

Geopolitical tensions taking centre stage again

3Q 2018 IR CALENDAR	DATE
GS CEEMEA Financials Symposium, LON	3-4 SEPT
HSBC GEMs 1x1 Conference, LON	3-6 SEPT
DB GEMs 1x1 Conference, NYC	5-6 SEPT
EFG Hermes 1x1 Conference, LON	10-13 SEPT
GS CEEMEA 1x1 Conference, LON	12-13 SEPT
Arqaam Investor Conference, DXB	24-25 SEPT

The week ahead

Regional markets

In addition to on-going trade tensions between the US and China, regional investors should be unnerved by the fallout of a US-Turkey diplomatic spat, including sharp depreciation in the Turkish Lira. Regional markets will also keenly follow developments in the on-going diplomatic rift between Saudi Arabia and Canada. Moreover, with crude oil prices displaying limited signs of upside from current levels and the corporate earnings season drawing to an end, near-term catalysts for an upward push to the regional markets appear limited.

Global markets

The week begins with China's FDI numbers on Monday. The Eurozone's 2Q18 GDP (prelim) and industrial production, Germany's 2Q18 GDP (prelim) and consumer inflation, the UK's unemployment rate and wage data, and China's retail sales and industrial production figures will be released on Tuesday. The US' retail sales and industrial production, the UK's consumer inflation and Japan's trade data will be announced on Wednesday. Thursday will witness the release the UK's retail sales and the US' housing starts statistics. Consumer inflation data of the Eurozone and Canada will bring the week to a close on Friday.

IN CASE YOU MISSED IT . . .

Markets ended on a mixed note last week. Oman (+2.4%) posted solid gains, thereby reversing the previous two weeks' losses. During the week, Abu Dhabi touched its highest level since late-2014, ending up 1.3% aided by gain in First Abu Dhabi Bank. However, Dubai (-1.8%) was pulled lower by real estate stocks especially DAMAC Properties. Saudi Arabia and Qatar registered identical losses (-0.9%, each). Kuwait (+0.3%) rose modestly and Bahrain was broadly unchanged. The US markets ended mixed, as continued detention of an American pastor by Turkey resulted in increased diplomatic tensions between US and Turkey. NASDAQ (+0.3%) extended last week's gain, while Dow (-0.6%) and S&P 500 (-0.2%) edged down. European markets closed largely lower; DAX (-1.5%), CAC 40 (-1.2%) and STOXX 600 (-0.8%) ended in the red, but FTSE 100 (+0.1%) posted marginal gains.

You may be asked about

Saudi Arabia's fiscal deficit narrowed sharply to SAR7.4bn in 2Q18 from SAR34.3bn in 1Q18. The deficit shrank as total revenues climbed 67% Y-O-Y to SAR273.6bn, driven by increase in both oil (+82%) and non-oil (+42%) revenues. Deficit for 1H18 stood at SAR41.7bn, well-below the 50% mark of the Kingdom's FY18 forecasted deficit of SAR195bn (or 7.3% of FY18E GDP), as increase in total revenues (+43% Y-O-Y) exceeded the rise in total expenditure (+26% Y-O-Y). Saudi Arabia's Finance Minister Mohammed Al-Jadaan indicated that the improvement in public finances will aid the government in continuing reforms to achieve economic diversification and financial sustainability.

Note to management

We examine the phenomenon of Environmental, Social and Governance (ESG) investing:

- Some \$20 trillion is now devoted to ESG investments globally.
- Most large investment houses now employ dedicated teams whose role is to scrutinise the ESG credentials of their invested companies
- A growing number of asset managers now engage proactively with issuers on ESG principles, casting AGM votes in accordance with ESG promises kept or broken, pressurising management to adjust strategies to address ESG concerns, and even lobbying to remove Board members who obstruct ESG progress.

With the move to ESG principles now mainstream for asset managers, there is no excuse for companies to avoid the issue. The impact that companies have on the environment, on society, and how these impacts are governed, is fast becoming as important to investors as the P&L. But one key questions has emerged: Are investors walking the walk on ESG?

Q2 RESULTS	PROFIT (mn)	Y-O-Y%
Savola Group	SAR 140.6	-38.7%
Al Meera	QAR 49.95	-19.2%
Aldar Properties	AED 446.5	-28.0%
Jarir Marketing Co.	SAR 162.6	+10.0%

Read our viewpoint on the matter here: [Link](#)

BRENT FUTURES PRICE



REGIONAL CALENDAR

12.08.2018	KSA Quarterly Monetary and Banking Developments Report	
14.08.2018	KSA Non-oil Export Import Data	-
15.08.2018	Abu Dhabi Hotel Price Index	KSA Industrial Production Data
16.08.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

13.08.2018	China Foreign Direct Investment Data	-
14.08.2018	Eurozone 2Q18 GDP (prelim.) Data	Germany 2Q18 GDP (prelim.) Data
15.08.2018	UK Consumer Inflation Data	US Retail Sales Data
16.08.2018	Australia Unemployment Rate	UK Retail Sales Data
17.08.2018	Eurozone Consumer Inflation Data	Canada Consumer Inflation Data

ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury Yields	1.99%	47.48%
Aluminum	1.22%	-9.04%
FTSE 100	0.10%	-0.27%
S&P 500	-0.25%	5.97%
Gold	-0.36%	-7.08%
Oil (Brent)	-0.55%	8.88%
MSCI GCC	-0.67%	14.78%
MSCI World	-0.75%	0.50%
MSCI EM	-1.02%	-8.29%

Food for thought

IR & BEYOND

Iridium	Good Governance - Are Institutional Investors Walking The Walk?	Link
Institutional Investor	GAM Plans to Liquidate \$7 Billion Bond Funds	Link
Bloomberg Quint	Corporate Boards Are No Longer Afraid to Say a CEO Was Fired	Link
CFO Magazine	Study Finds Disturbing Evidence of Earnings Management	Link
EQS	When Your Insider Information Gets Out	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.87	+2	+68
UK	1.24	-5	+18
Germany	0.31	-5	-6
France	0.66	+2	-1
Italy	2.98	+30	+96
Switzerland	-0.17	-5	+5
Japan	0.09	+6	+4
Hong Kong	2.09	+5	+69
India	7.75	-12	+125

COMMODITIES	WTD ↓	YTD
Natural Gas	3.19%	-0.30%
Gold	-0.36%	-7.08%
Oil (Brent)	-0.55%	8.88%
Oil (WTI)	-1.26%	11.93%

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.

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GLOBAL AGENDA

US	Releases retail sales data
China	Publishes industrial production and retail sales data
Brexit Talks	Brexit negotiations between the EU and the UK resume in Brussels
RBA	Reserve Bank of Australia Asst. Governor Luci Ellis gives a speech in Canberra
Germany	Releases 2Q18 GDP (prelim.), and consumer inflation data
Eurozone	Publishes 2Q18 GDP (prelim.), consumer inflation and industrial production data
German Chancellor	Holds talks with the prime minister of Bosnia-Herzegovina and Niger's president
New York Fed	Releases its 2Q18 household debt and credit report
Japan	Releases trade balance data
Earning Releases	Walmart, Maersk, Tata Steel, Home Depot, Tencent, Eletrobras

MOST READ REGIONAL SECTOR HEADLINES

Energy	Saudi Arabia reduced oil production in July: OPEC
Banks	Moody's downgrades four Bahraini banks' ratings
Financials	Bupa Investment Overseas increases its stake in Bupa Arabia to 39.25%
Telecom	Omantel signs MoU with Blockchain Solutions & Services
Healthcare	NMC Healthcare eyes expansion in Saudi Arabia
Materials	Maaden seeking expansion in phosphate, base metals: Acting CEO
Real Estate	Affordable housing to boost Riyadh's property market
Telecom	Telecom providers can sell, spin off towers: Saudi CITC
Consumer Discretionary	L'Azurde CEO sees Saudi growth in affordable jewelry expansion
REIT	Tadawul announces the listing of Swicorp Wabel REIT Fund

MOST READ REGIONAL COMPANY HEADLINES

United Arab Bank	United Arab Bank concludes \$185mn financing
NCB Capital	NCB Capital wins approval from Saudi regulator for new ETF
Investcorp	Investcorp completes full exit from Gulf Cryo Holding
Saudi Aramco	Saudi Aramco to buy Lanxess' stake for \$1.6bn
DP World	DP World acquires Danish logistics firm Unifeeder
ADIB	Abu Dhabi Islamic Bank is said to hire banks for \$750mn sukuk
ADNOC	ADNOC CEO seeks long-term oil products supply to Japan
Jarir	Jarir recommends 33.3% capital increase via bonus shares
Al Jouf Cement	Al Jouf Cement signs MoU to export to Palestine's Sanad
Bank Aljazira	Bank Aljazira renews two insurance deals with Aljazira Takaful

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,176.2	13.1%	-1.7%	-1.4%	\$523.8	17.8x
ADX	4,872.0	10.8%	6.8%	0.3%	\$131.2	12.8x
DFM	2,920.1	-13.4%	3.5%	-1.2%	\$79.1	9.3x
Nasdaq Dubai	3,277.2	-0.3%	5.6%	-0.1%	NP	NP
Qatar	9,886.9	16.0%	9.6%	0.6%	\$116.8	14.7x
Bahrain	1,349.6	1.3%	2.9%	-0.6%	\$20.7	8.9x
Oman	4,431.2	-13.1%	-3.1%	2.2%	\$13.3	9.0x

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