

3Q 2018 results in spotlight amid global growth worries

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 . . .

Regional markets clocked losses last week. During the week, Saudi Arabia (-5.8%) suffered its biggest daily fall since Jan 2016 due to global market weakness and lower oil prices. Dubai (-1.3%) was pulled down by banking and real estate stocks. Abu Dhabi and Oman recorded identical declines (-0.8%, each). Bahrain (-0.7%), Kuwait (-0.5%) and Qatar (-0.4%) edged lower. The US markets posted their worst weekly decline since March, as higher bond yields (the 10-year treasury yield initially crossed 3.25%, its highest level since April 2011) raised concerns over stock valuations. Dow (-4.2%) ended weak and S&P 500 (-4.1%) registered a three-week losing streak, its longest since June 2016. NASDAQ (-3.7%) fell for a second straight week. Europe mirrored these losses, with DAX and CAC 40 (-4.9%, each), STOXX 600 (-4.6%) and FTSE 100 (-4.4%) ending deeply in negative territory.

Q3 RESULTS	PROFIT (mn)	Y-O-Y%
Almarai	SAR 634.5	-4.9%
Advanced Petchem	SAR 202.2	-3.0%
United Electronics	SAR 30.9	+18.4%
QNBK	QAR 3,724.8	+3.5%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD	YTD
US Treasury Yields	2.25%	63.31%
Gold	2.01%	-6.04%
MSCI GCC	-4.06%	8.61%
Oil	-5.11%	20.02%
MSCI EM	-5.51%	-17.59%
FTSE 100	-5.55%	-8.86%
MSCI World	-5.56%	-4.61%
S&P 500	-5.97%	2.05%
Aluminum	-9.79%	-9.71%

The week ahead

Regional markets

Regional investors will keenly follow the direction of crude oil prices, as last week both Brent and WTI declined for the first time in five weeks. Bearish sentiments may prevail if Brent crude fails to hold the \$80 per barrel mark. Further, the US Treasury Secretary's statement that a meeting between POTUS and Chinese Premier Xi Jinping is uncertain, may add to worries over trade. Investors may remain cautious even as the 3Q 2018 earnings season gathers momentum, amid a downgrade of global economic growth forecasts by agencies such as the IMF. This week, Commercial Bank of Dubai, Masraf Al Rayan and Qatar Electricity & Water are expected to report 3Q 2018 numbers.

Global markets

The week begins with the release of US' retail sales for September and Bank of Canada's business outlook survey. Tuesday will witness publication of the UK's August average earnings data, as well as September numbers for China's producer & consumer inflation and US' industrial production. Wednesday will witness the disclosure of September consumer inflation indices for the UK and EU, US' FOMC meeting minutes and start of the EU's summit on Brexit. Japan's consumer inflation and the UK's September retail sales data will be released on Thursday. China's 3Q18 GDP figures and Canada's September consumer inflation & August retail sales will close out the week on Friday.

You may be asked about

The International Monetary Fund (IMF) raised Saudi Arabia's GDP growth forecast to 2.2% for 2018 and 2.4% for 2019 (vs. 1.9% for both years, previously forecasted in July 2018), compared to -0.9% contraction in 2017, on anticipated increase in crude oil production and an acceleration in non-oil economic activity. IMF also stated that the postponement of the Saudi Aramco IPO will not deter the broad range of reforms which are expected to continue. IMF has also raised forecasts for the rest of the GCC pack, but lowered their forecast for the MENA region, expecting worsening growth due to sanctions on Iran and impact of trade tensions.

Note to management

Bank of America Merrill Lynch believes that it has found the most accurate way yet to forecast future performance and risk profiles of the companies it invests in. In a research note, it reveals the secret ingredient for corporate success: ESG – Environmental, Social and Governance.

The reports authors have crunched the numbers on thousands of corporates, using ESG metrics from multiple respected and well-tested sources, and have come to the conclusion that ESG is the next "super-trend" in the investment world.

Companies which are serious about their ESG impact, and which invest in business strategies based around ESG fundamentals will outperform those that do not. And investors will increasingly make decisions based on ESG factors, driven by the legal, regulatory and legislative programmes of governments and supranational bodies.

Read our take on the ESG "super trend" [HERE](#).

REGIONAL CALENDAR

14.10.2018	UAE Hotel Price Index	-
15.10.2018	UAE Consumer Price Index	KSA Survey of SMEs
18.10.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

15.10.2018	US Retail Sales ex-Autos	-
16.10.2018	UK Average Earnings ex-Bonus	China Consumer Price Index
17.10.2018	EU Brexit Summit	US FOMC Minutes
18.10.2018	Japan National Consumer Price Index	UK Retail Sales
19.10.2018	China GDP Data	China Industrial Production

Food for thought

IR & BEYOND

IR Magazine / Iridium	ESG Investing: It's Here, Are You Ready?	Link
BAML	The ABCs of ESG	Link
CFO Journal (WSJ)	Why Sustainability Is a Board-level Risk	Link
Bloomberg Blog	America's Labor successor is racing to gain traction	Link
The Economist	The next recession	Link

EARNINGS CALENDAR	Market	Est/ Conf	Date
Islamic Arab Insurance	UAE	C	15 Oct
Masraf Al Rayan	Qatar	C	15 Oct
DBIS	Qatar	C	15 Oct
Medicare Group	Qatar	C	16 Oct
Qatar National Cement	Qatar	C	17 Oct
Qatar Electricity & Water	Qatar	C	17 Oct
Qatar Islamic Bank	Qatar	C	17 Oct
Doha Bank	Qatar	C	17 Oct
Commercial Bank of Dubai	UAE	C	17 Oct

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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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GLOBAL AGENDA

Group of 30	International Banking Seminar
ECB	Vice President Luis de Guindos speaks in Madrid
IMF-World Bank	Annual meetings continue
EU	Foreign ministers discuss migration, Libya, Macedonia and Venezuela
NATO	Holds a cyber-security symposium in Mons, Belgium
BoE	Publishes record of the October 3 Financial Policy Committee meeting
ASEM summit	EU, Asia leaders discuss trade and the environment in Brussels
EU	EU Affairs ministers are expected to sign off on the draft of Brexit summit
Japan	Prime Minister on 5-day visit to Spain, France and the Asia-EU meeting
Earning Releases	BofA, Netflix, IBM, Morgan Stanley, Procter & Gamble, Honeywell and Infosys

MOST READ REGIONAL SECTOR HEADLINES

Energy	KSA to invest \$20bn in spare oil production capacity
Banks	Moody's upgrades Qatar's banking sector outlook to 'Stable'
Financials	Abraaj's stake in \$1bn healthcare fund to be split between investors
Capital Goods	RAK Ceramics fully acquires its JVs in Saudi Arabia
Real Estate	Ministry of Justice Qatar and RICS sign deal to regulate real estate market
Consumer Staples	Almarai hires banks for debut Dollar Sukuk
Transportation	Aramco awards 8-year domestic transport contract to Naqel
Consumer Discretionary	SASCO will franchise new operators to pursue expansions: CEO
Telecom	Saudi Telecom inks deals to set up fiber optic factory
Utility	Fitch affirms Saudi Electricity Company at 'A'; 'Stable' outlook

MOST READ REGIONAL COMPANY HEADLINES

ADNOC	Baker Hughes acquires 5% of ADNOC Drilling for \$550mn
Riyad Bank	Riyad Bank announces the redemption of its SAR4bn Sukuk due 2020
Saudi Aramco	Saudi Aramco, Total plan around \$5bn petchem complex in Jubail
SalamAir	SalamAir opens first office in Doha
Qatar Petroleum	QP targets to increase production capability from 4.8 to 6.5mboe/d
SABB	Saudi British Bank, Alawwal Bank ink binding merger deal
Aldar Investments	ADX lists Aldar Investments' \$500mn Sukuk
Wataniya Airways	Wataniya Airways currently negotiating with government to settle claims
NCB Capital	NCB Capital, Exotix ink global research pact
GFH Financial Group	GFH Group acquires \$200m sukuk 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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