

US-China trade truce easing investor worries

The week ahead

Regional markets

The Brent crude oil price continued to trade below the crucial \$60 per barrel mark last week, ahead of the planned OPEC meeting on 06 December pertaining to crude oil output. With the US and China reportedly promising to refrain from an imposition of additional tariffs starting January 2019, investor worries may ease a bit. If finer details emerging from the G-20 meet are positive, investor sentiments may improve further. Yet, the uphill task faced by the UK's Prime Minister, Theresa May, to formulate domestic consensus on Brexit and the outcome of the sudden Russia-Ukraine military tensions will be major factors for investors, heading into the current week.

Global markets

The week begins with the release of November data on the US' ISM manufacturing PMI and Prices Paid, China's Caixin Manufacturing PMI, and Markit Manufacturing PMI (Eurozone and the UK) on Monday. Tuesday will witness the Bank of England's Governor's speech and publication of the UK's construction PMI. On Wednesday, November Services PMI for Eurozone (Markit), the UK (Markit) and China (Caixin) will be in focus. The US' October factory orders data and the US Federal Reserve's Governor's speech will be key events for Thursday. Statistics on Japan's Leading Economic Index (prelim.) for October, Eurozone's 3Q18 GDP, and the US' November non-farm payrolls will bring the week to a close on Friday.

You may be asked about

Saudi Aramco signed deals worth \$27.5bn with 31 local and foreign companies at the fourth edition of its annual In-Kingdom Total Value Add (IKTVA) Forum & Exhibition, a global energy supply-chain event. The deals ranged from upstream, chemicals and utilities to non-metallic, IT and cyber security. The program requires Saudi Aramco's suppliers to target 70% localization, export 30% of local energy goods and services, and create thousands of jobs. Saudi Aramco stated that these developments are aimed at expanding the Kingdom's industrial base and manufacture a larger share of products locally. Saudi Arabia intends to spend over SAR1.5tn on IKTVA over the next 10 years.

Note to management

A battle for supremacy in the field of asset management has moved into a new phase, and it has implications for the whole investment value chain.

Is price-cutting a sign of strength? Or an indication of weakness in a business? The laws of supply and demand are unforgiving in their impact on pricing strategy, and some industries are built entirely around it.

Now, with the rise of index funds, automation and intense competition, price wars have arrived in the asset management industry, and recent developments threaten to upset a status quo that has existed for decades.

We examine the implications of zero-fee funds on listed firms, and how this could impact IR teams. Read more [HERE](#).

IN CASE YOU MISSED IT . . .

Regional markets ended mixed last week. Abu Dhabi (-4.3%) fell to a four-month low, dragged down by First Abu Dhabi Bank, which declined on record-high trading volumes, likely attributable to profit taking ahead of the doubling of the stock's weighting in MSCI indices. Dubai (-3.1%) closed below its 34-month low, due to on-going weakness in real estate stocks. Saudi Arabia (+1.3%) gained on the back of renewed strength in banking stocks. Bahrain (+0.4%) and Qatar (+0.3%) edged marginally higher, but Kuwait (-0.4%) and Oman (-0.9%) closed in negative territory. The US markets rebounded on perceived softening in the US Federal Reserve's monetary stance and news of US-China trade talks on the sidelines of the G-20 summit. Both, NASDAQ (+5.6%) and S&P 500 (+4.8%), posted their best weekly performance since December 2011, while Dow (+5.2%) registered its strongest week since November 2016. Europe gained as well, with the EU approving the Brexit deal; CAC 40 (+1.2%), STOXX 600 (+1.0%), DAX (+0.6%) and FTSE 100 (+0.4%) ended in the green.

ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	3.31%	2.40%
MSCI World	2.53%	-4.56%
MSCI EM	2.26%	-13.85%
FTSE 100	1.13%	-8.44%
MSCI GCC	0.47%	11.09%
Gold	-0.36%	-6.03%
Aluminium	-0.52%	-13.83%
US Treasury	-1.66%	70.50%
Oil	-4.94%	-11.01%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	4.38%	57.33%
Gold	-0.36%	-6.03%
Oil (Brent)	-4.94%	-11.01%
Oil (WTI)	-5.82%	-14.85%

REGIONAL CALENDAR

02.12.2018	UAE Home Energy Survey	-
06.12.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

03.12.2018	US ISM Manufacturing PMI	EU Markit Manufacturing PMI
04.12.2018	UK PMI Construction	ECJ Opinion on Brexit Reversibility
05.12.2018	China Caixin Services PMI	US Fed Publishes Beige Book
07.12.2018	EU GDP Data	US Nonfarm Payrolls Data

Food for thought

IR & BEYOND

Iridium	Price-Cutting – Strength or Weakness?	Link
IPREO	Special Report: Consensus Dispersion and IR	Link
Institutional Investor	In a Bad Year for Hedge Funds, These Are the Worst Performers	Link
Bloomberg Blog	Clean Power Sees First Win Over Fossil Fuels in Emerging Markets	Link
Harvard Law School	Today's Independent Board Leadership Landscape	Link

Weekly IR Brief

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Investor Relations

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.99	-14	+63
UK	1.36	-9	+13
Germany	0.31	-9	+1
France	0.68	-7	+8
Italy	3.21	-17	+150
Switzerland	-0.15	-10	+5
Japan	0.08	-3	+6
Hong Kong	2.19	-13	+45
India	7.61	-22	+55

GLOBAL AGENDA

Bank of England	Chief Economist Andy Haldane speaks in Cambridge
NATO	Foreign ministers discuss trans-Atlantic ties
Federal Reserve	Chairman testifies on the economic outlook before Congress
BOE Governor	Attends a hearing of the Treasury Committee on Brexit Withdrawal Agreement
Bank of Japan	Deputy Governor Masazumi Wakatabe speaks in Niigata
Chinese President	Will make a two-day state visit to Portugal
ECB	Vice President Luis de Guindos speaks in Frankfurt
Reserve Bank of India	December monetary policy decision
Germany	Ruling CDU party elects a new chair to succeed Chancellor Angela Merkel
Earning Releases	Toll Brothers, Lululemon, Broadcom, Vonovia, Pigeon

MOST READ REGIONAL SECTOR HEADLINES

Energy	OMV, Eni vying for \$8bn ADNOC refinery unit stake
Banks	Union National Bank hires JPMorgan for merger talks with ADCB
Financials	UAE's Finablr hires banks for IPO, listing in London
Materials	SABIC signs MoU with six suppliers to form global business alliances
REITs	Al Ma'athar REIT seeks to acquire property worth SAR 552 mln
Petrochemicals	Sipchem resumes operations at methanol plant
Construction	CEPCO invests in solar panel cleaning tech firm
Telecom	Zain Saudi Arabia said to sell its towers for \$648mn and lease them back
Utilities	ACWA Power signs MoU with three entities for Dubai renewable project
Consumer Staples	Almarai delays debut Dollar bond on Khashoggi fallout

MOST READ REGIONAL COMPANY HEADLINES

Emaar Properties	To divest stake in five hotels to Abu Dhabi National Hotels
Meraas Holding	Brookfield in talks to invest in Dubai's Meraas Holding
Kuwait Drilling Co.	Signs around \$30mn land drilling rig contract with Honghua Group
Saudi Aramco	Signs \$27.5bn in deals as part of attempt to increase local content
Nawah Energy	Signs deal on operating Barakah nuclear plant with EDF
Saudi Investment Bank	Buys Mizuho's full stake for SAR253mn
ADNOC	Launches new Taweelah gas compression plant
Dubai Aerospace	Authorized to buy back \$300mn in bonds
Investcorp	Buys six properties for \$311mn in the US
Saudi Electricity	Plans to set up power generation subsidiary

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,703.0	6.6%	-3.7%	-2.6%	\$491.4	16.6x
ADX	4,770.1	8.4%	-3.3%	-2.7%	\$129.7	12.9x
DFM	2,668.7	-20.8%	-5.9%	-4.2%	\$72.6	9.0x
Nasdaq Dubai	3,066.3	-6.8%	-5.7%	-4.8%	NP	NP
Qatar	10,364.5	21.6%	5.6%	0.6%	\$137.6	15.3x
Bahrain	1,328.8	-0.2%	-0.7%	1.1%	\$20.2	9.0x
Oman	4,412.1	-13.5%	-2.9%	-0.2%	\$13.6	10.4x

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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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