

## Positive market cues ahead of post-holiday trading

### IN CASE YOU MISSED IT . . .

Regional markets had a shortened week on account of the Eid holidays. Markets in Saudi Arabia, Dubai and Abu Dhabi were closed for the entire last week whereas Kuwait (+0.7%), Qatar (+0.5%), Oman (+0.2%) and Bahrain (+0.1%) ended up.

The US Markets ended firmly in the green, driven by reports on delay in the imposition of Mexican tariffs and rising optimism regarding a rate cut by the US Federal Reserve. The Dow (+4.7%) and S&P (+4.4%) registered their longest winning streak since late November 2018; Nasdaq (+3.9%) demonstrated the best weekly performance since the week ended Dec 28.

European markets too closed higher on the back of positive sentiment in the US though were moderated by ECB's decision to hold interest rates; CAC 40 (+3.0%), DAX (+2.7%), FTSE 100 (+2.4%), and STOXX 600 (+2.3%) all ended higher.

ASSET CLASS MONITOR	WTD ↓	YTD
Gold	3.62%	4.12%
S&P 500	1.96%	13.43%
MSCI World	1.70%	10.76%
MSCI EM	0.79%	3.83%
FTSE 100	0.58%	7.90%
MSCI GCC	0.08%	7.27%
Aluminum	-1.11%	-6.77%
US Treasury	-2.10%	-4.90%
Oil (Brent)	-7.78%	14.63%

### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	3.62%	4.12%
Oil (WTI)	-7.07%	15.81%
Oil (Brent)	-7.78%	14.63%
Natural Gas	-8.76%	-20.95%

### The week ahead

#### Regional markets

Regional investors will resume trading after the Eid holidays, with investor sentiment likely to be broadly positive on both regional and global factors. A recovery in crude oil price at the end of last week, largely on the back of likely extension of OPEC's production cut agreement, will direct the region's energy and petrochemical sectors. Further, a series of weaker US economic data including non-farm payrolls numbers, increases possibility of a Fed rate cut in the near future. Moreover, a likely deal between the US and Mexico to delay imposing trade tariff should also support the markets.

#### Global markets

The week begins with the release of China's trade balance (May) data and the UK's production (Apr) stats on Monday. On Tuesday, data on the UK's unemployment rate (Apr) and Japan's machinery orders (Apr) will be published. The US and China's consumer inflation (both May) figures will be revealed on Wednesday, while ECB President will also deliver a speech on the same day. Thursday's major events constitute Germany's consumer inflation (May) data, Eurozone's industrial production (Apr) numbers and the Eurogroup meeting. China and the US retail sales and industrial production (all May) stats will draw the week to a close on Friday.

#### You may be asked about

S&P Global Ratings stated in a report that Abu Dhabi's economic growth is expected to average 2.5% from 2019 to 2022, on the back of higher oil production and prices. It further added that the petroleum sector continues to play a dominant role in the economy in spite of diversification attempts, generating 90% of the government's revenue. The economic growth is pegged at 2% for 2019 and should witness acceleration thereon, backed by a stream of investments in both oil & non-oil sectors. A significant chunk of these funds are anticipated to originate from the government, which has announced a AED 50 billion stimulus package that will build on the improved competitiveness rankings and further attract foreign investors. S&P also anticipates no further issuance of bonds with fiscal deficit financed through liquid assets.

#### Note to management

Two surveys serve to raise a question and provide the answer. The National Investor Relations Institute has identified a "burning platform" moment for IR, under threat of becoming a commoditised and entirely tactical function.

Meanwhile, consultancy PwC's annual survey of CEOs and of professional investors provide some profound messages on the current state of relations between corporates and their investors. But the answer to NIRI's conundrum lies in what PwC's CEOs reveal about the tools they have to do their job.

The results provide an alarm bell for the investor relations function, and shine a light on the current mismatch between investor expectation and what is actually provided by companies.

Redemption lies in a fundamental shift in the objectives and output of the investor relations function. IROs need to morph into "Mini-CEOs". If they don't, they could face an existential threat.

Read our viewpoint [HERE](#).

### GLOBAL CALENDAR

10.06.2019	China Trade Balance Data	UK Industrial Production Data
11.06.2019	UK Average Earnings ex-Bonus	UK ILO Unemployment Rate
12.06.2019	US Consumer Price Index ex-Food & Energy	China Consumer Price Index
13.06.2019	Germany Harmonized CPI	EU Industrial production Data
14.06.2019	US Retail Sales Control Group	Michigan Consumer Sentiment Index

### Food for thought

#### IR & BEYOND

Iridium	What's Next For The Investor Relations Profession? (Part 2)	<a href="#">Link</a>
IPE	The origin of ESG indices	<a href="#">Link</a>
IPE	Top 400 Asset Managers [by AUMs]	<a href="#">Link</a>
Citywire Middle East	Emerging market investors ditching equities and buying bonds	<a href="#">Link</a>
Goldman Sachs	Top of Mind: TRADE WARS 3.0	<a href="#">Link</a>

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.08	-40	-86
UK	0.81	-32	-57
Germany	-0.26	-21	-70
France	0.08	-25	-73
Italy	2.35	-26	-76
Switzerland	-0.54	-18	-52
Japan	-0.13	-7	-17
Hong Kong	1.48	-	-75
India	6.97	-	-97

## GLOBAL AGENDA

<b>US President</b>	Plans to impose 5% tariffs on imports from Mexico
<b>Saudi Energy Minister</b>	Khalid Al-Falih to meet Russian Energy Minister in Moscow
<b>OPEC</b>	To release oil market report
<b>Japanese PM</b>	Shinzo Abe visits Iran
<b>ECB member</b>	Klaas Knot delivers a speech in Amsterdam
<b>US</b>	Releases consumer inflation and retail sales data
<b>China</b>	Announces trade balance and consumer inflation numbers
<b>Eurozone</b>	Eurozone finance ministers meet in Luxembourg
<b>China</b>	Financial regulators and banking industry executives meet in Shanghai
<b>BoE Governor</b>	Mark Carney delivers a speech in London

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Bahrain to allow foreign companies to take 100% stakes in oil, natural gas extraction projects
<b>Banks</b>	KSA bank loans rise 3% in April 2019
<b>Transportation</b>	Qatari ports see strong growth in first quarter
<b>Retail</b>	UAE issues first permanent residency to the head of retail giant Lulu
<b>Real Estate</b>	KSA said to approve 23 housing layouts in 1Q19
<b>Aviation</b>	IATA: Middle East carriers' losses in 2019 will top \$1.1bn
<b>Construction</b>	UK's Atkins looks to double Riyadh workforce by end-2019
<b>Telecom</b>	GCC mobile phone shipments rise to 6 million in 1Q19
<b>Technology</b>	Qatar's CRA to develop and publish researches and studies for ICT Sector Development
<b>Materials</b>	Ineos to invest \$2bn for building three chemicals plants in Saudi Arabia

## MOST READ REGIONAL COMPANY HEADLINES

<b>Qatar Airways</b>	Over 300 aircraft worth over \$90bn on order
<b>First Abu Dhabi Bank</b>	Expects MENA loans to slump 40% this year
<b>GEMS Education</b>	Acquires KSA's Ma'arif Education along with Hassana Investment
<b>ReNew Power</b>	Goldman Sachs, CPPIB and ADIA invest \$300mn more in the company
<b>KIB</b>	Kuwait International Bank raises \$300mn from Islamic bonds
<b>Aramco Trading</b>	Opens new UAE office
<b>SABIC</b>	Renews health insurance agreement with Bupa Arabia
<b>Emirates</b>	Cautious on quick return to service for Boeing 737 MAX
<b>SWCC</b>	Appoints BNP Paribas to advise on Saudi desalination assets
<b>Al Hokair</b>	To launch VR gaming zones in Abu Dhabi

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	8,516.5	8.8%	-3.4%	0.0%	\$539.0	19.5x
<b>ADX</b>	5,003.6	1.8%	-1.4%	0.0%	\$138.1	14.5x
<b>DFM</b>	2,620.3	3.6%	-0.6%	0.0%	\$71.6	11.6x
<b>Nasdaq Dubai</b>	3,156.4	2.7%	-1.4%	0.0%	NP	NP
<b>Qatar</b>	10,319.3	0.2%	2.1%	0.5%	\$134.9	14.5x
<b>Bahrain</b>	1,434.6	7.3%	1.5%	0.1%	\$22.2	10.5x
<b>Oman</b>	3,941.8	-8.8%	-1.1%	0.2%	\$12.3	7.8x

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## 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.

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