

U Capital Morning Brief

27 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	911.15	2.8	0.3%	-6.5%	-	-	-	-
U Capital GCC 50 Index	1,295.87	-0.1	0.0%	13.2%	-	-	-	-
U Capital MENA 200 Index	1,050.81	-2.6	-0.2%	5.6%	-	-	-	-
MSCI GCC Countries Index	535.98	-0.7	-0.1%	11.7%	13.64	1.75	4.1%	
Muscat Securities Market	4,501.41	16.0	0.4%	-11.7%	11.08	0.81	6.1%	
Saudi Stock Exchange	7,893.55	-11.7	-0.1%	9.2%	17.36	1.77	3.6%	
Kuwait Stock Exchange	5,130.38	-6.1	-0.1%	NA	15.07	1.30	3.8%	
Qatar Exchange	9,728.50	15.1	0.2%	14.1%	14.45	1.46	4.5%	
Bahrain Stock Exchange	1,350.16	-5.2	-0.4%	1.4%	9.12	0.86	6.1%	
Dubai Financial Market	2,775.57	21.5	0.8%	-17.6%	7.39	1.03	6.1%	
Abu Dhabi Exchange	4,929.98	38.2	0.8%	12.1%	13.02	1.46	4.9%	
Beirut Stock Exchange	967.03	-0.6	-0.1%	-15.8%	5.12	0.61	9.4%	
Palestine Stock Exchange	532.45	-1.9	-0.4%	-7.3%	12.38	1.18	4.6%	
Tunis Se Index	7,821.71	-17.3	-0.2%	24.5%	20.35	2.79	1.8%	
EGX 30 Index	14,612.18	253.5	1.8%	-2.7%	13.26	2.30	2.4%	
Amman General Index	1,986.12	-0.5	0.0%	-6.6%	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		
			%	%	Currency	USD/1 Unit	Units/1 USD
Europe					Australian Dollar (AUD)	0.726	1.378
FTSE 100	UK	7,511.5	0.05%	-2.3%	British Pound (GBP)	1.315	0.760
DAX	Germany	12,385.9	0.09%	-4.1%	Canadian Dollar (CAD)	0.767	1.304
CAC 40	France	5,512.7	0.61%	3.8%	Chinese Renminbi (CNH)	0.146	6.870
United States					Egyptian Pound (EGP)	0.056	17.943
DJIA	USA	26,385.3	-0.40%	6.7%	Euro (EUR)	1.175	0.851
S&P 500	USA	2,906.0	-0.33%	8.7%	Indian Rupee (INR)	0.014	72.570
NASDAQ	USA	7,990.4	-0.21%	15.7%	Japanese Yen (JPY)	0.009	112.730
Asia Pacific					New Zealand Dollar (NZD)	0.666	1.503
NIKKEI 225	Japan	23,880.8	-0.66%	4.9%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	27,693.0	-0.45%	-7.4%	Pakistani Rupee (PKR)	0.805	124.254
KSE 100 Index	Pakistan	40,854.1	-0.13%	0.9%	Russian Ruble (RUB)	0.015	65.823
NSE Nifty 50	India	11,053.0	-0.01%	5.0%	Singapore Dollar (SGD)	0.733	1.365
SHANGHAI Composite	China	2,795.8	-0.39%	-15.5%	Turkish Lira (TRY)	0.164	6.107
KOSPI Index	South Korea	2,351.3	0.52%	-4.7%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%	UAE	2.62	45.7%
Oil				Saudi Arabia	2.66	40.3%
Brent Crude (per bbl)	82.1	0.93%	28.2%	Kuwait	2.00	6.7%
WTI Crude (per bbl)	72.4	1.19%	19.9%	Oman	2.48	30.0%
Oman Crude Oil (Last Closing)	85.5	-0.75%	33.6%	Qatar	2.68	1.2%
OPEC (per bbl)	80.4	2.07%	24.8%	Bahrain	3.60	32.1%
Precious Metals				GCC Latest 10-Yr Government Bond Yields		
Gold100 OZ (per oz)	1,198.1	0.33%	-8.1%	Maturity date	YTM, %	
Silver (per oz)	14.4	0.85%	-14.7%			
Platinum (per oz)	827.4	0.52%	-11.1%			
Other Metals						
Copper, MT	6,282	-0.57%	-13.3%	Kuwait	3/20/2027	3.8
Aluminium, MT	2,065	-0.29%	-9.0%	Abu Dhabi	10/11/2027	3.9
Lead, MT	1,985	-1.22%	-20.2%	Qatar	6/2/2026	3.9
Zinc, MT	2,540	1.32%	-23.5%	Saudi Arabia	3/4/2028	4.2
				Oman	1/17/2028	5.8
				Bahrain	10/12/2028	7.4

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.65	2.9	1m	2.23	42.6%
5 year	99.68	2.9	3m	2.38	40.5%
10 year	98.50	3.1	6m	2.60	41.3%
30 year	96.44	3.2	1 year	2.91	38.2%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

NBO's bond issuance oversubscribed

National Bank of Oman (NBO) has successfully issued five-year senior unsecured US\$500 million notes as part of its updated and upsized US\$1.5 billion Euro Medium-Term Note program. Unique to Omani financial institutions, the bank simultaneously undertook a liability management exercise to buy back US\$300 million face value of notes out of its existing US\$600 million five-year notes maturing in October 2019. The new issue of US\$500 million, which was oversubscribed by more than two times, was priced at 5y Mid-swap plus 270 basis points.

Source: [Times of Oman](#)

Sultanate's tourism revenues amounted to RO 1.25bn in 2017

In recent years, the Sultanate of Oman has laid particular emphasis on the development and promotion of the tourism sector considering its importance as a promising sector and an important contributor to the national economy. The country aims to increase the contribution of tourism's sector to GDP by actively seeking to attract more inbound tourists and reaching more markets that are diverse. Given the current geopolitical climate, Oman can not only market itself as a safe and tranquil destination but also compete with other GCC states seeking to boost their own share of tourism revenues.

Source: [Oman Observer](#)

Does oil price spike herald return of good times?

Wednesday's dramatic jump in the price of Omani crude futures could potentially signal a return to an era of buoyant prices reminiscent of the "golden times" that prevailed before the 2014 global oil price collapse, according to a well-known economist. Oman crude futures surged by unprecedented \$6.43 to settle at \$88.96 per barrel on the Dubai Mercantile Exchange.

Source: [Oman Observer](#)

Disclosure regarding subsidiary Company @Falcom Financial Services & Partners Co. SAOC"

To inform the shareholders that Extra Ordinary General Meeting "EGM" of our subsidiary Falcome Financial Services & Partners Co. SAOC (owned 99.99 % by Al Batinah Development and Investment Holding Company SAOG) was approved on their meeting held on Monday 25 1912018 to Change the current trading name from o'Falcom Financial Services & Partners Co. SAOC 'oto new name "TADAWUL Financial Services Co. SAOC" and the necessary legal procedures following.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Saudi stocks slip on profit-taking, other markets up

Saudi Arabian stocks dipped on Wednesday as investors booked profits, while shares in most other parts of the Middle East gained ground led by Egypt, where Commercial International Bank continued its recent surge. Profit-taking in Saudi followed the index on Tuesday closing above its 200-day average, which analysts say is a positive technical signal for the market. Market heavyweight Saudi Basic Industries Corp (SABIC) slipped 1.4 percent, while Saudi Arabian Mining Co (Ma'aden) and Savola Group both fell 2.1 percent. The Saudi index dropped 0.2 percent.

Source: [Zawya](#)

Al Tayyar expects its online sales to hit SAR 2 bln by 2018-end

Saudi Arabia's Al Tayyar Travel Group expects its online sales to reach SAR 2 billion by the end of this year, and SAR 3.75 billion in 2020, chief executive officer Abdullah Al-Dawood told Argaam on Wednesday. The forecast improvement will be backed by a rise in online airline and hotel reservations from zero percent in 2015 to SAR 1.4 billion in 2017.

Source: [Argaam](#)

JP Morgan to include Saudi Arabia, UAE, Qatar in key bond indexes

Saudi Arabia, Qatar, the UAE, Bahrain and Kuwait will become eligible for the JP Morgan emerging market government bond indexes starting January 31, 2019, according to a JP Morgan statement sent to investors and reviewed by Reuters. JP Morgan's EMBI bond index is a key performance benchmark for emerging market investors. The eligible new bonds will be included in a phased approach ending on September 30, 2019, the statement said.

Source: [Gulf News](#)

Jabal Omar ends MoU on merger with Umm Al Qura

Jabal Omar Development Co. terminated its non-binding memorandum of understanding (MoU) with Umm Al Qura Development and Construction on a proposed merger, the company said in a statement to Tadawul on Wednesday. Both parties agreed to postpone merger talks. Jabal Omar will announce any relevant updates later on, the statement added. Last March, the real estate developer extended its memorandum of MoU exploring a potential merger with Umm Al Qura Development and Construction for another six months until Sept. 26, Argaam reported.

Source: [Argaam](#)

UAE central bank raises interest rates by 25 bps

The United Arab Emirates central bank said on Wednesday it was raising its repo rate by 25 basis points, and also raising interest rates on the issuance of its certificates of deposit in line with the increase in U.S. dollar rates. The central bank was acting after the U.S. Federal Reserve hiked rates by 25 bps.

Source: [Zawya](#)

Calls for lower loan-to-value ratios to spur realty in the UAE

The property landscape in the UAE will get a much-needed stimulus if the Central Bank of the UAE lowers existing loan-to-value (LTV) ratios to facilitate home ownership for those unable to afford the current mortgage deposit requirements, according to experts. Real estate professionals and participants have been increasingly vocal in urging the central bank to take up the initiative amid signs of a slowdown in the property market across most asset classes, according to a report released by Asteco.

Source: [Khaleej Times](#)

Kuwait central bank keeps rates on hold after Fed hike

Kuwait's central bank decided to keep its key discount rate unchanged at 3.0 percent, it said on Wednesday. The decision followed the announcement of a 25 basis point interest rate hike by the U.S. Federal Reserve. In contrast to the other rich Gulf Arab oil exporting states, which peg their currencies to the U.S. dollar and have little room for an independent monetary policy, Kuwait manages its dinar against an undisclosed basket of currencies in which the dollar plays a major role.

Source: [Reuters](#)

Nasdaq Dubai lists \$3.3bln DP World Sukuk, bonds

Nasdaq Dubai has welcomed four new debt listings by DP World, comprising a \$1 billion Sukuk and three conventional bonds of \$1 billion, 750 million euros (\$882 million), and 350 million sterling (\$460 million) respectively. The four listings together amount to a value of about \$3.3 billion. They bring the total value of current debt listings by DP World on the region's international exchange to \$6.75 billion from seven issuances, making the company Nasdaq Dubai's largest UAE debt issuer by value.

Source: [Zawya](#)

Saudi Arabia announces project to build 'global' tourism destination

Saudi Arabia's Public Investment Fund (PIF) announced on Wednesday plans to turn a section of its north western coast into a magnet for international tourists, part of a broader push to diversify the economy away from oil. "The new destination is a natural extension of the Mediterranean Sea, and dubbed the Riviera of the Middle East," said the Saudi sovereign wealth fund in an emailed statement, detailing the tourism project called Amaala.

Source: [Gulf News](#)

Saudi central bank raises rates 25 bps, following Fed

Saudi Arabia's central bank said on Wednesday it was raising its reverse repo rate by 25 basis points to 2.25 percent, and its repo rate by the same margin to 2.75 percent. It was acting after the U.S. Federal Reserve hiked rates by 25 bps.

Source: [Reuters](#)

Reforms change Saudi shopping habits

Saudi Arabia's malls and bazaars are changing as retailers embrace a shift in shopping habits brought about by reforms to diversify the economy away from oil. Reforms to bring women into the work force and encourage entertainment has lifted other types of spending. The reforms are part of push by Crown Prince Muhammad Bin Salman, deputy premier and minister of defense, to wean the economy off oil. He wants to create 1.2 million jobs for Saudis by 2022, with many in the retail sector.

Source: [Saudi Gazette](#)

Qatar to boost gas output in sign of strength amid Gulf rift

Qatar announced plans on Wednesday to boost its liquefied natural gas (LNG) production capacity, which will put the tiny state on a par with top energy exporters in an apparent show of strength amid a protracted political row with Gulf neighbours.

Source: [Reuters](#)

Property giant Aldar buys remaining 40% stake in UAE's Khidmah

Aldar Properties on Wednesday announced that it has acquired 40 percent of Khidmah, a UAE-based integrated property services companies, taking its total ownership to 100 percent. Abu Dhabi-based Aldar said the acquisition reinforces its commitment to the property management sector and its belief that world class property management is a key source of value creation for real estate owners, in particular the newly-created unit Aldar Investments.

Source: [Arabian Business](#)

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Source: [Reuters](#)

Bahrain central bank raises interest rates by 25 bps

Bahrain's central bank raised its interest rate on its one-week deposit facility to 2.50 percent from 2.25 percent, it said on Wednesday. It also raised its overnight deposit rate to 2.25 percent from 2.00 percent, its one-month deposit rate to 3.25 percent from 3.00 percent, and its lending rate to 4.25 percent from 4.00 percent.

Source: [Reuters](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares weather Fed rate hike, U.S. bond yields fall

Asian shares held firm on Thursday, outperforming sagging Wall Street shares, and U.S. bond yields fell after the Federal Reserve raised interest rates as expected, sticking to its script of gradual policy tightening.

Source: [Reuters](#)

Fed raises U.S. interest rates, sees at least three more years of growth

The U.S. Federal Reserve raised interest rates on Wednesday and left intact its plans to steadily tighten monetary policy, as it forecast that the U.S. economy would enjoy at least three more years of growth. In a statement that marked the end of the era of "accommodative" monetary policy, Fed policymakers lifted the benchmark overnight lending rate by a quarter of a percentage point to a range of 2.00 percent to 2.25 percent. The U.S. central bank still foresees another rate hike in December, three

Source: [Zawya](#)

Here's what changed in the new Fed statement

This is a comparison of Wednesday's FOMC statement with the one issued after the Fed's previous policymaking meeting on Aug. 1. Text removed from the August statement is in red with a horizontal line through the middle. Text appearing for the first time in the new statement is in red and underlined. Black text appears in both statements.

Source: [CNBC](#)

Tariffs cost Ford \$1 billion in profit and hurt sales in China

President Donald Trump's tariffs are hitting Ford's finances hard. The second-largest U.S. automaker has suffered \$1 billion in lost profits from tariffs on metals imported to the United States, said Ford CEO Jim Hackett in an interview with Bloomberg TV on Wednesday. The U.S. has a 25 percent tariff on steel and a 10 percent tariff on aluminium imported from several countries, an early step in an escalating trade war that threatens to raise prices on goods and deal a blow to firms in a wide range of industries, including autos.

Source: [CNBC](#)

COMMODITIES NEWS

Oil prices rise 1 percent ahead of US sanctions against Iran

Oil prices rose by 1 percent on Thursday as investors focused on the prospect of tighter markets due to U.S. sanctions against major crude exporter Iran, which are set to be implemented in November. Front-month Brent crude futures were at \$82.17 per barrel at 0133 GMT, up by 83 cents, or 1 percent from their last close, just off Tuesday's four-year highs. U.S. West Texas Intermediate (WTI) crude futures were at \$72.41 a barrel, up 84 cents, or 1.2 percent from their last settlement.

Source: [CNBC](#)

Gold prices slip as dollar firms ahead of Fed rate decision

Gold prices fell on Wednesday as the dollar strengthened ahead of the results of a Federal Reserve meeting later in the day that is expected to raise U.S. interest rates and hint at the outlook for future rate increases. Gold is sensitive to higher interest rates because they tend to boost the dollar, making gold more expensive for buyers with other currencies. They also push up U.S. bond yields, reducing the attraction of non-yielding bullion.

Source: [Zawya](#)

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