

U Capital Morning Brief

3 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	933.61	7.7	0.8%	-4.2%	-	-	-
U Capital GCC 50 Index	1,314.96	-2.4	-0.2%	14.9%	-	-	-
U Capital MENA 200 Index	1,059.28	-1.1	-0.1%	6.4%	-	-	-
MSCI GCC Countries Index	541.97	-2.4	-0.4%	13.0%	13.79	1.77	4.0%
Muscat Securities Market	4,535.34	-2.7	-0.1%	-11.1%	11.16	0.81	6.0%
Saudi Stock Exchange	7,981.19	-56.9	-0.7%	10.4%	16.83	1.79	3.5%
Kuwait Stock Exchange	5,116.01	-5.6	-0.1%	NA	15.02	1.29	3.9%
Qatar Exchange	9,817.07	26.9	0.3%	15.2%	15.20	1.51	4.5%
Bahrain Stock Exchange	1,329.95	-5.1	-0.4%	-0.1%	8.98	0.84	6.2%
Dubai Financial Market	2,838.71	-10.9	-0.4%	-15.8%	7.56	1.06	6.0%
Abu Dhabi Exchange	4,993.90	14.3	0.3%	13.5%	13.19	1.48	4.8%
Beirut Stock Exchange	972.08	-2.3	-0.2%	-15.4%	5.14	0.61	9.3%
Palestine Stock Exchange	531.89	3.1	0.6%	-7.4%	12.23	1.18	4.6%
Tunis Se Index	7,724.83	-61.3	-0.8%	23.0%	20.09	2.75	1.8%
EGX 30 Index	14,381.55	-65.2	-0.5%	-4.2%	12.25	2.24	2.8%
Amman General Index	1,982.11	1.4	0.1%	-6.8%	13.81	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
Europe			%	%	Currency		
FTSE 100	UK	7,474.6	-0.28%	-2.8%	Australian Dollar (AUD)	0.718	1.394
DAX	Germany	12,287.6	-0.42%	-4.9%	British Pound (GBP)	1.299	0.770
CAC 40	France	5,467.9	-0.71%	2.9%	Canadian Dollar (CAD)	0.780	1.282
United States					Chinese Renminbi (CNH)	0.145	6.884
DIJA	USA	26,773.9	0.46%	8.3%	Egyptian Pound (EGP)	0.056	17.913
S&P 500	USA	2,923.4	-0.04%	9.3%	Euro (EUR)	1.158	0.864
NASDAQ	USA	7,999.5	-0.47%	15.9%	Indian Rupee (INR)	0.014	73.354
Asia Pacific					Japanese Yen (JPY)	0.009	113.660
NIKKEI 225	Japan	24,057.7	-0.86%	5.7%	New Zealand Dollar (NZD)	0.658	1.521
HANG SENG	Hongkong	26,985.8	-0.52%	-9.8%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	40,831.5	0.09%	0.9%	Pakistani Rupee (PKR)	0.805	124.259
NSE Nifty 50	India	10,935.3	-0.66%	3.8%	Russian Ruble (RUB)	0.015	65.484
SHANGHAI Composite	China	2,821.4	1.06%	-14.7%	Singapore Dollar (SGD)	0.728	1.374
KOSPI Index	South Korea	2,309.6	-1.25%	-6.4%	Turkish Lira (TRY)	0.167	6.003

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
Oil				UAE	2.72	51.3%
Brent Crude (per bbl)	84.9	0.13%	33.4%	Saudi Arabia	2.73	44.0%
WTI Crude (per bbl)	75.3	0.08%	24.6%	Kuwait	2.06	10.0%
Oman Crude Oil (Last Closing)	84.2	0.30%	31.6%	Oman	2.55	33.6%
OPEC (per bbl)	81.5	0.01%	26.4%	Qatar	2.78	5.1%
Precious Metals				Bahrain	3.73	36.7%

				GCC Latest 10-Yr Government Bond Yields		
					Maturity date	YTM, %
Gold100 OZ (per oz)	1,206.0	0.24%	-7.4%	Kuwait	3/20/2027	3.8
Silver (per oz)	14.8	0.65%	-12.8%	Abu Dhabi	10/11/2027	3.8
Platinum (per oz)	831.3	0.07%	-10.7%	Qatar	6/2/2026	3.9
Other Metals				Saudi Arabia	3/4/2028	4.2
Copper, MT	6,280	0.50%	-13.3%	Oman	1/17/2028	5.9
Aluminium, MT	2,118	1.63%	-6.6%	Bahrain	10/12/2028	7.0
Lead, MT	2,061	1.50%	-17.1%			
Zinc, MT	2,665	0.34%	-19.7%			

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.62	2.9	1m	2.27	44.8%
5 year	99.64	3.0	3m	2.40	41.5%
10 year	98.38	3.1	6m	2.61	41.9%
30 year	95.80	3.2	1 year	2.93	38.8%

Source: Bloomberg

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

OMAN ECONOMIC & CORPORATE NEWS

BRITISH-OMANI technology gateway to help start-ups

Oman Technology Fund (OTF) has signed a memorandum of understanding (MoU) with British venture capital and private equity company Hambro Perks (HP) to establish British-Omani Technology Gateway. Yousef al Harthy, CEO of OTF, and Dominic Perks, CEO and co-founder of Hambro Perks, signed the MoU at HP's office in London. According to OTF, the gateway will facilitate the expansion of Omani technology startups into the British market; it will help reduce the cost of entering new markets.

Source: [Muscat Daily](#)

CBO issues treasury bills worth OMR6.5mn

Oman's central bank raised OMR6.50 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 28 days, from Wednesday October 3, 2018 until October 31, 2018. The average accepted price reached 98.836 for every OMR100, and the minimum accepted price arrived at 98.835 per OMR100. Whereas the average discount rate and the average yield reached 2.13585 per cent and 2.13936 per cent, respectively.

Source: [Times of Oman](#)

Oman crude price average soars 26pc during January – July 2018

The average price of Oman crude jumped a significant 26.7 per cent to \$65.4 per barrel during the January- July period of 2018, the Central Bank of Oman stated in a review of banking and monetary developments during the month of July this year. This compares with an average of \$51.6 per barrel for the corresponding period of 2017, it said. GDP growth at current prices stood at 6.5 per cent during the first quarter of 2018 as against 15.8 per cent during Q1 2017, the apex bank said, citing preliminary data for the Sultanate's national account.

Source: [Oman Observer](#)

Mekunu may impact profitability of insurance firms: CBO

Oman-based insurance firms with exposure to Cyclone Mekunu — the powerful storm that devastated large swathes of Dhofar Governorate in May this year — could potentially see their bottom-lines impacted, according to the Central Bank of Oman (CBO). The apex bank made the observation as part of a review of the different segments that together make up the Sultanate's rapidly diversifying insurance industry.

Source: [Oman Observer](#)

Disclosure: National Finance: Decisions of the Board of Directors Meeting

National Finance has announced reconstitution of its Board Sub-Committees and Resignation of the CEO.

Source: [MSM](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

Emirates NBD weighs paying Sberbank less for Turkish lender

Emirates NBD PJSC wants to complete its acquisition of Denizbank AS but is concerned that the price set in May is too high following the slump in the lira, the people said, asking not to be identified because the talks are private. Emirates NBD struck a deal to buy Denizbank for TRL 14.6 billion, which was worth more than \$3 billion on May 22. A renegotiation is one option being considered, but nothing has been decided, the people said. Representatives for Sberbank and Denizbank declined to comment. Emirates NBD is "closely monitoring" events, a spokesman said, declining to provide further details.

Source: [CPI Financial](#)

Saudi's SABIC issues \$2 billion dual-tranche bond

Saudi Basic Industries Corp (SABIC) has raised \$2 billion through a dual-tranche U.S. dollar bond issue, a bank document seen by Reuters on Tuesday showed. The amount is equally split between two tranches of five- and 10-year notes. SABIC, rated A1 by Moody's and A- (minus) by S&P, has issued the 144A/Regulation S bonds through SABIC Capital II B.V, a special purpose vehicle.

Source: [Reuters](#)

Saudi bank loans to public, private sectors hit SAR 1.49 trln in August

Saudi bank loans granted to public and private sectors rose 1 percent by the end of August to SAR 1.488 trillion, compared to SAR 1.471 trillion a year earlier, data issued by the Saudi Arabian Monetary Authority (SAMA) showed. Private sector lending edged up one percent year-on-year (YoY) to SAR 1.441 trillion for the month.

Source: [Argaam](#)

Privatization necessary to boost Saudi economic growth: MUFG

Saudi Arabia needs to accelerate the privatization process as part of wider economic reforms, even in an environment of higher oil prices, MUFG Bank said in a report on Tuesday. "As motivation for diversification is closely correlated with oil prices, and as oil prices are reaching close to the fiscal breakeven point, pressure for reforms dissolves, leading to slippage," the report noted.

Source: [Argaam](#)

Saudi Arabia closes SAR 12.24 bln domestic Sukuk issuance

Saudi Arabia's Ministry of Finance said it closed additional bids for its domestic Sukuk issuance (07-2018) under the government's riyal-denominated Sukuk program. The issuance size was set at SAR 4.78 billion, making the total Sukuk issuance size SAR 12.245 billion. The

Sukuk issuance was divided into three tranches: the first one valued at SAR 7.092 billion, maturing in 2023; the second tranche worth SAR 3.005 billion, maturing in 2025; and the third set at SAR 2.148 billion, maturing in 2028.

Source: [Argaam](#)

STC launches new digital payment service

Saudi Telecom Company (STC) has launched a new investment arm for electronic payments under the name "STC Pay". The new company provides a digital secure wallet that empowers individuals to take full control of their finances at their fingertips- anytime, anywhere. Enabling them to send, receive, spend, and manage money simply through their phone, according to the company's website.

Source: [Mubasher](#)

Kingdom Holding nears finalizing \$1bn loan deal

Kingdom Holding Company is closing on a \$1 billion loan, Arabian Business reported citing CEO Talal Al Maiman. This will be the first time the Saudi group, owned by Prince Alwaleed Bin Talal has acquired funds since last year. The deal will be signed with a group of international and local banks, the CEO revealed. Kingdom Holding began talks for the loan about a year ago, as the Saudi giant has enough money to fund its activities.

Source: [Mubasher](#)

Bahrain's GFH Signs to Acquire Around \$200 Mln Sukuk from Al Rajhi Bank

Signs to acquire around \$200 million of Villamar Sukuk Company Limited Sukuk from Al Rajhi Bank * Acquisition is expected to reflect positively on GFH's financials during second half of 2018, due to agreed discount for this transaction * It is to be noted that Sukuk were issued in 2008 to finance iconic Villamar Project in Kingdom of Bahrain

Source: [Salaam Gateway](#)

UAE emerges as wealthiest country in MENA

UAE is the wealthiest country in the Middle East and Africa, with the total wealth held by all the individuals living in the country at \$925 billion in net asset, a new study said on Tuesday. According to the New World Wealth and Research & Markets report, the UAE is the largest wealth market in the Middle East and the 26th largest worldwide, in terms of total wealth held. It is also larger than any wealth market in Africa.

Source: [Zawya](#)

Abu Dhabi's 2017 GDP soars to \$227bln at current prices

The economy of Abu Dhabi continued to perform well in 2017 with its GDP estimates at current prices surging to Dh832.5 billion (\$227 billion) compared to Dh760.4 billion (\$207.2 billion) the previous year, reported state news agency Wam, citing the Statistical Yearbook of Abu Dhabi 2018 released by the Statistics Centre - Abu Dhabi (SCAD). "The GDP per capita at current prices amounted to Dh287.7 billion, while total fixed capital formation was put at Dh182.3 billion and the compensation of employees at Dh233.6 billion," showed the annual publication.

Source: [Zawya](#)

Qatar's tourism revenues hit \$1.5bn in Q2

Qatar's tourism sector has achieved a 0.4% year-on-year growth during the second quarter of 2018. Tourism revenues recorded QAR 5.38 billion (\$1.5 billion) in Q2-18, compared to QAR 5.36 billion (\$1.48 billion) in Q2-17, according to recent data released by the Qatar Central Bank (QCB). For the first half of 2018, tourism revenues of the Persian Gulf country amounted to QAR 10.6 billion (\$2.9 billion).

Source: [Mubasher](#)

Al Khalij Commercial Bank offers \$500m Eurobond issue

Al Khalij Commercial Bank (KCBK) is selling \$500 million Eurobond issue. The five-year international bonds are offered at 175 basis points over mid-swaps, Reuters reported, citing the Qatari lender. The leading Islamic bank has appointed Barclays, QNB Capital, Standard Chartered Bank, and Qatar's Commercial Bank to arrange the issue. By the end of Tuesday's session, KCBK's stock rose 0.37% at QAR 10.97.

Source: [Mubasher](#)

Mideast Stocks: Most Gulf markets slip on emerging market woes; energy lifts Qatar

Most Middle Eastern stock markets slipped on Tuesday as emerging markets slumped globally, although Abu Dhabi and Qatar rose marginally, boosted by banks and energy stocks. The Saudi Arabian index reversed early gains to end 0.7 percent lower, weighed down by banks and petrochemicals. Most petrochemical stocks had risen in morning trade after Brent oil prices hit their highest in four years.

Source: [Zawya](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Asia shares turn up, euro rebounds as reports temper Italian debt fears

Asian shares reversed early losses while the euro rebounded from six-week lows on reports Italy will cut its budget deficit at a faster pace than expected, raising hopes Rome could stave off a problematic debt blow-out. Italy will reduce its budget deficit to 2 percent of gross domestic product (GDP) by 2020 from the earlier announced 2.4 percent, local newspaper Corriere Della Sera reported, a pledge that boosted the euro.

Source: [NASDAQ](#)

GE's \$500,000,000 Market Wipeout Is Like Erasing Facebook

On August 28, 2000, Apple's hottest product was a candy-colored computer, Donald Trump was a New York real estate mogul and General Electric Co. was worth some \$600 billion. Apple and Trump have gone on to greater things. GE? It's on the verge of a staggering milestone: a half-trillion dollars in market value wiped out since that all-time high 18 years ago. On Monday the company made the surprise announcement that it was replacing Chief Executive Officer John Flannery, who has been unable to stem the slide in the company's shares after just more than a year in the job.

Source: [**Bloomberg**](#)

Euro crawls up from six-week lows on Italy budget speculation

The euro pulled ahead from a six-week low on Wednesday after a report that Italy plans to reduce its budget deficit in the coming years provided some relief to the battered currency. The euro was up 0.35 percent at \$1.1585 EUR= following its descent to \$1.1505 overnight, its lowest since Aug. 21.

Source: [**Reuters**](#)

Tesla says it's getting slammed in China because of tariffs, cars cost 60% more than competitors

Tesla says it was able to "significantly increase" deliveries of its Model S and Model X vehicles in the most recent quarter. But it says it costs 55 percent to 60 percent more to produce its vehicles than "the exact same car" made by Chinese producers. Tesla says it is responding by accelerating construction of its Shanghai factory, which is about five years from producing "around 500,000 vehicles per year."

Source: [**CNBC**](#)

COMMODITIES NEWS

Oil Holds Near Four-Year High Amid Falling Iranian Exports

Oil took a breather from its ascent to the highest level in almost four years, as investors weigh OPEC's ability to replace falling Iranian exports. Iranian crude and condensate exports declined to their lowest in 2 1/2 years before the impending return of U.S. sanctions. Meanwhile, the new U.S.-Mexico-Canada Agreement, which superseded the 24-year-old North American Free Trade Agreement, eased some concerns about global commerce. In the U.S., the industry-funded American Petroleum Institute was said to report domestic crude inventories rose 907,000 barrels last week.

Source: [**Bloomberg**](#)