

Earnings to drive markets amid stable crude

IN CASE YOU MISSED IT . . .

Regional markets ended largely up last week; Dubai (+2.1%) was led by a recovery in property stocks, particularly Emaar Properties and DAMAC Properties. Saudi Arabia (+1.5%) reached its highest level since August 2015 earlier in the week, buoyed by banks including Al Rajhi Bank and Riyad Bank. Abu Dhabi (+0.5%) was driven by a late surge in banks, with Abu Dhabi Commercial Bank gaining on its agreement to a three-way merger with Union National Bank and Al Hilal Bank. Bahrain (+1.3%), Kuwait (+0.3%) and Qatar (+0.1%) also rose, although Oman (-0.3%) ended in the red. The US markets rose on solid earnings reports, the US Federal Reserve's assurance on being 'patient' with rate hikes, and a solid January jobs report. Dow (+1.3%) rose for a sixth straight week, with S&P 500 (+1.6%) and Nasdaq (+1.4%) also advancing by similar margins. Key European indices rose. FTSE (+3.1%), CAC 40 (+1.9%) and STOXX 600 (+0.5%) rose, but DAX (-0.9%) ended weak.

Q4 RESULTS	PROFIT (mn)	Y-O-Y%
Jarir Marketing Co.	SAR 960.0	+10.6%
Emirates Driving Co.	AED 98.9	-5.1%
Deyaar Development	SAR 140.1	+7.4%
SABIC	SAR 3.2	-12.4%
Saudi Arabian Mining Co.	SAR 1,847.9	+158.5%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Gold	3.13%	3.02%
MSCI EM	2.99%	8.71%
MSCI World	2.37%	7.80%
S&P 500	2.34%	7.87%
FTSE 100	2.20%	3.58%
US Treasury	1.69%	-1.63%
Aluminium	1.62%	0.62%
Oil	1.31%	15.04%
MSCI GCC	0.90%	7.42%

The week ahead

Regional markets

Regional markets will continue to be driven by earnings announcements this week. Deepening of the political crisis in OPEC member, Venezuela, with the US imposing a ban on Venezuela's state-owned oil company, and the production cut implementation by OPEC members may support the crude oil price, with Brent crude appearing stable in the \$60-65 per barrel mark currently. However, the White House's comments that it sees 01 March 2019 as a hard deadline for the US-China trade deal to materialize, may make investors cautious. Also, a likely rise in geopolitical tensions after Russia and the US suspended their nuclear treaty over the weekend, may add to investor worries. ADIB and TAQA are scheduled to report earnings this week.

Global markets

The week begins with the release of US' factory orders data for November on Monday. On Tuesday, a host of January PMI data for the US and Eurozone will be published. Wednesday will witness the US President's State of the Union address and release of the US' trade balance (Nov), followed by key US labor data such as unit labor costs and non-farm productivity (both 4Q18, preliminary). On Thursday, the Bank of England will make its interest rate decision and release the quarterly inflation report, with Japan's leading economic index (Dec, preliminary) also scheduled for release the same day. Statistics on Germany's trade balance (Dec) will close out the week on Friday.

You may be asked about

On January 29, 2019, Abu Dhabi Commercial Bank (ADCB), Union National Bank (UNB) and Al Hilal Bank agreed to merge, thereby creating the third-largest bank in the UAE and the fifth-largest in the GCC region with a combined asset base of ~\$114.3bn. The merger, expected to conclude in 1H19, will result in delisting of UNB's shares with ADCB issuing 0.5966 shares for each UNB share. The combined entity will then acquire Abu Dhabi Investment Council (ADIC)-owned Al Hilal Bank for \$272mn through the issuance of mandatory convertible notes. Al Hilal Bank will function as a separate Islamic lender within the combined entity. The merger is estimated to generate cost synergies worth \$167mn annually on a run rate basis. Post-merger, ADIC will own 60.2% of the combined bank, with other ADCB shareholders owning 28.0% and other UNB shareholders holding 11.8%.

Note to management

HSBC has just published a fascinating piece of equity research, focusing on developed market firms with significant exposure to China. What makes the research note very unusual is that it draws on evidence from transcripts of nearly 60,000 (you read that right - sixty thousand) earnings calls.

Natural Language Processing software has enabled analysts to scrutinise more data than has ever been humanly possible in the past. And while this can be valuable for the clients of the equity research houses, it carries profound implications for issuers, their senior management and investor relations teams.

Click [HERE](#) to read our thoughts on this new reality.

REGIONAL CALENDAR

07.02.2019	KSA Weekly Money Supply Data	-
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GLOBAL CALENDAR

04.02.2019	US Trade Balance	US Factory Orders
05.02.2019	EU Markit PMI Composite	US Markit PMI Composite
06.02.2019	US Nonfarm Productivity	US Unit Labor Cost
07.02.2019	BoE Interest Rate Decision	EU Economic Bulletin
08.02.2019	UK GDP Data	Germany Trade Balance

Food for thought

IR & BEYOND

IR Magazine / Iridium	Natural language processing for investors: The future is here	Link
The National	MSCI and Tadawul launch tradeable index on 30 biggest Saudi equities	Link
Emirates NBD	MENA debt: an evolving world for fixed income investors	Link
FundsGlobal MENA	Saudi's PIF begins work on \$500bn futuristic city	Link
Bloomberg	Norway's \$1 Trillion Man Talks Brexit, China and Big Tech	Link

EARNINGS CALENDAR	Market	Est/ Conf	Date
QIC	Qatar	C	03 Feb
Orient Insurance	UAE	C	03 Feb
CBQ	Qatar	C	04 Feb
ADIB	UAE	C	04 Feb
United Development Co	Qatar	C	06 Feb
TAQA	UAE	C	06 Feb

COMMODITIES	WTD ↓	YTD
Gold	3.13%	3.02%
Oil (Brent)	1.31%	15.04%
Oil (WTI)	1.24%	18.45%
Natural Gas	-9.20%	-4.29%

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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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GLOBAL AGENDA

Germany	Chancellor to visit Japan for two days for talks with Prime Minister Shinzo Abe
US	President Donald Trump to deliver the State of the Union address to Congress
EC	President to deliver a speech for "EU Industry Days" in Brussels
US Federal Reserve	Chairman to speak after a FOMC meeting in Washington
Bank of England	To set interest rates and update its economic forecasts
EC	To publish new economic forecasts
EU Trade Chief	To meet with the Expert Group on EU Trade Agreements in Brussels
US Secretary of State	To host foreign ministers of the Global Coalition to Defeat ISIS in Washington
Asia	China, Hong Kong, Singapore, Taiwan, South Korea, Malaysia and Vietnam markets will remain close for part or all of the week for Lunar New Year
Earning Releases	Twitter, Toyota, ING, SoftBank, Cemex and Alphabet

MOST READ REGIONAL SECTOR HEADLINES

Banks	ADCB, UNB and Al Hilal Bank agree on merger
Energy	Saudi Aramco signs deal with Axens, TechnipFMC
Industries	UAE raises custom duties on steel and iron rolls imports to 10%
Telecom	Vodafone Qatar unveils GigaNet
Aviation	Dubai airport handles 89.1mn passengers in 2018, misses target
Utilities	Marubeni gets order for Saudi Arabia desalination plant
Automobile	GAC Motor opens new service center in Riyadh
Healthcare	Alfardan Group forays into the healthcare sector
Materials	Eastman Chemical agrees to build \$500mn resins factory in Saudi Arabia
Consumer Retail	Jarir to invest SAR140mn in expansions in 2019

MOST READ REGIONAL COMPANY HEADLINES

ACWA Power	Wins Abu Dhabi's Taweelah desalination plant deal
Ajlan & Brothers	To build \$1bn solar panel plant in Saudi Arabia
Investcorp	Announces acquisition of Health Plus
Kuwait Finance House	Offers 17% premium in merger deal with Bahrain's Ahli United Bank
Al Sagr Insurance	S&P downgrades rating at 'BBB-' on higher regulatory risk
ADNOC	Seals \$5.8bn refining and trading deal with ENI and OMV
The Commercial Bank	Hires ANZ for Kangaroo bond sale
Qatar Islamic Bank	Financial strength rating at 'A' with 'Stable' outlook:Capital Intelligence
SEVEN	Inks deal to launch AMC cinemas in Saudi Arabia
SASCO	To open new stations in 2019 to boost cash flows

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,560.0	9.4%	9.4%	9.4%	\$545.4	18.4x
ADX	5,044.9	2.6%	2.6%	2.6%	\$137.2	13.4x
DFM	2,567.6	1.5%	1.5%	1.5%	\$69.5	7.7x
Nasdaq Dubai	3,166.0	3.0%	3.0%	3.0%	NP	NP
Qatar	10,720.3	4.1%	4.1%	4.1%	\$140.6	15.8x
Bahrain	1,391.4	4.1%	4.1%	4.1%	\$21.3	9.0x
Oman	4,166.5	-3.6%	-3.6%	-3.6%	\$12.9	8.3x

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