

U Capital Morning Brief

22 October 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 | 909.74 | 3.39 | 0.37% | -6.63% | - | - | - |
| U Capital GCC 50 Index | 1,299.74 | 5.41 | 0.42% | 13.55% | - | - | - |
| U Capital MENA 200 Index | 1,040.74 | 0.56 | 0.05% | 4.59% | - | - | - |
| MSCI GCC Countries Index | 531.20 | 0.43 | 0.08% | 10.72% | 13.42 | 1.72 | 4.1% |
| Muscat Securities Market | 4,453.03 | 8.69 | 0.20% | -12.67% | 10.20 | 0.80 | 6.1% |
| Saudi Stock Exchange | 7,660.21 | 12.06 | 0.16% | 6.00% | 16.10 | 1.72 | 3.7% |
| Kuwait Stock Exchange | 4,997.69 | -6.31 | -0.13% | NA | 14.59 | 1.26 | 3.9% |
| Qatar Exchange | 10,154.21 | -38.80 | -0.38% | 19.13% | 15.79 | 1.54 | 4.3% |
| Bahrain Stock Exchange | 1,322.06 | -1.39 | -0.11% | -0.72% | 8.92 | 0.84 | 6.2% |
| Dubai Financial Market | 2,735.48 | -22.25 | -0.81% | -18.83% | 7.31 | 1.01 | 6.2% |
| Abu Dhabi Exchange | 4,943.08 | -45.66 | -0.92% | 12.38% | 13.06 | 1.46 | 4.8% |
| Beirut Stock Exchange | 984.48 | -0.28 | -0.03% | -14.29% | 5.21 | 0.62 | 9.2% |
| Palestine Stock Exchange | 527.62 | -0.17 | -0.03% | -8.17% | 12.05 | 1.17 | 4.6% |
| Tunis Se Index | 7,506.19 | 47.70 | 0.64% | 19.49% | 19.56 | 2.67 | 1.9% |
| EGX 30 Index | 13,524.67 | -119.49 | -0.88% | -9.95% | 12.82 | 2.34 | 2.2% |
| Amman General Index | 1,968.43 | 7.05 | 0.36% | -7.45% | 13.73 | 1.00 | 4.7% |

* 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 | 7,049.8 | 0.32% | -8.3% | Australian Dollar (AUD) | 0.711 | 1.407 |
| DAX | Germany | 11,553.8 | -0.31% | -10.6% | British Pound (GBP) | 1.307 | 0.765 |
| CAC 40 | France | 5,084.7 | -0.63% | -4.3% | Canadian Dollar (CAD) | 0.764 | 1.309 |
| United States | | | | | Chinese Renminbi (CNH) | 0.144 | 6.932 |
| DIJA | USA | 25,444.3 | #VALUE! | 2.9% | Egyptian Pound (EGP) | 0.056 | 17.910 |
| S&P 500 | USA | 2,767.8 | #VALUE! | 3.5% | Euro (EUR) | 1.151 | 0.869 |
| NASDAQ | USA | 7,449.0 | #VALUE! | 7.9% | Indian Rupee (INR) | 0.014 | 73.243 |
| Asia Pacific | | | | | Japanese Yen (JPY) | 0.009 | 112.620 |
| NIKKEI 225 | Japan | 22,611.8 | #VALUE! | -0.7% | New Zealand Dollar (NZD) | 0.659 | 1.517 |
| HANG SENG | Hongkong | 26,226.5 | 2.59% | -12.3% | Omani Rial (OMR) | 2.597 | 0.385 |
| KSE 100 Index | Pakistan | 38,605.7 | 0.44% | -4.6% | Pakistani Rupee (PKR) | 0.755 | 133.772 |
| NSE Nifty 50 | India | 10,331.5 | 0.27% | -1.9% | Russian Ruble (RUB) | 0.015 | 65.475 |
| SHANGHAI Composite | China | 2,665.3 | 4.50% | -19.4% | Singapore Dollar (SGD) | 0.726 | 1.377 |
| KOSPI Index | South Korea | 2,155.7 | -0.03% | -12.6% | Turkish Lira (TRY) | 0.177 | 5.643 |

| Commodity Prices | Price | D/D | YTD | GCC 3m Interbank Rates | Current Rate % | YTD % |
|-------------------------------|---------|---------|--------|--|----------------|--------|
| | USD | % | % | | | |
| Oil | | | | UAE | 2.64 | 47.3% |
| Brent Crude (per bbl) | 80.0 | #VALUE! | 25.7% | Saudi Arabia | 2.74 | 44.4% |
| WTI Crude (per bbl) | 69.4 | 0.38% | 14.8% | Kuwait | 2.06 | 10.0% |
| Oman Crude Oil (Last Closing) | 79.0 | 0.60% | 23.5% | Oman | 2.74 | 43.5% |
| OPEC (per bbl) | 78.3 | -1.57% | 21.4% | Qatar | 2.81 | 6.3% |
| Precious Metals | | | | Bahrain | 3.70 | 35.8% |
| Gold100 OZ (per oz) | 1,227.7 | #VALUE! | -5.8% | GCC Latest 10-Yr Government Bond Yields | | |
| Silver (per oz) | 14.7 | 0.61% | -13.4% | | Maturity date | YTM, % |
| Platinum (per oz) | 834.3 | #VALUE! | -10.3% | Kuwait | 3/20/2027 | 3.9 |
| Other Metals | | | | Abu Dhabi | 10/11/2027 | 4.1 |
| Copper, MT | 6,220 | 1.02% | -14.2% | Qatar | 6/2/2026 | 4.1 |
| Aluminium, MT | 2,003 | -0.50% | -11.7% | Saudi Arabia | 3/4/2028 | 4.5 |
| Lead, MT | 1,992 | -0.50% | -19.9% | Oman | 1/17/2028 | 6.2 |
| Zinc, MT | 2,626 | -2.14% | -20.9% | Bahrain | 10/12/2028 | 7.0 |

| Midswaps | Price | YTM % | USD Libor | Rate (%) | YTD |
|----------|-------|-------|-----------|----------|-------|
| 3 year | 99.70 | 3.0 | 1m | 2.28 | 45.9% |
| 5 year | 99.21 | 3.0 | 3m | 2.48 | 46.2% |
| 10 year | 97.34 | 3.2 | 6m | 2.72 | 48.3% |
| 30 year | 92.98 | 3.4 | 1 year | 3.02 | 43.4% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Oman, Spain fund begin to explore business opportunities

The Advisory and Investment Committees of Spain Oman Private Equity Fund began their activities on Sunday with meetings held in Muscat, Oman. The senior management of Spain's Compañía Española de Financiación del Desarrollo (Cofides) and Oman's State General Reserve Fund (SGRF), as well as members of MCH Private Equity, which is a private equity firm selected by Cofides and SGRF, following an open tender that other management companies, took part to manage the fund independently.

Source: [Times of Oman](#)

Majan Electricity launches new projects

Majan Electricity Company (MJEC) is working towards continuously raising its efficiency by expanding its electricity network. Working in this direction, MJEC has recently launched 33kv projects for the year 2018 in Al Dhahirah and Al Buraimi Governorates. The company plans to construct new Yanqul-2 Primary SS (2x20mva), along with 2 Nos. 33kv Feeders from Arid-1 & 2 Tapping, Dhahirah Governorate, at OMR1.69 million. Also, construction of new Khaws 2 x 6 MVA Primary SS and associated electrical work in Dhahirah Governorate is planned at a cost of OMR414,000.

Source: [Times of Oman](#)

Oman to sell 10pc stake in Block 61 to Petronas

Oman Oil Company Exploration and Production (OOCEP) — the upstream subsidiary of Oman Oil Company (OOC) — has agreed to sell a 10 per cent stake from the total value of Block 61 Khazzan, onshore Oman, to PC Oman Ventures Limited, a wholly owned subsidiary of Malaysian company Petrolia Nasional Berhad (Petronas). OOCEP, through its subsidiary Makarim Gas Development LLC, currently holds a 40 per cent stake in Block 61, whereas, the operator BP Oman bears the remaining 60 per cent. The completion of the transaction is subject to approval from the Sultanate of Oman's government and other closing conditions. Block 61 is one of the largest unconventional gas projects, aiming to produce around 1.5 billion cubic feet of gas daily by 2020.

Source: [Oman Observer](#)

15 NEW OMANI JOINT STOCK COMPANIES ESTABLISHED IN FIRST HALF OF 2018

As many as 15 new Omani joint stock companies were licensed during the first half of this year with a total issued capital of RO53.56mn, according to the Ministry of Commerce and Industry. Khalid bin Khamis al Masroori, director of commercial establishments control department at the Ministry of Commerce and Industry, said that total number of registered Omani joint stock companies increased to 386 at the end of June 2018 with issued capital amounting to RO8.45bn. The companies' activities were distributed between commercial, services and industrial activities.

Source: [Muscat Daily](#)

OVER 28% INCREASE IN VISITORS TO SALALAH TOURISM SEASON 2018

The number of visitors to Salalah during the tourist season 2018, between June 21 and September 21, reached 826,376, recording a rise of 28.1 per cent over the number of visitors of the season in 2017, when it was 644,931. The National Centre for Statistics and Information (NCSI) revealed that about 94.4 per cent of tourists visited Salalah for recreational and entertainment purposes, with their number reaching 779,703. It was an increase compared to 604,774 in 2017.

Source: [Muscat Daily](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks: Saudi falls in early trading after account of Khashoggi death

Saudi Arabia's stock index was down 3.5 percent in early trading on Sunday after the kingdom said Saudi dissident Jamal Khashoggi died in a fight at its consulate in Istanbul. Al Rajhi Bank fell 2.4 percent, while Saudi Basic Industries Corp dropped 3.7 percent. The Saudi index slumped as much as 3.5 percent in early trading, before reducing losses later in the morning. U.S. President Donald Trump joined European leaders on Saturday in pushing Saudi Arabia for more answers about Jamal Khashoggi after Riyadh acknowledged that the journalist died more than two weeks ago at its consulate in Istanbul.

Source: [Zawya](#)

Alinma Bank Dividend Policy to Continue as Profit Jumps: CEO

"I'm very confident that the dividend policy will continue this year," Alinma Bank CEO Abdul Mohsen Al Fares says in interview with Bloomberg TV. * Very optimistic that lending will grow this quarter and next year

* Sees consolidation in insurance sector * Sees high U.S. interest rates as net positive for profit and margins

* NOTE: Lender paid 0.8 riyal/shr dividend in 2017 * NOTE: Bank reported a 21% rise in 3Q profit to 653m riyals, beating the average analyst estimate * NOTE: Stock climbed 6.3% this year; Alinma Bank trades at 12.6 times trailing 12-month earnings per share and 13 times its estimates for the coming year

Source: [Bloomberg News Alert](#)

UAE to offer health insurance, benefits to senior citizens

The UAE Cabinet has approved a new national policy designed to support senior citizens. The plans include a health insurance scheme and centres to provide elderly Emiratis with modern skills, UAE Vice President and Prime Minister Sheikh Mohammed bin Rashid Al

Maktoum said. Other aspects of the policy include discount programmes, sporting events, specialised housing and initiatives to protect senior citizens from abuse and violence.

Source: [Gulf Business](#)

GFH exits \$60m Bahrain waterpark

GFH Financial Group on Sunday announced exiting a waterpark in a \$60-million deal. The investment firm exited Lost Paradise of Dilmun Waterpark, which is located in Al Areen Development in the southern region of Bahrain. Located near the Formula One race track, with a township covering an area of over 2 million square metres, the recently-divested waterpark is one of the largest standalone waterparks in the Middle East and the largest in Bahrain, the company said in bourse filings.

Source: [Mubasher](#)

Saudi Arabia's PIF ranks 10th among world's peers

Saudi Arabia's sovereign wealth fund, Public Investment Fund (PIF), ranked the 10th among the world's largest sovereign wealth funds (SWFs). PIF's total assets stood at \$360 billion, acquiring 10.8% of the world's total value by the end of August, according to recent data revealed by the Sovereign Wealth Fund Institute (SWFI). PIF's assets are expected to reach \$600 billion by 2020, Saudi Crown Prince Mohammed Bin Salman said.

Source: [Mubasher](#)

Sipchem's methanol plant to resume operations in 10 days: CEO

Saudi International Petrochemical Co.'s (Sipchem) decline in profit for Q3 compared to the previous quarter was due to the shutdown of its methanol plant; however, the facility will fully resume operations within 7-10 days, chief executive Ahmad A. Alohalhi told Al Arabiya. Third-quarter results were promising, when compared to a year earlier, as all products except for one saw prices increase, he said.

Source: [Argaam](#)

Saudi Arabia on track to receive FATF's permanent membership

Saudi Arabia will continue to complete its accession procedures and obtain permanent membership after fulfilling the Financial Action Task Force's (FATF) membership process and criteria, the Paris-based group said in a statement. The Kingdom has provided a high-level political commitment to reach the expected results within a reasonable timeframe and has prepared a plan of action to be reviewed by the FATF, it added.

Source: [Argaam](#)

UAE business loan demand up in Q3, personal loans fall

Demand for business loans in the United Arab Emirates increased in the July-September quarter but demand for personal loans shrank, a central bank survey showed on Sunday. The net balance measure for business lending - the weighted percentage of respondents reporting an increase in demand for loans minus those reporting a fall - rose to plus 14.0 in the quarter from plus 11.8 in the previous quarter.

Source: [Reuters](#)

Foreigners sell net \$1.1 billion of Saudi stocks as journalist disappearance rattles investors

Foreigners sold a net 4.01 billion riyals (\$1.07 billion) in Saudi stocks in the week ending Oct. 18, exchange data showed on Sunday - one of the biggest selloffs since the market opened to direct foreign buying in mid-2015. The selloff came during a week when investors were rattled by Saudi Arabia's deteriorating relations with foreign governments following the disappearance of journalist Jamal Khashoggi.

Source: [Reuters](#)

Abu Dhabi's non-oil trade surges 24% in August

Abu Dhabi's non-oil trade leaped 24.2% year-on-year in August, recording AED 14.08 billion from AED 11.34 billion. The emirate's non-oil exports reached about AED 2 billion in August, compared with AED 1.5 billion in the same month last year, according to a report released by the Statistics Centre of Abu Dhabi (SCAD).

Source: [Mubasher](#)

Edge Holding to invest EGP 20bn in 4 years across New Administrative Capital, New Alamein

Edge Holding for Urban Development has unveiled plans to invest around EGP 20 billion (\$1.116 billion) in projects across the New Administrative Capital and Al Alamein City, a top official has said. The company is planning to invest EGP 2.5 billion in a tower comprising housing, hotel, and administrative units in the New Administrative Capital, vice chairman for the Edge Holding's commercial sector revealed.

Source: [Mubasher](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

China stocks surge more than 4 percent, extending Friday's rally

Major Asia Pacific markets saw a broad recovery to trade higher on Monday afternoon as major Chinese indexes jumped more than 4 percent. Stocks in Australia, however, fell amid fresh uncertainties in the country's political outlook. Australia's ruling Liberal Party is poised to lose its one seat parliamentary majority following a 20 percent swing against it at a crucial by-election in Sydney, according to Reuters.

Source: [CNBC](#)

Egypt May Sell First Yen, Yuan Bonds in Early 2019

Egypt is considering issuing its first Japanese yen and Chinese yuan-denominated bonds in the first quarter of 2019 as part of efforts to diversify funding sources and boost foreign inflows, Finance Minister Mohamed Maait said. The government has sold more than \$13 billion in foreign currency-denominated bonds since it lifted most currency controls, raised interest rates and cut subsidies in November 2016 to help secure a \$12 billion loan from the International Monetary Fund. Its first euro-denominated bond, issued in April, was oversubscribed. As volatility in emerging markets makes investors more cautious, however, the government is looking to expand its options.

Source: [Bloomberg](#)

How Blackstone Landed \$20 Billion From Saudis for Infrastructure

When Saudi Arabia pledged as much as \$20 billion to help Blackstone Group LP build the world's largest infrastructure fund, the kingdom wanted to be rewarded for its unprecedented commitment. One way Blackstone agreed to do just that: For every dollar that any other investor pays the asset manager to oversee its cash, Saudi Arabia gets to pay 15 cents less. That fee discount -- linked to a portion of revenue from other investors -- is just one of the breaks that the sovereign wealth fund won last year as Blackstone set out to amass a record \$40 billion war chest, according to terms reviewed by Bloomberg and described by people with knowledge of the deal. In exchange, the Saudis will match other investors' deposits in the fund.

Source: [Bloomberg](#)

COMMODITIES NEWS

Oil holds steady as rising U.S. rig count offsets Iran sanctions worries

Oil prices were stable on Monday, supported by supply concerns ahead of the start of U.S. sanctions against Iran's crude exports, but held back by rising drilling activity in the United States. Front-month Brent crude oil futures LCOc1 were trading at \$79.74 a barrel at 0042 GMT, 4 cents below their last close at the end of last week.

Source: [Zawya](#)

Gold inches higher as Asian stocks slip

Gold prices edged higher early Monday, moving closer to a 2-1/2-month peak hit last week, as Asian shares fell amid rising political tensions and worries over slowing global economic growth.

* U.S. gold futures GCcv1 were up 0.2 percent at \$1,230.60 an ounce.

* Asian share markets fell anew on Monday as investors braced for the peak of the U.S. earnings season while angst over Saudi Arabia, Italy and Brexit kept geopolitics front and centre.

Source: [NASDAQ](#)