

U Capital Morning Brief

21 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	906.35	1.08	0.12%	-6.97%	-	-	-
U Capital GCC 50 Index	1,294.33	0.00	0.00%	13.07%	-	-	-
U Capital MENA 200 Index	1,041.23	-1.05	-0.10%	4.64%	-	-	-
MSCI GCC Countries Index	530.77	-0.03	-0.01%	10.63%	13.44	1.72	4.1%
Muscat Securities Market	4,444.34	-8.57	-0.19%	-12.84%	10.18	0.80	6.1%
Saudi Stock Exchange	7,648.15	-9.72	-0.13%	5.84%	16.12	1.71	3.7%
Kuwait Stock Exchange	5,004.00	-4.02	-0.08%	NA	14.62	1.26	3.9%
Qatar Exchange	10,193.01	35.53	0.35%	19.59%	15.85	1.55	4.3%
Bahrain Stock Exchange	1,323.46	10.24	0.78%	-0.62%	8.93	0.84	6.2%
Dubai Financial Market	2,757.73	16.23	0.59%	-18.17%	7.37	1.02	6.2%
Abu Dhabi Exchange	4,988.74	31.77	0.64%	13.42%	13.19	1.48	4.8%
Beirut Stock Exchange	984.48	-0.28	-0.03%	-14.29%	5.21	0.62	9.2%
Palestine Stock Exchange	527.79	-0.87	-0.16%	-8.14%	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	13,644.16	-171.44	-1.24%	-9.15%	12.93	2.36	2.2%
Amman General Index	1,961.38	3.94	0.20%	-7.78%	13.68	0.99	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)	0.712	1.405
DAX	Germany	11,553.8	-0.31%	-10.6%	British Pound (GBP)	1.308	0.765
CAC 40	France	5,084.7	-0.63%	-4.3%	Canadian Dollar (CAD)	0.763	1.310
United States					Chinese Renminbi (CNH)	0.144	6.935
DIJA	USA	25,444.3	0.26%	2.9%	Egyptian Pound (EGP)	0.056	17.911
S&P 500	USA	2,767.8	-0.04%	3.5%	Euro (EUR)	1.151	0.869
NASDAQ	USA	7,449.0	-0.48%	7.9%	Indian Rupee (INR)	0.014	73.325
Asia Pacific					Japanese Yen (JPY)	0.009	112.550
NIKKEI 225	Japan	22,532.1	-0.56%	-1.0%	New Zealand Dollar (NZD)	0.659	1.517
HANG SENG	Hongkong	25,561.4	0.42%	-14.6%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	38,430.3	1.18%	-5.0%	Pakistani Rupee (PKR)	0.749	133.772
NSE Nifty 50	India	10,303.6	-1.43%	-2.2%	Russian Ruble (RUB)	0.015	65.511
SHANGHAI Composite	China	2,550.5	2.58%	-22.9%	Singapore Dollar (SGD)	0.726	1.378
KOSPI Index	South Korea	2,156.3	0.37%	-12.6%	Turkish Lira (TRY)	0.177	5.641

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.65	47.8%
Brent Crude (per bbl)	79.8	0.62%	25.4%	Saudi Arabia	2.74	44.3%
WTI Crude (per bbl)	69.1	0.68%	14.4%	Kuwait	2.06	10.0%
Oman Crude Oil (Last Closing)	79.0	0.60%	23.5%	Oman	2.74	43.7%
OPEC (per bbl)	78.3	-1.57%	21.4%	Qatar	2.81	6.0%
Precious Metals				Bahrain	3.70	35.8%
Gold100 OZ (per oz)	1,226.9	0.09%	-5.8%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.6	0.01%	-14.0%		Maturity date	YTM, %
Platinum (per oz)	830.7	0.32%	-10.7%	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	99.22	3.0	3m	2.48	46.2%
10 year	97.34	3.2	6m	2.72	48.3%
30 year	92.97	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

U Capital: External factors, local caution weaken MSM index

Positive overall results did not affect the MSM performance, which however remained hostage to external geopolitical factors that put pressure on foreign investors in the region in general and led to exit or repositioning themselves. Further, local factors such as the absence of long-term investors and speculators also pressurised trading activities.

Source: [Oman Observer](#)

Ghazeer Gas Field construction 33% complete

Construction work at Ghazeer Gas Field (Block G1) is going on very well and 33 per cent of the project has been completed, said Eng. Yousef bin Mohammed Al Ojaili, President of British Petroleum (BP) Oman, in a statement to Oman News Agency (ONA). He pointed out that a number of wells were drilled during the second stage and work is underway to construct the roads leading to the wells. He noted that work is also underway to build the third gas processing train and another train for the processing of oil condensates at the same site of the first stage "Khazzan" gas field and a new gas export line.

Source: [Times of Oman](#)

Narrow money supply in Oman rises to OMR5.1 billion

With regard to monetary aggregates, the narrow money stock (M1) recorded a marginal year-on-year (YoY) growth of 0.1 per cent to OMR5.1 billion, while quasi-money (Riyal Omani saving and time deposits, certificates of deposit issued by banks, margin deposits and foreign currency denominated deposits) witnessed an increase of 4.5 per cent during the same period. The broad money supply (M2) (M1 plus quasi-money) stood at OMR16.5 billion at the end of July 2018 and grew by 3.1 per cent during the same period.

Source: [Times of Oman](#)

Sohar-3 Power Plant to ready in 2019

Shinas Generating Company (SGC), the company developing the Sohar-3 Power Plant, has announced that commercial operations at the project will commence from the first quarter of 2019. The company is also targeting to be listed on the Muscat Securities Market (MSM) by the third quarter of next year.

Source: [Times of Oman](#)

7 locations identified as ideal for wind power projects in Oman

Oman's authorities have identified a total of seven locations around the country that are deemed optimal for the establishment of large-scale wind power projects in the Sultanate. Areas with relatively high wind speeds include Sur and Jaalan Bani Bu Ali in Sharqiyah South Governorate, Duqm in Wusta Governorate, and Sadah, Shaleem & Al Halaniyat Islands, and Al Jazer in Dhofar Governorate, says a newly published report on the potential for renewables and alternative energy resources being explored by the Sultanate as part of a planned transition from natural gas — presently the primary fuel resource for power generation.

Source: [Oman Observer](#)

Investments in waste-to-energy, biogas schemes to top \$500m

A string of waste-to-energy and biogas schemes planned for implementation in the coming years is expected to attract initial investments to the tune of around \$500 million, according to a new report on the Energy Lab — a high-level forum that deliberated on a wide array of initiatives to ease Oman's dependence on natural gas a primary fuel resource for power generation. In addition to harnessing municipal and bio-waste as potential resources for electricity generation, various stakeholder institutions represented at the Lab also emphasised the benefits of moving ahead with waste-to-energy and biogas initiatives to help reduce the prodigious volumes of recyclable and calorific trash ending up in landfills in the Sultanate.

Source: [Oman Observer](#)

Muscat: A major commercial and historical hub

The Governorate of Muscat has been a significant historical point and a commercial hub in the region due to its strategic location on the Sea of Oman. Muscat has become a vital hub for domestic economic and trade activities, as well as in the Sultanate's relations with other countries. Visitors to Muscat and its wilayats namely Muscat, Bausher, Al Seeb, Al Amerat and Qurayat could recognise the wonderful blend between the ancient cultural heritage and the modern architecture.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast Stocks Mostly Advance, Saudi Shares Stable After Trump Suggests U.S. to Continue Relations with Saudi Arabia Despite Journalist Disappearance

Middle East shares mostly gained, with Saudi stocks remaining stable after President Donald Trump said on Wednesday he did not want to walk away from Saudi Arabia, a sign Saudi Arabia might escape any serious U.S. sanctions if an investigation finds journalist Jamal Khashoggi was killed by Saudi personnel. In company news, Khaleej Training won a project worth 23.1 million riyals (\$6.2 million) from the General Authority of Zakat and Tax. Dice Sport and Casual Wear said it would raise its stake in Alexandria Ready Made Clothes to 100% in a 2 million Egyptian pound (\$111,420) deal.

Source: [NASDAQ](#)

GCC consumer prices rise 4.8% in August

Prices of consumer goods and services (excluding housing) rose 4.8 per cent in the GCC countries in August this year compared to the same month a year ago, according to figures released by GCC-Stat, the statistical centre for the GCC countries. The biggest increases were recorded in the prices of tobacco (20.8 per cent), transport (12 per cent), restaurant and hotels (6.8 per cent), recreation (4.9 per cent) and food products (4.1 per cent) during the 12 months' period ended August 31, 2018.

Source: [Muscat Daily](#)

King Salman approves setting up logistics zone in Riyadh

Saudi Arabia's King Salman has issued a royal decree approving the regulations of a logistics zone in Riyadh, which were issued on the official gazette Umm Al-Qura. The Kingdom aims to attract investments by establishing a special logistics zone on the land of King Khalid Airport in Riyadh, to carry out the following activities:

Source: [Argaam](#)

Riyadh airport to have integrated logistics zone

Higher authorities recently approved the setting up of an integrated logistics zone at King Khalid Airport in Riyadh, Okaz has learned. The objective is to attract quality investments; carry out sorting, maintenance, repair, treatment, modification, development, assembling, storing, packing, repacking, wrapping, trading, distribution, using and importing of these goods, exporting or re-exporting them, and garbage and electronic waste recycling.

Source: [Saudi Gazette](#)

Bahrain banks' margins battered by over-banking: S&P

The overbanked status of the Bahraini banking system fosters intense competition and squeezes interest margins, S&P Global Ratings noted in a report on Thursday. Noting that numerous banks in Bahrain contrast with a small economy and bankable population, the report says Bahrain's banking system is more fragmented than most of its regional peers', leading to overcapacity and restrained risk-pricing ability for banks.

Source: [Argaam](#)

UAE records strongest excise tax compliance

The Federal Tax Authority (FTA) on Saturday said the UAE registered one of the highest compliance rates of 97.7 per cent for tax returns requirements of excise tax. Revealing figures at the completion of one-year of imposition of excise tax, the FTA said 715 companies had registered for the tax returns.

Source: [Zawya](#)

Dar Al Arkan seeks accreditation for Saudi projects

Dar Al Arkan, the largest listed real estate developer in Saudi Arabia, has announced that it has submitted a request to Etmam, the developers services centre at the Ministry of Housing, for the accreditation of three comprehensive development projects in Shams Ar Riyadh, totaling over 1.936 million sq m area. The company also applied for the issuance of off-plan sales license for projects under construction in Shams Ar Riyadh, said the developer.

Source: [GDN](#)

Kuwait's NREC Seeks to Convert Agility Investment's Loan into Equity

* Calls EGM on November 08, to seek shareholders' approval to convert agility investment holding's loan into equity in co's share capital

* To convert 31 million dinars' loan into 272.8 million shares in co's share capital at 100 fils nominal value per share and share premium

Source: [Zawya](#)

INTERVIEW: SABB Managing Director David Dew steering through historic transaction in Saudi banking

David Dew has been working in banking in the Middle East and other emerging markets for 40 years, and you might think he has seen it all. But the merger between SABB and Alawwal in Saudi Arabia — which he is steering through to completion next year — is a career achievement for him. "I think it's a clear case of a win-win situation, and all our stakeholders will get benefit from it. It's a genuinely exciting landmark transaction, and a significant transformation for the Kingdom," he said.

Source: [Arab News](#)

UAE's foreign currency assets at \$89.7bln by end of September

The total foreign currency assets held by the Central Bank of the UAE stood at AED329.3 bn against AED326 bn in early 2018, as current account balances and deposits with foreign banks strengthened to AED255.06 bn against AED254.9, bn according to figures released by CBUAE today. The foreign assets exclude CBUAE Reserve Tranche Position and Special Drawing Rights holdings with the International Monetary Fund.

Source: [Zawya](#)

DP World CEO says outlook positive amid Djibouti dispute

Even as its legal dispute with the government of Djibouti escalates, DP World said it has a "very positive outlook" on its financial and operational performance, reiterating that Djibouti is a "very small part" of its network. Mohammed Al Muallem, CEO and managing director for the UAE region at DP World, said the company has performed "really reasonably well so far" this year "considering what is happening globally," referring to trade tensions.

Source: [Gulf News](#)

UAE gov't revenues exceed \$10bn in first half of 2018

UAE Federal ministries have reported total revenues of AED39 billion (\$10.6 billion) during the first half of 2018, well ahead of budget, according to official figures. A financial performance report released by the UAE's Ministry of Finance revealed that 2018 revenues in H1 represent 75.9 percent of the total actual budget of AED51.388 billion.

Source: [Arabian Business](#)

Dubai DED issues 13,825 new licences in first nine months

Dubai's Department of Economic Development (DED) said it had issued a total of 13,825 new licences during the first nine months of the year. The Business Registration and Licensing (BRL) sector of DED said among the new licences issued, 61.2 per cent were commercial, 36.4 per cent professional, 1.2 per cent related to tourism and 1.1 per cent were industrial.

Source: [GDN](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Moody's downgrades Italy credit rating on debt and deficit concerns

Moody's cut Italy's credit rating by a notch on Friday over concerns about government plans for larger deficits and the high public debt load. The ratings agency downgraded the country's debt to Baa3 from Baa2, with a stable outlook, according to a statement. The decision cited "material weakening in Italy's fiscal strength, with the government targeting higher budget deficits for the coming years," as well as debt holding near the current 130 percent of GDP "rather than start trending down as previously expected."

Source: [Local Italy](#)

Apple CEO urges Bloomberg to retract Chinese spy chip story

Apple chief executive Tim Cook on Friday told an online news website that Bloomberg should retract a story that claimed Apple's internal computer systems had been infiltrated by malicious computer chips inserted by Chinese intelligence agents. Bloomberg said it stood by its report, published earlier this month. "There is no truth in their story about Apple," Cook told BuzzFeed News in an interview with the online publication. "They need to do that right thing and retract it."

Source: [South China Morning Post](#)

Instagram could be a crucial stock-picking tool when investing in luxury firms

Instagram likes are now a serious metric for investors in luxury brands including Burberry, Kering-owned Gucci and Saint Laurent and LVMH labels including Dior and Louis Vuitton. Posts on the millennial-friendly platform are likely to lead to sales, according to a UBS report on European luxury published Friday.

Source: [CNBC](#)

Chinese officials try to drum up confidence as markets tumble, GDP disappoints

The heads of the People's Bank of China, the securities regulatory commission and the banking and insurance regulatory commission all issued statements Friday morning expressing support for the stock market and positive economic fundamentals. China reported third-quarter gross domestic product of 6.5 percent, its weakest since 2009 and missing expectations of 6.6 percent from a Reuters poll of analysts.

Source: [CNBC](#)

Bank of England's Carney says UK system ready for 'cliff-edge' Brexit, though it's unlikely to happen

The U.K.'s banking system is prepared to handle a much worse outcome from Brexit than is likely to happen, Bank of England Governor Mark Carney said Friday. "With respect to Brexit, the Bank of England doesn't focus on the most likely outcome, but rather the possible consequences of a disorderly cliff-edge exit from the European Union, however unlikely that may be," Carney said during a speech in New York. "The most likely outcome is a deal and a smooth transition."

Source: [CNBC](#)

Tesla Short Seller Warns of 'Massive' Supply-Chain Disruption

Short seller Fahmi Quadir, who's betting against Tesla Inc., said the carmaker faces risks to its supply chain because some vendors haven't been getting paid. Quadir, the founder and chief investment officer of Safkhet Capital LP, made a name for herself by shorting the drugmaker formerly known as Valeant Pharmaceuticals around its peak in 2015. She said her firm sees some suppliers to Tesla filing for bankruptcy, which poses particular risk to the carmaker because many of its components are single-sourced.

Source: [Bloomberg](#)

COMMODITIES NEWS

Saudis, Russia Step Up Oil Pumping to Fill Voids Elsewhere

What do you do when you're two of the world's largest oil-producing nations and output elsewhere in the world is plunging? If you're Saudi Arabia and Russia, you set aside a global pact to curb supply and open the taps. At least that's what both did in September. Saudi Arabia and Russia agreed in June that they would add oil to the global market, while effectively keeping OPEC and some non-OPEC states in full conformity with a late-2016 pact to curb output. The Saudis had regularly cut more than pledged, while Russia was often just shy of the mark. Now those nations are ramping up -- while supplies from Iran and Venezuela plunge.

Source: [Bloomberg](#)



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