













U Capital Morning Brief

30 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	926.45	15.3	1.7%	-4.9%	-	-	-
U Capital GCC 50 Index	1,304.52	8.7	0.7%	14.0%	-	-	-
U Capital MENA 200 Index	1,051.23	0.4	0.0%	5.6%	-	-	-
MSCI GCC Countries Index	538.06	-0.1	0.0%	12.2%	13.69	1.75	4.1%
Muscat Securities Market	 4,523.82	22.4	0.5%	-11.3%	11.13	0.81	6.0%
Saudi Stock Exchange	 7,898.68	5.1	0.1%	9.3%	17.33	1.77	3.6%
Kuwait Stock Exchange	 5,138.52	8.1	0.2%	NA	15.09	1.30	3.8%
Qatar Exchange	 9,784.31	55.8	0.6%	14.8%	14.53	1.47	4.5%
Bahrain Stock Exchange	 1,348.60	-1.6	-0.1%	1.3%	9.11	0.85	6.1%
Dubai Financial Market	 2,825.76	50.2	1.8%	-16.2%	7.53	1.05	6.0%
Abu Dhabi Exchange	 4,947.92	17.9	0.4%	12.5%	13.06	1.47	4.8%
Beirut Stock Exchange	 971.69	0.0	0.0%	-15.4%	5.14	0.61	9.3%
Palestine Stock Exchange	 532.15	-0.3	-0.1%	-7.4%	12.37	1.18	4.6%
Tunis Se Index	 7,802.20	0.5	0.0%	24.2%	20.29	2.78	1.8%
EGX 30 Index	 14,632.40	20.2	0.1%	-2.6%	16.03	2.48	1.5%
Amman General Index	 1,979.14	-7.0	-0.4%	-6.9%	14.57	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	7,510.2	-0.47%	-2.3%	Australian Dollar (AUD)	0.722	1.384
DAX	Germany	12,246.7	-1.52%	-5.2%	British Pound (GBP)	1.303	0.768
CAC 40	France	5,493.5	-0.85%	3.4%	Canadian Dollar (CAD)	0.775	1.291
United States					Chinese Renminbi (CNH)	0.145	6.876
DIJA	USA	26,458.3	0.07%	7.0%	Egyptian Pound (EGP)	0.056	17.949
S&P 500	USA	2,914.0	0.00%	9.0%	Euro (EUR)	1.160	0.862
NASDAQ	USA	8,046.4	0.05%	16.6%	Indian Rupee (INR)	0.014	72.490
Asia Pacific					Japanese Yen (JPY)	0.009	113.700
NIKKEI 225	Japan	24,120.0	1.36%	6.0%	New Zealand Dollar (NZD)	0.662	1.510
HANG SENG	Hongkong	27,788.5	0.26%	-7.1%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	40,998.6	0.36%	1.3%	Pakistani Rupee (PKR)	0.809	124.254
NSE Nifty 50	India	10,930.5	-0.43%	3.8%	Russian Ruble (RUB)	0.015	65.553
SHANGHAI Composite	China	2,821.4	1.06%	-14.7%	Singapore Dollar (SGD)	0.732	1.367
KOSPI Index	South Korea	2,343.1	-0.52%	-5.0%	Turkish Lira (TRY)	0.165	6.056

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.70	50.4%
Brent Crude (per bbl)	82.7	1.66%	30.0%	Saudi Arabia	2.71	42.9%
WTI Crude (per bbl)	73.3	1.57%	21.2%	Kuwait	2.00	6.7%
Oman Crude Oil (Last Closing)	81.6	1.52%	27.5%	Oman	2.51	31.7%
OPEC (per bbl)	80.9	-0.86%	25.5%	Qatar	2.68	1.3%
				Bahrain	3.73	36.7%
Precious Metals						
Gold100 OZ (per oz)	1,192.5	0.82%	-8.5%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.7	3.15%	-13.2%		Maturity date	YTM, %
Platinum (per oz)	817.0	0.80%	-12.2%	Kuwait	3/20/2027	3.8
Other Metals				Abu Dhabi	10/11/2027	3.8
Copper, MT	6,258	1.15%	-13.6%	Qatar	6/2/2026	3.9
Aluminium, MT	2,062	1.58%	-9.1%	Saudi Arabia	3/4/2028	4.2
Lead, MT	2,036	1.29%	-18.2%	Oman	1/17/2028	5.8
Zinc, MT	2,612	4.23%	-21.3%	Bahrain	10/12/2028	7.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.63	2.9	1m	2.26	44.5%
5 year	99.64	3.0	3m	2.40	41.6%
10 year	98.42	3.1	6m	2.60	41.7%
30 year	96.06	3.2	1 year	2.92	38.5%

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: General index ends on positive note

A focus on blue chips, higher trades, bulk deals and existence of institutions movements were key reasons behind the positive close of the market last week. We believe better oil prices and the month-end also played an active role in supporting market activities. MSM 30 went up by 0.63 per cent on a weekly basis, as also did the Financial Index, which closed up by 1.04 per cent. However, both the Industrial Index and the Services Index went down by 1.5 per cent and 0.34 per cent, respectively. The MSM Shariah Index closed down by -1.11 per cent.

Source: [Oman Observer](#)

Credit given by Omani banks top OMR20bn

The total bank credit of commercial banks in the Sultanate by the end of June 2018 stood at OMR20.94 billion compared to OMR20.10 billion during the same period of 2017, comprising an increase of 4.1 per cent. The Statistical Quarterly Bulletin issued by the Research and Statistics Department of the Central Bank of Oman (CBO) said that the personal loans sector obtained OMR8,292.7 million, 39.6 per cent of the total bank credit to commercial banks.

Source: [Times of Oman](#)

Why coal power generation makes sense for Oman

Oman's second stab at coal-based power generation — nearly a decade after it jettisoned its first bid in 2009 — has compelling reasons to succeed, not least because of the nation's quest to diversify its fuel resource base, according to a well-placed market expert. Dr Sacha Parneix, Commercial General Manager for GE Steam Power Systems (Middle East, North Africa & Turkey), says the grounds for the Sultanate's foray into clean-coal based power generation are undeniable and forceful.

Source: [Oman Observer](#)

Manufacturing central to Oman's economic growth

New investment is expected to help Oman sustain expansion of its manufacturing sector, which has established itself as a leading component of the economy on the back of strong recent growth. Manufacturing grew by 17.8 per cent year-on-year in the first quarter of 2018, according to data issued by the National Centre for Statistics and Information (NCSI) on August 30.

Source: [Oman Observer](#)

Buoyant oil prices bode well for balanced 2019 budget

Resurgent Omani crude prices could potentially contribute to a balanced budget in 2019 and beyond with reduced scope for new government debt, according to a market expert. Hettish Karmani, Head of Research at U-Capital, a leading Muscat-based independent investment banking platform, said the strong rally in Omani crude prices bode well for a more robust fiscal situation for the Sultanate going into 2019. Oman crude futures surged to \$88.96 per barrel on the Dubai Mercantile Exchange last week for the first time since the 2014 global oil price plunge.

Source: [Oman Observer](#)

FDI in Oman hits OMR9.7bn in 2018 second quarter

Foreign Direct Investment (FDI) in the Sultanate at the end of the second quarter of 2018 stood at OMR9.7 billion, recording a growth of OMR1.4 billion from the second quarter of last year, according to data issued by the National Centre for Statistics and Information (NCSI). The United Kingdom topped the list of countries with FDI in the Sultanate until the end of the second quarter of 2018, reaching OMR4.7 billion, compared to OMR3.7 billion in the same period of 2017.

Source: [Times of Oman](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Emirates NBD lifts Dubai, rest of Gulf modestly firmer

A leap by Dubai's biggest bank boosted the stock market index sharply on Thursday while most Gulf bourses registered only marginal gains. The Dubai index closed up 1.8 percent, its biggest gain since May, as Emirates NBD jumped 6.2 percent to 9.50 dirhams. It was the market's strongest stock; 5.6 million of its shares changed hands, or 7.3 times the 30-day average for volume.

Source: [Reuters](#)

UAE's Bank of Sharjah, Invest Bank, UAB in merger plan

The Sharjah government is weighing a merger between three of the emirate's banks that could create a lender with about Dhs66.2bn (\$18.0bn) of assets, sources aware of the matter told Reuters. The potential merger between Bank of Sharjah, Invest Bank and United Arab Bank (UAB) reinforces the consolidation already underway in the United Arab Emirates' crowded banking industry. About 50 banks operate in the UAE with a population of about 9 million people.

Source: [Gulf News](#)

UAE banks have outperformed local markets in 2018

An index of bank stocks listed on the Dubai Financial market gained 3.25 percent in value on Thursday according to data from Thomson Reuters Eikon, pushing Dubai's market index 1.81 percent higher. Emirates NBD shares gained 6.15 percent and the bank was the best performer among its peers on the stock market. Ajman Bank gained 1.45 percent and Dubai Islamic Bank rose 1.13 percent.

Source: [Zawya](#)

Abu Dhabi's Mubadala plans bond transaction soon – sources

Abu Dhabi state fund Mubadala is working on a bond transaction which could be announced as soon as next week, sources familiar with the matter said. Unlisted Mubadala, which has stakes in General Electric and private equity firm Carlyle Group, is working with a number of banks, including Bank of America Merrill Lynch (BAML), on the planned deal, said three of the sources.

Source: [Reuters](#)

Qatar most at risk globally from ratings downgrade, says S&P

Qatar is the country at the highest risk of having its ratings outlook downgraded, as it continues to feel the impact of a boycott by Arab nations, including the UAE and Saudi Arabia, according to S&P Global Ratings. "Global downgrade risk remains muted, but Qatar leads with an elevated negative bias of 75 per cent," the ratings agency said in a report. This compares to 16 per cent for the US, which is "relatively low", the report said.

Source: [The National](#)

The Saudi Stock Exchange (Tadawul) announces the 3rd quarter 2018 Indices Maintenance

The Saudi Stock Exchange (Tadawul) announces that Bonyan REIT Fund and Swicorp Wabel REIT Fund have been included to TASI and REITs Industrial Group index. And the exclusion of Etihad Atheeb Telecommunication Co. & Abdullah A. M. Al-Khodari Sons Co. from TASI and Industry Group Indices for Telecommunication Services and Capital Goods respectively. As the stocks close prices on Thursday 27/09/2018 (17/01/1440H).

Source: [Tadawul](#)

Zain and Mobily bear more of the brunt of Saudi expat exodus than Saudi Telecom

The Saudi Arabian telecoms industry is undergoing major change, affected on two fronts by the kingdom's Saudization policies - in terms of its workforce and its customers. Saudization first took effect for telecoms employees in 2016, when government targets were set for 100 per cent of employees in stores selling mobile phones to be Saudi nationals.

Source: [Zawya](#)

Saudi Electricity conserved 14 mln barrels of diesel in 8M 2018

Saudi Electricity Co. slashed diesel usage by 14 million barrels in the first eight month of 2018, Al-Eqtisadiah reported, citing chief executive Ziyad Al-Shiha. Operating efficiency of power plants reached 39.9 percent this year versus 38.3 percent a year earlier, which helped cut fuel consumption and promoted economical operating options, he added.

Source: [Argaam](#)

Saudi Arabia expects \$11 bln inflows from JP Morgan bond index entry

Saudi Arabia looks set to attract an \$11 billion windfall of foreign funds after being included in a key international debt index. The Kingdom will be part of JP Morgan's emerging market government bond indexes next year, helping to reduce borrowing costs and opening up Saudi Arabia to a much bigger pool of debt investors.

Source: [Arab News](#)

Saudi banks' combined profit up 5% in August

Saudi banks reported a combined net profit of SAR 4.15 billion in August 2018, a 5 percent year-on-year (YoY) increase, according to a report issued by the Saudi Arabian Monetary Authority (SAMA). The banks' aggregate net profit came in at about SAR 33 billion year-to-date, a 9 percent YoY rise from around SAR 30.2 billion a year earlier.

Source: [Argaam](#)

Saudi central bank assets rose SAR 33 bln in August

Assets held by the Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, increased by SAR 32.7 billion month-on-month to SAR 1.955 trillion in August, new data showed. When compared to the same month last year, assets increased by SAR 82.5 billion.

Source: [Argaam](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Wall Street flat; Italy budget woes hit Europe, boost dollar

The U.S. dollar rose on Friday as the euro fell on deepening worries about an Italian budget with a higher-than-expected deficit target, which also slammed European stocks. Wall Street ended flat, pulling back from early gains after Facebook disclosed a security breach. Tesla shares lost 13.9 percent after U.S. regulators sued Chief Executive Officer Elon Musk in a fraud complaint that seeks to remove him as CEO.

Source: [Reuters](#)

China's overseas investment drops in 2017 for the first time on record

The drop came as leaders of the world's two largest economies increased scrutiny on cross-border deals, following a surge of Chinese investments in the U.S. Beijing would like to stem capital flight, while the Trump administration is citing national security reasons for slowing or preventing Chinese acquisitions of U.S. companies.

Source: [CNBC](#)

How the tariff wars are already taking some of the steam from US growth

The tariff wars are already showing up in the U.S. economy, in increased U.S. export activity in May and June, and lower exports in August. Economists trimmed third quarter GDP growth forecasts, based on slower exports and weaker business investment in August. Economists now see third quarter GDP growth of 3.2%, according to CNBC/Moody's Analytics Rapid Update, down from 4.2% in the second quarter.

Source: [CNBC](#)

Facebook says big breach exposed 50 million accounts to full takeover

Facebook Inc (FB.O) said on Friday that hackers stole digital login codes allowing them to take over nearly 50 million user accounts in its worst security breach ever given the unprecedented level of potential access, adding to what has been a difficult year for the company's reputation.

Source: [Reuters](#)

COMMODITIES NEWS

Brent hits 4-year high as U.S. sanctions on Iran tighten supply

Oil prices rose more than 1 percent on Friday, with Brent climbing to a four-year high, as U.S. sanctions on Tehran squeezed Iranian crude exports, lightening supply even as other key exporters increased production. Brent crude LCOc1 futures rose \$1 to settle at \$82.72 a barrel. The session high of \$82.87 was the contract's highest since Nov. 10, 2014. In the third quarter, Brent has gained about 4 percent.

Source: [NASDAQ](#)

Gold up but on path for longest monthly losing streak in two decades

Gold inched higher but was on track for its longest monthly losing streak since January 1997 as the U.S. dollar firmed against the euro after Italy's budget jitters threatened the European currency. Bullion is down more than 0.5 percent in September, its sixth straight monthly loss.

Source: [Reuters](#)

How Much Oil Can Saudi Arabia Really Pump? We're About to Find Out

Iran sanctions will test capacity of world's largest exporter Saudis say they can produce up to 12.5 million barrels a day. Does Saudi Arabia have the extra oil? For the first time since Saddam Hussein invaded Kuwait in 1990, Saudi Arabia could face the ultimate petroleum test: pushing its complex network of oilfields, processing plants, pipelines, tank farms and export terminals to the limit, pumping every possible barrel of oil.

Source: [Bloomberg](#)

After Another Quarter of Losses, Is Worst Over for Commodities?

Bloomberg commodity gauge posts third straight quarterly loss. Goldman, JPMorgan see prices bottoming in many raw materials. Commodities just posted the longest losing streak in more than three years, and analysts and investors are giving conflicting signals over whether the worst is over. The Bloomberg Commodity Index fell 2.5 percent in the third quarter amid a stronger dollar, trade frictions and concerns over the Chinese-demand outlook. Copper slid into bear markets and gold posted its longest run of monthly losses in two decades in September. Crude oil was among the few bright spots.

Source: [Bloomberg](#)

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