

## Investor worries ease on likely US-China trade thaw

### The week ahead

#### Regional markets

Towards the end of last week, news of likely reconciliation between the US and China over their trade dispute provided some relief to the markets, which were unsettled by the on-going US-Turkey dispute. Ahead of the planned November 2018 meeting between POTUS and China's leader, Xi Jinping, China and the US may lay the groundwork to resolve their trade tensions. Yet, with Brent crude showing signs of weakness in recent weeks, regional investors may get some respite due to most markets being closed this week on account of Eid Al Adha holidays. Regional investors will, nevertheless, keep a close eye on the US-Turkey situation during this period.

#### Global markets

The week begins with the Bank of Canada and Reserve Bank of Australia's (RBA) governor's speeches on Monday. On Tuesday, the RBA's meeting minutes will be followed by the UK's public sector net borrowing numbers and New Zealand's GDT price index. On Wednesday, Japan's all industry activity index data, the US' FOMC minutes and Canada's retail sales figures will be in focus. On Thursday, the European Central Bank's monetary policy meeting accounts, Eurozone's composite PMI (prelim.), Japan's consumer inflation and the US' new home sales statistics will be released. Germany's 2Q18 GDP and the US' durable goods orders numbers will draw the week to a close on Friday.

#### You may be asked about

On 15th August, 2018, Qatar announced a \$15bn funding package for Turkey to shore up the Turkish banking sector's shaky finances. A week after Turkey's diplomatic spat with the US sent the lira crashing, the agreement with Qatar should help Turkey avoid requesting for emergency funding from the International Monetary Fund. Turkish officials stated that the Qatari funds would be channeled into Turkey's financial markets and banks, implying that the investment would be sufficient to avoid a banking collapse. Qatar's banking sector has considerable exposure to Turkey; Qatar National Bank's Turkey exposure comprises 15% of its assets and 14% of loans, according to Arqaam Capital.

#### Note to management

Recent consolidation in the asset management industry has been driven by a wholesale shift of assets away from active managers and into passive vehicles.

But this is not necessarily an indication of declining risk appetite among investors. Indeed, many passive vehicles track some of the more risky assets - emerging markets, commodities and high yield debt, for example.

Instead, it is a sign of dissatisfaction with the fees charged by active managers. Fidelity's move last month in launching two zero-fee funds was equally a sign of this trend.

But how will this move to passive play out in the GCC? Will it be a blessing or a curse for our markets?

Read our thoughts here: [Link](#)

#### REGIONAL CALENDAR

19.08.2018	Abu Dhabi Consumer Price Index	Abu Dhabi Agriculture PPI
23.08.2018	KSA Weekly Money Supply Data	-

#### GLOBAL CALENDAR

20.08.2018	Reserve Bank of Australia Governor's speech	-
21.08.2018	Reserve Bank of Australia Meeting Minutes	Japan All Industry Activity Index
22.08.2018	US FOMC Minutes	UK Inflation Report Hearings
23.08.2018	ECB Monetary Policy Meeting Accounts	Japan Consumer Inflation
24.08.2018	Germany 2Q18 GDP Data	US Durable Goods Orders Data

#### Food for thought

##### IR & BEYOND

Iridium	Passive Investment: Blessing or Curse for GCC Capital Markets?	<a href="#">Link</a>
IR Magazine	Assets Invested In Global ETFs And ETPs Reach New High	<a href="#">Link</a>
Institutional Investor	Vanguard Tackled Bad Governance During the 2018 Proxy Season	<a href="#">Link</a>
Bloomberg Blog	Middle East: Faster growth, higher risks in 2018	<a href="#">Link</a>
Ipreo	Voting Trends in the Environmental Shareholder Proposal Space	<a href="#">Link</a>

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

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

Regional markets ended firmly in the red last week, partly attributable to the on-going US-Turkey political and economic tension. Qatar (-4.4%) was dragged down by Qatar National Bank and Qatar Islamic Bank. Dubai (-4.0%) was weighed down by weakness in Emaar Properties and Emirates NBD. Saudi Arabia (-3.8%) fell. Kuwait (-1.4%), Oman (-0.9%) and Bahrain (-0.2%) also edged down. Abu Dhabi (+0.7%) ended in the green. US markets ended mixed. Dow (+1.4%) ended at its highest level since late-February and S&P 500 (+0.3%) rose modestly; NASDAQ (-0.3%) edged down, however, on weak quarterly results of Nvidia and Applied Materials. Europe ended in negative territory; DAX (-1.7%), FTSE 100 (-1.4%), CAC40 (-1.3%), and Stoxx 600 (-1.2%) fell.

Q2 RESULTS	PROFIT (mn)	Y-O-Y%
ADNOC for Distribution	AED 582.1	+24.3%
Emaar Properties	AED 1,479.7	+1.9%
Emaar Development Co.	AED 997.0	+73.4%
DAMAC Properties	AED 378.2	-46.3%

#### BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	0.59%	6.60%
US Treasury Yields	0.00%	47.48%
MSCI World	-0.49%	0.01%
Oil (Brent)	-1.35%	7.42%
FTSE 100	-1.41%	-1.68%
Aluminum	-1.99%	-10.84%
Gold	-2.17%	-9.10%
MSCI GCC	-3.62%	10.62%
MSCI EM	-3.71%	-11.70%

Sunday, 19.08.2018

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.86	-1	+67
UK	1.23	+1	+15
Germany	0.30	-4	-11
France	0.66	+3	-5
Italy	3.11	+61	+109
Switzerland	-0.19	-7	-1
Japan	0.09	+5	+6
Hong Kong	2.08	+1	+65
India	7.86	+11	+135

COMMODITIES	WTD ↓	YTD
Natural Gas	0.07%	-0.24%
Oil (Brent)	-1.35%	7.42%
Gold	-2.17%	-9.10%
Oil (WTI)	-2.54%	9.09%

## 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.

We hope you enjoy IR Brief. We are always here to help you advance your IR activities. Please don't hesitate to let us know if we can be of assistance in any way.

### For more information contact:

Iridium Advisors DMCC  
 Pamela Chahine, Director  
 +971 4 374 5757  
 ir@iridium.ae  
 www.iridium.ae

## GLOBAL AGENDA

<b>Federal Reserve</b>	Releases minutes from its July meeting
<b>European Central Bank</b>	Publishes the account of its July 26 policy meeting
<b>Economic Policy</b>	Central bankers gather in Jackson Hole for their annual policy summit
<b>RBA</b>	Governor Philip Lowe gives speech in Canberra
<b>US</b>	Releases homes sales and durable goods orders data
<b>Atlanta Fed President</b>	Bostic discusses the US economic outlook with Bristol Chamber of Commerce
<b>Greece bailout</b>	Greece PM is expected to deliver a speech marking the end of bailouts
<b>Germany</b>	Releases 2Q18 GDP data
<b>Japan</b>	Releases consumer inflation data
<b>Earning Releases</b>	Alibaba, Sberbank, HP, BHP Billiton, Royal Bank of Canada, Target

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Saudi Arabia committed to meeting future oil demand: Al-Falih
<b>Banks</b>	National Bank of Bahrain seeks to boost stake in Bahrain Islamic Bank
<b>Financials</b>	Moody's: Islamic finance sector continues to grow
<b>Industrials</b>	Budget Saudi's market share to grow beyond 25%: CEO
<b>Cement</b>	Al Jouf Cement's Q2 sales revenue hits 8-year low as demand softens
<b>Transport</b>	Middle East's carriers post 11% YoY increase in passenger demand in June
<b>Real Estate</b>	DAMAC Properties has \$300-400mn of unrestricted cash: CFO
<b>Telecom</b>	GO files lawsuit against Saudi CITC to get unified license
<b>Consumer Discretionary</b>	Jarir opens SAR29mn showroom in Khamees Mushait
<b>REIT</b>	Musharaka REIT plans dividend for 6 months ending 17 Aug 2018

## MOST READ REGIONAL COMPANY HEADLINES

<b>SRC</b>	Saudi Real Estate Refinancing plans Islamic bond issues to fund mortgage drive
<b>Al Rajhi Bank</b>	Al Rajhi Bank limits lending ahead of Saudi Arabian reforms
<b>Emirates NBD</b>	Emirates NBD stands a chance to renegotiate Denizbank acquisition
<b>SABB</b>	SABB announces distribution and payment of dividends
<b>NCB</b>	The National Commercial Bank says impact of decline in Turkish Lira 'limited'
<b>Saudi Aramco</b>	Aramco approves funding request for Motiva Chemicals expansion
<b>Buruj</b>	CMA approves the capital increase request for Buruj Cooperative Insurance Co
<b>SAPTCO</b>	SAPTCO's subsidiary secures SAR500mn murabaha loan from ANB
<b>Shaker Group</b>	Shaker Group adopts new measures to reduce cost, inventory
<b>Jabal Omar</b>	Jabal Omar extends MoU with SGS for new passenger terminal in Makkah

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,867.2	8.9%	-5.4%	-5.2%	\$502.2	17.2x
<b>ADX</b>	4,906.9	11.6%	7.6%	1.0%	\$131.7	12.9x
<b>DFM</b>	2,803.3	-16.8%	-0.6%	-5.2%	\$76.1	7.5x
<b>Nasdaq Dubai</b>	3,242.2	-1.4%	4.4%	-1.1%	NP	NP
<b>Qatar</b>	9,447.9	10.8%	4.7%	-3.8%	\$111.2	14.0x
<b>Bahrain</b>	1,347.5	1.2%	2.8%	-0.8%	\$20.7	9.0x
<b>Oman</b>	4,390.5	-13.9%	-4.0%	1.2%	\$13.2	8.2x

DISCLAIMER: The information provided in this newsletter is for information purposes only and should not be construed in any way as business, financial or investment advice nor as a recommendation to buy, sell, or hold any particular security. Iridium Advisors believes the information in this newsletter to be accurate, but does not verify its accuracy, timeliness, completeness for any particular purpose and/or non-infringement. Iridium Advisors does not bear any responsibility whatsoever to provide any updates, corrections or changes to the information in this document, nor will it accept liability for any damages or losses in connection with the use of this document.