

## Fed expected to raise interest rates this week

### The week ahead

#### Regional markets

With ten days to go until FTSE's decision on Saudi Arabia EM Index inclusion, it is worth watching investor flows and possible rotation out of other GCC markets; Tadawul has already seen around \$1 billion of inflows in Jan-Feb 2018. It remains to be seen if market gains can continue this week (i) on the back of FOL increases, (ii) a stabilizing oil price and (iii) minor gains in Western markets on Friday. Omani banks are likely to benefit from the central bank's decision to raise interest rates on capital deposits by 0.5% to 1.5%.

#### Global markets

All eyes will be on the US Federal Reserve's first monetary policy meeting under the new chairman Jerome Powell on Wednesday. The Fed is widely expected to raise interest rates by 25bps. The week starts with G20 summit on Monday. Eurozone trade balance and construction output data will be released the same day. On Tuesday, UK inflation numbers and Eurozone economic sentiment and consumer confidence data will be published. On Wednesday, UK labor market data will be released, followed by US existing home sales figures. The Bank of England will announce its interest rate decision on Thursday, and is expected to keep interest rates unchanged.

#### You may be asked about

Saudi Arabia's Crown Prince Mohammed bin Salman will begin his first official visit to the US this week. He is likely to seek more foreign investment into the Kingdom; nuclear energy and the Aramco IPO are also be on the agenda. Meanwhile, Goldman Sachs is said to be betting on the Kingdom's transformation, investing its own money in the Kingdom for the first time ever and also doubling its investment banking staff.

#### Note to management

When activist shareholders seek to unlock value in a company, it normally takes the form of cost-cutting, management change, and focused investment to add efficiency.

But in addition to the intended impact on the target company, these actions can have unintended knock-on effect on suppliers, customers, and the entire business ecosystem.

The example of Unilever and the unintended consequences of its 2017 bid defense on advertising giant WPP, demonstrates how CEOs and CFOs must start to take a broader view, and make connections between seemingly unrelated companies and sectors in order to help investors manage their blindside.

Read our thoughts on "Knowns and Unknowns: Why Corporate Leaders Must Convert Uncertainty Into Understanding" here: [Link](#)

1Q 2018 IR CALENDAR	DATE
FTSE Country Classification	28 MAR

#### IN CASE YOU MISSED IT . . .

Qatar (+6.5%) posted strong gains after news of both Industries Qatar and QNB to raise foreign ownership limits, which could potentially increase their weighting in EM indices. Saudi Arabia (+2.8%) continued to benefit from expectations of being upgraded to emerging market status. Dubai (+1.3%) was supported by strong gains in ENBD also on news of an FOL increase, while Abu Dhabi (+0.3%) closed marginally higher. Bahrain (-1.3%), Oman (-0.7%) and Kuwait (-0.3%) closed lower. In the US, markets slipped with the Dow (-1.5%), S&P500 (-1.2%) and the Nasdaq (-1%) all closing lower due to rising political risks and worries regarding a potential global trade war. In Europe, the FTSE (-0.8%) and the Stoxx 600 index (-0.1%) closed marginally lower.

FY 17 RESULTS	PROFIT (mn)	Y-O-Y%
National Petrochemical	SAR 888.3	+123.5%
Herfy Food Services	SAR 200	-7.8%
Al Jouf Cement	SAR 41.1	-43.0%
Mouwasat	SAR 336.7	30.9%
SIPCHEM	SAR 437.4	+914.8%
Southern Cement	SAR 372	-57.5%

#### BRENT SPOT PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury Yields	6.59%	28.06%
MSCI GCC	3.11%	6.14%
Oil (Brent)	1.10%	-0.99%
MSCI EM	0.49%	4.72%
Aluminum	-0.48%	-7.72%
MSCI World	-0.57%	1.84%
Gold	-0.73%	0.88%
FTSE 100	-0.84%	-6.81%
S&P 500	-1.24%	2.93%

#### REGIONAL CALENDAR

19.03.2018	-	-
20.03.2018	KSA Consumer Price Index	-
21.03.2018	KSA Wholesale Price Index	-
22.03.2018	KSA Weekly Money Supply	KSA Internal Trade Activity Survey
23.03.2018	Abu Dhabi Agriculture Producer Price Index	-

#### GLOBAL CALENDAR

19.03.2018	Eurozone Trade Balance	-
20.03.2018	UK Consumer Inflation	Germany Economic Sentiment Survey
21.03.2018	Fed Interest Rate Decision	UK Unemployment Rate
22.03.2018	BoE Interest Rate Decision	UK Retail Sales
23.03.2018	US Durable Goods Orders	-

## Food for thought

#### IR & BEYOND

Iridium	Why Corporate Leaders Must Convert Uncertainty Into Understanding	<a href="#">Link</a>
CNN	Saudi Arabia Is The Hottest Emerging Market Right Now	<a href="#">Link</a>
IPO	On The Record: How Do You Invest In Emerging Markets?	<a href="#">Link</a>
Moody's	Islamic Finance Set To Extend Growth, Expanding Faster Than Conventional Finance	<a href="#">Link</a>
Bloomberg	Bonds Are Helping These Gulf States Delay Reforms	<a href="#">Link</a>

Sunday, 19.03.2018

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.84	-3	+34
UK	1.43	-15	+19
Germany	0.57	-14	+14
France	0.81	-14	-29
Italy	1.97	0	-38
Switzerland	0.03	-7	+10
Japan	0.03	-2	-4
Hong Kong	1.78	-	+8
India	7.56	-2	+70

COMMODITIES	WTD ↓	YTD
Oil (Brent)	1.10%	-0.99%
Oil (WTI)	0.48%	3.18%
Gold	-0.73%	0.88%
Natural Gas	-1.61%	-8.97%

## GLOBAL AGENDA

<b>US Federal Reserve</b>	Sets Monetary Policy
<b>BoE</b>	Releases Interest Rate Decision
<b>G-20 Finance Ministers</b>	G-20 finance ministers and central bank governors meet in Buenos Aires
<b>Saudi Crown Prince</b>	Meets with President Donald Trump at the White House
<b>EU Leaders</b>	Meet in Brussels to sign off on Brexit guidelines, paving the way for talks
<b>German Chancellor</b>	To outline her policy goals for European and global affairs in a speech to parliament in Berlin
<b>PBoC</b>	People's Bank of China names a new governor
<b>Earning Releases</b>	Tencent, Hermes, Nike, PetroChina, Fedex, Porsche
<b>US</b>	Releases Durable Goods orders Data

## MOST READ REGIONAL SECTOR HEADLINES

<b>Banks</b>	Moody's sees Saudi bank lending rebound even as bad loans rise
<b>Utilities</b>	Tabreed buys 50% of Reem Island cooling plant from Aldar
<b>Energy</b>	OPEC smashes its oil-cuts compliance record again in February
<b>Industrials</b>	Qatar Industrial Manufacturing indicates its interest for a possible acquisition of stake in Qatar Plastic Products
<b>REIT</b>	Foreign investors can own up to 100% of units in Oman REITs
<b>Financials</b>	Kingdom Holding Company signs smart city agreement for Jeddah project
<b>Transportation</b>	Air Arabia's shareholders approve 10% cash dividend
<b>Materials</b>	Sipchem, Sahara Petrochemical to resume merger talks
<b>Real Estate</b>	Seef Properties plans new waterfront project in Bahrain
<b>Telecom</b>	Omantel collaborates with EY to provide cyber security services

## MOST READ REGIONAL COMPANY HEADLINES

<b>Saudi Aramco</b>	Saudi Aramco plans to tap shale gas basin rivaling Texas' Eagle Ford
<b>ADNOC</b>	ADNOC confirms increased focus on downstream industry
<b>Emirates NBD</b>	Emirates NBD plans share capital hike ahead of possible acquisition
<b>Boubyan Bank</b>	Kuwait's Boubyan Bank plans capital increase or Sukuk in 2019
<b>Investcorp</b>	Bahrain's Investcorp to launch \$100mn new fund
<b>ADCB</b>	Abu Dhabi Commercial Bank approves dividend of 42% of bank's capital
<b>DP World</b>	UAE's DP World sees growth ahead of markets as annual profit rises 15%
<b>Industries Qatar</b>	Industries Qatar increases foreign ownership limit to 49%
<b>TASNEE</b>	Higher product prices to boost TASNEE's Q1 results: CEO
<b>Damac Properties</b>	Damac Properties issues tender for new Aykon City tower

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,744.68	7.2%	7.2%	4.4%	\$494.1	17.0x
<b>ADX</b>	4,542.74	3.3%	3.3%	-1.2%	\$125.72	11.7x
<b>DFM</b>	3,197.3	-5.1%	-5.1%	-1.4%	\$83.4	11.2x
<b>Nasdaq Dubai</b>	3,269.66	-0.6%	-0.6%	-1.5%	NA	NA
<b>Qatar</b>	8,847.79	3.8%	3.8%	2.2%	\$102.0	13.7x
<b>Bahrain</b>	1,355.51	1.8%	1.8%	-1.1%	\$21.0	9.0x
<b>Oman</b>	4,896.93	-4.0%	-4.0%	-2.1%	\$13.65	11.9x

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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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