

Global trade concerns continue to drag down markets

| 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 mixed last week. Qatar (+1.1%) rose on the back of gains in Ooredoo and Commercial Bank of Qatar. Saudi Arabia (+1.3%) also ended firmly in the green and Abu Dhabi (+0.5%) edged up. However, Dubai (-3.7%) fell sharply as realty stocks weakened on the back of a sell-off in Drake & Scull due to concerns over its business outlook and investigation of its former management team. Bahrain (+0.1%) closed largely flat, erasing losses earlier in the week, as KSA, the UAE and Kuwait pledged financial support to Bahrain amid concerns over its rising public debt. Kuwait (+0.1%) ended nearly flat, but Oman (-0.8%) fell. US markets slipped on concerns over trade tensions; NASDAQ fell 2.4%, whereas Dow and S&P 500 posted identical losses (-1.3%, each). Europe was also weak, with DAX (-2.2%), Stoxx 600 (-1.3%), CAC40 (-1.2%) and FTSE 100 (-0.6%) ending in the red.

| ASSET CLASS MONITOR | WTD ↓ | YTD |
|---------------------|--------|--------|
| Oil (Brent) | 5.15% | 18.80% |
| MSCI GCC | 0.86% | 11.64% |
| Aluminum | 0.79% | -2.61% |
| US Treasury Yields | 0.00% | 38.85% |
| FTSE 100 | -0.59% | -0.66% |
| MSCI World | -1.27% | -1.53% |
| S&P 500 | -1.33% | 1.67% |
| Gold | -1.41% | -3.85% |
| MSCI EM | -1.70% | -7.68% |

BRENT FUTURES PRICE



| COMMODITIES | WTD ↓ | YTD |
|-------------|--------|--------|
| Oil (WTI) | 8.12% | 22.72% |
| Oil (Brent) | 5.15% | 18.80% |
| Natural Gas | -0.71% | -0.98% |
| Gold | -1.41% | -3.85% |

The week ahead

Regional markets

Trade tensions initiated by the US and the country's aggressive posturing with its allies on Iran appear to have unsettled investors, as indicated by recent weakness in the global markets. Despite POTUS' decision last week against imposing restrictions on investments from China in the technology space, global trade concerns are expected to persist. However, crude has recovered the losses of recent weeks, aided by supply concerns; Brent currently trades just below the key USD 80 per barrel mark. If oil prices don't surrender the recent gains, regional markets are likely to remain firm.

Global markets

The week begins with the release of Caixin's China manufacturing PMI, US' ISM manufacturing PMI, and Eurozone's unemployment rate data on Monday. The Reserve Bank of Australia's interest rate decision and the US factory orders numbers will follow on Tuesday. Eurozone's composite PMI figures and Australia's trade balance stats will be published on Wednesday. On Thursday, FOMC minutes and ISM's US non-manufacturing PMI will be preceded by Switzerland's consumer inflation and the Bank of England's Governor's speech. Japan's leading economic index, US' non-farm payrolls and Canada's unemployment rate will round off the week on Friday.

You may be asked about

Qatar Petroleum's (QP) President and CEO, Saad Sherida Al Kaabi said the company intends to invest USD 20bn in US' oil and gas fields over a five year period. He noted that Qatar also plans to invest an additional USD 5bn in downstream assets, such as chemicals projects. Further, Al Kaabi pointed out that QP is going ahead with plans to boost Qatar's LNG output by 30% to 100mn tons per year (mtpa), from 77 mtpa. He stated that contracts for the production expansion project would be awarded by 2019-end, with the 100 mtpa production target anticipated to be met by 2023-end.

Note to management

Bill Shankly, the legendary manager of Liverpool Football Club, once said that "Football is not a matter of life and death. It's much more important than that."

While we may disagree with this extreme view, it is true that the emotions raised by the FIFA World Cup are always intense. Taking a step back from the hysteria, we have looked at some numbers emerging from the World Cup 2018 to offer a few conclusions for the stock performance from the tournament.

Unlike the highly-paid economists at UBS (predicted Germany to win) and Goldman Sachs (predicted Brazil to win), we are not in the business of crystal ball gazing. Instead, we identify some rather interesting correlations between "The Beautiful Game" and the performance of equity markets. We hope some of our findings might surprise and humor you.

Read our thoughts here: [Link](#)

REGIONAL CALENDAR

| | | |
|------------|--------------------------------|---|
| 04.07.2018 | KSA Non-oil Export Import Data | - |
| 05.07.2018 | KSA Weekly Money Supply Data | - |

GLOBAL CALENDAR

| | | |
|------------|----------------------------|------------------------------------|
| 02.07.2018 | US ISM Manufacturing PMI | Caixin China Manufacturing PMI |
| 03.07.2018 | US Factory Orders Data | UK PMI Construction Data |
| 04.07.2018 | Germany Composite PMI Data | Germany Composite PMI Data |
| 05.07.2018 | FOMC Minutes | US ISM Non-manufacturing PMI |
| 06.07.2018 | US Non-farm Payrolls | Germany Industrial Production Data |

Food for thought

IR & BEYOND

| | | |
|----------------|--|----------------------|
| Iridium | The 2018 World Cup: Any Clues for Investors? | Link |
| IPREO | Video: Ipreo's Michael Miller (ex Head of IR, NBAD) on Investor Days | Link |
| EQS | Reaching Investors in Greater China | Link |
| The Economist | Taking minutes, wasting hours | Link |
| Bloomberg Blog | Saudi Arabia Insight: Women driving may reap more than Aramco | Link |

| SOVEREIGN YIELDS (10YR) | CURRENT (%) | 1 MONTH (bps) | 1 YEAR (bps) |
|-------------------------|-------------|---------------|--------------|
| US | 2.86 | 0 | +56 |
| UK | 1.28 | +5 | +2 |
| Germany | 0.30 | -4 | -17 |
| France | 0.66 | 0 | -15 |
| Italy | 2.67 | -10 | +52 |
| Switzerland | -0.15 | -1 | -6 |
| Japan | 0.02 | 0 | -5 |
| Hong Kong | 2.10 | +10 | +76 |
| India | 7.90 | +7 | +139 |

GLOBAL AGENDA

| | |
|----------------------------|--|
| Federal Reserve | Releases minutes of its June 12-13 meeting |
| US | Releases employment, PMI and factory orders data |
| European Commission | President Jean-Claude Juncker address the European Parliament |
| BoE Governor | Mark Carney speaks at an event in Newcastle |
| RBA | Reserve Bank of Australia announces monetary policy decision |
| OECD | Publishes its annual Agricultural Outlook report |
| Germany | Releases industrial production data |
| BoJ | Bank of Japan policy board member Yutaka Harada speaks in Kanazawa |
| US markets | US markets remain closed on 4 th July as US celebrates Independence Day |
| Earning Releases | Superdry, PriceSmart, Kewpie, International Speedway |

MOST READ REGIONAL SECTOR HEADLINES

| | |
|-----------------------|--|
| Banks | Moody's assigns counterparty risk ratings to 11 Saudi banks |
| Energy | Saudi Arabia to pump up to 11mbpd in July, all-time record high |
| Financials | Dubai Financial Market distributes AED15.8bn in dividends in 2017 |
| Telecom | Viva, Payment International Enterprise to launch self-service machines |
| Materials | Advanced Petrochemical Company to set up \$420mn South Korean plant |
| Transportation | Kuwait's Agility to invest \$100mn in Egypt's Port Said |
| Cement | Saudi cement sales fell 24% y-o-y in May |
| Healthcare | Al Hammadi discontinues talks over potential merger with Care |
| Real Estate | Dubai Properties' projects attract Chinese investors |
| REIT | Bonyan REIT Fund units added to investor accounts |

MOST READ REGIONAL COMPANY HEADLINES

| | |
|-----------------------------|--|
| Saudi Aramco | Saudi Aramco, ADNOC, Indian firms enter \$44bn refinery deal |
| Doha Bank | Fitch upgrades outlook of Doha Bank to 'Stable' |
| SAIB | JPMorgan subsidiary to sell Saudi Investment Bank stake for \$203mn |
| BDB | Bahrain Development Bank closes \$100mn venture capital fund |
| Dana Gas | Dana Gas holds \$6mn investment in Abraaj Infrastructure Fund |
| SABIC | SABIC is considering increasing its holding in Clariant |
| Eshraq Properties | Abu Dhabi's Eshraq Properties drops merger plans with Reem Investments |
| RakBank | RakBank, Xpress Money partner for payment service |
| Kuwait Finance House | Kuwait Finance House inks financing deal with Ibn Khuldoon |
| Barwa Real Estate | Barwa Real Estate unit buys \$46mn stake in Millennium Plaza Center |

| REGIONAL MARKETS | Last Close | YTD % | QTD % | MTD % | M-Cap (bn) | P/E (ttm) |
|---------------------|------------|--------|-------|-------|------------|-----------|
| Saudi Arabia | 8,314.2 | 15.1% | 5.6% | 1.9% | \$537.3 | 18.7x |
| ADX | 4,560.0 | 3.7% | -0.6% | -1.0% | \$124.3 | 12.2x |
| DFM | 2,821.0 | -16.3% | -9.2% | -4.8% | \$77.0 | 9.1x |
| Nasdaq Dubai | 3,104.1 | -5.6% | -4.2% | -2.0% | NP | NP |
| Qatar | 9,024.0 | 5.9% | 5.2% | 1.6% | \$105.2 | 13.4x |
| Bahrain | 1,311.0 | -1.6% | -0.6% | 3.6% | \$20.1 | 8.6x |
| Oman | 4,571.8 | -10.3% | -4.2% | -0.8% | \$12.8 | 11.4x |

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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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