

# U Capital Morning Brief

18 November 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	913.09	-4.38	-0.48%	-6.28%	-	-	-
U Capital GCC 50 Index	1,291.20	-1.36	-0.11%	12.80%	-	-	-
U Capital MENA 200 Index	1,038.50	-1.03	-0.10%	4.36%	-	-	-
MSCI GCC Countries Index	531.38	-0.02	0.00%	10.76%	13.91	1.71	4.1%
Muscat Securities Market	4,450.56	-9.01	-0.20%	-12.72%	10.49	0.79	5.8%
Saudi Stock Exchange	7,662.17	2.29	0.03%	6.03%	16.46	1.71	3.6%
Kuwait Stock Exchange	5,101.77	-1.86	-0.04%	NA	14.97	1.23	3.9%
Qatar Exchange	10,214.19	15.11	0.15%	19.84%	15.10	1.53	4.3%
Bahrain Stock Exchange	1,309.16	-1.35	-0.10%	-1.69%	8.86	0.82	6.3%
Dubai Financial Market	2,778.76	2.38	0.09%	-17.55%	9.38	1.02	6.3%
Abu Dhabi Exchange	5,055.46	34.28	0.68%	14.94%	13.72	1.46	4.8%
Beirut Stock Exchange	973.43	-4.95	-0.51%	-15.25%	5.10	0.61	9.3%
Palestine Stock Exchange	529.60	1.23	0.23%	-7.83%	12.10	1.18	4.6%
Tunis Se Index	7,294.99	8.50	0.12%	16.13%	18.99	2.60	1.9%
EGX 30 Index	13,681.67	194.47	1.44%	-8.91%	12.89	2.39	2.2%
Amman General Index	1,965.55	3.17	0.16%	-7.58%	13.81	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	Currency Cross Rates	USD/1 Unit	Units/1 USD
			%	%	Currency		
<b>Europe</b>					Australian Dollar (AUD)	0.733	1.364
FTSE 100	UK	7,013.9	-0.34%	-8.8%	British Pound (GBP)	1.283	0.779
DAX	Germany	11,341.0	-0.11%	-12.2%	Canadian Dollar (CAD)	0.761	1.315
CAC 40	France	5,025.2	-0.17%	-5.4%	Chinese Renminbi (CNH)	0.145	6.921
<b>United States</b>					Egyptian Pound (EGP)	0.056	17.916
DJIA	USA	25,413.2	0.49%	2.8%	Euro (EUR)	1.142	0.876
S&P 500	USA	2,736.3	0.22%	2.3%	Indian Rupee (INR)	0.014	71.928
NASDAQ	USA	7,247.9	-0.15%	5.0%	Japanese Yen (JPY)	0.009	112.830
<b>Asia Pacific</b>					New Zealand Dollar (NZD)	0.688	1.454
NIKKEI 225	Japan	21,680.3	-0.57%	-4.8%	Omani Rial (OMR)	2.597	0.385
HANG SENG	Hongkong	26,183.5	0.31%	-12.5%	Pakistani Rupee (PKR)	0.746	133.950
KSE 100 Index	Pakistan	41,660.8	0.56%	2.9%	Russian Ruble (RUB)	0.015	65.983
NSE Nifty 50	India	10,682.2	0.62%	1.4%	Singapore Dollar (SGD)	0.728	1.373
SHANGHAI Composite	China	2,679.1	0.41%	-19.0%	Turkish Lira (TRY)	0.188	5.333
KOSPI Index	South Korea	2,092.4	0.21%	-15.2%			

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %
	USD	%	%		
<b>Oil</b>					
Brent Crude (per bbl)	66.8	0.21%	5.4%	UAE	2.85
WTI Crude (per bbl)	56.5	0.00%	-6.6%	Saudi Arabia	2.81
Oman Crude Oil (Last Closing)	66.2	-0.03%	3.5%	Kuwait	2.13
OPEC (per bbl)	65.3	1.19%	1.3%	Oman	2.80
				Qatar	2.79
				Bahrain	3.68

Precious Metals	Price	D/D	YTD	GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
		%	%			
Gold100 OZ (per oz)	1,221.5	0.67%	-6.3%	Kuwait	3/20/2027	3.98
Silver (per oz)	14.4	0.79%	-14.9%	Abu Dhabi	10/11/2027	4.06
Platinum (per oz)	845.5	0.39%	-9.1%	Qatar	6/2/2026	4.06
<b>Other Metals</b>						
Copper, MT	6,205	0.34%	-14.4%	Saudi Arabia	3/4/2028	4.51
Aluminium, MT	1,940	0.57%	-14.5%	Oman	1/17/2028	6.55
Lead, MT	1,998	3.58%	-19.7%	Bahrain	10/12/2028	7.28
Zinc, MT	2,606	1.16%	-21.5%			

Midswaps	Price	YTM %	USD Libor	Rate (%)
3 year	100.09	2.8	1m	2.30
5 year	99.98	2.9	3m	2.64
10 year	100.53	3.1	6m	2.86
30 year	101.11	3.3	1 year	3.12

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: MSM ends in red with overall market activity remaining thin**

Overall market activity remained thin as cautious sentiment continues to dominate. Further, some selling pressures were seen despite positive movements by the CMA and encouraging data at macro level which should support investors' confidence. Local individuals and foreigners were net sellers during the week with net sell of RO 0.53m. MSM30 closed the week down by 0.91 per cent. Similarly, all sub-indices ended negative led by the Industrial Index (1.1 per cent) followed by the Financial Index (1.02 per cent) and then the Services Index which closed down by 0.89 per cent on weekly basis. The MSM Shariah Index also closed down by 0.56 per cent w-o-w.

Source: [Oman Observer](#)

### **Conventional banks' credit rises by 5.8%**

A review of the activities of conventional banks indicates an annual growth in total outstanding credit of 5.8 per cent as of the end of August 2018, mainly due to an increase in credit to the private sector by 3.2 per cent to OMR18.7 billion from OMR18.1 billion in August 2017, according to the bulletin released by the Central Bank of Oman (CBO). Conventional banks' overall investments in securities grew by five per cent to OMR3 billion, of which investments in Government Treasury Bills was for OMR267.8 million at the end of August 2018.

Source: [Times of Oman](#)

### **PASI keeps pace with social, economic changes**

The Public Authority for Social Insurance (PASI) is one of the state institutions that provides many insurance services for private sector employees, the self-employed, workers abroad and their families by covering ageing, disability, death, vocational injuries and disease risks. PASI provides packages of insurance benefits as per the requirements stipulated by the laws and regulations. As of the end of September 2018, most of the active insured were focused in the age category between 26 and 30 years or 22.6 per cent of the total number of active insured. The average salary for subscription for the total number of active insured was OMR690.

Source: [Times of Oman](#)

### **Oman's producer price-based inflation rises in third quarter**

The Sultanate's producer price index (PPI)-based inflation rose by 26.9 per cent in the third quarter of 2018, over the same period of last year, mainly driven by a surge in oil and gas prices, according to the latest statistics released by the National Centre for Statistics and Information (NCSI). Prices of oil and gas products increased by 32.2 per cent, while the prices of non-oil products rose by 5.1 per cent in the third quarter of 2018, over the same period of the previous year. In the oil and gas group, refined oil products shot up by 38.9 per cent, while the prices of crude oil and natural gas soared by 31.2 per cent in the third quarter of 2018, over the same period of the previous year.

Source: [Times of Oman](#)

### **MSM releases new list of 30 firms for day trade**

Muscat Securities Market (MSM) announced the new list of 30 companies approved for day trading. Badr bin Hamoud Al Hinai, Operations Manager at MSM, said that the market will work with the new list of companies as of December 2, 2018. Al Hinai said that MSM started day trading since November 2016, with the trader involved in this kind of trading receiving an incentive of a 50 per cent discount on the trading commission. Thus, the commission under the day trade incentive at MSM for an investor amounts to 1.75 per thousand per trade instead of 3.5 per thousand.

Source: [Times of Oman](#)

### **NFC transports over 200,000 passengers in October**

The National Ferries Company (NFC), one of the companies of the Asyad Group, continues to strive to achieve the goals it has set in its development strategy, which aim at providing convenient maritime transport to citizens and residents. These goals are in addition to the promotion of various sectors of tourism and commercial development through the transport of individuals, vehicles and goods, in accordance with the best practices in place in the global maritime transport sector.

Source: [Times of Oman](#)

### **PPP model central to Integrated Housing Projects in Oman**

Oman's maiden Integrated Housing Development Project — the cornerstone for which was laid at a site in Barka last month — is underpinned by a unique Public-Private-Partnership (PPP) model that offers 'win-win' opportunities for all three principal stakeholders: government, Omani homebuyers and the private developer, according to key official associated with the landmark venture. Yarub al Hadhrami (pictured), Integrated Housing Development Project Director — Supreme Council for Planning, said the PPP model will ensure a subsidy for eligible Omanis interested in buying residential units in this 'pilot' endeavour.

Source: [Oman Observer](#)

### **Muscat Port set for Oman's biggest cruise passenger turnaround**

Around 900 British tourists are due to fly into Muscat International Airport by chartered flights later this month before they board a luxury passenger cruise liner at the start of a voyage from Mina Sultan Qaboos (Muscat). On the same day, a similar number of UK cruise passengers will fly out from Muscat aboard chartered flights to Britain at the end of their cruise. This 'passenger turnaround', scheduled to take place on November 29, 2018, is set to be biggest of its kind in the history of Oman's rapidly expanding cruise tourism industry — a milestone that also bodes well for Muscat Port's development into a homeport for international cruise liners, according to a key industry executive.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast Stocks: Qatar smarts from MSCI decision, Gulf mostly moves little

Qatar's stock market continued to suffer in early trade on Thursday from MSCI's decision to exclude two of its major stocks in a semi-annual index review, while the rest of the Gulf moved little. The Qatar index fell for a third straight session, dropping 0.5 percent after 90 minutes. Qatar Fuel, which had plunged 10 percent on Wednesday after MSCI decided against market expectations not to include the stock in its global indexes for now, dived a further 6.2 percent.

Source: [Zawya](#)

### Saudi CMA establishes risk control authority: Chairman

Saudi Arabia's Capital Market Authority (CMA) has set up a risk control authority as part of its financial stability initiatives, CMA Chairman Mohammed El-Kuwaiz said. The move is in-line with the new environment which calls for adopting regulatory measures to monitor risks, especially structural risks at market level, he said during the Financial Stability 2018 seminar. CMA is working to develop the financial market by also updating stock offering regulations in order to enable new segments and ease the offering requirements, in addition to giving new categories of investors and companies access to Nomu-Parallel Market, he said.

Source: [Argaam](#)

### Local bonds didn't compete with private sector for liquidity: SAMA's governor

Public Debt Management Office's issuance of local bonds did not compete with the private sector for borrowing or liquidity, and didn't affect it, said Ahmed Al-Khulaifi, governor of the Saudi Arabian Monetary Authority (SAMA). SAMA is monitoring liquidity, as it is important that liquidity volumes are matching economic activities, he said during the Financial Stability 2018 seminar. All loan demands have been fulfilled. If demand is strong, banks have the ability and willingness to lend, he said.

Source: [Argaam](#)

### ENBD REIT agrees \$75m Islamic financing deal

ENBD REIT, the Nasdaq Dubai-listed real estate investment trust, has announced that it has arranged a three-year, \$75 million Islamic finance facility with Standard Chartered. Part of a \$45 million tranche of the loan will be used partly to repay existing debt, which will lower the REIT's financing costs, but around \$30 million will also be used to support potential acquisitions, it said in a statement to the Nasdaq Dubai exchange. It also said that an option to upsize this facility, known as Murabaha financing, to \$100 million exists

Source: [Zawya](#)

### Emirates warns of tough six months ahead as profit drops

First-half profit at Emirates plunged to its lowest in a decade, hit by higher fuel costs and unfavourable currency moves, and the Gulf airline said it faced a tough six months ahead. The Dubai-based carrier, which warned earlier this week that earnings were being squeezed, said on Thursday its net profit tumbled 86 percent to 226 million dirhams (\$62 million) in the six months to Sept. 30.

Source: [Zawya](#)

### UAE's real GDP, surplus set to rebound

The UAE's real GDP growth is expected to bounce back from 2.9 per cent to 3.2 per cent as value-added tax is not expected to have a significant impact on growth since its implementation in January 2018. The country's current account surplus is expected to improve by 2.6 per cent in 2017, mainly due to rising non-oil exports, and reach 3.8 per cent by 2022, complimented by the growth of non-oil exports and tourism, according to ENBD's GCC Bond Markets report.

Source: [Zawya](#)

### Bahrain signs eight landmark deals with Chinese city

Bahrain Economic Development Board (EDB) has signed eight landmark agreements with Chinese city of Shenzhen in the areas of technology and transportation. The move is aimed at deepening mutual economic ties and also explore opportunities for further growth. The agreements were signed by a senior delegation from the kingdom led by the Capital Governor Sheikh Hisham Bin Abdulrahman Al Khalifa at the Bahrain – Shenzhen Business Forum which was attended by 250 people.

Source: [Trade Arabia](#)

## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Hit hard by trade war, automakers from BMW to Ford hope Trump will hold off on new round of tariffs

President Donald Trump met with his trade advisers on Tuesday to discuss the status of the administration's investigation into trade practices that began last May. It could result in sanctions under section 232 of the Trade Expansion Act if it's determined that auto imports pose a threat to national security. Ford and GM said the aluminum and steel tariffs alone will cost them each about \$1 billion more just for the raw materials.

Source: [CNBC](#)

### Fed nods to concerns but still sees U.S. rate hikes

Federal Reserve policymakers on Friday signaled further interest rate increases ahead, even as they raised relatively muted concerns over a potential global slowdown that has markets betting heavily that the rate-hike cycle will soon peter out. The widening chasm between market expectations and the interest-rate path the Fed laid out just two months ago underscores the biggest question facing

U.S. central bankers: How much weight to give a growing number of potential red flags, even as robust U.S. economic growth continues to push down unemployment and create jobs?

Source: [Reuters](#)

#### **UK trade minister admits there's still a risk of a no-deal Brexit — and it would be 'unfortunate'**

The government unveiled its long-awaited draft withdrawal agreement on Wednesday, which details the terms of the U.K.'s departure from the EU on March 29, 2019. May is facing opposition from across the political spectrum to the proposed draft deal, which must be approved by parliament, with critics saying it could leave Britain indefinitely tied to the EU post-Brexit.

Source: [CNBC](#)

#### **Stocks post steep weekly losses as Facebook, Amazon and Apple shares struggle**

Stocks posted sharp weekly losses on Friday after a strong downturn in technology shares. The S&P 500 fell 1.6 percent this week, while the Dow Jones Industrial Average and Nasdaq Composite both declined more than 2 percent. Technology, the biggest sector in the S&P 500 by market cap, was the second-worst performer this week, falling 2.5 percent. The sector dropped following a 5.4 percent decline in Apple. Wall Street analysts worry iPhone sales will slow down. Tech-related shares like Amazon and Netflix were also down 7 percent and 5.7 percent, respectively. Sharp losses in Nvidia dragged down the chips sector and the overall tech sector on Friday.

Source: [CNBC](#)

### **COMMODITIES NEWS**

#### **Saudi Arabia is slashing oil shipments to US, a tactic that boosts prices and may rile Trump**

Saudi Arabia is loading fewer barrels on ships bound for the United States, a tactic that has boosted oil prices in the past. Sending less oil to the United States means U.S. crude stockpiles are more likely to fall, and shrinking inventories tend to push up oil prices. The move could spark a new conflict with President Donald Trump, who wants to drive down energy costs for Americans.

Source: [CNBC](#)