

# U Capital Morning Brief

18 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	905.27	0.30	0.03%	-7.08%	-	-	-	-
U Capital GCC 50 Index	1,294.33	6.09	0.47%	13.07%	-	-	-	-
U Capital MENA 200 Index	1,041.23	6.99	0.67%	4.64%	-	-	-	-
MSCI GCC Countries Index	530.83	0.75	0.14%	10.64%	13.44	1.72	4.1%	
Muscat Securities Market	4,452.91	1.26	0.03%	-12.68%	10.21	0.80	6.1%	
Saudi Stock Exchange	7,657.87	-8.93	-0.12%	5.97%	16.20	1.72	3.7%	
Kuwait Stock Exchange	5,008.02	13.71	0.27%	NA	14.64	1.26	3.9%	
Qatar Exchange	10,157.48	125.89	1.25%	19.17%	15.71	1.54	4.3%	
Bahrain Stock Exchange	1,313.22	1.58	0.12%	-1.39%	8.86	0.83	6.2%	
Dubai Financial Market	2,741.50	13.63	0.50%	-18.65%	7.33	1.01	6.2%	
Abu Dhabi Exchange	4,956.97	26.07	0.53%	12.70%	13.10	1.47	4.8%	
Beirut Stock Exchange	991.81	0.00	0.00%	-13.65%	5.25	0.62	9.2%	
Palestine Stock Exchange	528.66	-0.13	-0.02%	-7.99%	12.16	1.18	4.6%	
Tunis Se Index	7,477.00	-63.71	-0.84%	19.03%	19.48	2.66	1.9%	
EGX 30 Index	13,815.60	126.21	0.92%	-8.01%	13.10	2.44	2.1%	
Amman General Index	1,957.44	-4.25	-0.22%	-7.96%	13.65	0.99	4.7%	

\* Kuwait YTD data is not available as the Index was reconstituted in April'18

World Markets					Currency Cross Rates		
	Country	Value	D/D	YTD	Currency	USD/1 Unit	Units/1 USD
<b>Europe</b>							
FTSE 100	UK	7,054.6	-0.07%	-8.2%	Australian Dollar (AUD)	0.713	1.403
DAX	Germany	11,715.0	-0.52%	-9.3%	British Pound (GBP)	1.309	0.764
CAC 40	France	5,145.0	-0.54%	-3.2%	Canadian Dollar (CAD)	0.767	1.305
<b>United States</b>							
DIJA	USA	25,706.7	-0.36%	4.0%	Chinese Renminbi (CNH)	0.144	6.938
S&P 500	USA	2,809.2	-0.03%	5.1%	Egyptian Pound (EGP)	0.056	17.916
NASDAQ	USA	7,642.7	-0.04%	10.7%	Euro (EUR)	1.149	0.870
<b>Asia Pacific</b>							
NIKKEI 225	Japan	22,665.3	-0.79%	-0.4%	Indian Rupee (INR)	0.014	73.610
HANG SENG	Hongkong	25,399.5	-0.22%	-15.1%	Japanese Yen (JPY)	0.009	112.510
KSE 100 Index	Pakistan	37,728.7	0.23%	-6.8%	New Zealand Dollar (NZD)	0.655	1.527
NSE Nifty 50	India	10,453.1	-1.24%	-0.7%	Omani Rial (OMR)	2.597	0.385
SHANGHAI Composite	China	2,510.9	-1.98%	-24.1%	Pakistani Rupee (PKR)	0.749	133.772
KOSPI Index	South Korea	2,151.2	-0.75%	-12.8%	Russian Ruble (RUB)	0.015	65.494
					Singapore Dollar (SGD)	0.726	1.379
					Turkish Lira (TRY)	0.179	5.600

Commodity Prices					GCC 3m Interbank Rates		
	Price	D/D	YTD		Current Rate %	YTD %	
	USD	%	%	UAE	2.64	46.8%	
<b>Oil</b>					Saudi Arabia	2.74	44.3%
Brent Crude (per bbl)	80.1	0.02%	25.8%	Kuwait	2.00	6.7%	
WTI Crude (per bbl)	69.8	0.06%	15.5%	Oman	2.73	42.9%	
Oman Crude Oil (Last Closing)	79.2	-1.66%	23.8%	Qatar	2.80	5.8%	
OPEC (per bbl)	79.0	-0.37%	22.6%	Bahrain	3.75	37.6%	
<b>Precious Metals</b>					<b>GCC Latest 10-Yr Government Bond Yields</b>		
Gold100 OZ (per oz)	1,222.7	0.01%	-6.2%		Maturity date	YTM, %	
Silver (per oz)	14.6	-0.13%	-13.9%	Kuwait	3/20/2027	3.9	
Platinum (per oz)	831.2	-0.23%	-10.7%	Abu Dhabi	10/11/2027	4.1	
<b>Other Metals</b>					Qatar	6/2/2026	4.0
Copper, MT	6,219	0.06%	-14.2%	Saudi Arabia	3/4/2028	4.4	
Aluminium, MT	2,022	-0.59%	-10.8%	Oman	1/17/2028	6.0	
Lead, MT	2,047	-0.90%	-17.7%	Bahrain	10/12/2028	7.0	
Zinc, MT	2,665	2.26%	-19.7%				

Midswaps			USD Libor		
	Price	YTM %		Rate (%)	YTD
3 year	99.68	3.0	1m	2.29	46.2%
5 year	99.14	3.1	3m	2.44	44.3%
10 year	97.22	3.2	6m	2.66	44.7%
30 year	92.98	3.4	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

### Sezad woos business community in US

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](#)

### Oman's oil and gas industry looks to replace imported frac sand with local materials

Oman is looking to replace imported frac sand – a special quality sand used in hydraulic fracturing process in the oil and gas fields – with locally available materials, and oil and gas companies are currently studying various options, a senior official of the Ministry of Oil and Gas said on Tuesday.

Source: [Muscat Daily](#)

### Major dam constructed in Oman

The Ministry of Regional Municipality and Water Resources on Tuesday received a major flood protection dam in the Wilayat of Sur in South Al Sharqiyah Governorate. Fitted with floodgates capable of pumping 900 cubic metres/per second, the dam has a large reservoir with a storage capacity of around 22 million cubic metres.

Source: [Zawya](#)

### Iranian trade team briefed on Oman's investment climate

An Iranian business delegation visited the headquarters of the Public Establishment for Industrial Estates (PEIE) at the Knowledge Oasis Muscat (KOM) on Wednesday. The delegation was briefed on the investment climate in the Sultanate and the available opportunities in the various industrial estates, which pertain to PEIE in the different governorates of the Sultanate. The delegates were also acquainted with the value adding services offered by PEIE to investors.

Source: [Times of Oman](#)

### Oman named world's safest country

Oman has been named the safest country in the world, according to the Global Competitiveness Report 2018, released by the World Economic Forum (WEF). The Global Competitiveness Report measures factors that contribute to speeding up production and prosperity of 140 countries around the world. The report relies on 12 core categories that are considered the pillars of the Competitiveness Index.

Source: [Mubasher](#)

### OMAN FISHERIES - Memorandum of Understanding

A MOU was signed today between Oman Fish Company and Oman Dry Dock Company at the Ministry of Agriculture and Fisheries. The agreement aims at a strategic partnership that serves Oman Fisheries Company and Oman Dry Dock Company related to the fishing sector and manufacturing and maintenance of boats and fishing vessels.

Source: [MSM](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS -Saudi stabilizes after swings on Khashoggi case, Gulf firm

Saudi Arabia's stock market stabilized on Wednesday after swinging widely in recent days on concern that international pressure over journalist Jamal Khashoggi's disappearance could hurt foreign investment inflows. The index traded in a very narrow range and ended 0.1 percent lower as trading volume almost halved, suggesting that a scramble by jittery local retail investors to exit the market had ended.

Source: [NASDAQ](#)

### Saudis Buy Into Chinese Mega Oil Refinery to Secure Sales

Saudi Arabia will buy a stake in an upcoming Chinese mega refinery, its latest investment in the world's biggest oil market as it pursues a strategy of securing avenues for oil sales. Saudi Arabian Oil Co., known as Aramco, will acquire a share of a 400,000 barrel-a-day plant at Zhoushan island in China's Zhejiang province, Abdulaziz M. Al-Judaimi, the company's senior vice president of downstream operations, said at the International Petroleum and Natural Gas Enterprises Conference on Thursday. The world's biggest crude exporter has already signed a long-term contract to supply 120,000 barrels a day to the facility.

Source: [Bloomberg](#)

### Riyadh property market remains subdued in Q3 as rents decline: JLL

The overall performance of Riyadh's real estate market remained relatively subdued across the office, residential, retail, and hotel sectors as rents continue to decline in Q3, according to JLL's Q3 Riyadh Real Estate Market Overview. The report noted that the office market witnessed a few project completions; however, the office Gross Leasable Area (GLA) in Riyadh remained relatively unchanged.

Source: [Argaam](#)

### **Bilateral agreement to ease visa restrictions between the U.K. and Saudi Arabia**

British citizens travelling to Saudi Arabia will soon be eligible for five-year multiple entry visas, according to immigration firm Fragomen Worldwide. Fragomen said a Memorandum of Understanding between the governments of the United Kingdom and Saudi Arabia, referenced in the Official Gazette of Saudi Arabia, shows that British citizens travelling to Saudi Arabia now can apply for longer-term visas than those habitually issued, which have previously lasted between three and 12 months.

Source: [Zawya](#)

### **Following port privatisation plans, foreign companies can apply for Saudi port shipping agent licences**

Foreign shipping agencies will soon have the right to operate independently at Saudi Arabian ports rather than work with a local investor. The move follows plans to privatise the kingdom's ports and could prove particularly attractive to Gulf-based shipping operators.

Source: [Zawya](#)

### **Dubai's Emirates NBD raises \$2bn loan**

Emirates NBD (ENBD) raised a \$2 billion three-year loan late last month, a representative for Dubai's largest lender said. A group of 18 banks committed to the transaction. ENBD will use part of the loan proceeds to refinance an existing \$1.7 billion term loan facility and the remainder for general corporate purposes.

Source: [Zawya](#)

### **S&P reaffirms 'A-' rating for Oman Insurance Company**

Rating agency S&P has reaffirmed the A- Stable rating for Oman Insurance Company (OIC), an important insurance player in the Gulf Cooperation Council (GCC). It is one of the UAE's leading insurers, and the rating reflects the company's extremely strong capital adequacy, diversified book of business, extensive distribution network and competitive position.

Source: [Times of Oman](#)

### **Emaar Development meeting approves \$283.2 mln special cash dividend**

The General Meeting of property development firm Emaar Development has approved the distribution of 1.04 billion dirhams (\$283.2 million), as a special cash dividend to the company's shareholders, the company said on Wednesday, (\$1 = 3.6726 UAE dirham)

Source: [Reuters](#)

### **Dubai-listed Tabreed hires banks for dollar sukuk**

Dubai-listed National Central Cooling Co (Tabreed) has hired banks to arrange fixed income meetings ahead of a planned sale of U.S. dollar-denominated sukuk, or Islamic bonds, according to documents reviewed by Reuters. The company has hired Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, JPMorgan and Mashreq Bank as joint lead managers to arrange meetings in Europe, Asia and the Middle East starting on Oct. 19.

Source: [Reuters](#)

### **Abu Dhabi Fund pledges AED11bn for education, healthcare**

The Abu Dhabi Fund for Development (ADFD) has raised approximately AED 11 billion for development projects in both the education and healthcare sectors, Emirates News Agency (WAM) reported. In cooperation with international financial institutions, the UAE fund has worked to increase spending on major sectors, including health, food security, transport, housing, education, water, agriculture, and energy to achieve the goals.

Source: [Mubasher](#)

### **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](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Dollar at one week high after hawkish Fed minutes; Asia stocks capped**

Asian stocks were capped and the dollar rose to a one week-high in early Thursday trade after the minutes of the Federal Reserve's latest meeting showed broad agreement among board members on the need to raise borrowing costs further. The specter of rising U.S. dollar yields, which along with global trade tensions were at the center of last week's global equities rout, kept riskier appetite in check in Asia.

Source: [Reuters](#)

### **Asia Stocks Decline; Yuan Hits Lowest Since 2017: Markets Wrap**

Stocks retreated in Asia after benchmark U.S. Treasury yields climbed back toward seven-year highs in wake of minutes of the latest Federal Reserve policy meeting. China's currency hit its weakest since the start of last year. The yuan dipped against the dollar in wake of the U.S. Treasury refraining from naming China a currency manipulator, while at the same time escalating scrutiny of the country's exchange-rate policy. Chinese stocks underperformed, digging deeper into a bear market, as traders focus on troubled companies that used share holdings as collateral for loans. Equity benchmarks fell in Japan and South Korea, and U.S. stock futures slid after a flat session.

Source: [Bloomberg](#)

### **Ominous Signs Grow for Turkish Earnings After Months of Turmoil**

Scars from the turbulence that has shaken Turkish markets this year should be evident when local companies kick off the earnings season next week. Analyst estimates suggest the reports will just be the start of the bad news. Spiraling inflation and growing tensions with the U.S. have battered the Turkish economy. The lira weakened 24 percent against the dollar in the third quarter alone, driving up costs for chief executives who borrow abroad to fund their expansion, while benefiting those focused on overseas sales.

Source: [Bloomberg](#)

### **Yuan Falls to Lowest Since January 2017 After Treasury Report**

Hours after the Treasury Department stopped short of declaring China a currency manipulator, the yuan broke past this year's low to its weakest level since January 2017. While the outcome of the report wasn't a surprise, the currency had traded in a tight range near the mid-August low in the days leading up to its publication, helping to buoy risk sentiment globally. On Thursday, the People's Bank of China weakened the fixing by 0.25 percent, and the yuan followed suit, dropping as much as 0.3 percent to 6.9422 per dollar.

Source: [Bloomberg](#)

### **Fed indicates it's staying the course on rate hikes despite growing criticism from Trump**

A summary of the Sept. 25-26 Federal Open Market Committee session was released Wednesday. "Participants generally anticipated that further gradual increases in the target range for the federal funds rate would most likely be consistent with a sustained economic expansion, strong labor market conditions, and inflation near 2 percent over the medium term," the minutes read. Members said in the meeting notes that there might be a period where the Fed even will need to go beyond normalization of rates and into a more restrictive stance. The Fed voted for a quarter-point hike to its benchmark rate target at that meeting.

Source: [CNBC](#)

### **At Facebook, public funds join push to remove Zuckerberg as chairman**

Four major U.S. public funds that hold shares in Facebook Inc on Wednesday proposed removing Chief Executive Officer Mark Zuckerberg as chairman following several high-profile scandals and said they hoped to gain backing from larger asset managers. State treasurers from Illinois, Rhode Island and Pennsylvania, and New York City Comptroller Scott Stringer, co-filed the proposal. They oversee money including pension funds and joined activist and original filer Trillium Asset Management.

Source: [Reuters](#)

## **COMMODITIES NEWS**

### **Gold holds steady amid firmer dollar**

Gold prices held steady early Thursday, after dipping in the previous session on a firmer dollar after minutes of the Federal Reserve's September meeting reinforced expectations of a tighter U.S. monetary policy.

Source: [Reuters](#)