

## Emerging market currency woes add to trade concerns

### The week ahead

#### Regional markets

POTUS' threats to pull the US out of the WTO and uncertainty over his strategy for Canada on NAFTA have increased investor worries recently. In addition to trade, the situation on near-term investment flows is further complicated by renewed concerns over the stability of emerging market currency values against the backdrop of a steep decline in the Argentine peso last week. However, the currency peg to the USD should insulate most regional markets from such concerns. Further, sustained upward momentum witnessed last week in the Brent crude price may lead to increased confidence of regional investors heading into this week.

#### Global markets

The week begins with the release of Eurozone, UK and China manufacturing PMI and the UK retail sales data on Monday. Tuesday will witness the UK's inflation report hearings and the US ISM manufacturing PMI data. On Wednesday, the US' trade balance figures will be followed by Bank of Canada's interest rate decision. On Thursday, Switzerland's 2Q18 GDP and the US' ISM non-manufacturing PMI figures will be in focus. Germany's industrial production, Eurozone's 2Q18 GDP, US' non-farm payrolls, and Canada's unemployment rate figures will round off the week on an event-heavy Friday.

#### You may be asked about

Qatar-based Barwa Bank and International Bank of Qatar (IBQ) reached a final merger agreement to form a Sharia-compliant financial institution with total assets worth QAR80bn (or \$22bn) and shareholder equity base of QAR 12bn (\$3.3bn). The two unlisted banks noted the appointment of a management consultant to develop an integrated plan, which includes lifting revenue and reducing costs. Earlier, in June, a three-way merger plan involving the two banks and Masraf Al Rayan fell through after 18 months of talks. Qatar's banking industry, where 18 commercial banks serve a population of nearly 2.6mn, was reportedly due for a shake-up.

#### Note to management

Venerable British car brand Aston Martin announced its intention to float on the London Stock Exchange last week. Among the investors cashing out will be Investment Dar of Kuwait.

Aston Martin operates in a sector that has been thrown into doubt and anxiety by Brexit. Carmakers who have invested heavily in UK operations for decades are openly questioning if they can remain after Brexit. The challenges brought by Brexit to their multinational, highly sophisticated supply chains appear to be immense. So what has Aston Martin seen that Honda, Nissan, and others have not?

The answer is that the 102 year-old Aston Martin brand is bigger - far bigger - than the 7,000 cars it makes each year. Aston Martin already sells luxury apartments in Miami, a clothing range, and is about to launch a submarine for the super-rich. The brand is the king, and it is asking investors to follow its dream of a brand-led high-growth diversification strategy.

Will they agree? The listing is scheduled for later in 2018, when we will find out. Meanwhile, read our thoughts [HERE](#)

### REGIONAL CALENDAR

03.09.2018	KSA Internal Trade Activity Survey	-
06.09.2018	KSA Weekly Money Supply Data	-

### GLOBAL CALENDAR

03.09.2018	Eurozone Manufacturing PMI Data	UK Retail Sales Data
04.09.2018	RBA Interest Rate Decision	UK Inflation Report Hearings
05.09.2018	Australia 2Q18 GDP Data	BoC Interest Rate Decision
06.09.2018	US ISM Non-manufacturing PMI Data	US Factory Orders Data
07.09.2018	US Non-farm Payrolls Data	Eurozone 2Q18 GDP Data

### Food for thought

#### IR & BEYOND

Iridium	Aston Martin IPO: From British Carmaker to Global Luxury Brand	<a href="#">Link</a>
CFO Magazine	Keep Quarterly Reporting	<a href="#">Link</a>
IPE	Analysis: Is it time to scrap quarterly reporting for listed companies?	<a href="#">Link</a>
Institutional Investor	The Earnings Call Delinquents	<a href="#">Link</a>
Bloomberg	Are emerging markets ready for a crisis?	<a href="#">Link</a>

3Q 2018 IR CALENDAR	DATE
GS CEEMEA Financials Symposium, LON	3-4 SEPT
HSBC GEMs 1x1 Conference, LON	3-6 SEPT
DB GEMs 1x1 Conference, NYC	5-6 SEPT
EFG Hermes 1x1 Conference, LON	10-13 SEPT
GS CEEMEA 1x1 Conference, LON	12-13 SEPT
Arqaam Investor Conference, DXB	24-25 SEPT

### IN CASE YOU MISSED IT . . .

Regional markets rose last week. Qatar (+4.6%) was solid, as financial stocks gained on easing concerns over Turkey and news of the Barwa Bank-International Bank of Qatar merger. Abu Dhabi (+2.1%) was driven by financial stocks. Saudi Arabia (+1.0%), Dubai (+0.9%), and Oman (+0.7%) edged up. Kuwait (+0.1%) rose marginally, but Bahrain (-0.7%) ended in the red. US markets rose, despite on-going uncertainty pertaining to progress on the US administration's NAFTA deal negotiations with Canada and concerns over the US' likely pullout from the WTO. Nasdaq (+2.1%) registered its best return for August since 2000, with solid gains in Apple and Amazon; S&P500 (+0.9%) and Dow (+0.7%) rose for the third successive week. European markets fell, with notable decline in FTSE100 (-1.9%), followed by CAC40 (-0.5%), DAX (-0.3%), and Stoxx 600 (-0.3%).

ASSET CLASS MONITOR	WTD ↓	YTD
Aluminum	2.43%	-5.78%
Oil (Brent)	2.11%	15.78%
MSCI GCC	1.74%	12.48%
US Treasury Yields	0.96%	51.80%
S&P 500	0.93%	8.52%
MSCI World	0.63%	1.92%
MSCI EM	0.55%	-8.85%
Gold	-0.14%	-7.61%
FTSE 100	-1.91%	-3.32%

### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Oil (Brent)	2.11%	15.78%
Oil (WTI)	1.57%	15.52%
Natural Gas	-0.03%	-1.25%
Gold	-0.14%	-7.61%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.86	-15	+69
UK	1.42	+5	+37
Germany	0.32	-15	-5
France	0.68	-10	0
Italy	3.22	+44	+116
Switzerland	-0.15	-8	+3
Japan	0.09	-2	+11
Hong Kong	2.09	0	+76
India	7.95	+20	+146

## GLOBAL AGENDA

<b>US</b>	Releases non-farm payrolls, factory orders and PMI data
<b>Bank of Canada</b>	Announces interest rate decision
<b>China</b>	Releases trade balance data
<b>BoE Governor</b>	Carney testifies before UK lawmakers on August inflation and policy decision
<b>ECB Board member</b>	Yves Mersch delivers a speech in Paris
<b>Chinese President</b>	Xi Jinping addresses the China-Africa Cooperation forum in Beijing
<b>Reserve Bank of Australia</b>	Releases interest rate decision
<b>German Chancellor</b>	Merkel speaks at a conference in Frankfurt
<b>US and Canada</b>	Markets to remain closed on Monday on account of Labor Day holiday
<b>Earning Releases</b>	Bayer, Broadcom, Navistar, Iliad

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Oil producers cut July output by 9% more than agreed
<b>Banks</b>	Barwa Bank, IBQ merger to form QAR80bn Sharia entity
<b>Healthcare</b>	NMC Health denies reports regarding acquisitions in India
<b>Industrials</b>	QIMD's stake in Qatar Plastic Products Co. capital rises to 66.66%
<b>Utilities</b>	ACWA Power International IPO to be derailed by Lira plunge
<b>Transport</b>	Dubai airport passenger traffic up 1.8% YoY in July
<b>Real Estate</b>	Projects worth \$5.3bn to be showcased at Bahrain real estate expo
<b>Telecom</b>	Zain completes \$700mn loan refinancing
<b>Consumer Discretionary</b>	CMA approves capital increase request for Jarir Marketing Company
<b>REIT</b>	SHUAA Capital to launch REIT fund in Saudi Arabia: CEO

## MOST READ REGIONAL COMPANY HEADLINES

<b>The Commercial Bank</b>	S&P affirms The Commercial Bank at 'BBB+/A-2'; outlook 'Negative'
<b>Aramex</b>	Aramex expands presence in Saudi Arabia
<b>Bank Sohar</b>	Bank Sohar closes \$250mn syndicated loan facility
<b>Aldar Properties</b>	Aldar said to pick StanChart, FAB for Sukuk sale
<b>NBO</b>	National Bank of Oman said to pick six advisers for bond sale
<b>ADNOC</b>	ADNOC says it got 'significant interest' in possible stake sales
<b>Al Hokair Group</b>	Al Hokair Group, Lux Entertainment awarded fourth cinema license
<b>MedGulf</b>	MedGulf issues SAR400mn rights issue prospectus
<b>Saudi Aramco</b>	KSA to grant Saudi Aramco 40 year oil concession
<b>Gulf Warehousing</b>	Gulf Warehousing, Spain's Silver for Shipping to set up logistics JV

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,948.3	10.0%	-4.4%	-4.2%	\$510.3	17.3x
<b>ADX</b>	4,986.9	13.4%	9.4%	2.6%	\$133.5	13.1x
<b>DFM</b>	2,840.2	-15.7%	0.7%	-3.9%	\$76.7	7.6x
<b>Nasdaq Dubai</b>	3,277.9	-0.3%	5.6%	0.0%	NP	NP
<b>Qatar</b>	9,886.5	16.0%	9.6%	0.6%	\$117.4	14.7x
<b>Bahrain</b>	1,338.1	0.5%	2.1%	-1.5%	\$20.5	9.0x
<b>Oman</b>	4,419.3	-13.3%	-3.3%	1.9%	\$13.3	10.6x

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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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