

# U Capital Morning Brief

7 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  | 907.79        | -0.78  | -0.09% | -6.83%  | -                 | -             | -         |
| U Capital GCC 50 Index   | 1,315.20      | -2.86  | -0.22% | 14.90%  | -                 | -             | -         |
| U Capital MENA 200 Index | 1,054.98      | -0.11  | -0.01% | 6.02%   | -                 | -             | -         |
| MSCI GCC Countries Index | 540.36        | -1.50  | -0.28% | 12.63%  | 13.60             | 1.74          | 4.1%      |
| Muscat Securities Market | 4,421.12      | 6.10   | 0.14%  | -13.30% | 10.44             | 0.78          | 5.9%      |
| Saudi Stock Exchange     | 7,812.34      | 10.07  | 0.13%  | 8.11%   | 16.50             | 1.74          | 3.6%      |
| Kuwait Stock Exchange    | 5,053.01      | -19.88 | -0.39% | NA      | 14.80             | 1.25          | 3.9%      |
| Qatar Exchange           | 10,376.94     | -81.34 | -0.78% | 21.75%  | 15.34             | 1.55          | 4.2%      |
| Bahrain Stock Exchange   | 1,313.91      | -1.62  | -0.12% | -1.34%  | 8.88              | 0.82          | 6.2%      |
| Dubai Financial Market   | 2,815.60      | 20.80  | 0.74%  | -16.45% | 7.52              | 1.03          | 6.3%      |
| Abu Dhabi Exchange       | 5,003.63      | 31.35  | 0.63%  | 13.76%  | 13.29             | 1.45          | 4.8%      |
| Beirut Stock Exchange    | 977.22        | -0.88  | -0.09% | -14.92% | 5.12              | 0.61          | 9.3%      |
| Palestine Stock Exchange | 526.73        | -2.34  | -0.44% | -8.33%  | 12.05             | 1.17          | 4.6%      |
| Tunis Se Index           | 7,355.17      | -36.68 | -0.50% | 17.09%  | 19.15             | 2.62          | 1.9%      |
| EGX 30 Index             | 13,436.11     | 201.49 | 1.52%  | -10.54% | 12.54             | 2.31          | 2.3%      |
| Amman General Index      | 1,963.81      | -2.84  | -0.14% | -7.66%  | 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          | 7,040.7  | -0.89% | -8.4%  | Australian Dollar (AUD)  | 0.726      | 1.377       |
| DAX                | Germany     | 11,484.3 | -0.09% | -11.1% | British Pound (GBP)      | 1.314      | 0.761       |
| CAC 40             | France      | 5,075.2  | -0.51% | -4.5%  | Canadian Dollar (CAD)    | 0.763      | 1.311       |
| United States      |             |          |        |        | Chinese Renminbi (CNH)   | 0.144      | 6.925       |
| DJIA               | USA         | 25,635.0 | 0.68%  | 3.7%   | Egyptian Pound (EGP)     | 0.056      | 17.920      |
| S&P 500            | USA         | 2,755.5  | 0.63%  | 3.1%   | Euro (EUR)               | 1.146      | 0.873       |
| NASDAQ             | USA         | 7,376.0  | 0.64%  | 6.8%   | Indian Rupee (INR)       | 0.014      | 73.000      |
| Asia Pacific       |             |          |        |        | Japanese Yen (JPY)       | 0.009      | 113.270     |
| NIKKEI 225         | Japan       | 22,293.9 | 0.58%  | -2.1%  | New Zealand Dollar (NZD) | 0.677      | 1.476       |
| HANG SENG          | Hongkong    | 26,427.3 | 1.17%  | -11.7% | Omani Rial (OMR)         | 2.597      | 0.385       |
| KSE 100 Index      | Pakistan    | 40,958.5 | 0.00%  | 1.2%   | Pakistani Rupee (PKR)    | 0.755      | 132.480     |
| NSE Nifty 50       | India       | 10,530.0 | 0.06%  | 0.0%   | Russian Ruble (RUB)      | 0.015      | 66.119      |
| SHANGHAI Composite | China       | 2,666.3  | 0.26%  | -19.4% | Singapore Dollar (SGD)   | 0.729      | 1.372       |
| KOSPI Index        | South Korea | 2,098.3  | 0.42%  | -15.0% | Turkish Lira (TRY)       | 0.187      | 5.354       |

| Commodity Prices              | Price   | D/D    | YTD    | GCC 3m Interbank Rates | Current Rate % | YTD % |
|-------------------------------|---------|--------|--------|------------------------|----------------|-------|
|                               | USD     | %      | %      |                        |                |       |
| <b>Oil</b>                    |         |        |        |                        |                |       |
| Brent Crude (per bbl)         | 72.0    | -0.18% | 13.7%  | UAE                    | 2.71           | 50.8% |
| WTI Crude (per bbl)           | 61.9    | -0.50% | 2.5%   | Saudi Arabia           | 2.79           | 46.9% |
| Oman Crude Oil (Last Closing) | 71.1    | -1.73% | 11.2%  | Kuwait                 | 2.06           | 10.0% |
| OPEC (per bbl)                | 71.5    | 0.13%  | 10.8%  | Oman                   | 2.78           | 45.6% |
| <b>Precious Metals</b>        |         |        |        | Qatar                  | 2.82           | 6.6%  |
| Gold100 OZ (per oz)           | 1,229.3 | 0.19%  | -5.7%  | Bahrain                | 3.75           | 37.6% |
| Silver (per oz)               | 14.6    | 0.35%  | -13.9% |                        |                |       |
| Platinum (per oz)             | 874.6   | 0.56%  | -6.0%  |                        |                |       |
| <b>Other Metals</b>           |         |        |        |                        |                |       |
| Copper, MT                    | 6,158   | -0.53% | -15.0% |                        |                |       |
| Aluminium, MT                 | 1,951   | -1.24% | -14.0% |                        |                |       |
| Lead, MT                      | 1,909   | -1.34% | -23.3% |                        |                |       |
| Zinc, MT                      | 2,501   | -0.75% | -24.6% |                        |                |       |

  

| Midswaps | Price | YTM % | GCC Latest 10-Yr Government Bond Yields | Maturity date | YTM, % |
|----------|-------|-------|---|---------------|--------|
|          |       |       |   |               |        |
| 3 year   | 99.67 | 3.0   | Kuwait                                  | 3/20/2027     | 3.9    |
| 5 year   | 99.28 | 3.0   | Abu Dhabi                               | 10/11/2027    | 4.1    |
| 10 year  | 97.38 | 3.2   | Qatar                                   | 6/2/2026      | 4.0    |
| 30 year  | 92.59 | 3.4   | 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   | 99.67 | 3.0   | 1m        | 2.32     | 48.1% |
| 5 year   | 99.28 | 3.0   | 3m        | 2.59     | 52.8% |
| 10 year  | 97.38 | 3.2   | 6m        | 2.84     | 54.4% |
| 30 year  | 92.59 | 3.4   | 1 year    | 3.12     | 47.9% |

Source: Bloomberg

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

## OMAN ECONOMIC & CORPORATE NEWS

### Groundwork begins on \$2 billion Mina Al Sultan Qaboos project

Preliminary work has commenced at Mina Al Sultan Qaboos (MASQ), according to DAMAC International, the strategic partner to the joint venture with Oman Tourism Development Company (Omran), the government's tourism development arm. The transformation of the historical port into a \$2 billion integrated waterfront destination, which includes hotels, residences, food and beverage, retail and entertainment offerings, is in line with the National Strategy for Tourism 2040.

Source: [Oman Observer](#)

### Oman Gas signs loan agreement with domestic, international banks

State-owned Oman Gas Co. has signed a financing agreement with a group of seven local and international banks, the firm stated on Twitter, without giving details on the size of the financing. The natural gas transport company, which was bought by state-owned Oman Oil Co. in 2013, was seeking to raise a loan of just over \$1 billion to back its capex plans, sources told Reuters in February.

Source: [Reuters](#)

### Government working to arrest decline in available farm land in Oman

Only 7 per cent of available land in Oman is actually arable and can be farmed, according to a report of the Ministry of Agriculture and Fisheries. The availability of land for planting has shrunk due to soil salinity. Currently, arable land (which can be planted on) is 7.07 per cent of the total land space in the Sultanate. The Ministry of Agriculture and Fisheries is working to reverse these affects on land through scientific experiments meant to increase fertility and yield.

Source: [Times of Oman](#)

### CBO issues treasury bills worth OMR16mn

Oman's central bank raised OMR16 million by way of allotting treasury bills on Tuesday. The treasury bills are for a maturity period of 182 days, from November 7, 2018 until May 8, 2019. The average accepted price reached 98.768 for every OMR100, and the minimum accepted price arrived at 98.650 per OMR100. Whereas the average discount rate and the average yield reached 2.47115 per cent and 2.50204 per cent, respectively. The interest rate on the Repo operations with CBO is 2.816 per cent for the period from November 6, 2018 to November 12, 2018 while the discount rate on the Treasury Bills Discounting Facility with CBO is 3.566 per cent, for the same period.

Source: [Times of Oman](#)

## OMAN'S WATER AND POWER PRODUCTION RISE IN FIRST EIGHT MONTHS OF 2018

The country's electricity and water production grew by 2.3 per cent and 5.4 per cent, respectively in the first eight months of current year as against the corresponding period, a year ago. According to the data released by the National Centre for Statistics and Information (NCSI), the sultanate's total electricity production till the end of August this year stood at 25,673.8GW per hour compared 25,091.6GW per hour in the same period last year. Similarly, Oman's water production also increased by 5.4 per cent to reach 277.7mn cubic meters (MCM) compared to 263.5MCM in the same period in 2017, NCSI data showed.

Source: [Muscat Daily](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Banks pressure Qatar, Egypt rises sharply

Saudi Arabia's bourse inched up 0.1 percent, with Riyad Bank rising 1.1 percent and Arabian Cement increasing 6.5 percent despite posting a drop in its third-quarter profit. The Qatar index fell 0.8 percent, with bank shares weighing on the index. Qatar National Bank shed 3.7 percent and Qatar Islamic Bank dropped 1.8 percent after EFG Hermes cut rating on the stock to 'sell' from 'neutral'.

Source: [Reuters](#)

### GCC officials ponder raising steel import tariffs

Gulf Cooperation Council finance undersecretaries on Monday primarily discussed raising steel import tariffs and selective tax a day ahead of ministerial talks on these matters. Reports on increasing these tariffs, expanding the scope of selectively taxed products and amending the minimum selective fees on tobacco products were among the topics raised at the talks. The officials referred the issue of medicine and medical supplies, which fall under the zero-tax policy, to the Health Ministers' Committee, which will unify standards on the matter across all six countries

Source: [Arab Times](#)

### Saudi King Salman to launch more than 600 projects worth over \$4.2bln

Custodian of the Two Holy Mosques King Salman started his tour of Al-Qassim region by attending a grand public reception hosted by the people of the region on Tuesday night. Crown Prince Muhammad Bin Salman, deputy premier and minister of defense, was also present at the reception held at King Abdullah Sports City in Buraidah. The King will launch more than 600 projects worth over SR16 billion on Wednesday, on the second day of the visit. On the auspicious occasion of the visit, King Salman has ordered the release of all insolvent Saudi prisoners whose financial obligations do not exceed SR1 million. The King will bear the expense to settle dues of those prisoners who are not convicted of any criminal offenses.

Source: [Zawya](#)

## **\$1.7 Billion Flew Out of Saudi Markets Last Month**

Record foreign selling of Saudi Arabian stocks in the wake of last month's killing of government critic Jamal Khashoggi put the brakes on a 10-month streak of international investments in the Middle East's five biggest stock markets. Net foreign outflows from Saudi Arabia were \$1.7 billion, while most other markets had inflows, according to a report.

Source: [Bloomberg](#)

## **Farm Superstores shareholders approve sale of Lebanese subsidiary**

Saudi Marketing Co.'s (Farm Superstores) shareholders approved on Monday the sale of the company's entire 99.95 percent stake in Lebanese subsidiary, Saudi Marketing and Trading Co., to chairman Hazem Al Aswad for SAR 115.9 million. This sum represents the net book value of the company's stake in its Lebanese unit as on Dec. 31, 2017, Farm Superstores said in a bourse filing.

Source: [Argaam](#)

## **Wafa Insurance recommends capital cut, amending activities to avoid liquidation**

Saudi Indian Cooperative Insurance Co.'s ([Wafa](#)) board of directors has recommended a capital cut as well as changing the company's activity to avoid dissolving the company, the insurer said in a bourse statement. The recommendation came after the company failed to hire an underwriter for its proposed capital hike within budget.

Source: [Argaam](#)

## **UAE cenbank sees faster 2019 growth, no real impact from Iran sanctions**

The UAE central bank expects economic growth to accelerate to 4.2 percent in 2019, with no material impact from the renewal of U.S. sanctions on Iran as long as banks have prepared for the penalties, its governor said on Tuesday. "Things are starting to materialise, growth is there, liquidity is there, a lot of government initiatives are there. I think we are in good times," Mubarak Rashed al-Mansoori said at a conference in Abu Dhabi.

Source: [Reuters](#)

## **Government deposits in UAE-based banks to all-time high of \$77.8bln**

Government deposits in UAE-based banks hit an all-time-high of AED286 billion by the end of September 2018, up AED74 bn in the first nine months of the year, according to CBUAE statistics. The growth is attributed to rising oil prices, which grew by 35 percent during the past 12 months, reflecting positively on the total assets of the banking sector. Government fiscal surpluses since the beginning of the year amounted to AED186 bn, according to the Ministry of Finance statistics.

Source: [Zawya](#)

## **Dubai's foreign trade exceeds \$262.7bln in first nine months of 2018**

Signifying Dubai's rising role in global trade, the emirate's external non-oil trade in the first nine months of 2018 reached AED 965.3 billion. Re-exports registered 13 percent growth to touch AED 299.2 billion, while imports reached AED 592.2 billion, and exports AED 97.7 billion.

Source: [Zawya](#)

## **Kuwait central bank studying potential KFH-AUB merger- Al Arabiya TV**

Kuwait's central bank is studying the "added value" that could arise from a potential merger between Kuwait Finance House and Bahrain's Ahli United Bank, Al Arabiya TV said in a tweet on Tuesday. The banks have been in talks since mid-2018, and while several other banks are in the midst of consolidating, a merger between the two could become the first cross-border tie-up between Gulf banks in recent years.

Source: [Reuters](#)

## **Two Qatari royal millennials to run \$320bn fund**

Two Qatari royal millennials have been given the key to run a fund of \$320 billion. On Sunday, 4 November, Qatar's Emir Tamim bin Hamad Al Thani issued decree No.7 of 2018 for reshuffling the Council of Ministers. He also named his younger brother Mohammed bin Hamad bin Khalifa Al Thani to be the vice president of Qatar Investment Authority (QIA), Qatar's sovereign wealth fund, the world's ninth largest sovereign wealth fund with about \$300 billion in assets.

Source: [Mubasher](#)

## **Qatar agrees to buy London's Grosvenor House hotel – source**

Qatar has agreed to buy one of London's most famous hotels, the Grosvenor House, as energy revenue enables the wealthy Gulf state to go on a buying spree despite a blockade by its neighbors. A source with knowledge of the deal said the acquisition of Grosvenor House - located on Park Lane in London's swanky Mayfair district - had been agreed on Tuesday with the vendor, private U.S. real estate investment firm Ashkenazy Acquisition Corp. The price was not disclosed.

Source: [Reuters](#)

## **Qatar, new GFF investors pledge \$1bn to transform global health**

Qatar is one of 10 new investors in the Global Financing Facility (GFF) which announced yesterday — with total pledges amounting to \$1.005bn to transform the global health. The GFF, in Support of 'Every Woman Every Child' announced the contributions from the Bill & Melinda Gates Foundation, Burkina Faso, Canada, Côte d'Ivoire the European Commission, Denmark, Germany, Japan, Laerdal Global Health, the Netherlands, Norway, and the UK, in addition to Qatar.

Source: [TPQ](#)

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## INTERNATIONAL ECONOMIC & CORPORATE NEWS

### Democrats Poised to Take House Control as GOP Holds On to Senate

Democrats are poised to reclaim the U.S. House, fueled by voter anger and discontent with President Donald Trump to a victory that would dramatically alter his next two years in office and make a deeply divided nation even more difficult to govern. Republicans, meanwhile, retained control of the Senate after GOP candidates unseated incumbent Democrats in Indiana and North Dakota and won an open seat in Tennessee. That will give Trump a partial claim of victory and allow him to continue his drive to reshape the federal courts.

Source: [Bloomberg](#)

### Stocks hold gains, dollar weaker as Democrats win U.S. House

Wall Street stock futures and Asian shares held earlier gains on Wednesday after Democrats won control of the U.S. House of Representatives, boosting the party's ability to block President Donald Trump's political and economic agenda. The Democrats' House win creates a clear hurdle for Republicans to easily pass legislation through both chambers of Congress, clouding the outlook for some of Trump's key economic proposals.

Source: [Reuters](#)

### EU approves Disney buy from Fox if makes TV divestments

Walt Disney's (DIS.N) \$71.3-billion offer to buy Twenty-First Century Fox Inc's (FOXA.O) entertainment assets won approval from the European Commission on Tuesday, subject to Disney selling interests in factual TV channels in Europe. The EU competition regulator said in a statement that Disney had committed to divest its interests in channels including History and Lifetime in the European Economic Area (EEA) to avoid harming competition following its purchase from Fox.

Source: [Reuters](#)

### PRECIOUS-Gold gains on weaker dollar; U.S. election in focus

Gold prices rose on Wednesday amid a weaker dollar, with investors waiting for the outcome of U.S. midterm elections that could see Republicans lose their grip on Congress.

- Spot gold was up 0.2 percent at \$1,228.40 per ounce at 0118 GMT.
- U.S. gold futures climbed 0.3 percent to \$1,229.7 per ounce.
- The dollar index, which measures the greenback against a basket of six major currencies, was down about 0.3 percent, as traders awaited the U.S. election results for implications on Washington's broader economic and political agenda.

Source: [Reuters](#)

## COMMODITIES NEWS

### Oil prices dip amid well-supplied market, Iran sanction waivers

Oil prices dipped on Wednesday as rising output and U.S. sanction waivers that allow Iran's biggest buyers to keep taking its crude reinforced the outlook for a well-supplied market. Front-month Brent crude oil futures LCOc1 were at \$72.04 per barrel at 0337 GMT, down 9 cents, or 0.1 percent, from their last close. U.S. West Texas Intermediate (WTI) crude CLc1 was at \$61.92, down 29 cents, or 0.5 percent, from its last settlement.

Source: [Reuters](#)

### Iran Oil Waivers: How Buyers Are Lining Up After U.S. Exemptions

Armed with waivers to keep importing Iranian oil without running afoul of U.S. sanctions, some of the Islamic Republic's top customers are preparing to buy. The exemptions mean at least some supplies from OPEC's third-biggest producer will keep flowing into international markets, after Iran's exports plunged by almost 40 percent since April -- the month before Washington announced the curbs. Almost all major buyers of Iran's oil had negotiated with the U.S. for the waivers, arguing that cutting purchases to zero would affect their energy industries and boost fuel costs.

Source: [Bloomberg](#)

### Kuwait's fifth refinery to cost \$5-\$6 bln - Al-Qabas

Kuwait's fifth refinery will cost \$5 bln to \$6 bln, Hatem Al-Awadhi, Kuwait Integrated Petroleum Industries Company (KIPIC)Hatem Al-Awadhi said in remarks carried by al-Qabas newspaper. Awadhi said the refinery would require around 5 million square meters of land and that the fifth refinery falls under the company's strategy for 2030.

Source: [Reuters](#)

### Kuwait aims to resume oil production in neutral zone

The Kuwaiti government hopes to resume crude oil production in fields jointly operated by Kuwait and Saudi Arabia, according to deputy foreign minister Khaled Al-Jarallah. "We hope to solve this dispute with Saudi Arabia so that oil production in the neutral zone can continue," the minister was quoted by the Kuwait News Agency (KUNA), after heading Kuwait's delegation to the Gulf Cooperation Council (GCC) ministerial talks dealing with joint work. The two countries halted output from the jointly run oilfields in the so-called Neutral Zone more than three years ago, reducing production by around 500,000 barrels per day or 0.5% of global oil supply.

Source: [Mubasher](#)

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