

Crude oil's strength a positive for regional markets

3Q 2018 IR CALENDAR	DATE
HSBC EM Seminar, HK, SGP, TOKYO	15-19 OCT
GS CEEMEA 1x1 Conference, LON	12-13 NOV
BAML Investor Conference, RUH	12-13 NOV
UBS GEMs Conference	27-28 NOV
GS MENA Group Trip	TBC

IN CASE YOU MISSED IT . . .

GCC markets ended mixed last week. Saudi Arabia (+1.3%) rose, reaching its highest level since August 29, 2018, driven by news of the over 7% targeted rise in state spending next year and ongoing rally in crude oil. Qatar (+1.2%), buoyed by Industries Qatar and QNB Group, and Abu Dhabi (+1.2%) registered identical gains. Dubai (-1.2%) was dragged lower by real estate stocks due to profit booking. Oman ended flat, whereas Kuwait (-0.4%) and Bahrain (-1.8%) closed in the red. The US markets ended largely in the red, as spike in the 10-year Treasury yield to its highest level since 2011 counter-weighted the upbeat monthly non-farm payrolls report, which underlined a strengthening labor market. NASDAQ (-3.2%) and S&P 500 (-1.0%) declined; Dow ended flat, after clocking a new record closing high during the week. Europe ended firmly in negative territory, with FTSE 100 (-2.6%), CAC 40 (-2.4%), STOXX 600 (-1.8%) and DAX (-1.1%) registering losses.

ASSET CLASS MONITOR	WTD ↓	YTD
Aluminum	10.60%	0.09%
Oil	3.50%	26.48%
US Treasury Yields	1.83%	59.71%
Gold	1.44%	-7.90%
MSCI GCC	0.93%	13.21%
S&P 500	-0.43%	8.53%
MSCI World	-1.38%	1.01%
FTSE 100	-1.68%	-3.50%
MSCI EM	-3.89%	-12.78%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	3.57%	7.18%
Oil (Brent)	3.50%	26.48%
Oil (WTI)	3.06%	23.02%
Gold	1.44%	-7.90%

The week ahead

Regional markets

Regional market sentiment should be driven largely by the direction of crude oil prices, with Brent crude scaling a four-year peak last week, comfortably breaching the \$85 per barrel mark mid-week. In light of easing concerns over trade following the US-Canada-Mexico agreement last week, investors may shift attention to the direction of US Treasury yields (amid hawkish commentary from US Fed officials and strong employment-related data) and capital flows in emerging markets. Regional investors will also keep an eye on the initial set of 3Q18 earnings announcements to gauge likely cues for trading.

Global markets

The week begins with the release of China's Caixin Services PMI for September and August Industrial production numbers for Germany. Data for Germany's August trade balance and Canada's September housing starts will be disclosed on Tuesday. The UK's GDP, manufacturing and industrial production for August and the US' Producer Price Index for September will be published on Wednesday. Thursday will witness presentation of the European Central Bank's monetary policy meeting accounts report and release of the US' consumer inflation data for September. China's September trade statistics and Eurozone's August industrial production will close out the week on Friday.

You may be asked about

The International Monetary Fund (IMF) raised the UAE's GDP growth forecast to 2.9% for 2018 and 3.7% for 2019 (vs. 2.0% and 3.0%, respectively, forecasted in April 2018) on anticipated increases in oil production and higher government spending (on 30 Sept 2018, the UAE's cabinet approved a 17.3% YoY rise in the 2019 federal budget). However, IMF's mission chief to the UAE, Natalia Tamirisa noted, "Non-oil activity remains subdued amid continued corporate restructuring, real estate overhang, and tightening financial conditions". The IMF expects the country's consolidated fiscal deficit (individual Emirates and the federal government) to remain stable at -1.6% of GDP in 2018 and turn to surplus in 2019.

Note to management

If you thought that some areas of the investment value chain were immune from automation, you need to think again. Trading has already succumbed to technology: It is estimated that only 10% of buy and sell trades on NYSE are made by humans. But the reach of the robots doesn't end there.

Results analysis? Computers can - and do - bring massive data lakes to bear on their analysis of results. Management presentations? Algorithms are now being used to spot differences of tone, language and delivery from CEOs and CFOs on earnings calls. Analyst calls? Even these are being analysed by behavioural analysis computer programmes for the slightest clue as to what their recommendations will be.

We examine how companies can fight back against this march of the machines, and return some balance to the investment landscape. Read our viewpoint on page 5 of "The Reporting Times - Reporting Robots and AI" ([LINK](#)) or on our website [HERE](#)

REGIONAL CALENDAR

07.10.2018	KSA Labor Market 2Q18 Data	-
08.10.2018	KSA Finance and Insurance Survey Data	-
11.10.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

08.10.2018	China Caixin Services PMI Data	Germany Industrial Production Data
09.10.2018	UK Like-For-Like Retail Sales Data	Germany Trade Balance Data
10.10.2018	UK GDP Data	UK Production Data
11.10.2018	ECB Monetary Policy Meeting Accounts	US Consumer Price Index
12.10.2018	China Trade Balance Data	Germany Consumer Inflation Data

Food for thought

IR & BEYOND

The Reporting Times	AI Changes Everything in IR (contribution by Iridium)	Link
CFO Magazine	The CFO Journey: From Archivist to Strategist to ... Futurist	Link
IR Magazine	How boards can oversee the path to AI	Link
Fortune	Why CEOs Need to Think Like Activist Investors	Link
IPE	How We Run Our Money: Kâpan Pensioner	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	3.23	+36	+87
UK	1.72	+30	+36
Germany	0.57	+22	+11
France	0.90	+21	+17
Italy	3.42	+37	+128
Switzerland	0.03	+17	+10
Japan	0.15	+4	+10
Hong Kong	2.35	+25	+71
India	8.04	-2	+128

GLOBAL AGENDA

ECB	Publishes minutes of its September 12-13 meeting
US	Releases consumer inflation data
IMF-World Bank	Annual meetings to be held in Indonesia
Brexit Talks	EU leaders to discuss UK's Brexit proposal
Mekong-Japan Summit	Japan, Cambodia, Laos, Myanmar, Thailand and Vietnam's 2-day summit begins
BoE	Chief economist Andy Haldane speaks in London
Chicago Fed President	Charles Evans delivers a speech in Michigan
China	Announces trade balance data
Japan	Stock markets to remain closed on Monday on account of holiday
Earning Releases	JPMorgan, Citigroup, Wells Fargo, QNB Group, TCS

MOST READ REGIONAL SECTOR HEADLINES

Energy	KSA, Russia agreed in Sept. to lift oil output, informed US before meeting
Banks	Moody's: Rising rates to boost Saudi banks' profitability
Financials	GFH Financial Group to acquire about \$200mn Sukuk from Al Rajhi Bank
Materials	SABIC issues \$2bn dual tranche bond
Real Estate	SRECO, AIC agree to establish Alinma Alakaria RE Fund
Transport	Qatar Airways upgrades five Airbus A350-900s to A350-1000s
REIT	Jadwa REIT Saudi Fund obtains SAR1bn loan from Banque Saudi Fransi
Consumer Discretionary	SASCO subsidiary inks contract with Saudi Customs
Telecom	Saudi Telecom shortlisted for running Citizen Account program
Consumer Staples	Almarai announces the redemption of its perpetual senior Sukuk

MOST READ REGIONAL COMPANY HEADLINES

ADNOC	ADNOC awards AED3.16bn contract for gas development project
NBO	National Bank of Oman's \$500mn EMTN issuance oversubscribed
Saudi Aramco	Saudi Aramco may borrow up to \$50bn from banks for SABIC
CBD	Moody's places all ratings of CBD on review for downgrade
Doha Bank	Doha Bank signs deal with Bank of Ceylon for remittance to Sri Lanka
SABB	Saudi British Bank, Alawwal Bank ink binding merger deal
United Arab Bank	United Arab Bank, Invest Bank deny media reports on three-way merger talks
Farm Superstores	Renews bank facility agreement with National Bank of Kuwait
Sipchem	Sipchem, Sahara sign MoU on planned merger
Al Rajhi REIT	Al Rajhi REIT secures SAR500mn banking facility from Al Rajhi Bank

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,997.6	10.7%	0.0%	0.0%	\$513.0	16.9x
ADX	5,007.1	13.8%	1.5%	1.5%	\$134.2	13.2x
DFM	2,791.7	-17.2%	-1.5%	-1.5%	\$74.9	7.4x
Nasdaq Dubai	3,258.4	-0.9%	0.2%	0.2%	NP	NP
Qatar	9,902.5	16.2%	0.9%	0.9%	\$129.7	15.3x
Bahrain	1,325.0	-0.5%	-1.0%	-1.0%	\$20.4	9.0x
Oman	4,525.8	-11.2%	-0.4%	-0.4%	\$13.8	11.1x

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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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For more information contact:

Iridium Advisors DMCC
Pamela Chahine, Director
+971 4 374 5757
ir@iridium.ae
www.iridium.ae