Source: [GDN](#)

UAE's EGA said to delay IPO over US aluminium tariffs

A planned share sale in the UAE may be the latest casualty of President Donald Trump's trade policies. US tariffs on aluminium imports have prompted Emirates Global Aluminium, which produces about 4 percent of the metal globally, to delay an initial public offering, according to people with knowledge of the matter who spoke on condition of anonymity.

Source: [Arabian Business](#)

HSBC UAE aims to hit \$1bn revenues in next three to five years

HSBC UAE has put in place a three year-plan to grow its business and is open to beefing up assets as it looks to hit a \$1 billion (Dh3.67bn) revenue target in the next three to five years, its chief executive said. "In our global 2018 Strategy Update, HSBC UAE is identified as one of eight scale markets," Abdulfattah Sharaf, the group general manager and chief executive of HSBC in the UAE told The National in its Dh1bn new headquarters in Dubai. "Our aspiration is to be among the top-five banks [in the UAE] with more than \$1bn in revenues over the next 3-5 years."

Source: [The National](#)

Bank brokerages leading trade turnover on QSE

Commercial banks' brokerage outfits collectively constituted more than 52% of the total share trade turnover on the Qatar Stock Exchange (QSE) in the first eight months of this year; indicating the increased prominence of non-interest earnings in their revenue portfolio, according to the bourse data. QNB Financial Services (QNBFS), a QNB subsidiary, continued to maintain its lead among the 10 brokerage houses on the QSE, accounting for 26.22% of the total share trade turnover during January-August this year.

Source: [Gulf Times](#)

UK court continues restraint on Djibouti in DP World case

The High Court of England and Wales in London has continued the injunction - first made on August 31, 2018 - prohibiting the Government of Djibouti's port company, Port de Djibouti SA ("PDSA") from interfering with the management of the joint venture company, Doraleh Container Terminal SA ("DCT"). On August 31, the Court issued a without notice injunction against PDSA, as shareholder in DCT, prohibiting the following actions

Source: [Khaleej Times](#)

UAE, Saudi combine GDP to hit \$1.1trln

The UAE and Saudi Arabia can look forward to stronger relations in key areas of business across various sectors, with economic analysts predicting that integrating the two economies will create an economic entity with a GDP of around \$1.1 trillion. Trade and economic

relations between the UAE and Saudi Arabia are the largest among the GCC countries, and the UAE is a key trading partner of the kingdom in the Arab region.

Source: [Zawya](#)

Saudi investments in large-scale projects cross \$183 bln

Saudi Arabia has invested over SAR 685 billion (\$183 billion) in large-scale projects, as part of its Vision 2030 initiative to boost and diversify its economy, the Council of Saudi Chambers said in a report launched to commemorate the 88th Saudi National Day. The report highlighted the major achievements of 2017 such as the launch of \$500 billion NEOM, lifting of the ban on women driving, the establishment of the General Authority for Cyber Security and numerous royal decrees providing financial support to Saudi citizens.

Source: [Argaam](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares wobble on fear of long U.S.-China trade war; oil rallies

Asian shares stumbled in holiday-thinned trading on Monday as China's decision to cancel talks with the United States reinforced fears of a protracted trade war with neither side willing to back down. Oil prices jumped after top producers ruled out boosting crude output. U.S. stock futures were a touch weaker while MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8 percent. Hong Kong was the worst performer with its Hang Seng index down 1.3 percent.

Source: [Reuters](#)

U.S., China impose fresh tariffs with no trade talks in sight

The United States and China imposed fresh tariffs on each other's goods on Monday, as the world's biggest economies showed no signs of backing down from an increasing bitter trade dispute that has rattled financial markets. U.S. tariffs on \$200 billion worth of Chinese goods and retaliatory tariffs by Beijing on \$60 billion worth of U.S. products took effect as of 0401 GMT. The two countries have already slapped tariffs on \$50 billion worth of each other's goods earlier this year.

Source: [Reuters](#)

UK Prime Minister Theresa May's team said to be preparing for a snap election to save Brexit

British Prime Minister Theresa May's aides have begun contingency planning for a snap election in November to save both Brexit and her job, the Sunday Times reported. The newspaper said that two senior members of May's Downing Street political team began "wargaming" an autumn vote to win public backing for a new plan, after her Brexit proposals were criticised at a summit in Salzburg last week. Downing Street was not immediately available to comment on the report.

Source: [CNBC](#)

Alphabet, Facebook and Netflix are about to destroy the stock market's biggest dividend trade

Market-leading companies including Alphabet, Facebook and Netflix are changing S&P 500 sectors on Monday, with big implications for investors who use technology, consumer discretionary and telecom index funds and ETFs. The new S&P communications sector that replaces the telecom index will include these big technology stocks, changing the nature of what has been one of the market's best defensive and highest-dividend yield stock strategies. There also will be a reduction in the market weighting of the S&P technology sector in the S&P 500 index, but investors and market strategists remain skeptical that this reshuffling of widely held stocks will solve the problem of big tech's outsized role in stock performance.

Source: [CNBC](#)

COMMODITIES NEWS

Oil markets are 'relatively balanced,' says Al-Falih

Supply and demand in the oil market have been sufficiently rebalanced, following two years of close coordination between OPEC and non-members on crude output, Saudi energy minister Khalid Al-Falih said on Sunday. "We have achieved the objectives pretty much of what we set out in 2016," Al-Falih said, cited by The Wall Street Journal.

Source: [Argaam](#)

Non-OPEC oil supply set to outpace OPEC output in medium-term

Non-OPEC liquid supply (including conventional crude, natural gas liquids, biofuels, etc) is expected to grow at a faster pace than that of OPEC between 2017 and 2023, largely because of a sharp rise anticipated in US tight oil supply, according to the latest World Oil Outlook 2018 released by OPEC. Total non-OPEC supply is expected to grow from 57.5 million barrels per day (mbd) in 2017 to 66.1 mbd in 2023, an increase of 8.6 mbd, or an average annual increment of 1.4 mbd.

Source: [Argaam](#)

OPEC, allies rule out further increase in oil output

A meeting of OPEC and its allies ended without any decision to further increase oil output despite President Donald Trump's call for lower prices. Members of the Organization of the Petroleum Exporting Countries met on Sunday in Algiers with non-members including Russia. The committee said in a statement that it was satisfied "regarding the current oil market outlook, with an overall healthy balance between supply and demand."

Source: [Washington Post](#)



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