

# U Capital Morning Brief

6 November 2018

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
					(x)	(x)	%
U Capital Oman 20 Index	908.57	0.00	0.00%	-6.75%	-	-	-
U Capital GCC 50 Index	1,318.06	-0.07	-0.01%	15.15%	-	-	-
U Capital MENA 200 Index	1,055.09	0.66	0.06%	6.03%	-	-	-
MSCI GCC Countries Index	541.86	-0.20	-0.04%	12.94%	13.53	1.75	4.0%
Muscat Securities Market	4,415.02	-9.84	-0.22%	-13.42%	10.42	0.78	5.9%
Saudi Stock Exchange	7,802.27	-44.66	-0.57%	7.97%	16.20	1.74	3.6%
Kuwait Stock Exchange	5,053.01	-19.88	-0.39%	NA	14.69	1.25	3.9%
Qatar Exchange	10,458.28	127.14	1.23%	22.70%	15.46	1.56	4.2%
Bahrain Stock Exchange	1,315.53	0.35	0.03%	-1.22%	8.89	0.82	6.2%
Dubai Financial Market	2,794.80	-0.18	-0.01%	-17.07%	7.47	1.02	6.3%
Abu Dhabi Exchange	4,972.28	52.44	1.07%	13.05%	13.20	1.44	4.8%
Beirut Stock Exchange	978.09	-1.32	-0.14%	-14.84%	5.13	0.61	9.3%
Palestine Stock Exchange	529.07	1.01	0.19%	-7.92%	12.11	1.18	4.6%
Tunis Se Index	7,391.85	-9.08	-0.12%	17.67%	19.26	2.63	1.9%
EGX 30 Index	13,234.62	64.34	0.49%	-11.88%	12.35	2.28	2.2%
Amman General Index	1,966.65	0.70	0.04%	-7.53%	13.69	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		
Europe			%	%	Currency	USD/1 Unit	Units/1 USD
FTSE 100	UK	7,103.8	0.14%	-7.6%	Australian Dollar (AUD)	0.721	1.387
DAX	Germany	11,495.0	-0.21%	-11.0%	British Pound (GBP)	1.304	0.767
CAC 40	France	5,101.4	-0.01%	-4.0%	Canadian Dollar (CAD)	0.763	1.312
United States					Chinese Renminbi (CNH)	0.145	6.920
DJIA	USA	25,461.7	0.76%	3.0%	Egyptian Pound (EGP)	0.056	17.944
S&P 500	USA	2,738.3	0.56%	2.4%	Euro (EUR)	1.140	0.877
NASDAQ	USA	7,328.9	-0.38%	6.2%	Indian Rupee (INR)	0.014	73.023
Asia Pacific					Japanese Yen (JPY)	0.009	113.330
NIKKEI 225	Japan	22,143.0	1.09%	-2.7%	New Zealand Dollar (NZD)	0.665	1.504
HANG SENG	Hongkong	25,894.7	-0.15%	-13.5%	Omani Rial (OMR)	2.597	0.385
KSE 100 Index	Pakistan	41,518.2	-0.06%	2.6%	Pakistani Rupee (PKR)	0.748	132.480
NSE Nifty 50	India	10,570.5	0.44%	0.4%	Russian Ruble (RUB)	0.015	66.150
SHANGHAI Composite	China	2,637.4	-1.05%	-20.3%	Singapore Dollar (SGD)	0.727	1.375
KOSPI Index	South Korea	2,076.7	-0.01%	-15.8%	Turkish Lira (TRY)	0.188	5.328

Commodity Prices	Price	D/D	YTD	GCC 3m Interbank Rates	Current Rate %	YTD %
	USD	%	%			
<b>Oil</b>						
Brent Crude (per bbl)	72.9	-0.42%	15.1%	UAE	2.76	53.8%
WTI Crude (per bbl)	63.0	-0.22%	4.2%	Saudi Arabia	2.78	46.7%
Oman Crude Oil (Last Closing)	72.4	0.84%	13.1%	Kuwait	2.06	10.0%
OPEC (per bbl)	71.4	-1.76%	10.7%	Oman	2.77	45.1%
<b>Precious Metals</b>				Qatar	2.81	6.1%
Gold100 OZ (per oz)	1,229.0	-0.19%	-5.7%	Bahrain	3.70	35.8%
Silver (per oz)	14.6	-0.04%	-13.6%			
Platinum (per oz)	864.9	0.02%	-7.1%			
<b>Other Metals</b>						
Copper, MT	6,191	-1.46%	-14.6%			
Aluminium, MT	1,975	0.10%	-12.9%			
Lead, MT	1,935	-2.76%	-22.2%			
Zinc, MT	2,520	-1.27%	-24.1%			

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.9
Abu Dhabi	10/11/2027	4.1
Qatar	6/2/2026	4.0
Saudi Arabia	3/4/2028	4.5
Oman	1/17/2028	6.3
Bahrain	10/12/2028	7.3

Midswaps	Price	YTM %	USD Libor	Rate (%)	YTD
3 year	99.68	3.0	1m	2.32	48.2%
5 year	99.29	3.0	3m	2.59	53.0%
10 year	97.28	3.2	6m	2.83	54.0%
30 year	92.05	3.4	1 year	3.10	47.4%

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 Gas secures \$1.1 billion financing

Oman Gas Company (OGC), signed an agreement with seven international and local financial institutions to secure US\$1.1 billion funding for the capacity expansion (capex) requirements under the new business model for its gas network. The signing ceremony took place under the patronage of Salim bin Nasser Al Aufi, the Undersecretary of the Ministry of Oil and Gas, and was attended by key Oman Oil Company representatives, governmental representatives from the Ministry of Oil and Gas, Ministry of Finance, and representatives from the signing banks.

Source: [Times of Oman](#)

### Soaring power sector subsidy unsustainable: Regulator

Government subsidy to the electricity sector is projected to rise to RO 625 million in 2019, up from an estimated RO 580 million this year — an increase that the Authority for Electricity Regulation Oman (AER) has dubbed as “unsustainable”. The uptick comes despite the implementation of subsidy-free Cost Reflective Tariffs (CRT) for large industrial, commercial and government consumers early last year — a move that has nonetheless spurred dramatic reductions in energy use by many among the targeted segment.

Source: [Oman Observer](#)

### Procurement order for Oman's first waste-to-power project in early 2019

The sultanate's sole procurer of electricity and water, Oman Power and Water Procurement Company (OPWP) has completed the feasibility study for the much talked waste-to-power project and is likely to start tendering process in early 2019. “We have completed the feasibility study for the waste-to-power project, and currently studying various options. If everything goes according to the plan, most likely we will be issuing procurement orders through tenders in early 2019,” said Eng Naif Ali al Abri, projects development director at OPWP while speaking at a seminar held under the theme ‘Renewable Energy: PV & Storage Solutions’ at Hormuz Grand Muscat on Monday.

Source: [Muscat Daily](#)

### Oman records rise in electricity and water production

The Sultanate's total electricity production until the end of August 2018 stood at 25,673.8 GW per hour compared to the end of the same month in 2017, which saw a total production of 25,091.6 GW per hour. Water production increased by 5.4% to reach 277.7 million cubic meters compared to 263.5 million cubic meters in the same period in 2017, according to statistics released by the (NCSI).

Source: [NCSI](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### Mideast Stocks: Qatar gains after new appointments, Saudi down on poor earnings

Qatar's main bourse hit its highest level in a year and a half on Monday following a government reshuffle, while Saudi Arabia was dragged lower by a string of poor earnings. The Qatar market extended Sunday's gains as investors greeted the news about the appointment of new heads to its giant state-run energy firm and deep-pocketed sovereign wealth fund as well as appointment of the CEO of its largest bank as its new trade minister.

Source: [Zawya](#)

### IPO value in MENA rises to \$349mln in Q3

The value of initial public offerings (IPO) in the Middle East and North Africa region surged by 21.9 per cent in the third quarter to \$349.9 million year on year, while activity declined by 33.3 per cent, according to the latest EY Mena IPO Eye report. “In light of fluctuating oil prices and headwinds in the economy, IPO activity in the region has been slow from the first quarter to the third quarter of 2018,” said Phil Gandier, Mena transactions leader at EY.

Source: [Zawya](#)

### Gulf's SMEs sector forecast to hit \$920bn in 2023

The SME market in the Gulf region could be worth as much as \$920 billion in 2023, a growth of 156 percent on its current value, according to new research. The second India-UAE Partnership Summit (IUPS) heard that the employment potential for small and medium sized enterprises in the GCC is expected to touch 22 million, up from 17 million in the same period. The figures were in a research paper released at the opening session of IUPS, which was prepared by Crowe, the advisory partner of the summit.

Source: [Arabian Business](#)

### Saudi Arabia presses ahead with power sector reforms

As part of its ambitious Vision 2030, Saudi Arabia has been pressing ahead with its plans to reform and privatize the power sector. One of the most significant steps adopted by the Saudi government is to disintegrate the Saudi Electricity Company (SEC) into four power-generating companies, one transmission company and one distribution firm.

Source: [Argaam](#)

### Saudi Chemical relocates Salasil plant to cut operating costs

Saudi Chemical Co. has relocated Salasil plant to Arar city in the Northern Borders region, the cement producer said in a statement to Tadawul on Monday. The move is aimed to cut operating costs and the new facility will be launched within the next few months. The plant was previously located in the Eastern Province, the statement added.

Source: [Argaam](#)

### **Saudi crown prince launches project for first nuclear plant in Kingdom**

Saudi's crown prince on Monday launched a project to build the first nuclear research reactor in the kingdom, the Saudi Press Agency reported. Crown Prince Mohammed bin Salman launched seven strategic projects in the fields of renewable energy, atomic energy, water desalination, genetic medicine and the aircraft industry during his visit to King Abdulaziz City for Science and Technology (KACST) on Monday.

Source: [Zawya](#)

### **Saudi Arabia's \$500 billion megacity is in jeopardy after a Saudi journalist's death — here are the other multi-billion-dollar infrastructure projects set to go up**

Saudi Arabia is undergoing a massive construction boom. A November report found that the nation had about 4,700 active construction projects, worth a total of \$852 billion. But the future of some of these projects is less certain following the brutal murder of journalist Jamal Khashoggi, which prompted many investors to rethink their contributions.

Source: [Business Insider](#)

### **Saudi likely to spend \$1.1 trillion on infrastructure projects in the next 20 years**

Saudi Arabia is likely to spend \$1.1 trillion on infrastructure projects from 2019-2038, a new report by Strategy& has found. The report, which looked at infrastructure spending worldwide for the next 20 years, found that the kingdom's spend will account for 1.2 per cent of the global total.

Source: [Gulf Business](#)

### **UAE gold reserves drop by \$26.9m in 9M**

Gold reserves held with the Central Bank of the UAE (CBUAE) fell by 8.6% or AED 99 million (\$26.949 million) in the first nine months of 2018 to AED 1.053 billion (\$290 million) from AED 1.152 billion (\$310 million) by the end of December 2017, data compiled by Mubasher showed.

Source: [Mubasher](#)

### **UAE, Saudi non-oil see strong growth in new orders**

Output growth in the non-oil private sector of the UAE and Saudi Arabia improved during October as employment and new order growth picked up, said the latest Emirates NBD Purchasing Managers' Index (PMI). The survey, compiled by IHS Markit, a world leader in critical information and analytics, contains original data collected from a monthly survey of business conditions in the non-oil private sector.

Source: [GDN](#)

### **UAE law allowing 100% foreign ownership now in force**

A law allowing 100 per cent foreign ownership of companies in the UAE is now in force after being published in the country's Official Gazette. The long-awaited law is designed to make the country more attractive for investors while limiting the impact on local businesses, officials have said.

Source: [Gulf Business](#)

### **UAE banking giant FAB rebrands Islamic arm**

First Abu Dhabi Bank (FAB), the UAE's largest bank, has announced that it is launching a new brand for its Islamic banking arm. Its wholly-owned subsidiary Abu Dhabi National Islamic Finance (ADNIF) has changed its legal name to First Abu Dhabi Islamic Finance.

Source: [Arabian Business](#)

### **KPC plans to secure loan of KD 16 billion**

Informed sources disclosed that Kuwait Petroleum Corporation (KPC) is planning to secure a loan of KD 16 billion to support its capital projects for the next five years, reports Al-Rai daily. The same sources added the request has been presented to Cabinet by the Economic Committee, adding the projects aim to increase Kuwait's oil production by 4 million barrels per day while the current production is about 3 million barrels, indicating plan to develop oil exploration to reach 2000 wells in order to achieve the target production rate. Meanwhile, Central Bank of Kuwait affirmed that study provided by KPC in that regard should be accurate and integrated in terms of feasibility

Source: [Arab Times](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Asia Stocks Mixed Ahead of Midterms; Dollar Steady: Markets Wrap**

Asian stocks traded mixed Tuesday with markets seemingly in a holding pattern after a muted U.S. session ahead of midterm elections. Treasury yields and the dollar were steady. Equities climbed in Japan, Australia and South Korea though Chinese shares underperformed even as the country's vice president said Beijing remained ready to discuss a trade solution with Washington. Apple Inc. suppliers in Asia declined on a report the iPhone maker wouldn't boost some production.

Source: [Bloomberg](#)

### **Warren Buffett sends 'strong signal' to market with Berkshire Hathaway's \$1 billion buyback**

The Omaha, Nebraska, conglomerate bought nearly \$1 billion of its own shares in August, the company disclosed in a securities filing on Monday after releasing its third-quarter earnings on Saturday. Berkshire's Class B shares jumped almost 5 percent on Monday on expectations that the buying may have continued into the final three months of the year. Berkshire was active buying other stocks

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between July and September as well. Net purchases of stocks through the first nine months of the year were \$24.4 billion, more than double what the company bought through June.

Source: [CNBC](#)

#### **China Still Ready to Talk Trade With Trump, Xi's No. 2 Says**

A top deputy to Chinese President Xi Jinping said Beijing remained ready to discuss a trade solution with the U.S., but cautioned that the country wouldn't again be "bullied and oppressed" by foreign powers. Vice President Wang Qishan -- one of China's best-known economic reformers -- told Bloomberg's New Economy Forum in Singapore that trade was still the "anchor and propeller of China-U.S. relations." Wang prefaced his support for talks -- a refrain Chinese leaders have repeated for months -- with a warning about the dangers of "right-leaning populism" and "unilateralism."

Source: [Bloomberg](#)

#### **Strapped for cash, Pakistan looks to China and the Middle East for help**

Pakistan's Prime Minister Imran Khan wrapped up a four-day visit to China on Monday without achieving his primary goal of securing Chinese financing. As the South Asian nation scrambles for external help, it may have no choice except to approach the International Monetary Fund for what would be its second bailout in five years. Beijing is committed to assisting Islamabad but more talks are needed, Chinese Vice Foreign Minister Kong Xuanyou was quoted as saying on Saturday after a meeting between Khan and Chinese Premier Li Keqiang.

Source: [CNBC](#)

#### **COMMODITIES NEWS**

##### **US crude dips 4 cents, settling at \$63.10, as Trump restores sanctions on Iran**

Oil prices were little changed on Monday after a steep five-day slump, as the United States formally imposed punitive sanctions on Iran but granted eight countries temporary waivers allowing them to keep buying oil from the Islamic Republic. The sanctions are part of U.S. President Donald Trump's effort to curb Iran's missile and nuclear programs and diminish its influence in the Middle East.

Source: [CNBC](#)