

## Crude oil, 4Q18 earnings to drive markets this week

### IN CASE YOU MISSED IT . . .

Regional markets closed mixed last week. Saudi Arabia (+2.9%) ended firmly in the green, driven by banks such as Al Rajhi Bank and National Commercial Bank. Qatar (+1.2%) touched its highest level since March 2017, buoyed by Industries Qatar and Qatar Gas Transport Company. Dubai (-1.1%) was hurt by a fall in real estate stocks, particularly DAMAC Properties, which lost ~16% after BofA Merrill Lynch downgraded its stock. Abu Dhabi (+0.5%) and Kuwait (+0.1%) rose moderately, but Bahrain closed flat. However, Oman (-1.7%) ended in the red. The US markets finished the week up, driven by generally positive 4Q18 corporate earnings. Stimulus measures announced by the People's Bank of China and favorable reports on US-China trade developments further supported the markets. Dow (+3.0%) and S&P 500 (+2.9%) gained for the fourth straight week; Nasdaq (+2.7%) ended firmly in the green. Europe also advanced as DAX (+2.9%), STOXX 600 (+2.2%), CAC 40 (+2.0%) and FTSE 100 (+0.7%) closed in positive territory.

Q4 RESULTS	PROFIT (mn)	Y-O-Y%
National Gas	OMR 3.1	+16.7%
United Electronics Co.	SAR 161.0	+14.9%
Phoenix Power	OMR 12.9	+29.4%
Sembcorp Salalah	OMR 12.8	+17.1%

### BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
MSCI GCC	1.91%	6.60%
S&P 500	1.51%	5.15%
MSCI EM	1.03%	4.49%
MSCI World	0.93%	4.82%
Gold	0.42%	0.75%
US Treasury Yields	-0.41%	-1.22%
Oil (Brent)	-0.81%	13.72%
FTSE 100	-1.55%	1.59%
Aluminum	-2.12%	-3.51%

### The week ahead

#### Regional markets

Strengthening crude oil prices and optimism regarding US-China trade should buoy regional markets this week. Both Brent and WTI gained for a third consecutive week (up ~4%), accompanying the rally in global stocks, as Bloomberg reported towards the end of last week that China aims to increase US imports by \$1tn over the next six years. The continuing impasse concerning the US government shutdown and uncertainty related to future developments on Brexit may keep investors cautious. Activity in regional markets will also be driven by earnings releases as 4Q18 financial reporting gathers pace. Commercial Bank of Dubai and Masraf Al Rayan are expected to report FY 2018 earnings this week.

#### Global markets

The week begins with the release of 4Q18 GDP and industrial production (Dec) data for China on Monday. Tuesday's highlights include the beginning of the 2019 World Economic Forum in Davos (22-25 Jan), release of key employment data (Jan) for the UK and trade data (Dec) for Japan. On Wednesday, the Bank of Japan will present its monetary policy statement and interest rate decision. Thursday will witness release of the European Central Bank's monetary policy statement and interest rates decision, Tokyo's consumer inflation (Jan) and preliminary PMI (Jan) for the European Union. Release of IFO's business climate index (Jan) for Germany will draw the week to a close on Friday.

#### You may be asked about

Britain's Prime Minister (PM), Theresa May barely managed to retain her government last week by winning the no-confidence vote (for-against: 325-306), after facing a severe defeat on her Brexit deal in a parliamentary vote with a count of 432-202. Following these events, the final terms regarding Brexit, particularly the Irish backstop arrangement, still remains dead-locked. The British parliament will vote on a revised deal on January 29, 2019. The scenarios, in case the parliament again rejects the deal, includes the British PM going back to the European Union (EU) to negotiate more favorable terms, the UK exiting EU on March 29, 2019 without a deal, extension of Article 50 (the formal leaving process), or a second referendum.

#### Note to management

Nasdaq Dubai has doubled down on its belief that derivatives - in particular futures - will be the way to attract liquidity. In a high-profile announcement last week, the exchange said it would be offering futures contracts on a dozen single Saudi stocks across a range of sectors.

These derivative contracts are hugely popular around the world, with almost 15 billion contracts in place covering commodities, indices, rates, as well as single stocks. Clearly, Nasdaq Dubai feels there is an opportunity here for investors wanting exposure to Saudi Arabia's investment story.

But what exactly are futures? What do they bring to investors? And how can IR teams respond to this new development? Click [HERE](#) to read our views.

### REGIONAL CALENDAR

20.01.2019	KSA Average Prices of Goods and Services	KSA Housing Survey 2018
22.01.2019	KSA Consumer Price Index	-
24.01.2019	KSA Weekly Money Supply Data	KSA Real Estate Price Index

### GLOBAL CALENDAR

21.01.2019	China GDP Data	China Retail Sales
22.01.2019	UK Average Earnings Ex-bonus	UK ILO Unemployment Rate
23.01.2019	BoJ Monetary Policy Statement	Japan All Industry Activity Index
24.01.2019	ECB Interest Rate Decision	US Markit PMI Composite
25.01.2019	Germany IFO Business Climate	US Monthly Budget Statement

### Food for thought

#### IR & BEYOND

Iridium	Nasdaq Dubai Offers Saudi Futures	<a href="#">Link</a>
Bloomberg Blog	Why IROs need to understand ETFs and indexes in 2019	<a href="#">Link</a>
Larry Fink	Larry Fink's 2019 Letter to CEOs: Purpose & Profit	<a href="#">Link</a>
Institutional Investor	State Street Is Laying Off 1,500 Employees	<a href="#">Link</a>
UK IR Society	A best practice business model for annual reports	<a href="#">Link</a>

EARNINGS CALENDAR	Market	Est/ Conf	Date
Al Khaliji Commercial Bank	Qatar	C	20 Jan
Mashreq Bank	UAE	C	21 Jan
Masraf Al Rayan	Qatar	C	21 Jan
Commercial Bank of Dubai	UAE	C	23 Jan
Qatar National Cement Co.	Qatar	C	23 Jan
Alijarah Holding	Qatar	C	24 Jan

COMMODITIES	WTD ↓	YTD
Natural Gas	14.95%	16.09%
Gold	0.42%	0.75%
Oil (Brent)	-0.81%	13.72%
Oil (WTI)	-0.99%	14.67%

## About Iridium

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### For more information contact:

Iridium Advisors DMCC  
Pamela Chahine, Director  
+971 56 663 4021  
ir@iridium.ae  
www.iridium.ae

## GLOBAL AGENDA

<b>WEF</b>	Annual gathering of global leaders in politics, business and culture in Davos
<b>Brexit</b>	UK Prime Minister Theresa May will present an alternative Brexit plan
<b>IMF</b>	Releases its World Economic Outlook update
<b>ECB</b>	Sets its monetary policy
<b>BoJ</b>	Announces interest rate decision
<b>China</b>	Releases GDP, retail sales and industrial production data
<b>EIA</b>	Releases its 2019 energy outlook
<b>UK</b>	Publishes unemployment rate
<b>US markets</b>	US equity and bond markets are closed on Monday due to a holiday
<b>Earning Releases</b>	IBM, UBS, Ford, Intel, Starbucks, Hyundai, Johnson & Johnson

## MOST READ REGIONAL SECTOR HEADLINES

<b>Banks</b>	Moody's: GCC bank mergers to ease overcapacity and boost profitability
<b>Energy</b>	Saudi Arabia to set up \$10bn oil refinery in Pakistan
<b>Financials</b>	Kuwait Finance House may exit Malaysia investments in 2019
<b>Telecom</b>	Ooredoo deploys 5G in Shahaniya
<b>Aviation</b>	IATA: Middle East airlines' freight volumes expand 1.7% in November
<b>Utilities</b>	Saudi Electricity Company is in talks to raise \$2.7bn loan
<b>Real Estate</b>	Dubai's December real estate sales stood at AED4,102mn; +9.5% MoM
<b>Industrials</b>	Oman's Majis Industrial Services buys \$400mn stake in Utico
<b>Materials</b>	SABIC signs MoU for \$2bn to build factories for making solar panel materials
<b>REIT</b>	Saudi Fransi Capital announce the dividend distribution of Taleem REIT Fund

## MOST READ REGIONAL COMPANY HEADLINES

<b>Saudi Aramco</b>	Saudi Aramco will probably sell \$10bn bond to buy SABIC stake
<b>APICORP</b>	APICORP targets \$1bn investment for energy in 2019
<b>ACWA Power</b>	ACWA Power plans to make solar panels as part of SoftBank and Saudi fund's \$200bn project
<b>Riyad Bank</b>	Riyad Bank picks Goldman Sachs to advise on talks with NCB
<b>DIB</b>	Dubai Islamic Bank set to raise \$750mn in Sukuk
<b>Al Rajhi Bank</b>	Al Rajhi Bank announces the possibility of a merger between its subsidiaries
<b>DP World</b>	DP World signs acquisition agreement for Chile port operator
<b>FAB</b>	First Abu Dhabi Bank raises \$850mn through Sukuk
<b>SAMBA</b>	SAMBA posts 10.1% YoY rise in net profit to SR5,529mn in FY2018
<b>Investcorp</b>	Investcorp and Collier form \$1bn European private equity fund

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	8,448.0	7.9%	7.9%	7.9%	\$540.0	18.3x
<b>ADX</b>	4,985.3	1.4%	1.4%	1.4%	\$135.1	13.4x
<b>DFM</b>	2,516.8	-0.5%	-0.5%	-0.5%	\$68.9	7.6x
<b>Nasdaq Dubai</b>	3,072.2	-0.1%	-0.1%	-0.1%	NP	NP
<b>Qatar</b>	10,787.8	4.7%	4.7%	4.7%	\$141.5	15.9x
<b>Bahrain</b>	1,341.2	0.3%	0.3%	0.3%	\$20.4	8.7x
<b>Oman</b>	4,236.8	-2.0%	-2.0%	-2.0%	\$13.1	8.5x

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