

# U Capital Morning Brief

17 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	904.97	-6.9	-0.76%	-7.11%	-	-	-
U Capital GCC 50 Index	1,288.24	23.7	1.84%	12.54%	-	-	-
U Capital MENA 200 Index	1,034.24	13.3	1.28%	3.93%	-	-	-
MSCI GCC Countries Index	530.08	8.2	1.56%	10.49%	13.47	1.72	4.1%
Muscat Securities Market	4,451.65	-9.1	-0.20%	-12.70%	10.20	0.80	6.1%
Saudi Stock Exchange	7,666.80	99.2	1.31%	6.10%	16.20	1.72	3.7%
Kuwait Stock Exchange	4,994.31	-21.0	-0.42%	NA	14.61	1.26	3.9%
Qatar Exchange	10,031.59	197.5	2.01%	17.69%	15.48	1.53	4.4%
Bahrain Stock Exchange	1,311.64	-4.3	-0.32%	-1.51%	8.86	0.83	6.2%
Dubai Financial Market	2,727.87	14.8	0.55%	-19.06%	7.28	1.01	6.2%
Abu Dhabi Exchange	4,930.90	-2.0	-0.04%	12.11%	13.03	1.47	4.9%
Beirut Stock Exchange	984.82	9.3	0.95%	-14.26%	5.21	0.62	9.2%
Palestine Stock Exchange	528.79	1.0	0.18%	-7.97%	12.16	1.18	4.6%
Tunis Se Index	7,540.71	35.9	0.48%	20.04%	19.71	2.69	1.9%
EGX 30 Index	13,689.39	167.9	1.24%	-8.85%	12.98	2.42	2.2%
Amman General Index	1,961.69	-3.8	-0.19%	-7.76%	13.67	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
<b>Europe</b>			%	%	<b>Currency</b>		
FTSE 100	UK	7,059.4	0.43%	-8.2%	Australian Dollar (AUD)	0.714	1.402
DAX	Germany	11,776.6	1.40%	-8.8%	British Pound (GBP)	1.317	0.760
CAC 40	France	5,173.1	1.53%	-2.6%	Canadian Dollar (CAD)	0.772	1.296
<b>United States</b>					Chinese Renminbi (CNH)	0.145	6.922
DIJA	USA	25,798.4	2.17%	4.4%	Egyptian Pound (EGP)	0.056	17.916
S&P 500	USA	2,809.9	2.15%	5.1%	Euro (EUR)	1.155	0.866
NASDAQ	USA	7,645.5	2.89%	10.7%	Indian Rupee (INR)	0.014	73.563
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	112.260
NIKKEI 225	Japan	22,805.8	1.21%	0.2%	New Zealand Dollar (NZD)	0.658	1.520
HANG SENG	Hongkong	25,462.3	0.07%	-14.9%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	37,047.3	1.06%	-8.5%	Pakistani Rupee (PKR)	0.749	133.864
NSE Nifty 50	India	10,612.0	0.26%	0.8%	Russian Ruble (RUB)	0.015	65.321
SHANGHAI Composite	China	2,544.9	-0.06%	-23.1%	Singapore Dollar (SGD)	0.727	1.376
KOSPI Index	South Korea	2,162.1	0.79%	-12.4%	Turkish Lira (TRY)	0.176	5.699

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>				UAE	2.68	49.2%
Brent Crude (per bbl)	81.5	0.11%	28.1%	Saudi Arabia	2.74	44.3%
WTI Crude (per bbl)	72.1	0.21%	19.3%	Kuwait	2.00	6.7%
Oman Crude Oil (Last Closing)	80.5	1.19%	25.9%	Oman	2.73	43.1%
OPEC (per bbl)	79.3	-0.06%	23.0%	Qatar	2.80	5.7%
<b>Precious Metals</b>				Bahrain	3.75	37.6%
Gold100 OZ (per oz)	1,221.3	-0.30%	-6.3%	<b>GCC Latest 10-Yr Government Bond Yields</b>		
Silver (per oz)	14.6	-0.37%	-13.7%		Maturity date	YTM, %
Platinum (per oz)	836.9	-0.53%	-10.1%	Kuwait	3/20/2027	3.9
<b>Other Metals</b>				Abu Dhabi	10/11/2027	4.1
Copper, MT	6,215	-1.36%	-14.2%	Qatar	6/2/2026	4.0
Aluminium, MT	2,034	0.35%	-10.3%	Saudi Arabia	3/4/2028	4.4
Lead, MT	2,066	-0.94%	-17.0%	Oman	1/17/2028	6.1
Zinc, MT	2,606	0.27%	-21.5%	Bahrain	10/12/2028	7.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.77	3.0	1m	2.29	46.4%
5 year	99.31	3.0	3m	2.45	44.5%
10 year	97.58	3.2	6m	2.65	44.5%
30 year	93.70	3.3	1 year	2.97	40.8%

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Bank Muscat, Ominvest ink financing pact

Bank Muscat, the flagship financial services provider in the Sultanate, in line with its vision, "To serve you better, everyday", and commitment to partnership in sustainable development, signed a long-term secured credit facility agreement for OMR120 million with the Oman International Development and Investment Company (Ominvest). Abdulaziz Al Balushi, Group Chief Executive Officer of Ominvest, said: "The long-term credit facility signed with Bank Muscat gives us operational and financial flexibility needed for delivering on our commitment to grow and expand our investments within and outside Oman in accordance with our strategic plan.

Source: [Times of Oman](#)

### CBO issues treasury bills worth OMR30mn

Oman's central bank raised OMR30 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from October 17, until November 14, 2018. The average accepted price reached 99.830 for every OMR100, and the minimum accepted price arrived at 98.830 per OMR100. Whereas the average discount rate and the average yield reached 2.21607 per cent and 2.21985 per cent, respectively.

Source: [Times of Oman](#)

### Explore localisation potential of oilfield fracking

Oman's Ministry of Oil & Gas has urged the energy industry to strongly explore opportunities for localising the supply chain surrounding the use of fracking (or fracturing) - a technique that is set to play an increasingly pivotal role in sustaining Oman's hydrocarbon output over the long term. The appeal was made by Salim bin Nasser al Afi, Ministry Under-Secretary, while addressing the SPE International Hydraulic Fracturing Technology Conference and Exhibition that began at the Sheraton Oman Hotel yesterday. The 3-day forum has been organised by the Society of Petroleum Engineers (SPE) with the support of the Ministry of Oil & Gas, Petroleum Development Oman (PDO) and BP.

Source: [Oman Observer](#)

### Ghazeer project: BP Oman to drill 100 wells

Energy major BP plans to drill around 100 wells as part of its Ghazeer project representing the second phase of its multibillion dollar investment in the development of the giant Khazzan gas field in Block 61 in central Oman. Work on the Ghazeer development, which is designed to boost natural gas output from Block 61 to 1.5 billion cubic feet (bcf) per day by 2021 — up from 1 bcf / day presently — is progressing as per schedule, according to Yousuf al Ojaili, BP Oman's President.

Source: [Oman Observer](#)

### GBCM receives merger offer from Financial Services

Gulf Baader Capital Markets (GBCM), the largest brokerage firm in Oman, received a merger offer from Financial Services Company, according to disclosures filed to the Muscat Securities Market (MSM) on Tuesday. GBCM is a subsidiary company of Gulf Investment Services Holding. 'We would like to inform that our subsidiary company Gulf Baader Capital Markets received a merger offer on Tuesday from Financial Services. The board of directors of GBCM will review the letter and take a decision on the same', Gulf Investment Services Holding said in a disclosure to the MSM.

Source: [Muscat Daily](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Saudi Arabia could introduce competition in the power sector, report says

Saudi Arabia could adopt a "multiple-buyer approach" to reforming its power sector as it considers breaking up its state-owned utilities firm and mulls privatisation, according to a report by the Arab Petroleum Investment Corporation. Saudi Arabia, the biggest regional consumer of electricity, has recently pivoted towards more gas-fired plants over burning oil and has also announced plans to invite foreign investment into its utilities sector.

Source: [The National UAE](#)

### GOSI: 5.4% rise in number of Saudis, 6.6% drop in expats

A recent report showed that the number of subscribers in the General Organization for Social Insurance (GOSI) system, who were on the job at the end of 2017, has risen to 9,935,777. The percentage of Saudis among these reached 19.9 percent, with an increase of 5.44 percent compared to last year. On the other hand, the number of non-Saudi subscribers dropped by 6.6 percent, forming 80.1 percent, according to the annual statistical report for 2017 issued by the General Organization for Social Insurance (GOSI) recently.

Source: [Saudi Gazette](#)

### Saudi Arabia's public investments hit SAR 3.58 trln in Q2 2018

The total investments held by Saudi government domestically and internationally have risen by three percent to SAR 3.579 trillion in Q2 2018 (YoY), Aleqtisadiyah newspaper reported based on data from Saudi Arabian Monetary Authority (SAMA). Direct investments abroad accounted for 8.8 percent of that figure in Q2, versus 8.4 percent a year earlier. Portfolio investments constituted 15.9 percent of total investments. Portfolio investments were diversified into corporate holdings and investment funds (9.9 percent), and debt securities (5.7 percent).

Source: [Argaam](#)

### **JP Morgan's exit from SAIB 'positive' for shareholders, says CEO**

J.P. Morgan International Finance's plan to sell its stake in Saudi Investment Bank (SAIB) will be "positive" for existing shareholders, chief executive officer, Musaed Al-Mineefi, told Al-Arabiya TV. SAIB's investments in government debt instrument increased, he said. Saudi Arabia's banks are likely to see more growth, driven by the next year's budget draft. The strong resilience of the banking system helped it overcome major challenges over the past decade.

Source: [Argaam](#)

### **Saudi Tensions Add to Dubai Stock Market's Worst Year Since 2008**

Traders are running out of reasons to stay in Dubai's stock market as it heads for its worst year since the 2008 debt crisis. Dubai's main equities gauge has lost 19 percent this year, pressured mostly by real-estate developers. The index is now caught between increasing geopolitical woes centered at its neighbor Saudi Arabia and those emanating from global emerging markets.

Source: [Bloomberg](#)

### **General Meeting of Emaar Development on Oct. 17 to propose distribution of AED1.04 billion (US\$283.15 million) special dividend**

Emaar Development, the UAE build-to-sell property development business majority-owned by Emaar Properties PJSC, will hold a General Meeting on Wednesday (October 17, 2018) at 5pm at the Boulevard Ballroom of Address Boulevard hotel in Downtown Dubai. If the meeting falls short of quorum, the next General Meeting will be held at the same time and venue on Wednesday, Oct. 24, 2018. The meeting will discuss the proposal of the Board of Directors to distribute a special cash dividend of AED1.04 billion (US\$283.15 million), representing 26 per cent of the share capital being 26 fils per share, to the shareholders.

Source: [DFM](#)

### **UAE budget to boost real estate sector in medium term: JLL**

The UAE cabinet announced a new federal budget of AED 60.3 billion in September, paving the way for a significant increase in government spending that will in turn benefit the Dubai real estate market, revealed JLL's latest Q3 report. The proposed budget provides funding for a series of new policies, aimed at stimulating economic growth and investment in the non-oil dependent sectors in 2019, which will positively affect the real estate sector in the medium term.

Source: [Saudi Gazette](#)

### **Dubai property prices decline**

Dubai property prices declined at an accelerated pace in the third quarter, with off-plan sales volumes impacted the most amid general market uncertainty, according to property consultancy Chestertons. Average sales prices for apartments and villas have declined six percent from the previous quarter, the agent said in a report on Monday. Off-plan sales volumes were down 31 percent, compared with 11 percent for completed units. "The downward price corrections witnessed in the first quarter and the second quarter of this year have continued throughout the third quarter, albeit at an increased pace," the agent said in a report.

Source: [Arab Times](#)

### **Local contractors in Qatar bag QR2.7bn Ashghal projects**

The Public Works Authority (Ashghal) yesterday signed five construction contracts for infrastructure and citizens' sub-divisions projects in different areas at a total value of around QR2.7bn while these projects will serve over 5,192 land plots. Eng Saad bin Ahmad Al Muhannadi, President of Ashghal, said: "Ashghal awarded more than 75 projects with a value of QR12bn since the beginning of 2018 for infrastructure, drainage and buildings projects, while this value is planned to reach QR20bn by end of 2018." "Eight projects for citizens' sub-divisions will be tendered before end of current year in Al Kharaitiyyat, Ezghawa, Al Ebb and Leabib, Al Mashaf South and Jaryan Njeima," he added.

Source: [TPQ](#)

### **Kuwait keen on 'executing' economic deals with China**

Kuwait government is keen on transforming recent economic agreements with China into reality, assigning relevant departments to implement them and remove all obstacles facing execution. The government, chaired by His Highness the Prime Minister Sheikh Jaber Mubarak Al-Hamad Al-Sabah, assigned the foreign ministry to implement a memorandum of understanding (MoU) over encouragement of investment, and tackle all obstacles, Deputy Premier and Minister of State for Cabinet Anas Al- Saleh said in a statement.

Source: [Arab Times](#)

### **Kuwaiti-Qatari trade volume touches \$360 million in 2017**

The volume of trade between Kuwait and Qatar has surged to \$360 million in 2017, a significant growth by 100 percent, compared to \$173 million in 2016, Kuwait Chamber of Commerce and Industry announced Monday. Meanwhile, KCCI mentioned, in a press statement, its hosting earlier of the Qatari-Kuwaiti Business Forum, which is organized by Qatar Development Bank in partnership with Ernst and Young Global Limited.

Source: [Arab Times](#)

### **Al Enmaa Real Estate sells KWD 1.6m factory**

Al Enmaa Real Estate announced it has completed the procedures of selling a factory valued at KWD 1.6 million (\$5.3 million). The factory was classified as an asset kept for sale in the income statements of Al Enmaa, according to a bourse statement on Tuesday. Al Enmaa clarified that no financial impact will be registered in the company's business profile.

Source: [Mubasher](#)

## **MENA region to see 500 new cinemas soon – PwC**

The cinema industry has been gaining major traction lately in the Middle East and North Africa (MENA) region, particularly with the rising entertainment sector in the once-closed-up Saudi Arabia. New research shows that cinema screens will increase by 38.4% in the coming three to five years, to around 1,800 screens versus 1,300 currently. Most of these new screens will be built in Saudi Arabia, PriceWaterhouseCooper's (PWC) said in its report.

Source: [Mubasher](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Strong US corporate results expected for third quarter**

The US third-quarter earnings season kicked off last week with a slew of key financial sector reports, including Citigroup, JPMorgan Chase and Wells Fargo. The overall take from the banks' earnings is good bottom line numbers driven by strong overall activity and lower credit provisions. JPMorgan Chase's shares were lower during the session as the bank missed expectations on revenue. In general, we observe less investor optimism towards US banks despite interest rates going higher, which is an unusual behaviour.

Source: [Gulf Times](#)

### **Chinese local govts' hidden debt could total \$5.8tn: S&P**

Off-balance-sheet borrowings by Chinese local governments could be as high as 40tn yuan (\$5.78tn) and amount to "a debt iceberg with titanic credit risks", S&P Global Ratings said in a report yesterday. When including so-called "hidden" local government debt, the ratio of government debt to gross domestic product (GDP) could have reached an "alarming" level of 60% in 2017, according to S&P. China has said it would take steps to measure, assess and curb local government debt.

Source: [Gulf Times](#)

### **Uber gets IPO proposals at potential \$120 bln valuation: report**

Uber Technologies Inc. has received proposals from Wall Street banks valuing the company at \$120 billion in an initial public offering (IPO) that could take place early 2019, the Wall Street Journal reported. Goldman Sachs Group and Morgan Stanley delivered the valuation proposals to Uber last month, the report said, citing people familiar with the matter. In June 2016, the Public Investment Fund (PIF), Saudi sovereign wealth fund, injected \$3.5 billion in US ride-hailing app.

Source: [Argaam](#)

### **Netflix record subscriber growth dispels Wall Street worries**

Netflix Inc. hooked 7 million new streaming subscribers from July to September, a third more than Wall Street had expected, reassuring investors who had worried the company was facing a slowdown in its fast-paced growth. The record number of additions in the third quarter brought Netflix's customer base to 137 million worldwide, confirming its rank as by far the world's biggest online subscription video service.

Source: [Reuters](#)

### **US slaps sanctions against key Iranian paramilitary force**

The US Treasury Department on Tuesday slapped sanctions on an Iranian paramilitary group along with a network of businesses that were providing it financing, as part of Washington's campaign of maximum economic pressure against Tehran.

Source: [Dawn](#)

## **COMMODITIES NEWS**

### **U.S. oil service firms face tough quarter despite high crude prices**

Even as crude prices hover near four-year highs, U.S. oilfield service firms' third-quarter results due out in coming days will reflect a shaky recovery, as their customer's face drilling constraints and pressure to hold down spending. Oil producers are holding off finishing new wells, and cost pressures from tight labour markets and U.S. tariffs on imported steel are driving up service firms' costs.

Source: [Reuters](#)

### **Oil sector needs \$11 trln investments to meet demand by 2040: OPEC chief**

The global oil sector will need investments worth \$11 trillion to meet future demand by 2040, said Mohammed Sanusi Barkindo, secretary general of the Organization of the Petroleum Exporting Countries (OPEC). Speaking on the sidelines of the IHS CERA conference in New Delhi, Barkindo noted that OPEC and non-OPEC members are on track to reach a 100 percent commitment rate. "Global energy reserves for oil is shrinking, hence producers and companies must increase their productive capacity and invest more to meet the current demand," he was quoted as saying by Reuters.

Source: [Argaam](#)

### **China's Zhoushan city woos Exxon Mobil for a \$7 billion ethylene plant**

The Chinese city of Zhoushan is in talks with oil major Exxon Mobil Corp ([XOM.N](#)) to build a \$7 billion ethylene plant in the city south of Shanghai, it said in a statement released on Wednesday. The facility would have annual production capacity of 1.5 million to 1.8 million tonnes, the statement said, making it larger than the 1.2 million-tonnes-per-year plant Exxon plans in the city of Huizhou in the southern province of Guangdong.

Source: [Reuters](#)

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