

## Crude oil strengthens; Brent regains the \$60 mark

### IN CASE YOU MISSED IT . . .

Regional markets closed higher last week amid positive global sentiments and rising oil prices. Saudi Arabia (+4.8%) closed at near five-month high, led by strong performance in financial sector stocks, particularly Al Rajhi Bank. Qatar (+3.0%) reached its highest level in nearly two years on the back of strong performance in banking stocks and Industries Qatar. Abu Dhabi (+1.3%) and Dubai (+0.8%) were boosted by First Abu Dhabi Bank and Emirates NBD, respectively. Bahrain climbed 1.2% over the week. Oman (+0.8%) and Kuwait (+0.4%) also edged higher. The US markets jumped on encouraging developments in the US-China trade talks and the Federal Reserve's assurance of remaining patient with future interest rate hikes. Supported by four straight daily gains till Thursday, Nasdaq (+3.5%), S&P 500 (+2.5%) and Dow (+2.4%) ended firmly in the green. Europe too rose for a second consecutive week; STOXX 600 (+1.7%), FTSE 100 (+1.2%), DAX (+1.1%) and CAC 40 (+0.9%) ended in positive territory.

EARNINGS CALENDAR	Market	Est/ Conf	Date
QNB Group	Qatar	C	15 Jan
Gulf Warehousing	Qatar	C	16 Jan
Qatar Islamic Bank	Qatar	C	16 Jan
Doha Bank	Qatar	C	16 Jan
Ahli Bank	Qatar	C	16 Jan

### BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil	10.24%	14.65%
S&P 500	6.08%	3.58%
MSCI World	5.58%	3.86%
MSCI EM	5.17%	3.42%
MSCI GCC	4.33%	4.61%
FTSE 100	3.74%	3.19%
Aluminium	0.93%	-1.42%
US Treasury	0.83%	-0.82%
Gold	-0.59%	0.32%

### The week ahead

#### Regional markets

The regional markets' upbeat sentiments are likely to stay, owing to likely positive outcomes to the US-China trade talks, in light of further higher level discussions later this month, and run up in crude oil prices. Crude oil notched solid gains, with the Brent edging past \$60 per barrel mark. Investors will also look forward to developments with the ongoing partial US government shutdown, with ratings agency Fitch warning that this could lead to the US losing its AAA rating. Moreover, the upcoming crucial parliamentary vote over Brexit in the UK on January 15 will also be of interest to investors. QNB Group is expected to report FY2018 earnings this week.

#### Global markets

The week begins with the release of key trade data (Dec) for China and industrial production figures (Nov) for the Eurozone on Monday. Tuesday will witness a crucial parliamentary vote in the UK on Brexit, the release of statistics on the US' producer inflation (Dec) and the European Central Bank's President's speech. Germany's harmonized index of consumer prices, the UK's consumer inflation and the US' retail sales data for December will be published on Wednesday. On Thursday, Dec consumer inflation for the Eurozone and Japan will be released, in addition to the US' Philadelphia Fed Manufacturing Survey (Jan). Industrial production numbers for the US (Dec) and Japan (Nov) will draw the week to a close on Friday.

#### You may be asked about

In a major sign of investor confidence, Saudi Arabia sold bonds worth \$7.5bn last week, bought majorly by foreign investors. This was the first bond issue after the death of Saudi Arabian journalist, Jamal Khashoggi in Turkey last year, which resulted in strained ties between the Kingdom and western countries. The bond sale attracted \$27.5bn in orders, with global investment banks such as BNP Paribas, JP Morgan, HSBC and Citi backing the debt issue. While the bonds offered attractive yields, with the 10-year \$4bn and 31-year \$3.5bn bonds being priced 175 basis points (bps) and 230 bps above the US Treasury benchmarks, the yields were similar to the past bond issues, thereby indicating no loss in investors' enthusiasm pertaining to the Kingdom.

#### Note to management

When Sheikh Rashid bin Saeed Al Maktoum proposed building a port in Jebel Ali, some 30 miles away from Dubai, in the early 1970's, even his closest advisors and friends were dubious. When his son, Sheikh Mohammed Bin Rashid, proposed building the world's largest airport and named it Dubai World Central, more sceptical voices were raised.

Now Sheikh Mohammed has reached for the "Build it and they will come" playbook once more, this time with a tripling in size of the Dubai International Financial Centre, and once again doubts are being aired.

We take a more positive view, and believe that the expansion of DIFC could be another visionary move that will drive the capital markets of the region. Read more [HERE](#).

#### REGIONAL CALENDAR

16.01.2019	UAE Quarterly Statistical Publication	-
17.01.2019	KSA Weekly Money Supply Data	UAE National Accounts Data

#### GLOBAL CALENDAR

14.01.2019	China Trade Balance Data	EU Industrial Production
15.01.2019	UK Parliamentary Vote on Brexit	-
16.01.2019	US Retail Sales	US Fed's Beige Book
17.01.2019	China GDP Data	EU Consumer Price Index
18.01.2019	US Capacity Utilization	Japan Industrial Production

### Food for thought

#### IR & BEYOND

Iridium	DIFC 2.0: Dubai Reaches for its Trusted Playbook	<a href="#">Link</a>
Nasdaq Dubai	Nasdaq Dubai Launches Futures Trading on Shares of Saudi companies	<a href="#">Link</a>
Institutional Investor	BlackRock Layoffs Loom Amid Market Volatility	<a href="#">Link</a>
The Economist	For Emerging Markets, a More Fearful Fed is a Less Frightful One	<a href="#">Link</a>
Zawya	Egyptian Asset Manager Rasmala Bought by Italy's Azimut	<a href="#">Link</a>

Sunday, 13.01.2019

COMMODITIES	WTD ↓	YTD
Oil (WTI)	11.68%	15.81%
Oil (Brent)	10.24%	14.65%
Natural Gas	0.81%	0.99%
Gold	-0.59%	0.32%

GLOBAL AGENDA	
<b>UK Parliament</b>	House of Commons will vote on Prime Minister's Brexit withdrawal agreement
<b>ECB</b>	President Mario Draghi to address the European Parliament
<b>US</b>	Secretary of State to meet with leaders of Jordan, Iraq, Egypt, Bahrain, UAE, Qatar, KSA, Oman and Kuwait
<b>Bank of Japan</b>	Governor and Deputy Governor to speak at a G-20 event in Tokyo
<b>Germany</b>	Finance Minister Olaf Scholz to travel to Beijing for a finance dialogue
<b>Vienna</b>	Euromoney Conference to be held to discuss economic issues
<b>European Parliament</b>	Romanian Prime Minister to present the country's EU-presidency program
<b>Bank of China</b>	Chairman's speech at The 2019 Asia Financial Forum
<b>Japan</b>	Foreign Affairs Minister to have talks with his Russian counterpart
<b>Earning Releases</b>	Citigroup, JP Morgan, Goldman, BlackRock, Netflix

MOST READ REGIONAL SECTOR HEADLINES	
<b>Banks</b>	Malaysia's PNB and Al Rajhi Bank get nod to start merger talks
<b>Energy</b>	Saudi Arabia announces rise in oil reserves after audit
<b>Real Estate</b>	Qatar's real estate transaction value at QAR2.66bn in November
<b>Telecom</b>	Saudi labor ministry to nationalize 15,000 jobs in telecom sector
<b>Aviation</b>	Dubai airport's November passenger traffic falls
<b>Insurance</b>	Gulf Union likely to close merger with Al-Ahlia in May
<b>Materials</b>	Nama Chemical's request for capital increase approved
<b>Utility</b>	Abu Dhabi Future Energy Co. to double renewable capacity in five years
<b>Consumer Discretionary</b>	InterContinental to rebrand two hotels in Saudi Arabia
<b>Automobile</b>	Schneider to install 5 EV charging stations in Saudi Arabia in 2019

MOST READ REGIONAL COMPANY HEADLINES	
<b>Ashghal</b>	Signs strategic contract with Meeza
<b>Saudi Aramco</b>	To issue bonds in 2Q19 and list in 2021
<b>SHUAA Capital</b>	Issues and places \$135mn Sukuk For Jabal Omar Development Company
<b>CBD</b>	To take control of Abraaj assets secured against loan
<b>Ooredoo</b>	Announces deployment of 5G services for QNB Group
<b>Qatar Airways Cargo</b>	Launches Guadalajara freighter service
<b>Kuwait Finance House</b>	KIA sees no conflict of interest in KFH-AUB merger
<b>Abu Dhabi National Hotels</b>	Gets AED1.6bn loan to buy hotels in Dubai
<b>SAFCO</b>	To shut down ammonia plant for maintenance
<b>ADNOC</b>	To award licenses for 6 energy blocks by end of 1Q19

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	8,210.2	4.9%	4.9%	4.9%	\$526.5	17.8x
<b>ADX</b>	4,962.4	1.0%	1.0%	1.0%	\$134.9	13.3x
<b>DFM</b>	2,545.7	0.6%	0.6%	0.6%	\$69.9	7.7x
<b>Nasdaq Dubai</b>	3,090.0	0.5%	0.5%	0.5%	NP	NP
<b>Qatar</b>	10,658.2	3.5%	3.5%	3.5%	\$140.0	15.8x
<b>Bahrain</b>	1,341.7	0.3%	0.3%	0.3%	\$20.5	8.7x
<b>Oman</b>	4,310.6	-0.3%	-0.3%	-0.3%	\$13.3	10.2x

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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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