

U Capital Morning Brief

15 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 | 911.87 | -0.6 | -0.06% | -6.41% | - | - | - |
| U Capital GCC 50 Index | 1,239.29 | -63.2 | -5.10% | 8.27% | - | - | - |
| U Capital MENA 200 Index | 1,003.31 | -44.6 | -4.44% | 0.83% | - | - | - |
| MSCI GCC Countries Index | 509.53 | -11.5 | -2.21% | 6.20% | 12.96 | 1.66 | 4.3% |
| Muscat Securities Market | 4,497.36 | 7.6 | 0.17% | -11.80% | 10.83 | 0.81 | 6.1% |
| Saudi Stock Exchange | 7,266.59 | -264.2 | -3.51% | 0.56% | 15.32 | 1.63 | 3.8% |
| Kuwait Stock Exchange | 4,992.54 | -73.3 | -1.45% | NA | 14.60 | 1.26 | 4.0% |
| Qatar Exchange | 9,824.20 | -37.3 | -0.38% | 15.26% | 15.19 | 1.51 | 4.5% |
| Bahrain Stock Exchange | 1,315.73 | -0.3 | -0.02% | -1.20% | 8.88 | 0.83 | 6.2% |
| Dubai Financial Market | 2,713.93 | -41.4 | -1.50% | -19.47% | 7.25 | 1.00 | 6.2% |
| Abu Dhabi Exchange | 4,931.14 | -36.6 | -0.74% | 12.11% | 13.03 | 1.47 | 4.9% |
| Beirut Stock Exchange | 979.99 | 0.5 | 0.05% | -14.68% | 5.19 | 0.62 | 9.3% |
| Palestine Stock Exchange | 527.89 | -1.3 | -0.25% | -8.13% | 12.14 | 1.18 | 4.6% |
| Tunis Se Index | 7,504.85 | -17.2 | -0.23% | 19.47% | 19.62 | 2.68 | 1.9% |
| EGX 30 Index | 13,537.47 | 254.2 | 1.91% | -9.87% | 12.83 | 2.39 | 2.4% |
| Amman General Index | 1,964.04 | -1.9 | -0.09% | -7.65% | 13.69 | 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 |
|--------------------|-------------|----------|--------|--------|
| Europe | | | % | % |
| FTSE 100 | UK | 6,995.9 | -0.16% | -9.0% |
| DAX | Germany | 11,523.8 | -0.13% | -10.8% |
| CAC 40 | France | 5,096.0 | -0.20% | -4.1% |
| United States | | | | |
| DJIA | USA | 25,340.0 | 1.15% | 2.5% |
| S&P 500 | USA | 2,767.1 | 1.42% | 3.5% |
| NASDAQ | USA | 7,496.9 | 2.29% | 8.6% |
| Asia Pacific | | | | |
| NIKKEI 225 | Japan | 22,363.9 | -1.51% | -1.8% |
| HANG SENG | Hongkong | 25,541.7 | -1.01% | -14.6% |
| KSE 100 Index | Pakistan | 37,517.9 | 0.00% | -7.3% |
| NSE Nifty 50 | India | 10,450.9 | -0.21% | -0.8% |
| SHANGHAI Composite | China | 2,586.3 | -0.79% | -21.8% |
| KOSPI Index | South Korea | 2,149.5 | -0.57% | -12.9% |

| Currency Cross Rates | USD/1 Unit | Units/1 USD |
|--------------------------|------------|-------------|
| Australian Dollar (AUD) | 0.710 | 1.408 |
| British Pound (GBP) | 1.311 | 0.763 |
| Canadian Dollar (CAD) | 0.768 | 1.303 |
| Chinese Renminbi (CNH) | 0.145 | 6.917 |
| Egyptian Pound (EGP) | 0.056 | 17.912 |
| Euro (EUR) | 1.154 | 0.866 |
| Indian Rupee (INR) | 0.014 | 73.865 |
| Japanese Yen (JPY) | 0.009 | 112.080 |
| New Zealand Dollar (NZD) | 0.650 | 1.538 |
| Omani Rial (OMR) | 2.597 | 0.385 |
| Pakistani Rupee (PKR) | 0.754 | 131.937 |
| Russian Ruble (RUB) | 0.015 | 66.090 |
| Singapore Dollar (SGD) | 0.725 | 1.379 |
| Turkish Lira (TRY) | 0.170 | 5.882 |

| Commodity Prices | Price | D/D | YTD |
|-------------------------------|---------|--------|--------|
| | USD | % | % |
| Oil | | | |
| Brent Crude (per bbl) | 81.4 | 1.26% | 28.0% |
| WTI Crude (per bbl) | 72.1 | 1.11% | 19.4% |
| Oman Crude Oil (Last Closing) | 79.7 | 0.21% | 24.6% |
| OPEC (per bbl) | 80.1 | -2.98% | 24.3% |
| Precious Metals | | | |
| Gold100 OZ (per oz) | 1,222.0 | 0.34% | -6.2% |
| Silver (per oz) | 14.6 | 0.18% | -13.6% |
| Platinum (per oz) | 841.0 | 0.30% | -9.6% |
| Other Metals | | | |
| Copper, MT | 6,302 | 0.96% | -13.0% |
| Aluminium, MT | 2,041 | 1.04% | -10.0% |
| Lead, MT | 2,052 | 2.63% | -17.5% |
| Zinc, MT | 2,646 | 1.53% | -20.3% |

| GCC 3m Interbank Rates | Current Rate % | YTD % |
|------------------------|----------------|-------|
| UAE | 2.68 | 49.3% |
| Saudi Arabia | 2.73 | 44.0% |
| Kuwait | 2.06 | 10.0% |
| Oman | 2.65 | 38.9% |
| Qatar | 2.78 | 5.1% |
| Bahrain | 3.75 | 37.6% |

| GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|---|---------------|--------|
| Kuwait | 3/20/2027 | 3.9 |
| Abu Dhabi | 10/11/2027 | 4.1 |
| Qatar | 6/2/2026 | 4.0 |
| Saudi Arabia | 3/4/2028 | 4.4 |
| Oman | 1/17/2028 | 6.1 |
| Bahrain | 10/12/2028 | 7.1 |

| Midswaps | Price | YTM % |
|----------|-------|-------|
| 3 year | 99.83 | 2.9 |
| 5 year | 99.40 | 3.0 |
| 10 year | 97.67 | 3.2 |
| 30 year | 93.89 | 3.3 |

| USD Libor | Rate (%) | YTD |
|-----------|----------|-------|
| 1m | 2.28 | 45.7% |
| 3m | 2.44 | 43.8% |
| 6m | 2.65 | 44.4% |
| 1 year | 2.96 | 40.6% |

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

Public transport strategic plan for Duqm soon: MOTC

The Ministry of Transport and Communications (MOTC) organized a meeting on Sunday in Duqm to review the future and current transport projects for the Al Wusta governorate. Dr Ahmed bin Mohammed al Futtaisi, Minister of Transport and Communications (MOTC), said the Mahout- Duqm road project is one of the priorities and there is coordination with the Special Economic Zone Authority for Duqm (SEZAD) to complete this vital road, and work is underway to complete the Adam- Hima road dualisation (75 per cent complete) before the end of next year.

Source: [Oman Observer](#)

Orpic Logistics weighs plan for strategic fuel reserve

Having delivered a world-class fuel distribution hub and associated pipeline system, Orpic Logistics Company LLC — the fuel logistics arm of Oman Oil Refineries and Petroleum Industries Company (Orpic) — is now weighing plans for the establishment of strategic fuel reserves for the nation. The ambitious move is set to take fuel logistics to a new level in the Sultanate, effectively elevating Oman into the ranks of nations that have in place strategic stockpiles to secure their domestic requirements in the event of any emergencies or contingencies.

Source: [Oman Observer](#)

Oman targets 11mln tourists by 2040

Oman's Ministry of Tourism recently concluded a series of tours and roadshows covering neighbouring GCC states aiming to help realize the Sultanate's goal of attracting 11 million visitors by 2040. The ministry recently concluded its one-day roadshow in Dubai at the H Hotel on a high note. A delegation from the Sultanate headed by Ministry officials consisted of senior representatives from several leading travel and tourism companies and hotel establishments.

Source: [Zawya](#)

Oman holds roadshows in KSA to promote popular tourist attractions

As part of its intensive tourism campaigns this year, Oman's Ministry of Tourism hosted a two-city roadshow in the Kingdom of Saudi Arabia (KSA) as part of its series of tours of its neighbouring GCC states to promote the Sultanate as an ultimate destination for regional visitors seeking a once-in-a-lifetime travel experience. The KSA roadshow made its first stop at the Crowne Plaza Hotel in Jeddah on Oct. 9, 2018 before continuing on to Hyatt Regency Olaya Hotel in Riyadh on Oct. 10, 2018.

Source: [SG](#)

QIC Group's subsidiary OQIC opens corporate office in Oman

Oman Qatar Insurance Company (OQIC), a premier insurance company in Oman and a subsidiary of Qatar Insurance Group recently held a grand opening ceremony for its corporate office and retail branches. Held at the Grand Hyatt in Muscat, the opening ceremony witnessed the presence of many dignitaries and government officials, including the Board of directors, industry experts, prominent business leaders, associates and partners, and OQIC employees.

Source: [TPQ](#)

Singapore, Oman see potential to do more together

Singapore and Oman reaffirmed their warm relations during Deputy Prime Minister Teo Chee Hean's trip to the Arab country over the weekend and acknowledged there was potential for further cooperation between the two sides. DPM Teo, who is also Coordinating Minister for National Security, called on Oman's Deputy Prime Minister for the Council of Ministers Sayyid Fahd Bin Mahmoud Al Said yesterday, and the two leaders discussed issues of common concern and regional developments, the Prime Minister's Office said in a statement.

Source: [Bloomberg News Alert](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Mideast stocks: Saudi stocks fall

Saudi Arabia's shares plunged as much as 7 percent on Sunday as investors worried about deteriorating relations with the international community after the disappearance of Saudi journalist Jamal Khashoggi. The index suffered its biggest intraday decline since December 2014, when oil prices were crashing, with the Gulf region's biggest petrochemical producer, Saudi Basic Industries, tumbling as much as 7.9 percent.

Source: [Zawya](#)

New debt law will help UAE financial markets

The new Public Debt Law enabling the UAE to issue sovereign bonds will help to deepen the capital markets in the second-biggest Arabian Gulf economy, enabling the country to tap a wider pool of financing options and creating a government yield curve to bolster secondary debt market in the UAE. "The debt law represents a further fillip to the UAE's plans to deepen the breadth of the financial and debt capital markets," said Ehsan Khoman, the head of Middle East and North Africa research and strategy at the Japanese MUFG Bank. "The bonds [issued under the new law] will act as a central mechanism in the creation of a government yield curve in the secondary debt market."

Source: [The National](#)

Saudi Arabia's high spend in H2 to be offset by stronger revenues

Saudi Arabia is expected to see higher expenditure in the second half of 2018, driven by an increase in capex, but this will be offset by higher revenues, according to a report by Bahrain-based SICO. Recently, in a pre-budget 2019 statement, Saudi Arabia had revised upwards its projections for its fiscal performance in 2018, increasing its revenue projection to SAR 882 billion compared to a budget expectation of SAR 783 billion. The Kingdom also raised its expenditure projection to SAR 1.03 trillion, compared to SAR 978 billion in its 2018 budget allocation.

Source: [Argaam](#)

SABB-Alawwal merger set to finalize in H1 2019, says MD

Saudi British Bank (SABB) and Alawwal Bank's merger, which is expected to finalize in H1 2019, is "a win for all parties," the new entity's managing director David Dew told Al Arabiya channel. "For Saudis, it proves the readiness of the capital market, and both local and international investors to do business. The merger is also good for our shareholders, whether they are individuals, big companies or SMEs, as a larger bank means more value," he said.

Source: [Argaam](#)

SMEs hold key to regional economic growth

As efforts to stimulate economic growth in the Middle East and North Africa (Mena) territory remain on course, focus is now shifting to small and medium enterprise-driven strategies in a bid to accelerate growth. This comes on the back of declining oil reserves and revenues, which served as a wake-up call to the Mena governments on over-reliance on their energy reserves to fuel their respective economies.

Source: [Times of Oman](#)

DP World begins Berbera port's expansion

DP World on Sunday announced that it has started a multi-phase expansion of Berbera port, Somaliland. The Port of Berbera is a key Red Sea gateway for the Middle East and Africa, Dubai's state-owned ports operator said. DP World further noted that the expansion aims at increasing trade for landlocked countries in the Horn of Africa.

Source: [Mubasher](#)

Zain Kuwait plans to launch 5G service end-2018

The Kuwaiti telecom company Zain intends to launch its first services and applications of the 5G internet by the end of 2018 in case all frequencies allocated for this service are completed, the CEO of Zain Kuwait Iman Al Rawdan told CNBC Arabia on Sunday.

Source: [Mubasher](#)

Foreign, GCC selloffs reach SAR 724m in week – Tadawul

Net selloff transactions of foreign and GCC investors in the Saudi Stock Exchange (Tadawul) reached SAR 724 million during last week, which ended on 11 October. Net sales of foreign investors amounted to SAR 619.93 million, while the Gulf traders' total sales stood at SAR 104.07 million, the Saudi bourse said in a report on Sunday. Foreign investors' purchases hit SAR 995.84 million, compared to SAR 1.62 billion in sell-offs.

Source: [Mubasher](#)

Saudi Arabia's investment conference set to attract movers and shakers from business world

Saudi Arabia's sovereign wealth fund's Future Investment Initiative conference is slated to attract movers and shakers from across the business world later this month. Following the success of last year's event where Crown Prince Mohammed bin Salman announced plans to build Neom, a \$500 billion (Dh1.8 trillion) futuristic economic zone, the kingdom is set to draw thousands of participants from more than 90 countries. The Arab world's biggest economy and Opec's top oil exporter, is pressing ahead with its reform agenda with an emphasis on building a knowledge-based economy and developing the country's non-oil sector whose revenue it aims to boost to 1 trillion riyals (Dh979bn) by 2030 from 163bn riyals.

Source: [The National](#)

Qatar CPI inflation edges down in September

Qatar's inflation based on the Consumer Price Index (CPI) for September edged down by 1.12 percent compared to the previous month; and slipped 0.38 percent on year-on-year. On Month-on-Month, five main groups recorded a decrease. Recreation and culture (-6.61 percent), transport (-2.42 percent), housing, water, electricity and gas (-0.35 percent), restaurants and hotels (-0.15 percent); and furniture & household equipment (-0.04 percent).

Source: [TPQ](#)

Qatar's non-oil export records 26.1% increase in August

Qatar's non-oil exports registered strong growth during August 2018 with the combined value reaching at QR2.26bn, recording an increase of 26.1 % (year-on-year) compared to QR1.79bn for the corresponding month last year. The monthly report of the Qatar Chamber on foreign trade for the private sector, prepared by the Department of Research, Studies and Management of the Chamber's members from the certificates of origin, issued 2,477 certificates of origin during last August, including 2,173 general model certificates, 128 unified certificates for the GCC countries (industrial), one certificate for the GCC (livestock), 149 unified Arab certificates of origin and 26 certificates of origin for preferences.

Source: [TPQ](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asian shares resume descent, oil prices up on Saudi tensions

Asian shares slipped on Monday as worries over Sino-U.S. trade disputes, a possible slowdown in the Chinese economy and higher U.S. borrowing costs tempered optimism despite a rebound in global equities late last week. Not helping the mood, oil prices jumped and Saudi Arabian shares tumbled on rising diplomatic tensions between Riyadh and the West after the monarchy warned against threats to punish it over disappearance of a journalist critical of its policies.

Source: [Zawya](#)

Dollar firmer as fresh Brexit worries weigh on sterling, euro

The dollar firmed against the pound and euro on Monday as British efforts to secure a Brexit deal ahead of a key European Union summit kept global investors' preference to safe haven currencies. The euro traded around 0.1 percent lower at 1.1549 on Monday, while the sterling lost 0.34 percent to 1.3109 after hitting an October high of 1.3258 on Friday.

Source: [Zawya](#)

China's central bank still has plenty of tools to counter detrimental effects of trade war, says governor

China's central bank still has plenty of tools that it can use to counter the detrimental effects of a trade war, its governor, Yi Gang, said on Sunday. China and the U.S. have imposed tit-for-tat tariffs on each other's products, which have made investors nervous and is seen as a major risk in derailing the global economy. "We still have plenty of monetary instruments in terms of interest rate policy, in terms of required reserve ratio. We have plenty of room for adjustment, in case we need it," Yi said.

Source: [CNBC](#)

SoftBank's Plunge Hits \$19 Billion Amid Tech Rout, Saudi Outcry

SoftBank Group Corp. has been battered over the past two weeks as technology stocks plummet globally and the outcry over a missing Saudi Arabian journalist escalates into a global controversy. SoftBank shares fell as much as 6.4 percent in Tokyo Monday, pushing the decline in market value to about \$19 billion since its peak this year. The stock had gained 29 percent this year through Sept. 28 as investors began to credit founder Masayoshi Son for his ambitious investments in technology startups, including Uber Technologies Inc., Didi Chuxing and WeWork Cos.

Source: [Bloomberg](#)

COMMODITIES NEWS

Gold rises as Asian shares dip amid China concerns

Gold prices rose early on Monday as Asian stocks eased due to concerns about a potential decline in China's economic growth amid an ongoing trade war and signs of tighter monetary policy by the US Federal Reserve. Spot gold was up 0.3 per cent at \$1,220.66 an ounce at 0102 GMT. Gold rose 1.3 per cent last week in its biggest weekly percentage gain in seven weeks.

Source: [Economic Times](#)

Stronger dollar, trade tensions pressure London metal prices

London metal prices eased on Monday alongside an uptick in the U.S. dollar and as ongoing global trade tensions cloud the outlook for demand. COPPER: London Metal Exchange copper had edged down 0.2 percent to \$6,291 a tonne by 0202 GMT, following a 1 percent gain in the previous session. Prices have traded in a \$6,090-6,400 range for the past three weeks.

Source: [Zawya](#)