

Saudi Arabia's inclusion in MSCI EM index concludes

2H 2019 EVENTS CALENDAR

	DATE
HSBC GEMs Conference, LON	3-5 SEP
EFG Investor Conference, LON	9-12 SEP
Arqaam Investor Conference, DXB	23-24 SEP
JPM EM Credit Conference, LON	24-26 SEP
MEIRA Conference, DXB	25 SEP
Future Investment Initiative, RUH	29-31 OCT
GS CEEMEA Conference, LON	11-12 NOV
UBS GEMs Conference, NYC	3-5 DEC

BRENT FUTURES PRICE



COMMODITIES

	WTD ↓	YTD
Natural Gas	6.35%	-21.90%
Oil (WTI)	2.46%	24.88%
Gold	1.97%	19.11%
Oil (Brent)	1.94%	13.53%

ASSET CLASS MONITOR

	WTD ↓	YTD
Gold	1.97%	19.11%
Oil	1.94%	13.53%
FTSE 100	0.79%	6.78%
S&P 500	0.06%	16.66%
MSCI World	-0.01%	11.68%
US Treasury	-0.50%	-18.78%
MSCI EM	-0.57%	0.45%
Aluminium	-1.44%	-8.32%
MSCI GCC	-2.65%	3.14%

IN CASE YOU MISSED IT...

Regional markets ended mixed last week. Saudi Arabia (-5.0%) fell to its lowest level since January, as reducing fund inflows weighed on banks, despite MSCI adding a second batch of Saudi shares to its emerging markets index. Kuwait (-1.2%) fell for a fourth straight week. Dubai (-0.4%) was hurt by a selloff in property stocks while Bahrain (0.0%) fell marginally. However, Qatar (+3.2%) jumped for a second consecutive week partly driven by petrochemical stocks. Abu Dhabi (+2.5%) reversed the previous week's loss and Oman (+0.4%) rose slightly. The US markets gained, primarily led by softening in the trade standoff between the US and China. Both the Dow Jones (+3.0%) and S&P500 (+2.8%) posted their strongest weekly rise since June 7. Nasdaq Composite (+2.7%), meanwhile, clocked its best week since June 21. European indices advanced as CAC40 (+2.9%), DAX (+2.8%), STOXX600 (+2.2%) and FTSE100 (+1.6%) all rose.

THE WEEK AHEAD

Regional markets

Following the completion of Saudi Arabia's phase 2 inclusion by MSCI last week, the Kingdom may continue to witness foreign inflows. However, the pace of foreign fund inflows might reduce significantly as, according to the IIF, the inflows into the Kingdom's equity markets has already exceeded those to India and China during Jan-Aug 2019.

Global markets

Investors this week will pay attention to the US non-farm payrolls data due on Friday, which will aid in assessing the strength of the economy. The US labor market has maintained a healthy trend amid the prolonged US-China trade tussle. A tranche of the new US tariffs is set to kick-in this week which covers more than \$125 billion worth of Chinese imports. Meanwhile, investors are also likely to closely monitor the US and China's manufacturing PMI data and Eurozone's 2Q19 GDP numbers slated this week.

You may be asked about

Global Sukuk issuance in 2019 is expected to increase by 6% (vs. +8% in 2018) to \$130 billion in 2019, Moody's Investor Service stated in a report. In 1H19, total Sukuk issuances climbed 37% YoY to \$87.4 billion, driven by 41% jump in Southeast Asia (\$53 billion), 9% increase in GCC (\$26.5 billion) and 300% surge in Turkey (\$7.9 billion). Malaysia accounted for ~41% of 1H19 total Sukuk issuances (\$36 billion; +23% YoY), while around half of GCC region's Sukuk (\$12.8 billion) were issued from Saudi Arabia. In 2H19, Moody's forecasts Sukuk volumes to moderate to \$43 billion since corporate and sovereign funding needs reduces following strong Sukuk issuances in 1H19.

REGIONAL CALENDAR

05.09.2019	KSA Weekly Money Supply Data	KSA Labor Force Survey Data
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GLOBAL CALENDAR

02.09.2019	China Caixin Manufacturing PMI	UK Markit Manufacturing PMI
03.09.2019	ECB Nominated President's Speech	US ISM Manufacturing PMI
04.09.2019	Germany Markit PMI Composite	US Trade Balance Data
05.09.2019	US ISM Non-manufacturing PMI	US Factory Orders
06.09.2019	US Nonfarm Payrolls Data	EU GDP Data

Food for thought

IR & BEYOND

Hedgeweek	Investor confidence down by 8.7 points in August	Link
Funds Global MENA	Debt issuance in GCC hits record high	Link
CFO Magazine	BlackRock Tightens Standards for CEOs	Link
Institutional Investor	Fears of a World Domination by a Handful of Asset Managers Overblown	Link
IR Magazine	What CFOs need to know about IR before an IPO	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.50	-52	-136
UK	0.48	-13	-95
Germany	-0.70	-26	-103
France	-0.41	-22	-109
Italy	0.99	-54	-223
Switzerland	-1.09	-27	-93
Japan	-0.28	-12	-38
Hong Kong	0.93	-	-110
India	6.56	+20	-138

GLOBAL AGENDA

ECB Vice President	To speak at the ECB Legal Conference, in Frankfurt
Russia	Vladimir Putin to attend a war memorial on a visit to Mongolia
US Vice President	To visit Iceland to discuss the Arctic and NATO's efforts to counter Russia
India	Narendra Modi will attend the Eastern Economic Forum in Vladivostok
South Africa	World Economic Forum on Africa to start in Cape Town
BOE	Policy committee member to speak at ECB Annual Research Conference
Bank of Russia	Governor to brief on rate decision
India-Russia	Modi will hold talks with Putin as part of the annual India-Russia summit
US and Canada	Markets will be closed on account of Labor Day on September 2
Earning Releases	Pigeon, Lululemon, Safran, Slack, CrowdStrike

MOST READ REGIONAL SECTOR HEADLINES

Industrials	Dubai's Averda upsizes loan to \$181mn to finance growth
Aviation	Qatar, Mozambique sign air transport agreement
Healthcare	Medicare Group to benefit from growth in Qatari hospitals
Consumers	UAE'S Lulu Group to invest \$500mn in Egypt's retail sector
Telecom	Vodafone Qatar makes 5G available for all customers
Real Estate	UAE rental yields higher than New York, London
Utility	Kahramaa to launch pre-paid services
Banks	Qatari banks' overseas private deposits post double-digit jump in July
Tourism	Saudi Arabia's Red Sea Development seeks to raise \$3.5bn
Education	GEMS Education's Saudi Arabian venture buys Ma'arif

MOST READ REGIONAL COMPANY HEADLINES

Qatar Airways	Eyes bigger stake in Cathay Pacific
Qatar Petroleum	Signs deals with Total to enter exploration blocks in Namibia
Ooredoo	Transfers shares Ooredoo Oman from one subsidiary to another
Rameda	Weighing stake sale on Dubai or London bourses
DP World	To develop 'smart' marketplace in Dubai along with China's CCC Group
WOQOD	Inks deal for premium lubricants supply in Qatar with Shell Lubricants
First Abu Dhabi Bank	Fined QAR 200mn for defying QFCRA rules
Ashghal	Starts works of B-Ring Road project
ADNOC	Awards \$1.9bn contract to Italy's Tenaris
Aramco Chemicals	Chooses LogiPoint as a strategic export hub

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,019.8	2.5%	-9.1%	-8.2%	\$511.7	19.9x
ADX	5,165.6	5.1%	3.7%	-2.9%	\$141.4	15.3x
DFM	2,758.6	9.0%	3.8%	-5.5%	\$75.1	11.6x
Nasdaq Dubai	3,244.1	5.5%	3.4%	-4.5%	NP	NP
Qatar	10,232.9	-0.6%	-2.1%	-2.6%	\$135.5	14.8x
Bahrain	1,533.1	14.6%	4.2%	-0.9%	\$23.9	11.5x
Oman	4,004.9	-7.4%	3.1%	6.5%	\$12.8	8.2x

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