



Observer Business

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MSM 30 Index witnesses 14.8 per cent fall in 2015

LOSS: Total GCC market capitalisation stands at \$904 bn at year-end

SAMUEL KUTTY
 MUSCAT

Jan 11: Along with increased global volatility, the Muscat Securities Market witnessed its worst performance in 2015 after a gap of four years.

The benchmark MSM 30 Index plunged 14.8 per cent last year, the biggest drop since 2011.

At the same time, average daily market turnover in the local bourse for December 2015 surged to RO 8.7 million as compared to RO 3.0 million in previous month.

In the region, equities underperformed most international peers with the Morgan Stanley Capital International GCC total return index retreating 15 per cent during the year, its weakest performance since 2008.

While regional markets fared worse than their international counterparts, equities in general were thrashed in 2015. Total GCC market capitalisation stood at \$904 billion at year end, after shedding \$200 billion during the same year.

According to a research report by Gulf Baader Capital Market analysts, in December 2015 alone, the loss was 2.6 per cent for the MSM Index.

The sectoral indices such as financial, services, industrial and Shariah closed



lower during the month by 2.5 per cent, 1.5 per cent, 2.4 per cent and 2.0 per cent respectively.

"During the month, the local market saw a few block deals including Oman Cables, Bank Muscat, Ahli Bank, which lifted the volumes traded substantially", the report points out.

Overall traded volumes for the month of December stood at 480 million, while the total market turnover for the month stood at RO 173.140 million.

On the participation side, foreign investors ended as net buyers to an extent of RO 32.968 million for the month. GCC and Omani investors

emerged as net sellers to an extent of RO 12.806 million and RO 20.047 million respectively.

"With the outlook for oil price continue to remain bleak, the regional economies are anticipated to come up with slew of measures in terms of fiscal reforms in their upcoming budget announcements from which the market may take directions", says the report.

The current low oil price environment has already led to de-rating of valuation multiples of GCC markets in 2015 and we may see further shallow market during early 2016, while few of the non-cyclical

TURN TO P26

Moody's downgrades Malaysia outlook

KUALA LUMPUR: Moody's Investors Service on Monday downgraded Malaysia's sovereign outlook from "positive" to "stable", citing deepening economic woes from falling oil prices and global economic uncertainty.

In a statement, the ratings agency said the country faced slowing growth and world market factors that have "undermined Malaysia's external position, with large capital outflows, a falling current account surplus, sharp exchange rate depreciation and falling reserves." Malaysia's economic outlook has been a source of major concern since oil prices plunged in 2014. Exports of oil and natural gas are a major source of earnings for the country.



The trouble has been compounded by a financial scandal involving Prime Minister Najib Razak, which has further rattled the country's markets.

The situation caused the ringgit to plummet, making it the worst-performing Asian currency last year.

Najib in October forecast slower growth of 4-5 per cent in 2016 and announced measures to spur demand,

but has insisted the economy remains on solid footing.

His government introduced an unpopular consumption tax last year to raise revenue and has rationalised fuel subsidies, but Moody's said those moves have had limited impact on the government's balance sheet.

Critics have been demanding that Najib explain allegations that massive sums went missing from deals involving state-owned company 1Malaysia Development Berhad (1MDB), and the revelation that nearly \$700 million in mysterious deposits were made to his personal bank accounts. The transfers were made shortly before a hotly contested election in 2013. — AFP

Poyry and Dentons have been tapped to develop market rules

Consultants appointed to advise on electricity spot market

CONRAD PRABHU
 MUSCAT

Jan 11: Global consulting and engineering services company Poyry along with multinational law firm Dentons have been tapped to provide advisory services to the Oman Power and Water Procurement Company (OPWP), member of Nama group, on the proposed rollout of a spot market system for electricity trading in the Sultanate.

The appointments, according to a top official of the state-owned power and water off-taker, are designed to support the development of an enabling framework for the eventual introduction of electricity spot market activities in Oman.

Ahmed al Jahdhami, CEO, said the selection of Poyry, as Technical Advisor, and Dentons as Legal Advisor, came at the end of a competitive process for the appointment of external consultants to work in conjunction with OPWP's dedicated in-house team in driving this landmark initiative forward.

"Poyry and Dentons, who have



already begun working with us since October, have the task of developing the detailed market rules governing the operation of a future electricity spot market," Al Jahdhami said.

"We already have a high-level design of the proposed spot market in place, but the newly appointed advisors will assist us in fleshing out the specifics of what this market will look like, the mechanics driving it, how it operates,

and so on," the CEO added in exclusive comments to the *Observer*.

When operational over the 2019-2020 timeframe, Oman is set to become the first country in the region to have a fully functional spot market for electricity, heralding a new era that opens the electricity sector to competition, as well as cross-border energy trading.

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UK bankers say EU has helped London financial centre thrive

LONDON: Britain's financial sector has thrived in the European Union and quitting the 28-country bloc could limit access to a huge market and trigger an "investment pause" due to inevitable disruptions, senior bankers told lawmakers last week.

Britain is expected to hold a referendum on EU membership later this year.

Prime Minister David Cameron wants to keep Britain in the bloc if he can persuade other EU leaders to agree to his demands for reform before the vote, though he has cautioned he could campaign to leave if he doesn't get a deal.

Eurosceptic lawmakers have criticised Brussels for piling new rules on banks in Britain at the risk of making the sector less competitive globally.

Officials from two UK banks, HSBC and Barclays, said access to the EU's single market and its common rules was "crucial" and a key factor in London's success as Europe's biggest financial centre.

"Harmonisation does make it easier for us," James Chew, HSBC's head of regulatory policy, told parliament's Treasury Select Committee. London's financial strength outside the EU would hinge on whether there was a "soft" or "hard" exit, meaning how accommodative terms of business would be with Europe, Chew said.

"We know that under any circumstances it's going to be a very big disruption," Chew said. "There will undoubtedly be some sort of



investment pause."

HSBC could be forced to "realign" some operations on the continent if access to the single market was restricted following a British exit, Chew said.

It would take time for the economic consequences of a "Brexit" vote to sink in, such as whether China would focus on developing relations with the EU, rather than with Britain, he added.

Mark Astaire, vice chair of Barclays' investment banking unit, said that while London had thrived within the EU and the single market was crucial, the capital would remain Europe's biggest financial centre in 10 years' time even if Britain left the bloc.

But Barclays' business customers say it makes sense to stay in the EU from an economic point of view, and an exit would be an expensive exercise for the bank and risks Britain being sidelined when it comes to shaping financial rules, he added.

HSBC and Barclays have begun Brexit contingency planning but Astaire and Chew were unable to give a figure for the costs of exit. The government should set out the terms of any exit ahead of the vote to help banks prepare, they said.

Some lawmakers argued Britain could create a more competitive financial services sector by setting its own financial rules outside the EU. — Reuters

Salalah Beach rebranded as 'Souly Bay'

BUSINESS REPORTER
MUSCAT

Jan 11: Muriya announced rebranding its flagship destination, 'Salalah Beach' to 'Souly Bay', as part of its efforts to fully harness the destination's scale, environment and culture. Reinforcing the Governorate of Dhofar authentic charm, the new name is inspired by a ravine in the destination named 'Khor Soly', while the logo's colours were inspired by Salalah's Khareef, the monsoon season and its famous green covered mountains, tropical rain and the ocean.

"The rebranding of Souly Bay cements our commitment to further highlight the authenticity our destinations are known for," said Ahmed Dabbous, CEO of Muriya. "Since we started operations, our philosophy as the most diversified developer creating the biggest destinations in the Sultanate is to work with passion believing that development is more than building, it is about creating beach town communities that are unique in personality



and propositions on offer."

He added, "Our flagship destination may have a new name, but Muriya's mission remains the same, to contribute to Oman's economic development with long-term value for tourism, real estate and leisure, while empowering the local community to thrive and providing direct and indirect jobs."

Today, Souly Bay is a multi-faceted community that has been sustainably built to deliver high-level accommodation including freehold villas and apartments, as well as world-class facilities and amenities such

as the 171-berth Marina. Residents and visitors can experience a range of leisure and entertainment options ranging from cafes to restaurants and spas. The destination also offers a selection of hotel experiences featuring the 82-room Juweira Boutique Hotel and the 400-room Salalah Rotana Resort. The third hotel to join Souly Bay is the 220-room Fanar Hotel & Residences, which had its soft opening in December 2015 and the grand opening is scheduled for February 2016, totalling the available luxury hotel rooms at the destination to over 700.

Consultants to advise on electricity spot market

FROM P25

According to OPWP, the spot market will provide an alternative route for producers to sell power to the state-owned company outside of a standard Power Purchase Agreement (PPA). Qualified producers will be able to participate in a spot market and receive prices determined on a day-to-day basis in accordance with specified market rules.

Importantly, the spot market will create a mechanism to access 'uncontracted' generation capacity — which is essentially capacity that is no longer subject to a Power Purchase Agreement (PPA) (for example, through expiry of an existing contract) or capacity that may be available from time to time at contracted facilities.

Giving a timeline for the roll-out of the project, Eng Al Jhdhami said the initiative was currently in the design stage. "Our objective is to pilot the spot market in 2018-2019 before it can be operationalised sometime during 2019-2020. So we have a couple of years in hand to complete the detailed development of spot market before it is trialled out. The ultimate

goal is to make it fully operational by 2020, and our project team will be engaging with the regulator (Authority for Electricity Regulation Oman) and other key stakeholders,

including the power producers, on how to move forward on this initiative," the CEO stated.

At the same time, the utility is moving to build adequate in-house talent and expertise to manage and operate the spot market when it becomes a reality. Earlier this year, OPWP appointed an industry expert with experience in electricity markets as its Project Manager to help drive this initiative.

"We are also hiring a number of Omani staff to start training and developing their capabilities in the operation of a spot market. Towards this end, OPWP will also be looking



Ahmed Al Jhdhami

to cross-post our staff with some key international utilities that will provide them with the hands-on exposure they require," the CEO said.

He further added: "As the spot market will eventually cover the entire GCC region and beyond, we are very keen to learn from the experience of others around the world. Already, there has been quite a bit of engagement with a number of countries that operate electricity spot markets. Besides visiting Ireland in this regard, we are talking to the relevant authorities in Singapore and New Zealand. So we are hoping to collaborate with some of these entities in support of our staff training and knowledge sharing efforts."

Moreover, the spot market will pave the way for energy trading between member states of the GCC, said the official. Oman is a member of the GCC Interconnection Authority (GCCIA), a pan Gulf agency set up by the six-member bloc to regulate electricity trading activities across the region. Two high officials from the Sultanate also sit on the GCCIA Board.

MSM 30 Index witnesses 14.8 per cent fall in 2015

FROM P25

and defensive sectors would outperform. The current year would be a year where we would recommend bottom up and stock specific approach to achieve higher risk adjusted returns", the report adds.

The GCC countries have started rolling out fiscal consolidation and also subsidy reforms

in their fiscal Budget for 2016, this would mean the short term increase in operating costs for the private sector in the form of increase in fuel and other utilities costs, impacting the margins and thereby reduction in 2016 earnings.

Regional markets continued to be pressured by a number of domestic and market specific factors. In the UAE, worries

about an imminent correction in property markets evoked negative sentiments.

In Kuwait, with stock market liquidity remaining below historic averages and equities trading well below book value, several companies listed on the Kuwait Stock Exchange requested to delist, though the companies in question were all relatively small and had little impact on market capitalisation.

BUSINESS ALERT

Ahlibank's MyHassad Daily winners of RO 1,000

MUSCAT: Ahlibank announced the names of the MyHassad daily prize draw winners. Sami Ahmed Abdul Nabi Macki from Khuwair branch; Mohammed Rashid Hamdan Al Rasheedi from Barka branch; Abdulla Said Mohammed Al Zeidi from Ibri branch and Said Hamed Mohammed Al Zadjali from Main branch, were the winners of RO 1,000 each for the week. MyHassad savings account continues to successfully satisfy the existing customers and attract new ones.

MyHassad Saving Scheme was introduced in July 2008 as an extension of the Bank's tradition of product innovation. Opening MyHassad Saving account is simple and easy. Customers need only to open their MyHassad account with RO 100 for their chance to win RO 1000 in the next working day's draw hence their chance to "open today and win tomorrow" continues. Further enhancements in March 2009 allows customers to participate in the RO 10,000 monthly draw, by maintaining a minimum RO 250 during the month.



BankDhofar redefines customer experience with automated service delivery

IN line with its efforts to provide the best customer experience in the banking industry by offering instant services and convenient financial solutions, BankDhofar has successfully implemented a new system to automate all of its core processes across the bank branches nationwide.

Dr Tariq Taha — Assistant General Manager & Chief Information Officer at BankDhofar — said: "Following our 'best customer experience' approach, we have streamlined all key processes across all BankDhofar branches. This endeavour aims to offer hassle-free, faster service delivery to BankDhofar customers across Oman."

To achieve a paperless environment, the bank has digitised all paperwork in a centralised repository using Newgen's Business Process Management (BPM) suit, Enterprise Content Management (ECM) suite, OmniFlow™, OmniDocs™ and OmniScan™ suits. The robust project includes automation of processes such as loan approval, credit disbursement and account opening, digitised management of documents, automation, digitisation and consolidation of data - all onto a unified interface. The system also allows an easy index based document retrieval through a secure right-defined access.

"Adoption of this remarkable technology has helped us overcome challenges in the workflow and document management, redefining engagement with our customers with faster response times and service differentiation. It also resulted in real-time process monitoring, improved efficiencies, reduced costs and faster turn-around times," added Dr Tariq Taha.



Feature-rich, new Bank Muscat mobile banking app evokes good response

THE upgraded feature-rich mobile banking application launched by Bank Muscat with unique new services to do more banking from anywhere, anytime has evoked good response. In line with the 'Let's Do More' vision and focus on innovation to provide a distinct banking experience, the new easy-to-use mBanking services include real time bill payment and presentment facility for Oman Mobile, Ooredoo, OIFC; fund transfers across the world via the bank's SWIFT network; speed transfer to India, the Philippines and Sri Lanka; mutual fund purchases; instant credit card bill payments; Zakat calculator and charity payments.

The international fund transfer facility has a maximum daily limit of RO 2500. The limit of speed transfer to India is RO 2500 a day and to the Philippines and Sri Lanka, the maximum daily limit is RO 300. The transaction limit for mutual fund purchases through Bank Muscat Asset Management is RO 5000 a day. Customers can make Zakat payment up to a maximum of RO 2500 a day and for charity payment, the maximum daily limit is RO 500. For each of these services, mBanking customers are allowed up to five transactions a day.

The mBanking transaction limit for transfer of funds to other banks within Oman is RO 2500 a day. The limit for transfer of funds within own accounts is RO 7500 a day. The transaction limit for transfer of funds within Bank Muscat accounts is RO 5000 a day while utility bill payments limit is RO 2500 a day.

With the introduction of the new mBanking app, the old app has ceased to function and all mobile banking customers are required to update the mobile app available on the IOS, Android and BlackBerry stores. Already a majority of the customers have updated the mBanking app to the latest version.



Toyota Prius: Racing ahead

MANY people think of the Prius as a quiet, fuel-friendly, family & youth — oriented vehicle. However, the Prius has made quite an impact even in hybrid racing - which represents a new type of racing. Racing not only proves how sophisticated hybrid technology is, but it also represents the fast lane towards developing ever-better hybrid technology.

The first-generation Prius was released in 1997, utilising the first Toyota Hybrid System (THS) to offer dramatic improvements in fuel efficiency.

In 2003, Toyota released the next big evolution to the hybrid system with the THS II, equipped in the second-generation Prius. Its notable to mention that even this early in the vehicle's development Toyota had been planning a high performance Prius for hybrid racing. This led to the development of the Landspeed Prius, which set a record speed for hybrids at the Bonneville National Speed Week with an impressive 210.5 Kmph speed. In 2007, Toyota entered into the Tokachi 24-hour race using a Toyota Supra with a specialised hybrid racing system and achieved a splendid overall victory!

After this achievement, Toyota engineers set their eyes on an ambitious new target: winning the 24 Hours of Le Mans.



Apollo Hospital, Muscat launches advanced spine care services

IN a first of its kind initiative, Apollo Hospital Muscat in association with Apollo Hospitals, Chennai launched Spine Services Helpline and unveiled the Advanced Spine Care Services.

Dr Sajan K Hegde, Chief Spine Surgeon of Apollo Hospitals launched the Spine Services Helpline along with V T Saileswaran Managing-Director of Apollo Muscat. The launch was followed by the seminar on recent advances on spine care by Dr Sajan. Dr Sajan is the first Indian to receive the prestigious Cortel fellowship from France on Spine Surgery and has pioneered various spinal procedures including first artificial disc replacement, first usage of shape memory alloy in India and first ever use of renaissance spine surgery robotic guidance system for complex spinal deformities.

Speaking to the media, Dr Sajan K Hegde shared his experience of handling complex spinal injury and deformity cases from Oman and detailed on the advances including Renaissance Robotic system for complex spine surgeries. The newly revamped Apollo Muscat is now upgraded as per the latest standards and guidelines in-line with the Ministry of Health — to a Hospital status and this comes in with added clinical bandwidth in areas like Spine Services, Orthopedics, Reproductive Medicine, Advanced minimally invasive surgeries etc. The seminar was attended by over 100 doctors and representatives of various Insurance companies and corporates.

