

U Capital Morning Brief

28 October 2018

Market Indices	Current Close		Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	913.00	-3.26	-0.36%	-6.29%	-	-	-	-
U Capital GCC 50 Index	1,318.02	19.04	1.44%	15.14%	-	-	-	-
U Capital MENA 200 Index	1,053.27	15.27	1.45%	5.85%	-	-	-	-
MSCI GCC Countries Index	540.38	-0.01	0.00%	12.63%	13.44	1.75	4.1%	
Muscat Securities Market	4,452.91	-9.85	-0.22%	-12.68%	10.20	0.80	6.1%	
Saudi Stock Exchange	7,835.55	323.03	4.30%	8.43%	16.18	1.75	3.6%	
Kuwait Stock Exchange	5,039.56	5.65	0.11%	NA	14.68	1.26	3.9%	
Qatar Exchange	10,153.36	0.74	0.01%	19.12%	15.04	1.53	4.3%	
Bahrain Stock Exchange	1,315.53	-0.84	-0.06%	-1.22%	8.81	0.83	6.2%	
Dubai Financial Market	2,736.40	-1.61	-0.06%	-18.80%	7.31	1.01	6.4%	
Abu Dhabi Exchange	4,882.26	-44.03	-0.89%	11.00%	12.98	1.42	4.9%	
Beirut Stock Exchange	981.43	0.00	0.00%	-14.55%	5.19	0.62	9.2%	
Palestine Stock Exchange	526.67	-0.62	-0.12%	-8.34%	12.03	1.17	4.6%	
Tunis Se Index	7,356.94	38.53	0.53%	17.11%	19.16	2.62	1.9%	
EGX 30 Index	13,023.73	-222.66	-1.68%	-13.29%	12.32	2.25	2.3%	
Amman General Index	1,969.43	-0.43	-0.02%	-7.40%	13.74	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		
Europe				%	%	Currency	USD/1 Unit	Units/1 USD
FTSE 100	UK	6,939.6	-0.92%	-9.7%	Australian Dollar (AUD)	0.709	1.411	
DAX	Germany	11,200.6	-0.94%	-13.3%	British Pound (GBP)	1.283	0.779	
CAC 40	France	4,967.4	-1.29%	-6.5%	Canadian Dollar (CAD)	0.763	1.311	
United States					Chinese Renminbi (CNH)	0.144	6.953	
DIJA	USA	24,688.3	-1.19%	-0.1%	Egyptian Pound (EGP)	0.056	17.915	
S&P 500	USA	2,658.7	-1.73%	-0.6%	Euro (EUR)	1.140	0.877	
NASDAQ	USA	7,167.2	-2.07%	3.8%	Indian Rupee (INR)	0.014	73.468	
Asia Pacific					Japanese Yen (JPY)	0.009	111.910	
NIKKEI 225	Japan	21,184.6	-0.40%	-6.9%	New Zealand Dollar (NZD)	0.650	1.533	
HANG SENG	Hongkong	24,717.6	-1.11%	-17.4%	Omani Rial (OMR)	2.597	0.385	
KSE 100 Index	Pakistan	40,556.5	2.33%	0.2%	Pakistani Rupee (PKR)	0.749	132.463	
NSE Nifty 50	India	10,030.0	-0.94%	-4.8%	Russian Ruble (RUB)	0.015	65.713	
SHANGHAI Composite	China	2,598.8	-0.19%	-21.4%	Singapore Dollar (SGD)	0.725	1.380	
KOSPI Index	South Korea	2,027.2	-1.75%	-17.8%	Turkish Lira (TRY)	0.179	5.594	

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil						
Brent Crude (per bbl)	77.6	0.95%	22.0%	UAE	2.68	49.2%
WTI Crude (per bbl)	67.6	0.39%	11.9%	Saudi Arabia	2.75	45.0%
Oman Crude Oil (Last Closing)	77.0	0.46%	20.4%	Kuwait	2.13	13.3%
OPEC (per bbl)	75.0	-2.68%	16.4%	Oman	2.78	45.4%
				Qatar	2.81	6.1%
				Bahrain	3.70	35.8%
Precious Metals						
Gold100 OZ (per oz)	1,233.1	0.08%	-5.4%	GCC Latest 10-Yr Government Bond Yields		
Silver (per oz)	14.7	0.29%	-13.3%		Maturity date	YTM, %
Platinum (per oz)	832.5	0.63%	-10.5%	Kuwait	3/20/2027	3.9
Other Metals						
Copper, MT	6,160	-1.06%	-15.0%	Abu Dhabi	10/11/2027	4.0
Aluminium, MT	1,998	0.20%	-11.9%	Qatar	6/2/2026	4.0
Lead, MT	1,998	-0.67%	-19.7%	Saudi Arabia	3/4/2028	4.4
Zinc, MT	2,651	0.53%	-20.1%	Oman	1/17/2028	6.2
				Bahrain	10/12/2028	7.1

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	100.05	2.9	1m	2.30	46.8%
5 year	99.85	2.9	3m	2.52	48.8%
10 year	98.31	3.1	6m	2.78	51.2%
30 year	94.16	3.3	1 year	3.06	45.1%

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: Market closes marginally higher

The Muscat Securities Market (MSM) closed marginally higher this week although it remained hostage to external geopolitical factors. Around two-thirds of trade was concentrated amongst blue chips. Companies offering good dividend yield were the ones that gained during the week. MSM30 closed marginally higher during the week by 0.19 per cent on weekly basis. All sub-indices closed down except Services Index which closed up by 0.27 per cent. Industrial and Financial Index closed down by 0.75 percent and 0.02 percent respectively.

Source: [Oman Observer](#)

CMA discusses unified insurance policy

Capital Market Authority (CMA) and its partners have devised a comprehensive plan to provide insurance coverage to all private sector employees beginning next year. During a recent meeting with the health insurance committee, health insurers and agents were briefed on the plan and its implementation phases. Additionally, CMA offered an overview of the main features of the new unified insurance policy that will be launched prior to the implementation phase.

Source: [Times of Oman](#)

Majan Electricity unveils projects in North Batinah

Majan Electricity Company (MJE) is working to generate electricity more efficiently by expanding its electricity network, as it recently launched its 33kv projects for 2018 in North Batinah Governorate. The company will build new 33kv Interlink feeders for the Shinas-2 grid Substation (North Batinah Governorate) at a cost of OMR910,000. It also has plans to divert existing 33kv feeders to a new SFZ Grid Station in North Batinah Governorate at a cost of 330,000. Further, a 33kv OHL feeder from Liwa Grid SS to Liwa and Majees, tapping at North Batinah Governorate, is planned at a cost of OMR717,000.

Source: [Times of Oman](#)

Ooredoo's investments reach OMR700mn

In over 14 years, Ooredoo has grown to become a major telecom company, according to the company's CEO, Ian Dench, who recently reviewed the organisation's story and explained how Ooredoo, which started with US\$1.7 million in capital, today has in excess of OMR700 million. Dench spoke about the company's expansion, and how it is leading the digital transformation, the growth of the market and discussed the contributions Ooredoo has made in the Sultanate.

Source: [Times of Oman](#)

Oman's privatisation efforts will help alleviate fiscal pressure: Moody's

The proposed partial privatisation of Oman's electricity transmission and distribution subsidiaries will contribute to alleviate some of the fiscal pressure for the government, Moody's Investor Service said. On October 8, Nama Holding, a government-owned holding company, announced the launch of a privatisation programme for Nama Group's electricity transmission and distribution companies.

Source: [Muscat Daily](#)

Oman's budget deficit falls to lowest level in four years

Oman's public finances are continuing to improve this year, with the budget deficit in the first seven months of 2018 falling to the lowest level in past four years. A major recovery in crude prices this year boosted Oman's oil and gas revenues and reduced the country's deficit by more than 36 per cent to RO1.64bn in the first seven months of 2018. The sultanate's fiscal deficit stood at RO2.58bn for the first seven months of 2017.

Source: [Muscat Daily](#)

Oman Gas to add 600km of new pipeline capacity

Oman Gas Company (OGC) — the energy infrastructure vertical of the restructured Oman Oil Company (OOC) — is ramping up its gas and liquids transportation capacity through investments in new pipelines serving industrial and petrochemical hubs in Suhar and Duqm. The wholly government-owned company is also making the transition from a national gas network operator to an independent, integrated energy transportation and distribution services provider envisioned on the lines of the globally reputed Enbridge of the United States or Engie of France, a top official said.

Source: [Oman Observer](#)

Energy services market to open up opportunities for Omani SMEs

The Authority for Electricity Regulation Oman (AER) is taking steps to ensure that Omani small and medium enterprises (SMEs) stand to benefit from a new energy services market taking root in the Sultanate. Numerous Energy Service Companies (ESCOs) — businesses specialising in providing a broad range of energy solutions including designs and implementation of energy savings projects, energy auditing and retrofitting, energy conservation, energy infrastructure outsourcing, and risk management — are expected to mushroom in the coming months and years as a raft of national-level energy efficiency and conservation programmes are implemented in the Sultanate.

Source: [Oman Observer](#)

Boost to fishing sector

Dr Abdul Aziz bin Said al Marzouqi, Director General of the Fisheries Resources at the Ministry of Agriculture and Fisheries, said in a statement to Oman News Agency (ONA) that the ministry is developing a programme for the development of the fishing fleet to provide fishermen with appropriate working environment and meet the maritime safety requirements. He added that the programme will also

improve the quality of products, ensure better use of the fisheries that are away from the coastal strip and provide fresh sea products at the local markets. It will also develop the value-added industries and enhance fish exports to different world markets.

Source: [Oman Observer](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Saudi Arabia less prone to EM contagion: IIF

Higher oil prices, the peg to the US Dollar, large public foreign assets, and low public debt make Saudi Arabia less prone to EM (emerging market) contagion, the Institute of International Finance (IIF) said in a recent report. IIF's '2019 Outlook on MENA' said the fiscal situation is now also on a firmer footing. The kingdom has implemented substantial fiscal adjustments in recent years, which focused mostly on cuts to capital expenditure.

Source: [Argaam](#)

King Hamad Causeway to issue tender for consultancy services next week

A tender of King Hamad Causeway will be issued next week, seeking consultancy services to manage the project's transition phase, Saudi Press Agency (SPA) reported. Saudi Arabia's Minister of Transport, Nabil Ala'moodi and Bahrain's Minister of Transportation and Telecommunications, Kamal bin Ahmed Mohammed, announced the news on the sidelines of the FII 2018 in Riyadh.

Source: [Argaam](#)

Saudi labor ministry, SANAD ink Saudization deal for 4,000 jobs

Saudi Arabia's Ministry of Labor and Social Development signed a memorandum of understanding (MoU) with Saudi Aramco Nabros Drilling Co. (SANAD) to employ over 4,000 Saudi men and women at the firm's oil and gas projects, Saudi Press Agency (SPA) reported. Under the agreement, the two parties will work together on nationalizing engineering and technical jobs of the drilling sector. They will also support the employment of women in administrative, accounting and human resources department.

Source: [Argaam](#)

Norway's sovereign wealth fund plans to double Saudi investments: report

Norway's sovereign wealth fund plans to more than double its investments in Saudi Arabia soon after it's included in the fund's reference index, Reuters reported, citing CEO Yngve Slyngstad. The fund has \$825 million worth of investments in the Kingdom's banking, petrochemicals and healthcare sectors, the report said.

Source: [Argaam](#)

Saudi Red Sea Project 'to have 40-50 hotels'

As many as 50 hotels will be part of Saudi Arabia's Red Sea Project, for which investment partners are due to be courted over the next few months, its CEO said on Thursday. Plans for the ambitious tourism development, which will span 50 islands off the Red Sea coast, include a nature reserve and heritage sites. John Pagano, CEO of the Red Sea Development Company, said work would begin on the project next year, with the first phase set to open in 2022.

Source: [Zawya](#)

NEOM's target is to generate \$100bn of income in a year

NEOM, the world's most ambitious project to be built in the Northwestern part of Saudi Arabia on the Red Sea coast, entered the first phase of actual development after accelerating preparation works to develop the infrastructure of the first residential area. NEOM Bay, a luxurious touristic destination, will be the first urban area to embrace the future population in NEOM, which is planned to be one of the most attractive destinations worldwide for investments and sustainable economic development.

Source: [Zawya](#)

GCC can absorb trade war shocks

Global financial institutions and economists expect that the ongoing trade tensions between the US and China will negatively impact the world's economic growth. Analysts in the region said that the GCC may also have an adverse impact, but the strong economic base can absorb the shocks of global trade war. They noted that the GCC region may be impacted indirectly due to fall in global crude oil prices, slowdown in trade and logistics industries, tariffs on aluminium and outflow of capital.

Source: [Khaleej Times](#)

UAE's Arabtec wins orders worth \$166m including Dubai Expo concourse

Arabtec, the UAE construction group, has bagged a pair of contracts worth more than 610 million dirhams (\$166 million) that includes work on the Dubai Expo site. The contractor that helped to build the Burj Khalifa, the world's tallest tower, said on Wednesday that it had been selected to build public concourses covering 268,000 square meters at the site on the outskirts of Dubai.

Source: [Zawya](#)

Derayah REIT acquires Jeddah building for \$12m

Derayah REIT has acquired a commercial building in Jeddah for SAR 45 million (\$12 million), its fund manager Derayah Financial said on Thursday. The transfer of the property is expected to take place within 30 days, extendable by mutual extent, Derayah Financial said in a filing to the Saudi Stock Exchange (Tadawul). Completed in 2014 and located in Jeddah's Al-Zahra District comprises a ground floor in addition to four floors, a rooftop, and a basement that can take up to 95 cars.

Source: [Zawya](#)

No merger with Etihad, UK remains vital market: Emirates

Emirates has again denied reports that it is in talks with Abu Dhabi's Etihad around a potential acquisition, saying that it is instead focused on small scale partnerships with local airlines. The carrier dismissed a Bloomberg News report in September that suggested the pair were discussing a merger, stating there was no truth to the rumour. While Emirates has rejected speculation around the issue repeatedly for a number of years, the two airlines did sign agreements in January to cooperate in a handful of areas.

Source: [Gulf News](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Stock Market Strains Send Message the Fed Doesn't Want to Hear

Donald Trump loves to bash Jerome Powell, blaming him for the market meltdown. And while people can debate if the hectoring is a good idea and whether the Federal Reserve cares about stocks, it's getting harder to argue the president is totally wrong. Signs of Fed-fomented stress are everywhere, from slumping bank stocks to the 33 percent plunge in home builders since January. They're in the market's newfound willingness to differentiate between defensive and cyclical stocks, a bias absent from past meltdowns. They're in the giant yawn greeting stellar earnings, evidence investors have something else on their mind.

Source: [Bloomberg](#)

There's a major reason for this stock sell-off that people are missing, and it's only getting worse

Executives are talking about challenges to their business they didn't face just a few months ago. One of the biggest, they said, is the rising U.S. dollar. A widening gulf between the U.S. dollar and several foreign currencies is weighing on sentiment for U.S. companies trying to sell their goods overseas. Anheuser-Busch, 3M, Illinois Tool Works, UPS and PPG Industries have specifically cited currency as negatively impacting results and their outlook.

Source: [CNBC](#)

Brexit: Heathrow raises £1.6bn to prepare for possible no deal

Heathrow executives have raised £1.6bn from investors to help the airport "cope" in the event of a no-deal Brexit next year. Officials at Europe's busiest airport said the funding was necessary to build "financial resilience" ahead of the UK's expected exit from the European Union (EU) in March 2019. "With the outcome of Brexit negotiations unknown, strong businesses like Heathrow must stand up to support Britain's economy," said chief executive John Holland-Kaye.

Source: [Independent](#)

COMMODITIES NEWS

Oil rises ahead of Iran sanctions but falls for a third week

Oil prices rose on Friday, supported by expectations that sanctions on Iran would tighten global supplies, but futures posted a weekly drop as a slump in stock markets and concerns about trade wars clouded the fuel demand outlook. Brent crude LCOc1 futures rose 73 cents, or 1 percent, to settle at \$77.62 a barrel. The global benchmark marked a weekly loss of about 2.7 percent and is down about \$10 in three weeks. U.S. West Texas Intermediate (WTI) crude CLc1 futures rose 26 cents, or 0.4 percent, to end at \$67.59 a barrel. It posted a weekly loss of about 2.3 percent.

Source: [NASDAQ](#)

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