

## Global growth concerns continue to drag oil prices

### The week ahead

#### Regional markets

Concerns over the strength of the global economy and the US government heading towards partial shutdown along with sharply lower crude oil prices (trading near their lowest level since 3Q 2017) may aggravate bearish sentiments of the regional markets. Further, investors may remain nervous following POTUS' trade adviser's recent comments that US-China reaching a permanent deal by the end of 90-day trade tariff ceasefire would be difficult. In addition, an increase in interest rates by the major regional central banks last week is also likely to negatively impact certain sectors, such as real estate stocks.

#### Global markets

The week begins with the release of the Chicago Fed National Activity Index for November on Monday. On Tuesday, Japan's Leading Economic Index and Coincident Index for October will be published, followed by the Bank of Japan's monetary policy meeting minutes. Wednesday will witness the release of the US' S&P/Case-Shiller Home Price Indices (October). On Thursday, several economic indicators for Japan, including the unemployment rate and retail trade for November, and the Economic Bulletin by the European Central Bank will be published. Germany's preliminary consumer inflation data (December) and the US' pending home sales figures (November) will draw the week to a close on Friday.

#### You may be asked about

Saudi Arabia revealed its largest ever budget in its history for 2019, projecting spending to rise ~7% YoY to SAR1.106tn from SAR1.030tn in 2018. The budget expects ~9% YoY rise in both total revenue (SAR975bn) and oil revenue (SAR662bn) for 2019. Despite the government's decision to continue the cost-of-living allowances, it expects the fiscal deficit to contract to ~4.2% of GDP (SAR131bn) from an estimated 4.6% (SAR136bn) in 2018. Saudi Arabia intends to issue international bonds worth SAR120bn to bridge the deficit. The Kingdom did not disclose the oil price assumptions on which the budget was based. While markets may be worried about the weakness in oil prices, the country's Finance Minister said they will be comfortable given healthy reserves and a low debt-to-GDP ratio. The budget estimates public debt at SAR678bn (21.7% of the GDP).

#### Note to management

Good news has become a rare commodity in the markets in recent days. Wherever you look in the world, there is uncertainty, volatility, and upheaval. Whether it is trade wars, a collapsing oil price, turbulent markets or geopolitical strife, the signals for investors are not good.

And with the customary Santa Rally of a market jump at the end of December apparently postponed this year, there is every reason for investors to be gloomy. And investor gloom leads to pressure on Boards and C-Suite executives.

Which is where IR can help. We point to five actions that IR teams can take to soothe the anxieties of their seniors. In these troubled times, they need all the support they can get, and IR is in a perfect position to deliver it. Click [HERE](#) to read more.

#### REGIONAL CALENDAR

23.12.2018	UAE Industrial Production Index	KSA Import-Export Data
24.12.2018	UAE GDP Data	-
25.12.2018	KSA Consumer Inflation Data	-
26.12.2018	KSA GDP Data	-
27.12.2018	KSA Monthly Statistical Bulletin	KSA Weekly Money Supply Data

#### GLOBAL CALENDAR

24.12.2018	US Chicago Fed National Activity Index	-
25.12.2018	-	-
26.12.2018	BoJ Monetary Policy Meeting Minutes	US Home Price Indices Data
27.12.2018	ECB Economic Bulletin Report	Japan Consumer Inflation Data
28.12.2018	Germany Consumer Inflation (Preliminary)	US Chicago PMI Data

#### Food for thought

#### IR & BEYOND

Iridium	Whatever happened to the Santa Rally?	<a href="#">Link</a>
Harvard Law School	Some Thoughts for Boards of Directors in 2019	<a href="#">Link</a>
EQS	Gaining a Competitive Advantage Through Compliance Reporting	<a href="#">Link</a>
CFO Magazine	What to Do When an Activist's Letter Arrives	<a href="#">Link</a>
IR Magazine	Mifid II going global, says research	<a href="#">Link</a>

#### IN CASE YOU MISSED IT . . .

Regional markets declined last week. Dubai (-3.4%) slid, after registering its biggest one-day loss since June mid-week, hurt by the ongoing weakness in real estate stocks. Oman (-2.5%) declined as its credit rating was downgraded to 'junk' status by Fitch. Saudi Arabia (-2.0%) fell in the last three trading sessions of last week to below the 100-day-moving average, partly because of a sharp dip in crude oil prices. Qatar and Bahrain posted similar declines (-0.4%, each) whereas Abu Dhabi and Kuwait edged lower identically (-0.1%, each). US indices closed deep in the red, battered by concerns over partial government shutdown, and US Federal Reserve's interest rate increase and its decision to maintain the pace of balance sheet reduction. Nasdaq (-8.4%) and Dow (-6.9%) recorded their worst weekly performance since 2008, while the S&P (-7.1%) logged its worst week since 2011. Europe, too, ended in the red; CAC 40 (-3.3%), STOXX 600 (-3.0%), DAX (-2.1%) and FTSE 100 (-1.8%) all clocked losses.

ASSET CLASS MONITOR	WTD ↓	YTD
Gold	1.44%	-3.30%
Aluminum	-0.03%	-14.21%
MSCI GCC	-1.51%	11.67%
US Treasury Yields	-1.65%	71.94%
FTSE 100	-2.41%	-12.69%
MSCI EM	-2.61%	-17.15%
MSCI World	-5.30%	-12.12%
S&P 500	-6.91%	-7.71%
Oil (Brent)	-11.55%	-18.72%

#### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	1.44%	-3.30%
Oil (Brent)	-11.55%	-18.72%
Oil (WTI)	-12.74%	-24.06%
Natural Gas	-13.12%	21.33%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.79	-27	+31
UK	1.31	-11	+8
Germany	0.24	-12	-17
France	0.69	-6	-4
Italy	2.82	-62	+92
Switzerland	-0.29	-17	-12
Japan	0.03	-5	0
Hong Kong	1.97	-23	+18
India	7.29	-45	+1

## GLOBAL AGENDA

<b>Bank of Japan</b>	Governor Haruhiko Kuroda delivers a speech in Tokyo
<b>Reserve Bank of India</b>	Reports on the stability of India's banking system
<b>Japan</b>	Releases consumer inflation and unemployment rate data
<b>Germany</b>	Announces consumer inflation (preliminary) data
<b>US</b>	Releases Chicago PMI and home sales numbers
<b>Energy ministers</b>	From Saudi Arabia, UAE, Iraq and Qatar meet in Kuwait
<b>Korean Peninsula</b>	North and South Korea rail links to resume
<b>ECB</b>	Publishes Economic Bulletin report
<b>UK</b>	Announces manufacturing production data
<b>Christmas Day</b>	US and European markets to remain closed for Christmas Day

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Saudi Arabia's oil refinery output falls to 2.63mbpd in October: JODI
<b>Real Estate</b>	Emaar Properties sells \$599mn hospitality assets
<b>Banks</b>	Bank of Sharjah, Invest Bank deny merger
<b>Aviation</b>	Qatar Airways' CEO: Qatar Airways added 23 new destinations in 18 months
<b>Petrochemicals</b>	S&P revises Qatar Petroleum's outlook to 'Stable' and LT rating affirms at AA-
<b>Logistics</b>	Kuwait's Agility in talks with banks to raise around \$800mn
<b>Insurance</b>	SAMA issues rules for foreign insurers in Saudi Arabia
<b>Telecom</b>	Saudi Arabian telecom operators sign pact to reduce royalty fees
<b>Materials</b>	Emirates Steel obtains \$400mn facility for refinancing
<b>Healthcare</b>	Saudi German Hospital signs Islamic financing deal with Samba

## MOST READ REGIONAL COMPANY HEADLINES

<b>STC</b>	Saudi Telecom will pay additional dividend for 2018, sets payout policy
<b>DP World</b>	DP World, SMS Group to deploy smart storing system at Dubai port
<b>ADNOC</b>	ADNOC picks OMV as partner for Ghasha project in Abu Dhabi
<b>Saudi Kayan</b>	Saudi Kayan, Clariant sign MoU to study JV feasibility
<b>Jarir</b>	Jarir opens new showroom in Al Khobar
<b>Jabal Omar</b>	Jabal Omar plans SAR2bn domestic sukuk to finance projects
<b>Mouwasat</b>	Mouwasat to start new branch in Yanbu Industrial City at SAR325mn
<b>Savola</b>	Savola obtains regulatory approvals for Al Kabeer's 51% acquisition
<b>Sahara</b>	Sahara buys 30% stake in InoChem for SAR242mn
<b>Aramex</b>	Aramex in deal to sell 60% stake in Australian JV

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,753.4	7.3%	-3.1%	0.7%	\$499.5	16.7x
<b>ADX</b>	4,855.9	10.4%	-1.6%	1.8%	\$132.3	13.2x
<b>DFM</b>	2,509.8	-25.5%	-11.5%	-6.0%	\$68.7	8.5x
<b>Nasdaq Dubai</b>	3,052.6	-7.2%	-6.1%	-0.4%	NP	NP
<b>Qatar</b>	10,412.5	22.2%	6.1%	0.5%	\$137.0	15.4x
<b>Bahrain</b>	1,314.0	-1.3%	-1.8%	-1.1%	\$20.0	8.9x
<b>Oman</b>	4,336.8	-15.0%	-4.6%	-1.7%	\$13.4	10.2x

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Iridium is the GCC region's leading IR specialist.

We advance the science and practice of investor relations to help organizations and leaders protect downside, close gaps and unlock future potential.

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