

Investors to remain cautious, as Fed rate hike looms

3Q 2018 IR CALENDAR	DATE
Arqaam Investor Conference, DXB	24-25 SEPT

IN CASE YOU MISSED IT . . .

The regional markets ended mixed last week, with some key markets affected by instability in emerging markets and global trade tensions. Qatar (+2.0%) scaled a 16-month peak, buoyed by Industries Qatar and Masraf Al Rayan. Saudi Arabia (-1.3%) declined to a 6-month low. Abu Dhabi (+0.3%) inched up, but Dubai (-0.6%) fell. Oman (+2.8%) rose strongly and Bahrain (+0.4%) edged up as well, but Kuwait (-2.2%) ended firmly in the red. The US markets rebounded from last week's losses, although investor sentiment was largely driven by concerns over US-China trade towards the end of the week. Gains in NASDAQ (+1.4%) were led by Apple. S&P500 (+1.2%) and Dow (+0.9%) also rose, with Dow reaching its highest level since late-January. Europe also ended in the green, with notable rise witnessed in CAC 40 (+1.9%), DAX (+1.4%), and STOXX 600 (+1.1%); FTSE 100 (+0.4%) also inched up.

ASSET CLASS MONITOR	WTD ↓	YTD
Oil (Brent)	2.20%	16.91%
US Treasury Yields	0.94%	54.68%
S&P 500	0.91%	8.62%
MSCI World	0.77%	0.97%
Gold	0.12%	-7.78%
MSCI EM	-0.06%	-12.16%
MSCI GCC	-0.44%	9.44%
FTSE 100	-0.51%	-5.28%
Aluminum	-0.81%	-10.15%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Oil (Brent)	2.20%	16.91%
Natural Gas	1.62%	-4.61%
Oil (WTI)	1.21%	13.52%
Gold	0.12%	-7.78%

The week ahead

Regional markets

Regional markets may not witness strong gains this week, as investors likely remain unconvinced about the Brent crude price registering further gains, following an up-move towards the \$80 per barrel mark. Further, given the sustained US-China tensions over trade tariffs, and confusing signals from POTUS towards the end of last week, investors may become more cautious. Also, bullish sentiment is unlikely to take hold, given the possibility of the US Federal Reserve lifting interest rates later this month, especially in light of the upbeat labor market data, with initial jobless claims touching a 49-year low.

Global markets

The week begins with Eurozone's August consumer inflation data on Monday. The Reserve Bank of Australia's policy meeting minutes and Japan's August merchandise trade balance data will be released on Tuesday. Wednesday will witness the Bank of Japan's interest rate decision, the UK's August consumer inflation and New Zealand's 2Q18 GDP data, and European Central Bank's President's speech. The Swiss National Bank's interest rate decision, Japan's August inflation and the US' August existing home sales data will be out on Thursday. Canada's July retail sales and August consumer inflation data, and Markit September PMI (prelim) numbers for Eurozone and the US will bring the week to a close on Friday.

You may be asked about

Saudi Arabia raised \$2bn through the issuance of new Islamic bonds, or Sukuk, maturing in January 2029, thereby completing its external funding requirements for 2018. The transaction marked the second international sale of Sukuk by the Kingdom after a \$9bn issue last year. Saudi Arabia's debt management office stated that the bond sale was 'part of the Ministry of Finance's commitment to the development of the Shariah-compliant debt capital markets'. Orders for the issue topped \$10bn, which underlines strong investor appetite for the deal. Saudi Arabia, which had raised \$11bn in April through conventional notes, plans to borrow about \$31bn this year to bridge its budget deficit.

Note to management

The inclusion of GCC markets into the global emerging markets universe can have some negative side effect. One of them is that regional companies now increasingly appear on the radar screen of short sellers.

A typical tactic of these short sellers is to publish negative research and opinion that encourages other investors' belief that the targeted company's shares will fall.

The Investor Relations team should take the front rank in the defence against these short sellers. They have had the most rehearsals of the firm's equity story, and - crucially - will have simulated potential attacks and challenges; they can be the Black Ops team of the firm, ready and able to be deployed swiftly and effectively to neutralise an attack.

Read more on the subject [HERE](#)

REGIONAL CALENDAR

16.09.2018	Abu Dhabi Industrial Production Index	Abu Dhabi Construction Cost Index
18.09.2018	Abu Dhabi Banks Statistics	-
20.09.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

17.09.2018	Eurozone Consumer Inflation Data	-
18.09.2018	RBA Meeting Minutes	Japan Trade Balance Data
19.09.2018	BoJ Interest Rate Decision	UK Consumer Inflation Data
20.09.2018	UK Retail Sales Data	Japan Consumer Inflation Data
21.09.2018	Canada Retail Sales Data	Canada Consumer Inflation Data

Food for thought

IR & BEYOND

Iridium	Short Selling: A Necessary Evil - and Opportunity for IR Teams	Link
Bloomberg Blog	Contrarian view of buybacks hints at investment hypocrisy	Link
Washington Post	We have lots of problems in corporate governance. Systemic short-termism isn't one of them.	Link
Institutional Investor	Fidelity's Race to Manage Funds for Free	Link
The Economist	Money managers and charities are offering joint investment products	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	3.00	+13	+79
UK	1.53	+30	+22
Germany	0.45	+15	+2
France	0.76	+10	+6
Italy	2.98	-18	+91
Switzerland	-0.07	+11	+4
Japan	0.11	+2	+9
Hong Kong	2.27	+20	+89
India	8.12	+31	+152

GLOBAL AGENDA

Bank of Japan	Announces monetary policy decision
OPEC meeting	OPEC and the Joint Technical Committee to meet in Algiers
ECB President	Draghi delivers a speech in Berlin
Swiss National Bank	Announces interest rate decision
Brexit talks	EU chief Brexit negotiator Barnier briefs EU ministers in Brussels
UNGA	UN General Assembly opens its 73rd regular session in New York
German FM	Olaf Scholz addresses a conference in Berlin
Reserve Bank of Australia	Publishes its meeting minutes
UK	Releases consumer inflation and retail sales data
Earning Releases	Oracle, FedEx, General Mills, Red Hat

MOST READ REGIONAL SECTOR HEADLINES

Energy	OPEC: Global oil demand may reach 98.83mbpd in 2018
Banks	Bank of America likely to get Abu Dhabi banks' merger role
Financials	Saudi Arabia's financial sector strong enough to withstand shocks, says SAMA
Materials	SABIC signs MoU to build petrochemical complex in China
Real Estate	Aldar Properties hires banks for \$750mn Sukuk refinancing
Transport	IATA: Middle East's airlines flew a record 216.1mn passengers in 2017
Utilities	ACWA Power, ENGIE in race for Saudi Arabia's water project
Telecom	Batelco inks deal with Dilmunia Mall Development Company
Industrials	Qatar Industrial Manufacturing signs MoU with Germany's Glassglobal
REIT	Derayah REIT plans dividend for 3Q18

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi Aramco's JV in Malaysia seeks commitments for \$9.7bn project financing
NBO	National Bank of Oman hires banks for new Dollar bond issue
DP World	DP World to issue new debt, buy back JAFZA Sukuk
Drake & Scull	Drake & Scull International's shareholders to decide whether to dissolve firm
Dana Gas	Crescent Petroleum raises its stake in Dana Gas to over 20%
ADIB	Abu Dhabi Islamic Bank sets final terms for \$750mn Sukuk
Sahara Petrochemical	Sahara declares an emergency shutdown at one of its subsidiary's plant
Saudi Electricity Co.	Saudi Electricity Company mandates 8 banks for potential Sukuk issue
SHUAA Capital	SHUAA Capital to acquire 87.22% stake in Amwal
Dar Al Arkan	Dar Al Arkan to open VOX Cinemas multiplex in Riyadh

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,590.7	5.0%	-8.7%	-4.5%	\$486.0	16.7x
ADX	4,934.4	12.2%	8.2%	-1.1%	\$132.1	13.0x
DFM	2,809.9	-16.6%	-0.4%	-1.1%	\$75.6	7.5x
Nasdaq Dubai	3,258.6	-0.9%	5.0%	-0.6%	NP	NP
Qatar	10,022.0	17.6%	11.1%	1.4%	\$119.0	14.9x
Bahrain	1,345.0	1.0%	2.6%	0.5%	\$20.6	9.1x
Oman	4,558.5	-10.6%	-0.3%	3.2%	\$13.8	11.2x

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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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