

## US-Mexico trade war, weak oil to weigh on markets

### IN CASE YOU MISSED IT . . .

Regional markets were largely up last week; Qatar (+5.6%) hit its highest intra-day high in nine months, driven by gains in the banking sector led by Qatar National Bank and Commercial Bank. Abu Dhabi (+4.7%) surged on the back of financial stocks, primarily its largest lender First Abu Dhabi Bank. Bahrain (+1.8%) and Oman (+1.5%) rose moderately whereas Dubai (+1.2%) edged higher, given positive performance by real estate stocks. Kuwait inched up (+0.3%). However, Saudi Arabia (-0.2%) closed marginally lower post a fairly volatile week with weak global cues and falling crude prices offsetting its entry into MSCI emerging markets index. The US markets ended in the red, mainly due to concerns over President Trump's announcement of a 5% tariff impose on imports from Mexico in addition to ongoing tensions over escalation in the US-China trade war; Dow (-3.0%), S&P 500 (-2.6%) and Nasdaq (-2.4%) all moved lower. The trade concerns spilled over to Europe as well with all the major indices ending in the red: DAX (-2.4%), CAC 40 (-2.0%), STOXX 600 (-1.8%) and FTSE 100 (-1.6%).

ASSET CLASS MONITOR	WTD ↓	YTD
MSCI GCC	1.51%	7.18%
Aluminium	1.29%	-5.73%
MSCI EM	1.03%	3.02%
US Treasury	0.42%	-2.86%
Gold	0.41%	0.48%
FTSE 100	-0.18%	7.28%
MSCI World	-0.77%	8.90%
S&P 500	-1.18%	11.25%
Oil	-1.31%	24.29%

### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	0.41%	0.48%
Natural Gas	-1.20%	-13.37%
Oil (Brent)	-1.31%	24.29%
Oil (WTI)	-2.28%	24.62%

### The week ahead

#### Regional markets

Subdued activity in the Gulf's markets is likely to persist as the regional markets will remain closed for major part of this week, on account of Eid-Al-Fitr holidays. Regional investors will, nevertheless, keep a close eye on the further developments over the US-China and US-Mexico trade wars. Markets initially may react negatively to POTUS' unexpected threat of a 5% tariffs (starting from 10 Jun) imposed on Mexico, which may rise up to 25% by 01 Oct unless the country stems the flow of illegal immigration across the southern border. In addition, weak oil prices on concerns over trade war and demand outlook may keep investors sidelined. Further, investors will also follow developments in Europe where the EU is expected to impose hefty fines on Italy for breaking its debt and deficit rules.

#### Global markets

The week begins with the release of the manufacturing PMI numbers for China, Germany, Eurozone, the UK and the US (all May) on Monday. Eurozone's preliminary consumer inflation (May) and the US factory orders (Apr) data will be revealed on Tuesday. On Wednesday, stats on Eurozone's retail sales (Apr) and the US ISM non-manufacturing PMI (May) will be published. Thursday's major events constitute ECB's interest rate decision, Eurozone's 1Q19 GDP data, Germany's factory orders data (Apr), and the US trade balance (Apr) numbers. Germany's industrial production numbers (Apr), Canada's unemployment data (May) and the US non-farm payrolls (May) figures will round off the week on Friday.

#### You may be asked about

The UAE broke into the top five most competitive economies globally according to an IMD World Annual Competitiveness Report 2019, released on 28 May. The government's attempts to boost business efficiency, speed up legislative requirement processes, optimize government services, relax visa norms and shore up resiliency are bearing rich dividends with the emirate recording a third straight year of upward movement in the rankings, rising from 15th in 2016 to 5th in 2019. The Dubai Chamber of Commerce and Industry expects these initiatives - coupled with the emirate's ongoing digital transformation, to pave the way towards sustainable growth.

#### Note to management

The National Investor Relations Institute (NIRI), the US association for Investor Relations professionals, celebrates its 50th anniversary this year. A survey of IR professionals in the US has seen an existential threat to the existence of the function.

As companies leave the capital markets, the raison d'être of the profession is disappearing, they argue. We disagree with this simplified view of the problem.

The relationship between providers and seekers of capital will remain in place as long as business, finance and commerce exist. And the management of that relationship will require a skill-set far beyond the (perceived or real) capabilities of the current investor relations function, e.g. to present quarterly earnings or arrange investor meetings for management.

The IR professional needs to become a material contributor to strategy and direction, but in most firms this is not recognized or practiced, yet.

Read more in our series on "What's Next For The Investor Relations Profession?" [HERE](#)

#### GLOBAL CALENDAR

03.06.2019	US ISM Manufacturing PMI	China Caixin Manufacturing PMI
04.06.2019	EU Consumer Price Index	US Factory Orders
05.06.2019	US ISM Non-Manufacturing PMI	UK Markit Services PMI
06.06.2019	EU GDP Data	ECB Interest Rate Decision
07.06.2019	US Non-farm Payrolls Data	Germany Trade Balance

### Food for thought

#### IR & BEYOND

Iridium	Part 1: What's Next For The Investor Relations Profession?	<a href="#">Link</a>
Bloomberg Blog	All the reasons to fret about the global economy, in charts	<a href="#">Link</a>
Reuters	Tadawul's MSCI upgrade to attract \$40bln of foreign inflows	<a href="#">Link</a>
FundGlobal MENA	Moody's upgrades Bahrain's banking sector	<a href="#">Link</a>
IR Magazine	NIRI 2019: The past, present and future of IR	<a href="#">Link</a>

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.12	-38	-78
UK	0.88	-26	-39
Germany	-0.21	-22	-59
France	0.20	-16	-50
Italy	2.67	+11	+72
Switzerland	-0.51	-17	-40
Japan	-0.10	-5	-14
Hong Kong	1.31	-	-66
India	7.14	-	-72

## GLOBAL AGENDA

<b>US President</b>	To meet Queen Elizabeth II and Prime Minister Theresa May in London
<b>US</b>	Acting Defense Secretary Patrick Shanahan visits South Korea and Japan
<b>IATA</b>	To hold annual meeting in Seoul
<b>US Fed Chairman</b>	To give welcoming remarks at a Fed research conference on a policy framework
<b>China</b>	President Xi Jinping to make a two-day state visit to Russia
<b>Bank of England</b>	Deputy Governor David Ramsden speaks in London
<b>ECB</b>	President Mario Draghi to hold a press conference following the decision
<b>US President</b>	To visit France for the D-Day commemorations in Normandy
<b>UK Prime Minister</b>	To step down as the leader of the Conservative Party
<b>Earning Releases</b>	Tiffany, Brown-Forman, Campbell Soup, Norsk Hydro, JM Smucker and Ciena

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Nebras Energy acquires BTU Power Company stake
<b>Banks</b>	Saudi Arabia's April bank assets rise 0.5% MoM and 4.1% YoY
<b>Financials</b>	Finabl to spend \$200mn of IPO money on expansion
<b>Agriculture</b>	Saudi SALIC invests in crop analytics firm Hummingbird Technologies
<b>Real Estate</b>	Abu Dhabi starts AED3.4bn housing plan
<b>Transport</b>	Abu Dhabi's airports, ports and power firms moved to new holding company
<b>Construction</b>	Saudi Oger considering filing for bankruptcy
<b>Telecom</b>	Cabinet nod for Qatar hosting crucial global telecom event in 2020
<b>Education</b>	Ataa Educational Company gets regulatory approval for IPO
<b>Materials</b>	Emirates Global Aluminium Guinea unit gets \$750mn project loan

## MOST READ REGIONAL COMPANY HEADLINES

<b>Baladna</b>	plans to tap more export markets, expand domestic outlets
<b>QEWS</b>	Signs pact for desalination pilot plant with QEERI
<b>Saudi Investment Bank</b>	buys Mizuho Bank stake for \$67mn
<b>Qatar Petroleum</b>	Awards FEED contract for the North Field Expansion Project
<b>Sharjah Islamic Bank</b>	Ratings upgraded to 'A-' by S&P
<b>Saudi Arabian Mining Co.</b>	To weigh rights issue of as much as \$5bn
<b>ENOC</b>	Expansion set to create 6,200 jobs in the UAE
<b>CBD</b>	Commercial Bank of Dubai not in talks for M&A
<b>Investcorp</b>	To buy Mercury Capital Advisors
<b>Ooredoo</b>	To launch new IoT solutions with EnrichAI

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	8,516.5	8.8%	-3.4%	-8.5%	\$539.0	19.5x
<b>ADX</b>	5,003.6	1.8%	-1.4%	-4.8%	\$138.1	14.5x
<b>DFM</b>	2,620.3	3.6%	-0.6%	-5.3%	\$71.6	11.4x
<b>Nasdaq Dubai</b>	3,156.4	2.7%	-1.4%	-5.8%	NP	NP
<b>Qatar</b>	10,273.0	-0.3%	1.6%	-1.0%	\$135.0	14.4x
<b>Bahrain</b>	1,433.5	7.2%	1.4%	0.0%	\$22.2	10.5x
<b>Oman</b>	3,934.2	-9.0%	-1.2%	-0.3%	\$12.3	7.7x

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## About Iridium

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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