

# U Capital Morning Brief

11 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  | 926.85        | 13.20  | 1.42%  | -4.87%  | -                 | -             | -         |
| U Capital GCC 50 Index   | 1,310.30      | 2.34   | 0.18%  | 14.47%  | -                 | -             | -         |
| U Capital MENA 200 Index | 1,054.20      | 2.53   | 0.24%  | 5.94%   | -                 | -             | -         |
| MSCI GCC Countries Index | 536.99        | -0.05  | -0.01% | 11.93%  | 13.58             | 1.73          | 4.1%      |
| Muscat Securities Market | 4,491.34      | 45.28  | 1.02%  | -11.92% | 10.52             | 0.79          | 5.8%      |
| Saudi Stock Exchange     | 7,743.39      | -49.17 | -0.63% | 7.16%   | 16.54             | 1.73          | 3.6%      |
| Kuwait Stock Exchange    | 5,103.87      | 14.70  | 0.29%  | NA      | 15.06             | 1.24          | 3.9%      |
| Qatar Exchange           | 10,368.17     | 115.67 | 1.13%  | 21.64%  | 15.33             | 1.55          | 4.2%      |
| Bahrain Stock Exchange   | 1,313.21      | -3.06  | -0.23% | -1.39%  | 8.92              | 0.82          | 6.2%      |
| Dubai Financial Market   | 2,825.86      | -3.37  | -0.12% | -16.15% | 7.58              | 1.04          | 6.2%      |
| Abu Dhabi Exchange       | 5,028.75      | 12.67  | 0.25%  | 14.33%  | 13.31             | 1.46          | 4.8%      |
| Beirut Stock Exchange    | 973.59        | -11.39 | -1.16% | -15.23% | 5.10              | 0.61          | 9.3%      |
| Palestine Stock Exchange | 529.13        | -0.20  | -0.04% | -7.91%  | 12.09             | 1.18          | 4.6%      |
| Tunis Se Index           | 7,274.68      | -29.30 | -0.40% | 15.81%  | 18.94             | 2.59          | 1.9%      |
| EGX 30 Index             | 13,732.68     | 116.83 | 0.86%  | -8.57%  | 15.47             | 2.41          | 2.2%      |
| Amman General Index      | 1,960.92      | 1.35   | 0.07%  | -7.80%  | 13.77             | 0.98          | 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)  | 0.723      | 1.384       |
| FTSE 100             | UK          | 7,105.3  | -0.49% | -7.6%  | British Pound (GBP)      | 1.297      | 0.771       |
| DAX                  | Germany     | 11,529.2 | 0.02%  | -10.7% | Canadian Dollar (CAD)    | 0.757      | 1.321       |
| CAC 40               | France      | 5,106.8  | -0.48% | -3.9%  | Chinese Renminbi (CNH)   | 0.144      | 6.948       |
| <b>United States</b> |             |          |        |        | Egyptian Pound (EGP)     | 0.056      | 17.916      |
| DJIA                 | USA         | 25,989.3 | -0.77% | 5.1%   | Euro (EUR)               | 1.134      | 0.882       |
| S&P 500              | USA         | 2,781.0  | -0.92% | 4.0%   | Indian Rupee (INR)       | 0.014      | 72.495      |
| NASDAQ               | USA         | 7,406.9  | -1.65% | 7.3%   | Japanese Yen (JPY)       | 0.009      | 113.830     |
| <b>Asia Pacific</b>  |             |          |        |        | New Zealand Dollar (NZD) | 0.674      | 1.484       |
| NIKKEI 225           | Japan       | 22,250.3 | -1.05% | -2.3%  | Omani Rial (OMR)         | 2.598      | 0.385       |
| HANG SENG            | Hongkong    | 25,601.9 | -2.39% | -14.4% | Pakistani Rupee (PKR)    | 0.755      | 132.480     |
| KSE 100 Index        | Pakistan    | 41,388.9 | 0.05%  | 2.3%   | Russian Ruble (RUB)      | 0.015      | 68.084      |
| NSE Nifty 50         | India       | 10,585.2 | -0.12% | 0.5%   | Singapore Dollar (SGD)   | 0.725      | 1.379       |
| SHANGHAI Composite   | China       | 2,598.9  | -1.39% | -21.4% | Turkish Lira (TRY)       | 0.183      | 5.456       |
| KOSPI Index          | South Korea | 2,086.1  | -0.31% | -15.5% |                          |            |             |

| Commodity Prices              | Price | D/D    | YTD   | GCC 3m Interbank Rates | Current Rate % |
|-------------------------------|-------|--------|-------|------------------------|----------------|
|                               | USD   | %      | %     |                        |                |
| <b>Oil</b>                    |       |        |       |                        |                |
| Brent Crude (per bbl)         | 70.2  | -0.67% | 10.8% | UAE                    | 2.73           |
| WTI Crude (per bbl)           | 60.2  | -0.79% | -0.4% | Saudi Arabia           | 2.79           |
| Oman Crude Oil (Last Closing) | 69.6  | -0.20% | 8.8%  | Kuwait                 | 2.06           |
| OPEC (per bbl)                | 70.7  | 0.07%  | 9.6%  | Oman                   | 2.73           |
|                               |       |        |       | Qatar                  | 2.84           |
|                               |       |        |       | Bahrain                | 3.75           |

| Precious Metals     | Price   | D/D    | YTD    | GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|---------------------|---------|--------|--------|---|---------------|--------|
|                     |         | %      | %      |   |               |        |
| Gold100 OZ (per oz) | 1,209.9 | -1.16% | -7.2%  | Kuwait                                  | 3/20/2027     | 3.89   |
| Silver (per oz)     | 14.2    | -1.98% | -16.4% | Abu Dhabi                               | 10/11/2027    | 4.10   |
| Platinum (per oz)   | 852.8   | -1.32% | -8.4%  | Qatar                                   | 6/2/2026      | 4.03   |
| <b>Other Metals</b> |         |        |        |   |               |        |
| Copper, MT          | 6,056   | -1.61% | -16.4% | Saudi Arabia                            | 3/4/2028      | 4.47   |
| Aluminium, MT       | 1,954   | -1.81% | -13.8% | Oman                                    | 1/17/2028     | 6.35   |
| Lead, MT            | 1,977   | -1.35% | -20.5% | Bahrain                                 | 10/12/2028    | 7.18   |
| Zinc, MT            | 2,523   | 0.02%  | -24.0% |   |               |        |

| Midswaps | Price | YTM % | USD Libor | Rate (%) |
|----------|-------|-------|-----------|----------|
| 3 year   | 99.66 | 3.0   | 1m        | 2.31     |
| 5 year   | 99.27 | 3.0   | 3m        | 2.62     |
| 10 year  | 99.52 | 3.2   | 6m        | 2.86     |
| 30 year  | 99.83 | 3.4   | 1 year    | 3.14     |

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 positive amid heavy trading in blue chips

Despite lower trading compared to the previous week, MSM ended last week up amid buying in blue chips stocks (Top 4 blue chips recorded approximately 60 per cent of the total value traded). Foreigners were net buyers during the week with net inflows of \$1.2 million. MSM30 closed the week up by 1.56 per cent. Similarly, all sub-indices ended positive led by the Financial Index (1.39 per cent) followed by the Industrial Index (0.90 per cent) then the Services Index (up by 0.56 per cent on weekly basis). The MSM Shariah Index closed up by 1.25 per cent w-o-w.

Source: [Oman Observer](#)

### PEIE TO UNVEIL ITS NEW BRAND IDENTITY TOMORROW

The Public Establishment for Industrial Estates (PEIE) will on Monday hold a ceremony to mark 25 years since its establishment and will unveil its new brand identity at the Grand Ballroom – Oman Convention and Exhibition Centre under the auspices of H E Dr Ali bin Masoud bin Ali al Sunaidy, Minister of Commerce and Industry. The event will include highlights on the history of the PEIE and its major achievements, as well as the launch of its new website and social media accounts, a press release said.

Source: [Muscat Daily](#)

### Oman's total revenue surges by 24% to OMR6.67bn

The total revenue of the Sultanate's government surged 24.4 per cent to OMR6.67 billion for the first eight months of 2018, over the same period last year due to a major recovery in oil prices, showed provisional statistics released by the National Centre for Statistics and Information (NCSI). The budget deficit fell 34 per cent to OMR1.83 billion during the January-August period of 2018 due to an increase in government revenues driven by high oil income. The budget deficit for the same period of 2017 was much higher at OMR2.77 billion.

Source: [Times of Oman](#)

### Credit extended by banks reach OMR24.7bn

The total outstanding credit extended by conventional and Islamic banks and other depository corporations stood at OMR24.7 billion as of the end of August 2018, a growth of 7.6 per cent over the level witnessed a year ago, according to the statistical bulletin released by the Central Bank of Oman (CBO). The credit to the private sector increased by 5.4 per cent to OMR21.9 billion as of the end of August 2018.

Source: [Times of Oman](#)

### Hyperloop for cargo transportation in Sultanate?

While Oman currently lacks the passenger volumes necessary to support the introduction of a hyperloop-transportation technology that enables airplane speeds to be achieved on the ground — the business case for transporting freight — instead needs to be investigated, according to a prominent global expert on this breakthrough travel system. Nick Earle (pictured), an IT and mobility specialist who until recently headed the Global Field Operations of Virgin Hyperloop One — a leader provider of hyperloop technologies — said a hyperloop for freight transportation would be a game-changer for countries with ambitions to be hubs for freight distribution and logistics in the region.

Source: [Oman Observer](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast Stocks: Banks support Qatar recovery, Oman up sharply

Qatar's bourse gained sharply and recovered some of its losses from the last two sessions, while the Oman index registered its best day in nearly two months as telecom and bank stocks gained. Other Gulf markets were mixed. Qatar's main index booked a 1.1 percent rise and snapped two sessions of losses, buoyed by a 3.1 percent rise in Qatar National Bank and a 4.5 percent rise in Qatar Fuel Co.

Source: [Zawya](#)

### Moody's: UAE banking system outlook remains stable on economy, capital and profitability

Moody's Investors Service has kept its outlook on the United Arab Emirates banking system at stable, reflecting a gradually recovering economy, as well as banks' strong capital, resilient profitability and solid funding. The report, "Banking System Outlook - United Arab Emirates; Recovering economy and resilient financial fundamentals drive stable outlook," is now available on [www.moodys.com](http://www.moodys.com). Moody's subscribers can access this report via the link at the end of this press release. The research is an update to the markets and does not constitute a rating action.

Source: [Moody's](#)

### Saudi Aramco starts fuel optimization research program with China

Saudi Aramco revealed on Friday starting a fuel research program in cooperation with China's Tsinghua University, FAW Jiefang Automotive Wuxi Diesel Works (FAWDE), and Shandong Chambroad Petrochemicals Company, the firm said on its website. The step marks the first time a major energy company, engine manufacturer, petrochemical company, and a renowned university come together to develop advanced fuel and engine technologies to reduce emissions.

Source: [Argaam](#)

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### **Saudi commerce ministry issued 89 steel, cement export licenses, says official**

Saudi Arabia's Ministry of Commerce and Investment has issued 56 steel export licenses and 33 cement export licenses, thus far, Al-Eqtisadiyah newspaper reported, citing the ministry's spokesman Abdulrahman Al-Hussaini. Meanwhile, six export requests are still under study, he said, adding that the rise in export requests indicates the increasing demand for Saudi steel and cement exports.

Source: [Argaam](#)

### **King Salman unveils SAR 7 bln development projects in Hail**

King Salman on Thursday has unveiled 259 new development projects worth over SAR 7 billion in Hail region, according to an official statement. The projects, of which some were finalized, cover a broad range of sectors, including education, transport, housing, environment, water and electricity, tourism, public services, military, and other infrastructure and economic projects.

Source: [Argaam](#)

### **SABIC awards a framework agreement to WorleyParsons for EPCM services**

Under the agreement, WorleyParsons will work with SABIC to optimize operating efficiency at its five production sites in Europe. The services will be executed by WorleyParsons' offices in the United Kingdom, the Netherlands, Germany and Spain. This framework agreement supports WorleyParsons' strategic growth objective to establish a strong presence in the European chemicals sector. "We are looking forward to continuing our relationship with SABIC and working with them to optimise their European facilities' performance," said Andrew Wood, Chief Executive Officer of WorleyParsons.

Source: [Argaam](#)

### **Adnoc signs 10-year LPG deal with China's Wanhua**

The Abu Dhabi National Oil Company (Adnoc) announced, on Saturday, it has concluded a new long-term liquefied petroleum gas (LPG) sales agreement with Wanhua Chemical Group of China. Under the terms of the 10-year contract, Wanhua will purchase up to 1 million metric tonnes of LPG per annum. The agreement, which was signed by Abdulla Salem Al Dhaheri, Marketing, Sales and Trading Director at Adnoc and Kou Guangwu, Executive Vice President of Wanhua Chemical Group, represents another important milestone in the expanding relationship between Adnoc and its partners and customers in China.

Source: [Emirates Business](#)

### **Saudization of 12 retail activities opens up job opportunities**

Some 48 hours after the decision of Ministry of Labor and Social Development (MLSD) to Saudize 12 retail activities, it was noticed the some shops closed down while others complied with the decision. Many shops displayed signs for rent. A majority of shops selling eyeglasses and watches have closed down. Abdulrahman Al-Qahtani, a Saudi salesman of electrical and electronic items shop, said is working in two shifts on a SR6,500 salary.

Source: [Saudi Gazette](#)

### **Network International plans \$3bn IPO**

Network International have reportedly chosen picked six banks to manage its potential \$3 billion initial public offering (IPO). Citigroup, JPMorgan Chase, Morgan Stanley were hired as global coordinators for the stock sale, Barclays, Goldman Sachs Group, Emirates NBD Capital are acting as bookrunners for the listing. Evercore will be the financial adviser, Reuters reported on Friday citing people familiar with the matter.

Source: [Mubasher](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Fed leaves key US interest rate unchanged**

The US Federal Reserve kept the benchmark lending rate unchanged on Thursday, highlighting the continued strong performance of the economy but also pointing to a slowdown in business investment. The central bank repeated that it expected "further gradual increases" in the key interest rate as the economy continues to expand but the statement gave no clear signal on whether it would have to move more aggressively to head off inflation.

Source: [Times of Oman](#)

### **Euro Hitched to Pound and Caught in Throes of Brexit Cliffhanger**

They're getting a divorce but for currency traders, they're almost as close as ever. Britain's torturous settlement bid with the European Union has pushed the pound and euro in sync against the dollar as investors price risks on both sides of the Channel. The 40-day correlation between the two currency pairs has climbed back toward 0.80 and is nearing post-crisis highs as the daily drama of negotiations grips investors on the Continent, too.

Source: [Bloomberg](#)

### **Investors focus on retailers as wages rise**

U.S. companies are warning about rising wages eating into profit margins, increasing investor worries that next year's expected drop in profit growth may be sharper than feared. Amidst overall strong quarterly results, climbing labor costs are a growing concern, with more than a dozen companies in the S&P 500 mentioning them in conference calls so far this earnings season.

Source: [Reuters](#)

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### China's import expo logs \$57.8 billion of deals: China Daily

Around \$57.83 billion worth of deals were agreed for the year ahead at the China International Import Expo (CIIE), the official China Daily said on Saturday. The Nov. 5-10 CIIE, which brings thousands of foreign companies together with Chinese buyers in a bid to demonstrate the importing potential of the world's second-biggest economy, closed on Saturday.

Source: [Reuters](#)

### Alibaba's CEO started Singles Day to promote a new brand. Now it's a \$25 billion 'phenomenon'

Singles Day may not be that well-known outside of China, but it's a celebration that has turned into a multibillion-dollar annual shopping day thanks to Alibaba. And the architect behind it, current CEO Daniel Zhang, started it to promote a new e-commerce platform. Nov.11 is known as Singles Day in China and is widely believed to have begun in the 1990s in universities by men celebrating being single. In 2009, Alibaba launched the first shopping event on that day, offering heavy discounts on its Tmall shopping platform.

Source: [CNBC](#)

## COMMODITIES NEWS

### Iraq, Saudi Arabia agree to work together to stabilise oil markets

Iraq and Saudi Arabia agreed on Saturday to work together to stabilise oil markets, Iraq's Oil Ministry spokesman Asim Jihad said, without giving further details. During a meeting in Baghdad, Iraq and Saudi Arabia's oil ministers also discussed an electricity grid connection between the two countries to meet Iraq's power needs, he said. The Saudi oil minister Khalid al-Falih also met Iraqi Prime Minister Adil Abdul-Mahdi.

Source: [Live Mint](#)

### Saudi Arabia, OPEC's Anchor, Ponders a Future Without the Cartel

Saudi Arabia's top government-funded think tank is studying the possible effects on oil markets of a breakup of OPEC, a remarkable research effort for a country that has dominated the oil cartel for nearly 60 years. The effort coincides with new pressures on the Saudi government, including from the U.S., where President Trump has accused the cartel of pushing up oil prices, and from investors who distanced themselves from the kingdom after the brutal killing of a U.S.-based Saudi journalist.

Source: [WSJ](#)

### Oil falls 1 percent, U.S. crude on longest losing streak since 1984

Oil prices fell nearly 1 percent on Friday as global supply increased and investors worried demand growth could slow, pressuring U.S. crude to its longest stretch of daily declines since 1984. Crude futures benchmarks have slid about 20 percent or more since peaking in early October.

Source: [Reuters](#)