

# U Capital Morning Brief

21 May 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	879.6	-7.52	-0.85%	-9.72%	-	-	-
U Capital GCC 50 Index	1,257.5	6.54	0.52%	9.86%	-	-	-
U Capital MENA 200 Index	1,044.4	3.44	0.33%	4.96%	-	-	-
MSCI GCC Countries Index	518.9	-0.87	-0.17%	8.16%	14.54	1.69	4.0%
Muscat Securities Market	4,590.2	-27.55	-0.60%	-9.98%	11.70	1.01	5.2%
Saudi Stock Exchange	8,018.1	1.21	0.02%	10.96%	18.46	1.81	3.3%
Kuwait Stock Exchange	4,905.7	-1.08	-0.02%	NA	14.59	1.26	3.8%
Qatar Exchange	8,856.9	-34.26	-0.39%	3.91%	13.19	1.36	5.0%
Bahrain Stock Exchange	1,267.3	-5.52	-0.43%	-4.84%	8.27	0.82	6.5%
Dubai Financial Market	2,918.7	6.12	0.21%	-13.39%	9.40	1.11	5.8%
Abu Dhabi Exchange	4,425.9	-5.85	-0.13%	0.62%	11.83	1.32	5.4%
Beirut Stock Exchange	1,127.9	-1.11	-0.10%	-1.80%	5.68	0.70	8.7%
Palestine Stock Exchange	540.8	-1.44	-0.27%	-5.89%	13.27	1.11	5.7%
Tunis Se Index	7,373.6	16.29	0.22%	17.38%	19.15	2.54	2.1%
EGX 30 Index	16,782.1	-95.59	-0.57%	11.74%	38.14	2.66	1.8%
Amman General Index	2,127.2	-1.52	-0.07%	0.02%	15.85	1.05	4.5%

World Markets	Country	Value	D/D	YTD
Europe				
%				
FTSE 100	UK	7,778.8	-0.12%	1.2%
DAX	Germany	13,077.7	-0.28%	1.2%
CAC 40	France	5,614.5	-0.13%	5.7%
United States				
DJIA	USA	24,715.1	0.00%	0.0%
S&P 500	USA	2,713.0	-0.26%	1.5%
NASDAQ	USA	7,354.3	-0.38%	6.5%
Asia Pacific				
NIKKEI 225	Japan	23,041.6	0.41%	1.2%
HANG SENG	Hongkong	31,417.0	1.10%	5.0%
KSE 100 Index	Pakistan	41,804.6	0.28%	3.3%
NSE Nifty 50	India	10,561.2	-0.33%	0.3%
SHANGHAI Composite	China	3,219.2	0.81%	-2.7%
KOSPI Index	South Korea	2,467.1	0.26%	0.0%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.752	1.330
British Pound (GBP)	1.343	0.744
Canadian Dollar (CAD)	0.777	1.288
Chinese Renminbi (CNH)	0.157	6.374
Egyptian Pound (EGP)	0.056	17.903
Euro (EUR)	1.175	0.851
Indian Rupee (INR)	0.015	62.341
Japanese Yen (JPY)	0.009	111.310
New Zealand Dollar (NZD)	0.690	1.450
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.865	115.597
Russian Ruble (RUB)	0.016	68.090
Singapore Dollar (SGD)	0.743	1.345
Turkish Lira (TRY)	0.221	4.526

Commodity Prices	Price	D/D	YTD
USD			
%			
Oil			
Brent Crude (per bbl)	79.1	0.74%	20.8%
WTI Crude (per bbl)	71.8	0.73%	18.8%
Oman Crude Oil (Last Closing)	75.8	-0.94%	18.4%
OPEC (per bbl)	76.8	2.09%	19.1%
Precious Metals			
Gold100 OZ (per oz)	1,286.4	-0.45%	-1.3%
Silver (per oz)	16.3	-0.62%	-3.5%
Platinum (per oz)	882.2	-0.60%	-5.2%
Other Metals			
Copper, MT	6,855	-0.35%	-5.4%
Aluminium, MT	2,270	-1.00%	0.1%
Lead, MT	2,330	-1.85%	-6.3%
Zinc, MT	3,100	0.11%	-6.6%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.50	39.2%
Saudi Arabia	2.42	27.7%
Kuwait	2.00	6.7%
Oman	2.29	20.1%
Qatar	2.64	-0.4%
Bahrain	3.20	17.4%

GCC Latest 10-Yr Government Bond Yields		
	Maturity date	YTM, %
Kuwait	3/20/2027	4.0
Abu Dhabi	10/11/2027	4.1
Qatar	6/2/2026	4.3
Saudi Arabia	3/4/2028	4.5
Oman	1/17/2028	6.3
Bahrain	10/12/2028	8.4

Midswaps	Price	YTM %
3 year	99.69	2.7
5 year	99.28	2.9
10 year	98.31	3.1
30 year	98.48	3.2

USD Libor	Rate (%)	YTD
1m	1.95	24.8%
3m	2.33	37.5%
6m	2.50	36.0%
1 year	2.76	31.2%

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 is Kazakhstan's key oil and gas partner'

Oman is one of Kazakhstan's major partners in the oil and gas sector, according to the Central Asian nation's ambassador to Oman. Speaking exclusively to the Times of Oman, Ambassador Yerzhan Mukash praised the Sultanate's long-standing collaboration on major economic projects in the CIS nation. "Oman was among the first of the Arab states to have established cooperation with Kazakhstan on concrete economic projects at the governmental level. In particular, Oman initially participated in the Caspian Pipeline Consortium Project," he said.

Source: [Times of Oman](#)

### MEDC achieves 91.8 per cent electricity meter reading

The Muscat Electricity Distribution Company (MEDC), a member of Nama Group, achieved 91.8 per cent electricity meter reading in Muscat Governorate in 2017, covering 363,000 customers. This was done by changing the operating model and employing three service providers, against one earlier, who were assigned to different wilayats to provide meter-reading services and distribute electricity bills. MEDC held a ceremony at Sundus Rotana Hotel, Al Seeb, where it acknowledged the services of meter readers, support staff and project managers in the three companies for excellence and high performance.

Source: [Times of Oman](#)

### Oman to pull in \$50bn in tourism investment by 2040

Investment in Oman's tourism and hospitality is projected at around \$50 billion over the next two decades through to 2040, underscoring the increasingly prominent role that the sector is anticipated to play in driving the nation's long-term economic development. While the government's share in this investment is set at around 12 per cent, the balance 88 per cent will come from the private sector, according to the Chief Executive Officer of Omran — the tourism investment and development arm of the government.

Source: [Oman Observer](#)

### SMES development society of Bahrain, Zubair sec sign partnership agreement for sme development

SME Development Society of Bahrain and Zubair Small Enterprises Centre (Zubair SEC) signed a Partnership Agreement aimed at jointly exploring entrepreneurship development and support cooperation between Omani and Bahraini SMEs. The signing ceremony was attended by Ambassador of Bahrain in the Sultanate of Oman, H.E. Dr. Juma bin Ahmed Al-Kaabi at the Embassy of the Kingdom of Bahrain in Muscat. The partnership agreement was signed by Ahmed Salloum, Chairman, SME Development Society of Bahrain, and Mohammed Al Hasani, Chief Communications Officer, The Zubair Corporation.

Source: [Muscat Daily](#)

## MIDDLE EAST ECONOMIC & CORPORATE NEWS

### MIDEAST STOCKS-Saudi flat, Drake and Scull International lifts Dubai

Gulf stock markets were mostly flat on Sunday amid low trading volumes and a lack of significant events. The Saudi index was little changed, while the Dubai index closed up 0.2 percent. The rest of the region closed down, but with losses limited. Global stocks dipped last Friday because of persistent concerns over trade tensions. Oil prices also slipped on Friday, with Brent crude futures falling 79 cents, or 1 percent, to settle at \$78.51 a barrel. But the dip came after a sixth week of gains, with prices breaking through \$80 a barrel last week for the first time since November 2014.

Source: [Reuters](#)

### UAE approves new long-term visa for investors and professionals

In line with UAE's position as a primary destination for international investors and a global talent, the UAE Cabinet, chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has adopted a new system of entry visas for investors and professional talents providing them with a long-term visa for up to 10 years. "The UAE will remain a global incubator for exceptional talents and a permanent destination for international investors. Our open environment, tolerant values, infrastructure and flexible legislation are the best plan to attract global investment and exceptional talents in the UAE," said His Highness Sheikh Mohammed bin Rashid Al Maktoum.

Source: [Zawya](#)

### Under-pressure Abraaj breaches debt covenants – sources

Abraaj, the Middle East's largest private equity house, is in violation of conditions relating to a portion of its debt, said six banking sources, adding to the pressure on a group locked in a dispute with investors.

Source: [WN](#)

### Nasdaq Dubai to launch Saudi futures trading in 2018: report

Nasdaq Dubai will launch futures trading in Saudi-listed companies by the end of 2018, Arab News reported, citing Hamed Ali, chief executive of the international stock exchange. The move will allow international investors to trade in Saudi companies via contracts to buy or sell shares at a set price in the future. It will be the first time Saudi stocks can be traded in derivative form.

Source: [Argaam](#)

### **CMA approves Al Akaria's capital hike through bonus shares**

Saudi Capital Market Authority (CMA) approved on Sunday Saudi Real Estate Co.'s (Al Akaria) request to increase capital to SAR 2.4 billion from SAR 1.2 billion through the issue of one bonus share for every share held. The capital hike will be paid by transferring an amount of SAR 730.026 million from the company's statutory deposit account and SAR 469.974 million from provisional reserve account to the company's capital. Consequently, increasing the Company's outstanding shares to 240 million shares from 120 million shares, the market regulator said in a statement.

Source: [Argaam](#)

### **Merger with SABB to take one year, says Alawwal chairman**

The merger process between Alawwal Bank and Saudi British Bank is expected to take around one year, Mubarak Al-Khafrah, chairman of Alawwal Bank told Argaam. A board of directors and a managing director will be named by year-end, he added. The banks' decision to merge was driven by a number of factors, most importantly, the goal of the two lenders to create a new well-positioned banking entity.

Source: [Argaam](#)

### **SAMA issues retail financing guidelines**

Saudi Arabian Monetary Authority (SAMA), the Kingdom's central bank, has issued guidelines for "Responsible Retail Financing," effective as of Aug. 12, 2018. The guidelines encourage responsible financing of housing and assets, as well as offering appropriate financing to all society categories.

Source: [Argaam](#)

### **Jabal Omar sells 90 units at SAR 1.1bn**

Jabal Omar Development on Sunday announced signing an agreement to sell 90 residential units to Albilad Capital, the investment arm of Albilad Bank. The total cost of the deal amounted to SAR 1.1 billion, according to a filing to the Saudi Stock Exchange (Tadawul). The positive impact of the deal will appear in the company's financials by the second quarter of 2018, Saudi Arabia-based Jabal Omar noted.

Source: [NASDAQ](#)

### **Why Saudi Banking M&A Awoke from a Two-Decade Slumber**

After an almost 20-year drought in mergers and acquisitions among lenders in Saudi Arabia, a new deal may spur activity in the Middle East's biggest economy. HSBC Holdings Plc affiliate Saudi British Bank, or SABB, is set to take over Alawwal Bank that's backed by Royal Bank of Scotland Group Plc in a \$5 billion stock deal. The merger will reaffirm HSBC's position in the kingdom and may offer international lenders some insight on how to approach Saudi Arabia, which is opening up to overseas investment, but still blocks foreign control of banks.

Source: [Bloomberg](#)

### **GFH Financial Recovers \$22.5 Mln from Legal Claims**

GFH FINANCIAL GROUP SAYS IT HAS REACHED A SETTLEMENT WITH IN ONE OF ITS LEGAL CLAIMS, WHEREBY IT HAS RECEIVED CASH AMOUNT OF USD 22.5 MILLION

\* RECOVERY WILL HAVE POSITIVE IMPACT ON PROFITABILITY OF CO WHICH WILL BE REFLECTED IN GFH'S FINANCIAL RESULTS Q2, 2018

Source: [Reuters](#)

### **Kuwait Energy Said to Weigh Sale of Business After Scrapping IPO**

Kuwait Energy Plc is working with a financial adviser to sell part or all of its business after canceling plans for an initial public offering in London, people with knowledge of the matter said. The company is also weighing the sale of some of its assets depending on investor interest, said the people, asking not to be identified because the information isn't public. A spokesman for Kuwait Energy declined to comment.

Source: [Bloomberg News Alert](#)

### **Water production phases of Umm Al Houh Power Plant complete**

Qatar Electricity and Water Company (QEW) has completed the water production phases of Umm Al Houh Power Plant, which currently pumps 136 million gallons of water a day. The completion of the power generation phases of Umm Al Houh Power Plant, which is scheduled to produce 2,520 megawatts of electricity, will be announced soon, said Fahad bin Hamad Al Mohannadi, Managing Director and General Manager of Qatar Electricity and Water Company (QEW).

Source: [QP](#)

## **INTERNATIONAL ECONOMIC & CORPORATE NEWS**

### **Stocks rally after Mnuchin says Sino-U.S. trade war 'on hold'**

Stocks rose on Monday as U.S. Treasury Secretary Steven Mnuchin declared the U.S. trade war with China "on hold" following an agreement to drop their tariff threats that had roiled global markets this year. U.S. S&P mini futures ES1 rose 0.60 percent in Asian trade on Monday. MSCI's broadest index of Asia-Pacific shares outside Japan. MIAPJ0000PUS advanced 0.55 percent in early trade, led by strong gains in greater China. Hong Kong's Hang Seng. HSI was up 1.0 percent, Taiwanese shares. TWII 1.1 percent and mainland shares. CSI300 0.4 percent.

Source: [Reuters](#)

### Everything you need to know about a new EU data law called GDPR

The General Data Protection Regulation (GDPR) will come into force on May 25. It will affect companies located in the European Union but also those that have operations and customers there too. The key principle of GDPR is giving consumers control of their data. There are fines of up to 4 percent of total global turnover if rules in the GDPR are breached.

Source: [CNBC](#)

### U.S., China Putting Trade War On Hold

The U.S. trade war with China is "on hold" after the world's largest economies agreed to drop their tariff threats while they work on a wider trade agreement, U.S. Treasury Secretary Steven Mnuchin said on Sunday. Mnuchin and U.S. President Donald Trump's top economic adviser, Larry Kudlow, said the agreement reached by Chinese and American negotiators on Saturday set up a framework for addressing trade imbalances in the future. "We are putting the trade war on hold. Right now, we have agreed to put the tariffs on hold while we try to execute the framework," Mnuchin said in a television interview on "Fox News Sunday."

Source: [KITCO](#)

## COMMODITIES NEWS

### Oil prices boosted by news China, U.S. put trade war 'on hold'

Oil prices rose on Monday as markets reacted to news that China and the United States have put a looming trade war between the world's two biggest economies "on hold". Brent crude futures LCOc1 were at \$79.13 per barrel at 0121 GMT, up 62 cents, or 0.8 percent, from their last close. Brent broke through \$80 for the first time since November 2014 last week. U.S. West Texas Intermediate (WTI) crude futures were at \$71.83 a barrel, up 55 cents, or 0.8 percent, from their last settlement.

Source: [Zawya](#)