

# U Capital Morning Brief

2 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	925.89	0.2	0.0%	-5.0%	-	-	-
U Capital GCC 50 Index	1,317.37	2.4	0.2%	15.1%	-	-	-
U Capital MENA 200 Index	1,060.41	0.2	0.0%	6.6%	-	-	-
MSCI GCC Countries Index	544.39	1.7	0.3%	13.5%	13.80	1.77	4.0%
Muscat Securities Market	4,538.08	-5.6	-0.1%	-11.0%	11.17	0.81	6.0%
Saudi Stock Exchange	8,038.07	38.5	0.5%	11.2%	16.96	1.80	3.5%
Kuwait Stock Exchange	5,121.62	-6.4	-0.1%	NA	15.04	1.30	3.9%
Qatar Exchange	9,790.20	-23.1	-0.2%	14.9%	15.16	1.51	4.5%
Bahrain Stock Exchange	1,335.06	-3.5	-0.3%	0.3%	9.02	0.85	6.1%
Dubai Financial Market	2,849.56	14.6	0.5%	-15.4%	7.59	1.06	6.0%
Abu Dhabi Exchange	4,979.58	44.2	0.9%	13.2%	13.15	1.48	4.8%
Beirut Stock Exchange	974.35	2.7	0.3%	-15.2%	5.16	0.61	9.3%
Palestine Stock Exchange	528.81	-3.3	-0.6%	-8.0%	12.29	1.17	4.6%
Tunis Se Index	7,786.16	-16.0	-0.2%	23.9%	20.25	2.77	1.8%
EGX 30 Index	14,446.72	-169.8	-1.2%	-3.8%	12.31	2.25	2.8%
Amman General Index	1,980.76	5.1	0.3%	-6.9%	13.80	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
<b>Europe</b>			%	%	<b>Currency</b>		
FTSE 100	UK	7,495.7	-0.19%	-2.5%	Australian Dollar (AUD)	0.722	1.385
DAX	Germany	12,339.0	0.75%	-4.5%	British Pound (GBP)	1.303	0.768
CAC 40	France	5,506.8	0.24%	3.7%	Canadian Dollar (CAD)	0.781	1.281
<b>United States</b>					Chinese Renminbi (CNH)	0.145	6.888
DIJA	USA	26,651.2	0.73%	7.8%	Egyptian Pound (EGP)	0.056	17.908
S&P 500	USA	2,924.6	0.36%	9.4%	Euro (EUR)	1.156	0.865
NASDAQ	USA	8,037.3	-0.11%	16.4%	Indian Rupee (INR)	0.014	72.913
<b>Asia Pacific</b>					Japanese Yen (JPY)	0.009	113.960
NIKKEI 225	Japan	24,342.3	0.45%	6.9%	New Zealand Dollar (NZD)	0.660	1.514
HANG SENG	Hongkong	27,333.7	-1.64%	-8.6%	Omani Rial (OMR)	2.598	0.385
KSE 100 Index	Pakistan	41,098.2	0.45%	1.5%	Pakistani Rupee (PKR)	0.805	124.180
NSE Nifty 50	India	11,008.3	0.71%	4.5%	Russian Ruble (RUB)	0.015	64.975
SHANGHAI Composite	China	2,821.4	1.06%	-14.7%	Singapore Dollar (SGD)	0.728	1.374
KOSPI Index	South Korea	2,317.9	-0.90%	-6.1%	Turkish Lira (TRY)	0.168	5.948

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>				UAE	2.61	45.3%
Brent Crude (per bbl)	85.1	0.07%	33.6%	Saudi Arabia	2.73	43.9%
WTI Crude (per bbl)	75.5	0.32%	25.0%	Kuwait	2.06	10.0%
Oman Crude Oil (Last Closing)	84.0	2.94%	31.2%	Oman	2.55	33.4%
OPEC (per bbl)	81.5	0.74%	26.4%	Qatar	2.78	5.1%
<b>Precious Metals</b>				Bahrain	3.73	36.7%
Gold100 OZ (per oz)	1,192.0	0.24%	-8.5%	<b>GCC Latest 10-Yr Government Bond Yields</b>		
Silver (per oz)	14.6	0.48%	-14.1%		Maturity date	YTM, %
Platinum (per oz)	825.2	0.27%	-11.3%	Kuwait	3/20/2027	3.8
<b>Other Metals</b>				Abu Dhabi	10/11/2027	3.8
Copper, MT	6,249	-0.14%	-13.8%	Qatar	6/2/2026	3.9
Aluminium, MT	2,084	1.07%	-8.1%	Saudi Arabia	3/4/2028	4.2
Lead, MT	2,031	-0.27%	-18.4%	Oman	1/17/2028	5.8
Zinc, MT	2,656	1.68%	-20.0%	Bahrain	10/12/2028	7.0

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.62	2.9	1m	2.26	44.5%
5 year	99.61	3.0	3m	2.40	41.6%
10 year	98.28	3.1	6m	2.60	41.7%
30 year	95.56	3.2	1 year	2.92	38.5%

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 Oil to raise \$850 million revolving loan**

State-run Oman Oil Co is set to raise an \$850 million revolving credit facility, sources familiar with the matter said. The unsecured loan will be provided by a consortium of more than 10 banks and will be finalised over the next few weeks, the sources said. Oman Oil has been a regular borrower of U.S. dollar-denominated loans over the past few years, in line with a wider push by the Omani government to raise external funding to reduce pressure on its finances, strained by a slump in oil prices.

Source: [ET](#)

### **SULTANATE'S TOURISM REVENUE REACHES RO1.25BN IN 2017**

As part of World Tourism Day, the National Centre for Statistics and Information (NCSI) prepared a bulletin covering information and statistical data on development of the tourism sector in the sultanate. World Tourism Day is celebrated on September 27 every year. According to the report, tourism revenue in Oman totalled RO1.25bn in 2017, of which RO342.3mn, or 27.4 per cent, was from inbound tourists, while the remaining RO909.1mn (72.6 per cent) was from domestic tourism. This included receipts from Oman Air and travel agencies regardless of the final destination.

Source: [Muscat Daily](#)

### **Nama Group launches smart metering in Oman**

Nama Group has announced the commencement of the live operation of their centrally implemented Automatic Meter Reading (AMR) project designed for high value customers in the electricity sector in Oman. The ground-breaking project was carried out by a professional team of Omani experts from the electricity distribution companies in Nama Group in partnership with CESI Middle East FZE, a subsidiary of CESI, a world-leading technical consulting and engineering company and WIPRO Limited as the system integrator.

Source: [Oman Observer](#)

### **CMA urges insurers to gear up for IFRS 17 implementation**

The Capital Market Authority (CMA) has issued a circular to all insurance companies, as well as Oman Reinsurance Company, urging them to prepare for implementation of IFRS 17. The circular features steps to be taken to be ready for the new accounting standard to be fully implemented in 2021. A workshop held last May introduced insurance and reinsurance companies to the latest accounting practices in financial reporting, unveiled by the International Accounting Standards Board (ISSB) in May 2017. The new standard will replace IFRS 4.

Source: [Oman Observer](#)

### **SalamAir achieves 1 million-passenger mark**

SalamAir, Oman's first budget airline celebrated a total lift of one million-passengers since launching its operations in 2016. The airline enjoyed a steady rise in passenger footfall powered by its expanding route network, competitive price offers, as well as a customer-centric loyalty programme to meet the increased demand for affordable travel options around the region.

Source: [Oman Observer](#)

### **Electronic air waybill standard to boost Oman's status as logistics hub**

In line with the government's plans to implement international best practices in business, Oman has adopted the International Air Transport Association's electronic air waybill (e-AWB) standard replacing the paper air waybill - the contract of carriage for international airfreight shipments. The introduction of the e-AWB standard in the Sultanate will reinforce Oman's position as an internationally competitive logistics hub with a digitally connected and integrated air cargo supply chain.

Source: [Times of Oman](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### **GFH Signs to Acquire Around US\$200 Million Sukuk from Al Rajhi Bank**

GFH Financial Group would like to inform its shareholders and the markets that it has signed to acquire circa US\$200 million of Villamar Sukuk Company Limited, Sharia Compliant Sukuk Certificates (the "Sukuk"), from Al Rajhi Bank. It is to be noted that the Sukuk were issued in 2008 to finance the iconic Villamar project in the Kingdom of Bahrain. The acquisition is expected to reflect positively on GFH's financials during the second half of 2018, due to the agreed discount for this transaction.

Source: [GFH](#)

### **IMF lifts UAE growth forecasts on oil, state spending**

The International Monetary Fund (IMF) lifted its forecasts for economic growth in the United Arab Emirates because of expectations that oil production and state spending will rise. The Arab world's second biggest economy is now likely to expand 2.9 per cent this year and 3.7 per cent next year, Natalia Tamirisa, IMF mission chief to the country, said late on Sunday. Gross domestic product (GDP) grew 0.8 per cent in 2017, preliminary UAE data shows.

Source: [Times of Oman](#)

### **Moody's places all ratings of Commercial Bank of Dubai on review for downgrade**

Moody's Investors Service ("Moody's") has today placed the following ratings of Commercial Bank of Dubai PSC (CBD) on review for downgrade: the Baa1 long-term deposit ratings, the P-2 short-term deposit ratings, as well as the ba1 adjusted baseline credit assessment

(BCA) and the ba1 BCA. Furthermore, Moody's also placed the A3/P-2 Counterparty Risk Ratings and the A3(cr)/P-2(cr) Counterparty Risk Assessments on review for downgrade. The outlook on the long-term Bank Deposits was changed to Ratings under Review from Stable.

Source: [Moody's](#)

#### **Saudi Aramco May Borrow \$50B To Fund Sabic Acquisition**

After having shelved indefinitely plans to go public, Saudi Aramco is looking to buy a majority stake in Saudi chemicals giant Sabic from the government's sovereign wealth fund, and may borrow US\$50 billion from international banks to finance that deal, Reuters reported Monday, citing banking sources familiar with the talks. Saudi Aramco—whose initial public offering (IPO) is now all but scrapped—plans to buy the 70 percent in Sabic currently in the hands of the Public Investment Fund (PIF) of Saudi Arabia in a deal expected to be worth US\$70 billion.

Source: [Oil Price](#)

#### **Former merger target Reem Investments lists on Abu Dhabi's secondary market**

Reem Investments, the Abu Dhabi-based property company with net assets of 5.4 billion United Arab Emirates dirhams (\$1.47 billion), has been floated on the Second Market of the Abu Dhabi Securities Exchange three months after it was announced that the firm's merger talks with Eshraq Properties had ended.

Source: [Zawya](#)

#### **Saudi Arabia denies it shelved SoftBank solar project: state news**

An official at Saudi Arabia's Public Investment Fund (PIF) said on Monday that a Wall Street Journal report that it had shelved a \$200 billion plan with SoftBank Group Corp to build the world's biggest solar-power-generation project was "incorrect." PIF "continues to work with the SoftBank Vision Fund and other institutions on a number of large-scale, multi-billion-dollar solar projects which will be announced at the appropriate time," said a statement cited by state news agency SPA.

Source: [ET](#)

#### **Abu Dhabi's Mubadala plans \$6 bln debt reorganisation**

Abu Dhabi's state investor International Petroleum Investment Company (IPIC) is to reorganise about \$6 billion of debt following its merger with state investment fund Mubadala Development Company (MDC) last year. IPIC has asked bondholders to agree to Mubadala Investment Company - the merged entity - becoming guarantor and MDC the issuer of over \$6 billion of IPIC's existing debt.

Source: [Reuters](#)

#### **Mideast Stocks: Egypt falls on currency worries, Saudi and UAE rise**

Egypt's stock index fell 1.2 percent on Monday because of concerns that its currency could be vulnerable, while Saudi Arabia and United Arab Emirates markets rose, buoyed in part by high oil prices. Twenty-five of the 30 stocks in Egypt's blue-chip index fell, as Egypt underperformed MSCI's emerging markets index, which was almost flat.

Source: [Zawya](#)

#### **Almarai board gives nod to set up risk committee**

Saudi Arabia's top dairy producer Almarai Co.'s board of directors have approved the establishment of a risk committee to strengthen its governance, it said in a statement to Tadawul on Monday. Bader bin Abdullah Al Issa, a non-executive member of the board, has been named the chairman of the risk committee. He will be assisted in his task by Vanessa Eastham Fisk and Jason Day.

Source: [Argaam](#)

#### **Al Rajhi REIT Fund Announces Al Rajhi Capital announces signing of a SAR 500m shariah-compliant banking facility for Al Rajhi REIT**

Al Rajhi Capital acting in capacity as Fund Manager for Al Rajhi REIT (the "REIT") is pleased to announce that it has secured a SAR 500 million shariah-compliant financing facility agreement with Al Rajhi Bank with the following terms: Borrower: Al Rajhi REIT Facility agreement was signed on 1st October 2018 Loan Amount SAR 500m

Source: [Tadawul](#)

#### **Tadawul to list SAR 4.8 bln debt instruments reissuance tomorrow**

The Saudi Stock Exchange (Tadawul) approved a request from the Ministry of Finance to list debt instruments reissuance worth SAR 4.78 billion tomorrow, Oct. 2. The request was submitted by the Ministry of Finance as per the Listing Rules approved by the Capital Market Authority (CMA), Tadawul said in a statement on Monday. The Saudi exchange will raise the issuance dated July 5, 2018 by SAR 2.74 billion to SAR 7.1 billion.

Source: [Argaam](#)

#### **Centralized procurement unit to raise efficiency, cut spending: Al-Jadaan**

The Saudi Ministry of Finance's planned "centralized" procurement unit will help coordinate purchases of commonly-used goods and services across government bodies, thus ensuring higher efficiency and more competitive prices, said Finance Minister Mohammed Al-Jadaan. "The planned procurement unit would set rules for government procurements, which will accordingly cut the Kingdom's expenditure," Al-Jadaan said at a conference on the preliminary estimates for upcoming year's budget.

Source: [Argaam](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Asian Shares Fall; Oil Steadies Near a 2014 High: Markets Wrap

Asian stocks declined after a muted U.S. trading session, with Japanese shares paring gains as the yen fluctuated after hitting its weakest against the dollar this year. The Nikkei 225 Stock Average retreated from an intraday high, after closing Monday at its highest since 1991. Stocks in Hong Kong underperformed as traders returned from a long weekend, and equities also fell in Australia and South Korea. China's markets are shut throughout the week. Earlier, the S&P 500 Index finished higher, though more stocks fell than rose in the benchmark index. The pound rose following a report the U.K. is planning a compromise on Irish border rules, before pulling back.

Source: [Bloomberg](#)

### Dollar slips vs yen as Canada trade deal's boost to risk appetites fades

The dollar retained gains against a basket of currencies on Tuesday while slipping off a more than 10-month peak against the yen as the boost to risk appetites from the U.S.-Canada trade deal to replace the North American Free Trade Agreement faded.

Source: [Reuters](#)

### Donald Trump says new trade deal is 'most important ever'

Donald Trump said the new trade deal struck with Canada and Mexico was "the most important" ever agreed by the US. The president said the United States-Mexico-Canada Agreement (USMCA), which replaces Nafta, would bring thousands of jobs back to North America. Speaking at the White House, Mr Trump said the new pact vindicated his threats over trade tariffs.

Source: [BBC](#)

### China says its economy is slowing. Its central bank may be preparing to intervene

China's central bank is likely to cut reserve requirement ratios for banks one more time this year, said Jeff Ng, chief economist for Asia at Continuum Economics. Over the weekend, a private survey showed growth in China's factory sector stalled after 15 months of expansion, with export orders falling the fastest in over two years. An official survey also confirmed a further weakening in the manufacturing sector

Source: [CNBC](#)

## COMMODITIES NEWS

### What Oil at \$100 a Barrel Would Mean for the Global Economy

Rising oil prices are prompting forecasts of a return to \$100 a barrel for the first time since 2014, creating both winners and losers in the world economy. Exporters of the fuel would enjoy bumper returns, giving a fillip to companies and government coffers. By contrast, consuming nations would bear the cost at the pump, potentially fanning inflation and hurting demand.

Source: [Bloomberg](#)

### Oil Surges to Highest Since 2014 as Global Supply Concerns Mount

Oil jumped to the highest level in nearly four years as a slowdown in American drilling added to concern over supply losses from Iran and Venezuela. Crude futures gained 2.8 percent in New York on Monday. As U.S. sanctions dissuaded importers from purchasing Iranian oil, President Donald Trump and King Salman bin Abdulaziz of Saudi Arabia discussed efforts to maintain supplies. Meanwhile, the number of rigs drilling for American crude dropped for a second week, signaling a potential slowdown in output growth.

Source: [Bloomberg](#)

### Gold edges up, but NAFTA deal weighs

Gold nudged higher early Tuesday, having dipped in the previous session as demand for riskier assets picked up after the United States and Canada reached an agreement to salvage a North American free trade deal. \* Spot gold edged up 0.3 percent to \$1,190.81 at 0121 GMT.

Source: [Zawya](#)

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