

## Earnings season to set the trend amid firm oil price

### IN CASE YOU MISSED IT . . .

Most GCC markets closed higher last week supported by rising oil prices and gains on Wall Street. Abu Dhabi (+3.4%) outperformed, led by gains in First Gulf Bank, while Dubai (+2.8%) was supported by Emaar group stocks. Qatar (+1.2%) and Oman (+1.1%) too ended the week higher, followed by Kuwait (+0.7%) and Bahrain (+0.5%). Saudi Arabia (-0.1%) was the only market to close in the red, under pressure after the gasoline price hike. US markets closed at record levels, as weaker than expected economic data led to speculation of a dovish stance by the Fed. The Dow (+2.3%), S&P 500 (+2.6%) and the Nasdaq (+3.4%) gained on all four trading sessions of the week. European markets were positive with the CAC 40 (+3.0%), DAX (+3.1%) and the Stoxx 600 (+2.1%) all ending higher.

ASSET CLASS MONITOR	WTD ↓	YTD
MSCI EM	3.67%	3.67%
MSCI World	2.66%	2.66%
S&P 500	2.60%	2.60%
MSCI GCC	1.38%	1.38%
Gold	1.29%	1.29%
Oil (Brent)	1.12%	1.12%
FTSE 100	0.47%	0.47%
US Treasury Yields	0.00%	0.00%
Aluminum	-1.61%	-1.61%

### BRENT SPOT PRICE



COMMODITIES	WTD ↓	YTD
Oil (WTI)	1.69%	1.69%
Gold	1.29%	1.29%
Oil (Brent)	1.12%	1.12%
Natural Gas	-5.35%	-5.35%

### The week ahead

#### Regional markets

With many people back from the holidays, GCC markets should start the week on a positive note tracking the cues from Western markets and the firmness in crude oil prices. The crude oil price crossed the highest levels in 3 years, on the back of a seventh-straight drop in US crude supplies and the ongoing protests in Iran. Earnings season will commence in the next few days, which is likely to set the tone for the markets over the coming weeks.

#### Global markets

The week begins with Eurozone retail sales, and consumer and industrial confidence figures on Monday. ECB's non-monetary policy meeting is scheduled for Tuesday, followed by German trade balance and industrial production figures. Chinese inflation figures and UK GDP estimate would be published on Wednesday. The ECB monetary policy meeting accounts, Eurozone industrial production and US initial jobless claims would be released on Thursday. The week ends with Chinese trade balance and FDI figures on Friday.

#### You may be asked about

Saudi Arabia hiked gasoline prices by over 80% from January 1, 2018. The Kingdom also implemented VAT along with the UAE. Other GCC members plan to implement VAT by 2019.

#### Note to management

Here are Iridium's high-level thoughts on how organizations and leaders should initially think about responding to VAT questions from investors. Of course, we would be delighted to discuss this in greater depth with any firm that may be impacted.

1. Update your inflation models. Any macro-economic forecast needs to add several percentage points to its inflation outlook as a result of VAT.
2. Guidance models and targets will need to be adjusted. Especially, revenue models for consumer goods, retail, leisure and service companies should be re-examined. One large recruitment firm has already predicted a fall of 0.5% in real wages in the UAE, meaning businesses in these sectors will be competing for a diminished wallet.
3. The public policy landscape has changed. With a new revenue stream, governments and the public sector can afford to press ahead with projects and upgrades. A benevolent business environment may replace the government squeeze of the past few years.
4. Any company should be prepared to answer detailed investor questions on their readiness for VAT, and its impact on their cost base. As governments balance the need for revenue with the desire to mitigate economic shocks to the population, the private sector has to be well-prepared.

#### REGIONAL CALENDAR

08.01.2018	-	-
09.01.2018	-	-
10.01.2018	-	-
11.01.2018	KSA Weekly Money Supply	-

#### GLOBAL CALENDAR

09.01.2018	Germany Trade Balance Data	Eurozone Unemployment Rate
10.01.2018	ECB's Non-Monetary Policy Meeting	China Consumer Inflation
11.01.2018	ECB Monetary Policy Meeting Accounts	US Initial Jobless Claims
12.01.2018	China Retail Sales Data	US Consumer Inflation Data

### Food for thought

#### IR & BEYOND

Institutional Investor	Nightmare on Investor Relations Street	<a href="#">Link</a>
The Economist	The year of the incumbent	<a href="#">Link</a>
Moody's	Moody's assigns (P)Baa2 rating to Oman's new Global MTN program	<a href="#">Link</a>
IPE	MiFID II to spur greater ETF usage in securities lending	<a href="#">Link</a>
Arab News	Aramco IPO a step closer as decree creates new corporate structure	<a href="#">Link</a>

Sunday, 07.01.2018

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.48	+14	+6
UK	1.24	+2	-14
Germany	0.43	+14	+14
France	0.79	+18	-3
Italy	1.99	+28	+4
Switzerland	-0.15	+7	0
Japan	0.05	0	0
Hong Kong	1.74	-	-
India	7.31	+28	+93

## 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.

We hope you enjoy IR Brief. We are always here to help you advance your IR activities. Please don't hesitate to let us know if we can be of assistance in any way.

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## GLOBAL AGENDA

US	Releases Retail Sales and Consumer Inflation Data
China	Publishes Trade Balance Figures
JP Morgan Chase	Releases Quarterly Results
French President	Emmanuel Macron makes a state visit to China
ECB	Publishes the record of the Governing Council's December policy meeting
New York Fed President	Dudley delivers a keynote on the US 2018 economic outlook in New York
German Economy Ministry	Publishes its estimate for 2017 GDP growth
Wells Fargo	Releases Quarterly Results
Korean Peninsula	South Korea offered to hold talks with North Korea

## MOST READ REGIONAL SECTOR HEADLINES

Banks	Qatar plans central Shari'ah committee for Islamic banks
Materials	SABIC starts commercial operations at Polyacetal Plant
Energy	Moody's expects oil prices at \$40-\$60 in 2018
Consumer Discretionary	Jarir opens SR 32m showroom in Tabuk
REIT	Jadwa Investment launches Jadwa REIT Saudi Fund
Consumer Staples	TADCO to acquire entire agricultural business of Astra Farms
Transportation	Gulf Navigation plans rights share offering, sukuk sale
Healthcare	Saudi Arabia considers exempting healthcare from VAT
Real Estate	Office rents likely to rise in Dubai this year, Knight Frank
Telecom	Saudi telecom regulator denies prices hikes

## MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Aramco, Total Venture plans refinery maintenance from Jan. 8
Dana Gas	Dana Gas, Bond Advisers said to be in talks over \$700m sukuk row
ADNOC	ADNOC and OCP Group of Morocco sign long-term agreement
Almarai	Almarai obtains \$150 million loan from IFC
Warba Bank	Kuwait's Warba Bank \$150m loan to be used to restructure liabilities
Emirates NBD	Emirates NBD signs with Al Fajer for General Clearing Member services
Sharjah Islamic Bank	SIB raises capital through issuance of convertible sukuk
Dar Al Arkan	Dar Al Arkan to sell 30% stake of property management unit in IPO
SPIMACO	SPIMACO pushes back completion of Morocco project to Q4 2018
SABIC	SABIC, TVTC ink MoU to train Saudis in plastic manufacturing

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,277.06	0.7%	0.7%	0.7%	\$ 459.00	17.0 x
ADX	4,548.43	3.4%	3.4%	3.4%	\$ 117.66	16.2 x
DFM	3,463.57	2.8%	2.8%	2.8%	\$ 80.03	21.3 x
Nasdaq Dubai	3,405.53	3.6%	3.6%	3.6%	n/a	n/a
Qatar	8,630.67	1.3%	1.3%	1.3%	\$ 97.83	14.0 x
Bahrain	1,312.33	-1.5%	-1.5%	-1.5%	\$ 20.23	7.8 x
Oman	5,104.87	0.1%	0.1%	0.1%	\$ 14.33	12.3 x

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