GBCM Morning Briefing

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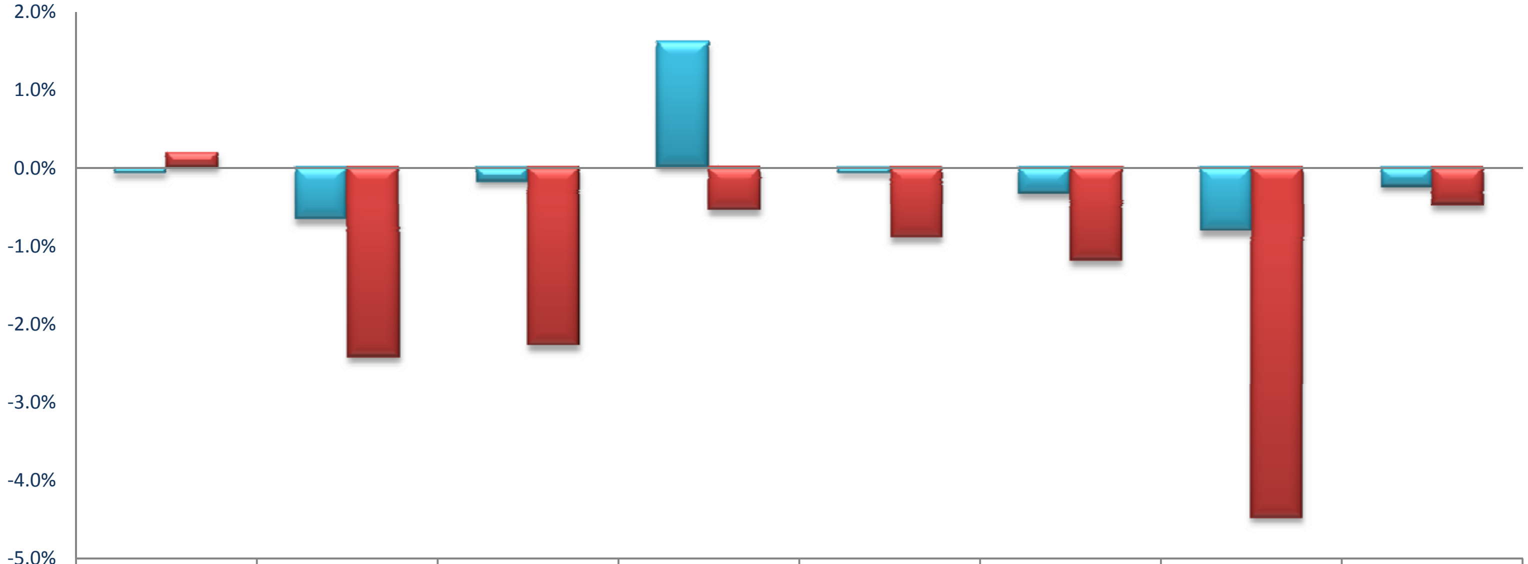
GCC - Equity Market Monitor



	Oman	Saudi	UAE (DFM)	UAE (Abu Dhabi)	Kuwait - PI	Kuwait - Wtd	Qatar	Bahrain
Daily Return	-0.1%	-0.7%	-0.2%	1.6%	-0.1%	-0.3%	-0.8%	-0.3%
YTD Return	0.2%	-2.4%	-2.3%	-0.6%	-0.9%	-1.2%	-4.5%	-0.5%

Source: Respective Stock Markets, Bloomberg, GBCM Research

MSM - Net Buy/(Sell) Position

Previous Day's Turnover: RO 1.616 million *(c. US$ 4.2 million)*			
Figures In RO	*BUY*	*SELL*	*NET*
OMANIS	806,050	677,361	**128,688**
GCC	234,067	211,001	**23,066**
Arabs	6,641	3,113	**3,528**
OTHERS	568,916	724,198	**(155,283)**

Top 5 - Turnover Market Share – Previous Day

Value Leaders	Sector	Turnover (RO)	Market Share
Omantel	Services	508,040	31.44%
Bank Muscat	Banking	333,109	20.62%
Renaissance Services	Services	245,504	15.20%
Shell Oman Marketing	Services	96,120	5.95%
Al Anwar Hldg	Inv Hldg	92,387	5.72%

MSM - Lead Indicators

Value Indicators **	Mkt. Cap (In RO 000s)	PER (X)	P/BV (X)	Dividend Yield (%)
MSM 30	6,118,421	**9.2**	**1.2**	**5.2%**
Financial	2,925,837	**7.5**	**0.9**	**4.1%**
Industrial	1,030,027	**13.0**	**1.4**	**5.8%**
Services	2,945,364	**11.5**	**1.9**	**6.1%**
MSM Shariah	3,313,872	**10.4**	**1.8**	**5.7%**

Daily Market Performance

Indices Monitor	Current Closing	Previous Closing	Daily % Chg	MTD % Chg	YTD % Chg
MSM 30	5,417.09	5,421.20	**-0.08%**	**0.20%**	**0.20%**
Financial	6,505.37	6,513.92	**-0.13%**	**0.43%**	**0.43%**
Industrial	6,769.14	6,777.12	**-0.12%**	**-0.03%**	**-0.03%**
Services	3,065.91	3,069.16	**-0.11%**	**0.34%**	**0.34%**
MSM Shariah	858.38	859.48	**-0.13%**	**0.35%**	**0.35%**

MENA Markets Performance

Index	Closing	% Chg	%MTD	%YTD
	MENA			
Egypt	7,021.4	0.6	0.2	0.2
Jordan	2,113.1	0.6	-1.1	-1.1
Tunis	5,141.0	1.0	2.0	2.0
Morocco	18,934.1	-0.6	-0.4	-0.4
Palestine	528.7	0.3	-0.8	-0.8
Turkey	70,688.1	0.2	-1.4	-1.4
	MENA Benchmark (S&P/ MSCI)			
S&P GCC LMC	112.7	-0.6	-2.4	-2.4
S&P GCC (USD)	93.2	-0.5	-2.4	-2.4
S&P GCC (40 Index)	1,408.5	0.0	-2.6	-2.6
MSCI GCC	442.0	-0.6	-2.6	-2.6
MSCI Frontier	498.8	-0.5	-1.4	-1.4
MSCI Frontier ex GCC	429.2	-0.5	-1.4	-1.4
MSCI Arabian Index	481.5	-0.6	-2.5	-2.5

Global Benchmark Indices

Index	Closing	% Chg	%MTD	%YTD
	Global Equity (MSCI)			
MSCI World – USD	1,630.6	0.0	-1.9	-1.9
MSCI World -Ex USA	1,646.0	-0.3	-2.8	-2.8
MSCI Europe- USD	1,473.9	-0.2	-3.2	-3.2
MSCI EM Index	768.5	0.1	-3.2	-3.2
	Fixed Income (Bloomberg/EFFAS Bond Indices)			
US 10+ Yr TR	548.1	-0.2	0.4	0.4
Euro Liquid 10+ Yr TR	225.4	0.2	0.5	0.5
	Commodity (Bloomberg)			
Commodity	77.7	0.0	-1.1	-1.1

Source: Data taken from Bloomberg c. 9 AM Muscat Time

Global Markets Performance

Index	Closing	% Chg	%MTD	%YTD
	Americas			
S&P 500	2,016.7	0.2	-1.3	-1.3
Dow Jones	17,158.7	0.1	-1.5	-1.5
Nasdaq	4,891.4	-0.2	-2.3	-2.3
Brazil	42,419.3	0.7	-2.1	-2.1
	Europe			
FTSE 100	6,137.2	0.7	-1.7	-1.7
CAC 40	4,537.6	0.3	-2.1	-2.1
DAX	10,310.1	0.3	-4.0	-4.0
	Asia Pacific			
Nikkei	18,175.2	-1.1	-4.5	-4.5
Hang Seng	20,977.1	-1.0	-4.3	-4.3
Sensex	25,586.6	0.0	-2.0	-2.0
Shanghai	3,310.1	0.7	-6.5	-6.5
Korea	1,920.2	-0.5	-2.1	-2.1
Russia	752.7	0.5	-0.6	-0.6

Global Currencies

Index	Closing	% Chg	%MTD	%YTD
	In Comparison with USD			
USD Vs EURO	1.075	0.0	-1.1	-1.1
USD Vs Canadian Dollar	1.403	-0.2	-1.4	-1.4
USD Vs Japanese Yen	118.660	0.3	1.3	1.3
USD Vs GBP	1.466	-0.1	-0.5	-0.5
USD Vs Swedish Krona	8.592	0.1	-1.8	-1.8
USD Vs Swiss Franc	1.009	-0.1	-0.7	-0.7
USD Vs Chinese Renminbi	6.547	-0.5	-0.8	-0.8
USD Vs Hong Kong Dollar	7.752	0.0	0.0	0.0
USD Vs Indian Rupee	66.718	-0.2	-0.8	-0.8
USD Vs Aus Dollar	0.712	-0.5	-2.2	-2.2
USD Vs Indonesia Rupiah	13859.000	0.2	-0.5	-0.5
USD Vs Turkish Lira Spot	2.998	-0.4	-2.7	-2.7
USD Vs Omani Riyal	0.385	0.0	0.0	0.0
USD Vs UAE Dirham	3.673	0.0	0.0	0.0
USD Vs Saudi Riyal	3.753	0.0	0.0	0.0
USD Vs Kuwait Dinar	0.304	0.0	-0.1	-0.1
USD Vs Qatar Riyal	3.641	0.0	0.0	0.0
USD Vs Bahrain Dinar	0.377	0.0	0.0	0.0

Commodities Performance

Index	Closing	% Chg	%MTD	%YTD
	Energy			
NYMEX Crude	36.0	0.2	-2.7	-2.7
ICE Brent Crude	36.5	0.2	-2.1	-2.1
Crude Oil, Oman	31.5	-3.6	1.0	1.0
NYMEX Natural Gas	2.3	0.5	0.0	0.0
NYMEX Gasoline	124.5	-0.9	-2.1	-2.1
	Precious Metals			
Gold Spot	1,078.7	0.1	1.6	1.6
Silver Spot	14.0	-0.2	0.8	0.8
Platinum Spot	883.1	-0.7	-1.1	-1.1
Palladium Spot	531.3	-0.8	-5.5	-5.5
	Base Metals			
LME Aluminium-Spot	1,456.5	-0.7	-2.9	-2.9
LME Copper-Spot	4,642.8	0.7	-1.3	-1.3
LME Zinc-Spot	1,555.3	0.4	-2.4	-2.4
LME Lead-Spot	1,706.0	-2.1	-5.1	-5.1
LME Nickel-Spot	8,486.0	0.2	-3.3	-3.3
	Steel			
US - Hot Roll Coil Steel	395.0	1.0	1.0	1.0
	Agriculture			
Corn - Active Contract	353.5	0.1	-1.5	-1.5
Wheat - Active Contract	462.0	0.2	-1.7	-1.7
CBOT - Soya bean	856.5	-0.1	-0.9	-0.9
	Shipping			
Baltic Dry Index	468.0	-1.1	-2.1	-2.1

Source: Data taken from Bloomberg c. 9 AM Muscat Time

Petrochemical Performance

Index	Closing	%MTD	%YTD
Aromatics (in USD/ MT)			
Benzene Aromatics Rotterdam	670.0	8.1	8.1
Benzene FOB Korea Spot	590.0	3.5	3.5
Benzene CFR Japan Spot	595.0	3.5	3.5
Benzene CFR India Spot	600.0	3.5	3.5
Condensates (in USD/ MT)			
European Naptha	384.8	-0.7	-0.7
Naphtha C&F Japan	422.9	3.0	3.0
Naphtha CIF NWE Cargo	383.4	0.6	0.6
Naphtha fob Singapore Spot	45.3	2.9	2.9
Olefins (in USD/ MT)			
Ethylene Spot	880.0	-1.1	-1.1
Ethylene FOB Korea Spot	1,070.0	0.9	0.9
Ethylene FOB Japan Spot	1,060.0	1.0	1.0
Propylene FOB Korea Spot	585.0	0.0	0.0
Intermediate (in USD/ MT)			
2EH CFR Far East Asia	675.0	0.0	0.0
2EH CFR South East Asia	695.0	0.0	0.0
DOP CFR Far East Asia	780.0	-1.3	-1.3
Polymers (in USD/ MT)			
LLDPE Future Contract (CNY/ MT)	7,980.0	-0.7	-0.7
Film Grd Poly HDPE Far E Spot	1,070.0	2.9	2.9
Film Grd Poly HDPE SE Asia	1,060.0	1.0	1.0
Film Grd Poly HDPE India Spot	1,050.0	-0.9	-0.9
Urea (in USD/ MT)			
Urea Price (RMB/ MT)	1,465.0	-2.3	-9.0
UREA Cornbelt	295.0	-1.7	-23.4
UREA Middle East	240.0	-9.4	-36.0
US Urea Avg. Retail Price	427.9	-0.4	-0.4
Propane/ Butane (In USD/ MT)			
Arab LPG Propane Mo Posted	345.0	0.0	-25.0
BP Amoco LPG Propane Mo	561.6	0.0	19.8
Arab LPG Butane Mo Posted	390.0	0.0	-17.9
BP Amoco LPG Butane Mo	536.2	0.0	13.8

Oman News

Phoenix Power- Litigation Settlement in relation to the Early Power Period *(Source: MSM)*

- Phoenix Power Co SAOG said that further to disclosure made by the Company in its IPO Prospectus concerning the arbitration proceedings instituted by Daewoo Engineering & Construction Co. Ltd. ("EPC Contractor") against the Company, in London, relating to the Early Power Period, the Company announces that the Claim has been settled and the associated arbitration proceedings have therefore terminated.
- **The company clarifies that the settlement and/ or payment of the settlement amount will not impact the Company's ability to pay dividends to shareholders or require the Company to revise the dividend forecast made in its IPO Prospectus.**

Oman sets up OMR100m mining firm; to float shares to public *(Source: ONA, Times of Oman)*

- The State General Reserve Fund (SGRF), Oman Investment Fund (OIF), Oman Oil Company (OOC) and Oman National Investments Development Company (TANMIA) have initialed a Memorandum of Association of Mining Development Oman (MDO) with a capital of RO 100 Million.
- **The state-owned agencies SGRF, OIF, OOC and TANMIA will equally own promoters' capital of RO 60 million. The remaining RO 40 million will be raised from the investing public through an initial public offering (IPO) in the second quarter of this year.**
- Mining Development Oman will carry out both downstream (mining) and upstream activities, which include exploration and extraction processes. The company also plans to collaborate with private sector, whether as a partner, contractor, supplier or promoter of projects.

Bank Dhofar closes $250 million three-year loan *(Source: Reuters)*

- Bank Dhofar has raised a $250 million three-year loan as part of a plan to bolster its balance sheet, as per news sources quoting its CFO, adding that it has no plans to issue any capital-boosting bonds in the near term.
- The loan is part of their plan to strengthen and diversify the funding base of the bank. Bank ABC, BNP Paribas, Commerzbank, Credit Agricole, HSBC and National Bank of Abu Dhabi funded the transaction

Oman News

Oman Minister of Commerce and Industry announces new classification for micro, small and medium enterprises *(Source: ONA)*

Oman Minister of Commerce and Industry and chairman of Riyada's Board of Directors, issued a decision to amend the classification of micro, small and medium enterprises based on the number of workers and annual sales.

The New classification will be as follows:

- **Micro enterprise: One to five workers and annual sales of less than RO100,000.**
- **Small enterprise: Six to 25 workers and annual sales of RO100,000-RO500,000.**
- **Medium enterprise: 26 to 99 workers with annual sales of RO500,000-RO3,000,000.**

The previous classification was as follows:

- Micro enterprise: One to four workers with annual sales of up to RO25,000.
- Small enterprise: Five to nine workers and RO25,000-RO250,000 annual sales.
- Medium enterprise: Ten to 99 workers and RO250,000 to RO1,500,000 annual sales.

- The decision came after taking into account views and proposals of all concerned parties, including government agencies, private sector companies, commercial banks and entrepreneurs through the seminar organised by Riyada, as well as recommendations of the consultant in charge of preparing the Riyada strategy.

- The decision identified the classification of micro, small and medium-sized enterprises to meet the next stage of supporting and developing these institutions.

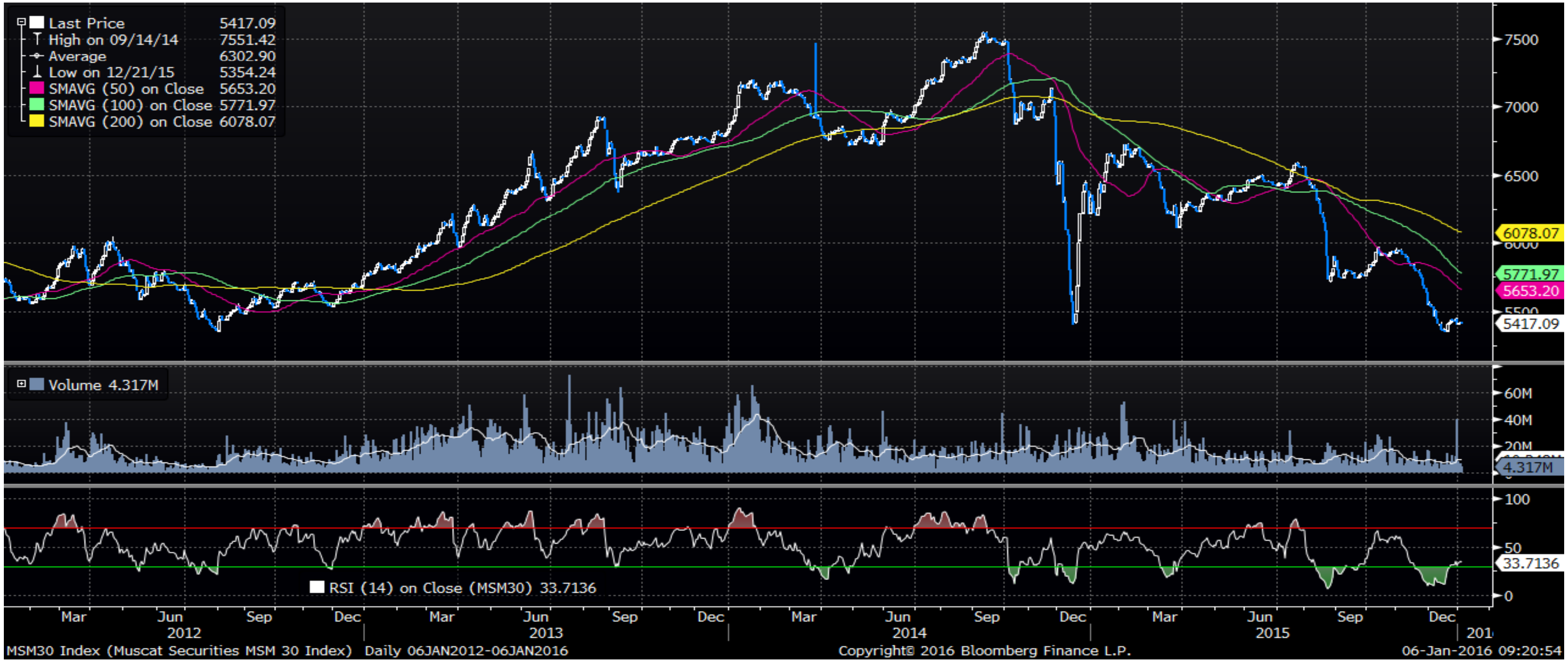
Oman's largest steel rebar mill to launch shortly *(Source: Oman Observer)*

- Oman's largest steel reinforcing bar (rebar) mill is due to be brought into operation during the Q1 2016, a move set to dramatically bolster domestic production capacity of a commodity that is strategically vital to the well-being of the nation's building and infrastructure sector.

- The 1.4 million-tonne per annum (mtpa) capacity rebar mill is the latest addition to the expanding integrated steel complex of Jindal Shadeed Iron & Steel LLC at Sohar Port. Rebars are widely used with concrete in the construction of buildings and all kinds of civil structures.

- **As per the management, the 1.4 mtpa capacity rebar mill is not only first of its kind in terms of capacity, but it's also the most modern. The rebar mill is slated to be in operation by the Q1 2016**

MSM - Market Watch



Source: Bloomberg, GBCM Research

Market Outlook – Range bound activity to prevail ahead of Q4 earnings season, Geopolitical tensions to impact flows…

During the previous trading session, most of the GCC markets ended on a subdued note except for Abu Dhabi, we saw continuing sell-off amid increased geopolitical tensions, leading to higher equity risk aversion. Oman ended lower and continued to trade range bound along with thin market participation. We expect the local and regional equities to open on a flattish note and to see range bound trade, while the escalation of Saudi-Iran tensions would impact the flows, thereby leading to underperformance. We continue to see the market trading listless ahead of the Q4 earnings season. MSM index to see technical support closer to 5,380 points.

Sharjah plans sukuk issue in Q1 2016 *(Source: Trade Arabia)*

- The emirate of Sharjah is planning to raise funds through a dollar-denominated Islamic bond, as per news sources, in what could be the first sovereign sukuk issuance from the Gulf region this year.
- The sources said the issue would be of "benchmark size", traditionally understood to mean in excess of $500 million. Six local and international banks have been mandated to arrange the sukuk including HSBC, which is leading the transaction
- Sharjah has coped comparatively well with low oil prices thanks to its diversified economy, according to credit ratings agency Standard & Poor's (S&P), which rates it as A.

UAE regulator tells banks to seek approval before disclosing dividends *(Source: Arabian Business)*

- Banks in the United Arab Emirates have been told to get dividends approved by the central bank before announcing the details of payments to markets and shareholders, as per news sources.
- The demand for clearance from the regulator was aimed at safeguarding lenders' capital base and ensuring they did not over-extend themselves as liquidity becomes scarcer.
- Shareholders have become used to enjoying healthy dividend payouts in recent years as bank earnings surged in line with a strengthening local economy.
- But banks' profits have begun to suffer from the impact of lower oil prices in recent months as liquidity has tightened, government deposits have fallen and some small businesses have defaulted on their debt.

GCC News

Saudi regulator says airport privatization open to foreigners ***(Source: Arabian Business)***

- Foreign companies will be allowed to invest in Saudi Arabian airports being privatized without the need for local partners, as per the news sources quoting the kingdom's aviation regulator said.
- Local investments in some airports will be capped at 25% to ensure foreign operators have a majority holding in operating contracts. The kingdom plans to privatise its international and domestic airports by 2020.

Al-Tayyar to up stake in Thakher Investment to 30% ***(Source: Argaam)***

- Al-Tayyar Travel Group Holding Co. will now acquire a 30% stake in Thakher Investment and Real Estate Development Co. instead of a 25%, after it amended an earlier agreement, the company said.
- Under the new terms, Al-Tayyar will buy 15% of Thakher from Mohammed I. Alsubeaie & Sons Investment Co. (MASIC) and an additional 15% in capital from Abdullah Almishal & Sons Co. (Almishal) at a total value of SAR 803.8 million.
- Al-Tayyar will now issue 9.65 million shares to MASIC and Almishal through a capital hike at a price of SAR 83.30 per share, marking a drop from the previously agreed upon price of 102.90 per share.
- As a result of the transaction, the combined shareholding of MASIC and Almishal in Al-Tayyar Group will be 4.60%

Sipchem sees SAR 120 million financial impact from subsidy reforms ***(Source: Argaam)***

- Saudi International Petrochemical Co. (Sipchem) expects a financial impact of SAR 120 million in 2016 as a result of the kingdom's decision to hike energy and electricity prices, the company said in a statement. The impact will be reflected on results, starting from Q1-2016.

Al Abdullatif expects costs to rise by up to SAR 17 million on energy price hikes ***(Source: Argaam)***

- Al Abdullatif Industrial Investment Co. expects operating costs to increase by SAR 14-17 million in 2016 due to higher energy prices, the company in a statement. The company said it will work on boosting business efficiency and cutting expenditure to lessen the financial impact.

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