

Geopolitics situation in Mideast may weigh on markets

IN CASE YOU MISSED IT ...

Regional markets ended in the red last week. Abu Dhabi (-6.6%) was the top loser, dragged down by First Abu Dhabi Bank which declined after MSCI decided not to raise its foreign inclusion factor. Dubai (-3.7%) clocked its sharpest single-day fall since June 2016 earlier last week on reports of attacks on several commercial ships off the coast of the UAE. Saudi Arabia (-2.7%) fell on the news of attacks on its oil tankers and developments in the US-Iran stand-off. Bahrain (-2.6%) slipped. Qatar (-1.5%) fell mostly due to weakness in its banking stocks, followed by Kuwait (-1.4%). Oman (-0.1%) inched down. The US markets declined primarily due to a sharp sell-off earlier in the week after China increased tariffs on US goods in retaliation, which overshadowed several positive economic data points. Nasdaq (-1.3%) fell the most. S&P 500 (-0.8%) edged lower. The Dow (-0.7%) extended its losing streak to a fourth week. European indices, however, gained. CAC 40 (+2.1%), FTSE 100 (+2.0%), DAX (+1.5%) and STOXX 600 (+1.2%) all partially reversed previous week's loss.

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
Emaar Properties	AED 1,741.7	+7.2%
Emaar Development	AED 751.0	-8.3%
GFH Financial Group	USD 21.4	-41.4%
Orient Insurance	AED 162.1	+7.2%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Aluminium	3.62%	-2.06%
Oil	3.17%	34.98%
FTSE 100	2.03%	9.30%
Gold	0.21%	0.33%
S&P 500	0.20%	14.74%
MSCI World	0.09%	11.88%
US Treasury	-1.23%	-2.04%
MSCI EM	-1.68%	4.70%
MSCI GCC	-3.00%	6.54%

The week ahead

Regional markets

Regional markets might continue on a negative tone from last week as the fragile geopolitical situation in the Gulf region persists. After attacks on Saudi Arabia's oil infrastructure - amid risks of increased US-Iran tensions - both nations are ruling out the possibility of war. In addition, rise of uncertainty about the potential trade-deal between the US and China, especially after imposition of higher tariffs from both the sides, continues to add to gloom in the markets. Recovery in crude oil prices may also fail to cheer investors as it was primarily led by concerns over likely supply disruptions.

Global markets

The week begins with the release of the US Chicago Fed national activity index (Apr) on Monday. The UK's inflation report hearings, US existing home sales (Apr) stats and Japan's trade balance (Apr) will follow on Tuesday. On Wednesday, the UK's consumer and producer inflation (both Apr) figures and the US Federal Open Market Committee minutes will be published. Thursday's major events constitute Germany's 1Q19 GDP, Eurozone and Germany's composite preliminary PMI (May) and Japan's consumer inflation (Apr) data. The UK's retail sales (Apr) and the US durable goods orders (Apr) will round off the week on Friday.

You may be asked about

The International Monetary Fund (IMF), in its statement of the 2019 Article IV Mission, forecasted Saudi Arabia's fiscal deficit to rise to 7% of GDP in 2019 (vs. 5.9% in 2018), despite the Kingdom posting a budget surplus in 1Q 2019. The IMF's projection, which exceeds the Saudi government's 2019 budget deficit of 4.2% of GDP, is based on an assumption of an average 10.2mn barrels per day of oil output and an average oil price \$65.5 per barrel. Lauding the progress on reforms in capital markets, legal framework, and business environment, the global lender suggested the KSA to consider increasing its 5% value-added tax (VAT) rate, which it added was low by global standards.

Note to management

This has not been a week for the faint-hearted in the equity markets. Recent IPOs including Uber, Lyft, Zoom and Finablr all suffered from a risk-off approach from investors, and saw their valuations slashed.

Meanwhile, Beyond Meat, a comparatively tiny business, has soared.

The difference is that Beyond Meat's investment case is perfectly aligned with the political and social spirit of the times, while each of those tech unicorns carries unaddressed risks and uncertainty, clouding and diminishing their investment stories.

Read about the critical importance of a solid investment case [HERE](#).

REGIONAL CALENDAR

19.05.2019	UAE Consumer Price Index	-
21.05.2019	KSA Quarterly Inflation Report	KSA Consumer Price Index
23.05.2019	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

20.05.2019	Japan Industrial Production	Chicago Fed National Activity Index
21.05.2019	Japan Merchandise Trade Balance Total	UK Inflation Report Hearings
22.05.2019	UK Consumer Price Index	US FOMC Minutes
23.05.2019	Germany Markit Manufacturing PMI	EU Markit PMI Composite
24.05.2019	Nondefense Capital Goods Order ex-Aircraft	UK Retail Sales

Food for thought

IR & BEYOND

Iridium	A Sound Investment Case Beats Market Uncertainties	Link
Arabian Business	Majority of Marka shareholders vote to wind it down	Link
Institutional Investor	How One Big Quant Firm [Acadian] Uses Machine Learning	Link
Bloomberg	MSCI Boosts China, Adds Saudi to Emerging-Market Indexes	Link
The Economist	Uber's listing and a new stock exchange may herald change	Link

Sunday, 19.05.2019

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.39	-17	-67
UK	1.03	-16	-47
Germany	-0.11	-13	-68
France	0.28	-8	-54
Italy	2.66	+6	+44
Switzerland	-0.41	-8	-47
Japan	-0.07	-3	-12
Hong Kong	1.36	-	-84
India	7.36	-	-41

COMMODITIES	WTD ↓	YTD
Oil (Brent)	3.17%	34.98%
Oil (WTI)	1.90%	38.45%
Natural Gas	1.70%	-10.24%
Gold	0.21%	0.33%

About Iridium

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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	
German Chancellor	Visits German NATO troops in Munster
US Fed Chairman	Delivers a keynote speech at the Atlanta Fed's annual Financial Markets Conference in Florida
EU	Monthly MARS bulletin published on weather and crop conditions
BOE Governor	Testifies to parliament about the May inflation report
OECD	Publishes its latest Economic Outlook
AIPN	International Petroleum Summit is held in Houston
US Fed	Releases FOMC minutes
ECB	publishes its account of the April monetary policy decision
India	Announces general election results
Earning Releases	Royal Bank of Canada, Best Buy, Tata Motors, Nordstrom, Medtronic and HP

MOST READ REGIONAL SECTOR HEADLINES	
Consumer	Almarai Company sets five-year capital expenditure at \$1.9bn
Banks	QIBK signs cooperation agreement with Qatar Red Crescent Society (QRCS)
Financials	SHUAA Capital's combination with Abu Dhabi Financial Group in final stages
Energy	ADNOC Distribution announces five-year expansion plan
Aviation	IATA: Middle East carriers' passenger demand down 3% in March
Materials	Savola Group plans Saudi Riyal Sukuk issue
Real Estate	Doha Metro to boost real estate sector
E-Commerce	Finablr slumps below IPO price on debut
Consumer	Saudi sovereign fund invests indirectly in Arabian Centers' IPO
Telecom	Mobily shareholders approve Bayanat merger

MOST READ REGIONAL COMPANY HEADLINES	
Majid Al Futtaim	Plans more green Sukuk amid on-line push
Sipchem	To seek deals in the US and Asia after merger with Sahara Petrochemical
Brooge Petroleum	To build oil refinery in Fujairah
Dubai Islamic Bank	Hires HSBC and Barclays for merger talks with Noor Bank
DP World	Acquires Canadian terminal Fraser Surrey Docks
Etihad Airways	Submits bid for India's Jet Airways, eyes minority stake
Qatar Petroleum	Exxon, Qatar Petroleum to start construction on Texas Golden Pass LNG plant
First Abu Dhabi Bank	Launches operations in Saudi Arabia
Gulf Bank	Kuwait Investment Authority seeks to sell around 16% stake in Gulf Bank
Qatar Airways	To replace all Airbus A330s in next three years

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,621.9	10.2%	-2.2%	-7.3%	\$544.7	19.7x
ADX	4,719.3	-4.0%	-7.0%	-10.2%	\$131.2	13.7x
DFM	2,575.0	1.8%	-2.3%	-6.9%	\$70.2	11.2x
Nasdaq Dubai	3,006.5	-2.2%	-6.1%	-10.3%	NP	NP
Qatar	9,871.9	-4.1%	-2.3%	-4.9%	\$128.9	13.9x
Bahrain	1,399.6	4.7%	-1.0%	-2.4%	\$21.7	10.2x
Oman	3,858.9	-10.8%	-3.1%	-2.2%	\$12.0	8.0x

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