

Crude recovers on OPEC and oil output cut deal

IN CASE YOU MISSED IT . . .

Regional markets ended largely up last week, with Oman (+3.1%) gaining the most among peers. Qatar (+2.3%) was driven by gains in Masraf Al Rayan and Qatar Islamic Bank. Abu Dhabi (+2.2%) registered its largest one-day gain in two years on December 4, buoyed by gains in First Abu Dhabi Bank as its weight doubled in MSCI's Emerging Markets Index. Saudi Arabia (+1.9%) was aided by a recovery in oil prices. Kuwait (+0.1%) inched up. However, Dubai (-3.3%) fell to its lowest level since September 2013 amidst continued weakness in real estate stocks; whereas Bahrain (-0.7%) fell marginally. Meanwhile, the US markets were spooked over inverted yield curve and uncertainty about global trade, as all the three major indices posted the biggest weekly fall since March. Nasdaq (-4.9%) slipped the most, followed by S&P 500 (-4.6%) and Dow (-4.5%). Europe too ended in the red; DAX (-4.2%), CAC 40 (-3.8%), STOXX 600 (-3.4%), and FTSE 100 (-2.9%) all closed lower.

ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	1.69%	73.38%
MSCI GCC	1.69%	12.96%
Gold	1.11%	-4.99%
Oil	0.92%	-10.18%
Aluminium	0.62%	-13.30%
S&P 500	-1.53%	0.84%
MSCI EM	-1.92%	-15.50%
MSCI World	-2.14%	-6.59%
FTSE 100	-4.76%	-12.80%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	1.11%	-4.99%
Oil (Brent)	0.92%	-10.18%
Oil (WTI)	0.08%	-14.78%
Natural Gas	-6.87%	46.53%

The week ahead

Regional markets

Recovery in Brent crude oil price to above \$60 per barrel mark last week, largely on account of OPEC and non-OPEC members' (including Russia) 1.2mn barrels per day of production cut agreement (starting January 2019), should boost the sentiment in regional markets. Meanwhile, investors will continue to look for some concrete details from the ongoing US-China trade negotiations, as the arrest of Huawei Technologies' CFO last week raised fresh worries. In addition, the upcoming UK parliament's vote, pertaining to Brexit, and negotiations between Italy and the EU over its budget deficit are also likely to be on investors' radars.

Global markets

The week begins with the release of key economic numbers for the UK including GDP and industrial/manufacturing production data for October. Tuesday will witness the crucial UK parliamentary vote on Brexit and release of October average earnings for the UK. On Wednesday, the US' consumer inflation for November will be published, followed by the US' Federal Reserve's Governor's speech. On Thursday, the European Central Bank and the Swiss National Bank will communicate their monetary policy and interest rate decisions. The release of November retail sales data for the US and China will draw the week to a close on Friday.

You may be asked about

Qatar's energy minister, Saad Sherida al-Kaabi, announced last week the country's withdrawal from the Organization of the Petroleum Exporting Countries (OPEC), effective from January 1, 2019, thereby halting a 57-year association with the crude oil producing bloc. The minister stated that the withdrawal reflects Qatar's strategy to focus on its core business of natural gas production, as it intends to increase its liquefied natural gas (LNG) production from 77mn tons to 110mn tons by 2024, thus fortifying its position as the world's leading natural gas producer. Qatar accounts for ~2% of OPEC's total output as its oil production declined from ~728,000 barrels per day (bpd) in 2013 to ~607,000 bpd in 2017.

Note to management

The corporate strategy U-turn has become so commonplace that few companies do not have some sort of "transformation programme" underway at any given time: change is business as usual in the corporate world.

Change can come from without – competition, regulation, market forces – or from within – new management, new products, new technology. Wherever it comes from, change is certain, and the IR team has a crucial role to play in presenting change to a company's owners – its shareholders.

We examine the role of best-practice IR in communicating and explaining strategic change in corporates. We look at the upside of getting it right, and the downside of getting it wrong. Either way, when change hits an organisation, Investor Relations should be at the heart of managing its impact.

Read out thoughts [HERE](#)

REGIONAL CALENDAR

10.12.2018	KSA Industrial Activity Survey	-
13.12.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

10.12.2018	UK GDP Data	EU ECJ Ruling on Article 50
11.12.2018	UK Average Earnings ex-Bonus	UK ILO Unemployment Rate
12.12.2018	China Foreign Direct Investment	US Consumer Price Index
13.12.2018	ECB Interest Decision	Germany Consumer Price Index
14.12.2018	US Retail Sales Data	China Industrial Production

Food for thought

IR & BEYOND

Iridium	The Strategic U-Turn: How IR Teams Can Ensure Success	Link
Institutional Investor	Why Transparency Literally Pays Off	Link
CFO Magazine	Breaking Bad	Link
Bloomberg Blog	MiFID II regulators may penalize poor research pricing in 2019	Link
Zawya	New General Manager of the Middle East Investor Relations Association	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.85	-39	+47
UK	1.26	-30	-1
Germany	0.25	-21	-6
France	0.68	-13	+6
Italy	3.12	-27	+148
Switzerland	-0.21	-18	+1
Japan	0.05	-7	+1
Hong Kong	1.98	-37	+24
India	7.47	-33	+37

GLOBAL AGENDA

UK	House of Commons votes on Theresa May's Brexit deal
European Parliament	Votes on the draft free-trade agreement between the EU and Japan
WTO	World Trade Organization general council meeting
ECB	President Mario Draghi gives a speech in Pisa, Italy
Bank of Japan	Releases its quarterly Tankan business sentiment survey
Germany	Chancellor Angela Merkel answers questions from members of the Bundestag
ECB	Interest rate decision
Reserve Bank of India	board meets amid a standoff with the government over the central bank's autonomy and reluctance to cut interest rates
Germany	President Frank-Walter Steinmeier visits Beijing
Earning Releases	Adobe, Costco, Metro, Sports Direct, Dave & Buster's

MOST READ REGIONAL SECTOR HEADLINES

Energy	Kuwait Petroleum Corporation renews Lebanon gas and oil supply contract
Construction	Drake & Scull wins AED600mn contract in Abu Dhabi
Financials	CMA approves IPO of Al Rajhi MSCI Saudi fund
Materials	SABIC may raise stake in Clariant but will not take over the company
REITs	Saudi Derayah REIT gets \$267mn facility from Al Rajhi Bank
Transportation	Middle Eastern airlines' freight volumes rise 5% in October: IATA
Real Estate	Dubai property prices sink 7.4% as the UAE's jobs growth slows
Telecom	Zain's 5G network set to go live across strategic sites in Kuwait
Utilities	ACWA Power signs a partnership deal for giant renewable energy project
Consumer Staples	Almarai ups prices to absorb rising costs from fodder imports

MOST READ REGIONAL COMPANY HEADLINES

ADNOC	Signs pact to explore LNG bunkering partnership with Inpex
Careem	To launch \$100m bus service in Egypt, Saudi Arabia, Pakistan
Sipchem	Signs binding deal for merger with Sahara
Drake & Scull	Wins AED600mn contract in Abu Dhabi
GFH Properties	Inks mortgage finance deal with BBK
Mobily	Inks SAR1.1 bn facility with European ECAs
Al Akaria	Gets regulatory nod on Al Widyen Co.'s capital hike
Raysut Cement	Eyes acquiring Kenya's ARM Cement
Ma'aden	Launches commercial operations at new Saudi plant
Al Jazeera	Signs partnership pact with Qatar Islamic Insurance Company

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,849.0	8.6%	-1.9%	1.9%	\$502.2	17.0x
ADX	4,876.7	10.9%	-1.2%	2.2%	\$132.2	13.2x
DFM	2,580.3	-23.4%	-9.0%	-3.3%	\$70.4	8.7x
Nasdaq Dubai	3,077.8	-6.4%	-5.3%	0.4%	NP	NP
Qatar	10,598.4	24.3%	8.0%	2.3%	\$139.3	15.7x
Bahrain	1,320.0	-0.9%	-1.4%	-0.7%	\$20.1	8.9x
Oman	4,548.7	-10.8%	0.1%	3.1%	\$14.0	10.7x

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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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