

Market focus to shift to 3Q 2019 earnings this week

2H 2019 EVENTS CALENDAR	DATE
Future Investment Initiative, RUH	29-31 OCT
GS CEEMEA Conference, LON	11-12 NOV
UBS GEMs Conference, NYC	3-5 DEC

EARNINGS CALENDAR	Market	Est/ Conf	Date
Almarai (Earnings Call)	KSA	C	08 Oct
QNB	QAT	C	09 Oct
Medicare	QAT	C	09 Oct

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Gold	0.51%	17.32%
S&P 500	-0.33%	17.76%
MSCI EM	-0.49%	3.19%
MSCI World	-0.94%	12.99%
MSCI GCC	-1.91%	0.28%
FTSE 100	-3.65%	6.35%
Aluminum	-4.06%	-8.96%
US Treasury Yields	-5.00%	-30.20%
Oil	-5.72%	8.49%

In case you missed it...

Regional markets ended mostly lower last week. Kuwait (-1.7%) partly reversed the previous week's gain. Saudi Arabia and Dubai clocked identical losses (-1.3%, each) with Saudi dragged down by banks amid a slowdown in the Kingdom's 2Q 2019 economic growth. On the other hand, continued weakness in property companies hurt Dubai. Qatar (-1.0%) fell partly due to pressure on petrochemical stocks. Abu Dhabi (-0.8%) extended its loss, followed by Bahrain (-0.6%). Oman (+0.3%), however, ended slightly higher. The US markets closed mixed, as concerns over weak and below expected economic data was partially offset by an increase in expectations that this might lead the US Fed to deliver another rate cut this month. Both the Dow Jones (-0.9%) and S&P500 (-0.3%) slipped for a third straight week while the Nasdaq Composite (+0.5%) reversed the trend. European indices ended in the red, as FTSE100 (-3.6%), DAX and STOXX600 (-3.0%, each) and CAC40 (-2.7%) all declined.

The week ahead

Regional markets

Saudi Arabia revealed that its trade surplus fell 17% YoY during Jan-Jul 2019, which adds to the weak set of economic growth data released in the previous week and points to a slowing regional growth. Accordingly, regional markets are likely to continue on a subdued note, wherein a sharp fall in crude oil prices last week might add to pessimism. Meanwhile, Almarai and QNB are scheduled to report 3Q 2019 earnings this week, which will mark the start of new earnings season.

Global markets

Investors this week will focus on the release of the US FOMC minutes of its September meeting on Wednesday, where they will look for fresh insights on the trajectory of the monetary policy. Further, few policymakers including the Fed Chairman are scheduled to speak at the NABE's Annual Meeting. The ECB's monetary policy meeting minutes are also slated to be published this week. Meanwhile, as the Brexit logjam continues, the British government indicated that the UK Prime Minister would seek an extension if no deal has been agreed upon by 19th October.

You may be asked about

Fitch ratings has downgraded Saudi Arabia's long-term foreign currency issuer default rating to 'A' from 'A+' with 'Stable' outlook, citing continued geopolitical risks and fiscal deficits. The ratings agency forecasted KSA's fiscal deficit to reach 6.7% of GDP in 2019 (vs. 5.9% in 2018). Fitch also attributed its decision to recent attacks on Saudi Aramco's oil facilities which it stated exposes vulnerability of the Kingdom's oil infrastructure, as the risk of further attacks remain. Saudi's Ministry of Finance responded by saying the move overlooks the Kingdom's ability to effectively handle an adverse situation. In the week prior however, S&P Global Ratings had affirmed its 'A-' rating on Saudi.

REGIONAL CALENDAR

08.10.2019	KSA Industrial Production Survey	KSA Home energy survey
10.10.2019	Abu Dhabi Exports and Imports	-
10.10.2019	KSA Weekly Money Supply	-

GLOBAL CALENDAR

07.10.2019	Japan's Leading Economic Index	UK Like-For-Like Retail Sales
08.10.2019	BOE's Governor Carney Speech	Germany's Industrial Production
09.10.2019	FOMC Minutes	Japan's Foreign Bond investment
10.10.2019	ECB Monetary Policy Meeting Accounts	US Consumer Inflation
11.10.2019	Germany's consumer Inflation	US Consumer Sentiment Index

Food for thought

IR & BEYOND

Zawya	67% of Middle East sovereigns 'adopting ESG approach'	Link
Argaam	Saudi Arabia accounts for 83% of Arabian mutual fund market's AUM	Link
Arab News	Saudi Aramco plans to pay base dividend of \$75bn in 2020	Link
Refinitiv	Can media sentiment help investing strategy?	Link
Bloomberg Blog	Asset managers' survival to rely on big data prowess, technology	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.53	-3	-170
UK	0.44	-16	-128
Germany	-0.59	+1	-116
France	-0.29	+1	-119
Italy	0.83	-11	-259
Switzerland	-0.86	+9	-88
Japan	-0.22	+5	-37
Hong Kong	1.04	-	-
India	6.68	+11	-136

COMMODITIES	WTD ↓	YTD
Gold	0.51%	17.32%
Natural Gas	-2.16%	-20.00%
Oil (WTI)	-5.54%	16.30%
Oil (Brent)	-5.72%	8.49%

GLOBAL AGENDA

Fed Chairman	Jerome Powell delivers a speech in Denver
BOE Governor	Mark Carney speaks at an event in Tokyo
IMF	World Economic Outlook analytic chapters to be published
US China talks	Chinese Vice Premier Liu He visits Washington for trade talks with US
EU	Economic and Financial Affairs Council to hold meetings in Luxembourg
OPEC	Oil Market Report to be released
European Parliament	To hold confirmation hearings for its three incoming vice presidents
UK Parliament	To be suspended ahead of the Queen's Speech and State Opening of Parliament
Nobel Prize	Announcement week to begin in Stockholm
Earning Releases	Delta, Levi Strauss, Infosys, Fast Retailing, TCS, etc

MOST READ REGIONAL SECTOR HEADLINES

Energy	Russia commits to fully comply with OPEC oil output deal
Technology	Saudi CMA grants Emkan fintech experimental permit
Real Estate	Dubai to overtake New York as global branded residences capital
Banks	Total credit for MSME in UAE amounted to US\$24.16b by end of 1Q 2019
Tourism	Saudi Arabia launches new visa regime to boost tourism
Aviation	Dubai Aerospace drops plans for big aircraft order, targets M&A deal
Power	Kuwait plans to sell up to 44% stake in two power projects
Telecom	Oman Broadband covers 400K housing units with fiber optic
Healthcare	Mideast healthcare industry to attract US\$200b investments
Entertainment	GCC consumers spend ~6% of their income on entertainment

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi Aramco plans to pay US\$75b base dividend 2020
TAQA	Abu Dhabi's TAQA sells US\$500m in 30-year bonds
QNB Group	QNB Group receives approval to open a branch in Hong Kong
Comm. Bank of Kuwait	Fitch affirms Commercial Bank of Kuwait at 'A+'; with a 'Stable' outlook
Almarai	Almarai secures \$100mn loan; to expand in Jordan and Egypt subsidiaries
HSBC Group	HSBC Group becomes major shareholder of its Saudi Arabian subsidiary
ADNOC	UAE's ADNOC eyes bond issue amid low interest rates
Galfar Engineering	Galfar Engineering to establish new hub at the Khazaen Economic City
Al Rajhi Capital	Al Rajhi Capital tops Saudi brokerages list in September 2019
Dar Al Arkan	Dar Al Arkan's sukuk issue backed by lower interest rates: Chairman

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,921.2	1.2%	-2.1%	-2.1%	\$503.6	19.5x
ADX	5,028.0	2.3%	-0.6%	-0.6%	\$139.0	15.1x
DFM	2,761.0	9.1%	-0.7%	-0.7%	\$76.2	11.6x
Nasdaq Dubai	3,129.3	1.8%	-0.8%	-0.8%	NP	NP
Qatar	10,310.7	0.1%	-0.5%	-0.5%	\$142.0	14.8x
Bahrain	1,512.6	13.1%	-0.3%	-0.3%	\$23.6	11.3x
Oman	4,026.0	-6.9%	0.2%	0.2%	\$12.8	8.2x

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