

KSA's political tension with western allies in focus

3Q 2018 IR CALENDAR	DATE
GS CEEMEA 1x1 Conference, LON	12-13 NOV
BAML Investor Conference, RUH	12-13 NOV
UBS GEMs Conference	27-28 NOV
GS MENA Group Trip	TBC

IN CASE YOU MISSED IT . . .

Regional markets ended mixed last week. Qatar (+3.4%) broke resistance around the 10,000-point mark, buoyed by Industries Qatar and Qatar Islamic Bank. Saudi Arabia (+1.6%) was supported by buying from state-linked funds to counteract selling by retail investors. Bahrain (+0.6%) and Abu Dhabi (+0.4%) also edged higher, and Dubai (+0.1%) rose marginally. Kuwait (-0.4%) and Oman (-1.0%) ended in the red. The US markets ended mixed, having earlier in the week clocked the biggest single-day advance since March 26, as hawkish US Fed September meeting minutes, weak housing data and political tension with Saudi Arabia offset largely above-expected corporate earnings and strong jobs data. The Dow (+0.4%) registered its first gain in four weeks, S&P 500 ended flat, whereas NASDAQ (-0.6%) fell for a third straight week. Europe also closed mixed; FTSE 100 (+0.8%), STOXX 600 (+0.6%) and DAX (+0.3%) rose, but CAC 40 (-0.2%) inched down.

Q3 RESULTS	PROFIT (mn)	Y-O-Y%
Masraf Al Rayan	QAR566.0	+4.4%
Qatar Electricity & Water	QAR343.0	-31.0%
Doha Bank	QAR266.8	-19.9%
Qatar Islamic Bank	QAR680.0	+11.5%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD	YTD
US Treasury Yields	2.20%	66.91%
MSCI GCC	1.86%	10.63%
MSCI EM	1.70%	-16.19%
S&P 500	1.48%	3.56%
MSCI World	1.04%	-3.62%
FTSE 100	0.29%	-8.60%
Gold	0.14%	-5.91%
Aluminum	-0.82%	-10.44%
Oil	-1.21%	18.57%

The week ahead

Regional markets

This week, regional investor sentiment will depend on whether western allies initiate economic sanctions against Saudi Arabia, following the death of a prominent journalist. A result of this has already been the high-profile pullouts from 'Davos in the Desert', to be held in Riyadh this week. Brent has eased below the \$80 per barrel mark. Absence of closure on EU-UK Brexit talks and Italy's difficult engagement with EU partners, following approval for a rule-breaking budget last week, should also worry investors. First Abu Dhabi Bank and Abu Dhabi Islamic Bank are scheduled to release 3Q 2018 earnings this week.

Global markets

The week begins with the release of Japan's all industry activity index for August and the Chicago Fed's national activity index for September. Tuesday will witness publication of Eurozone's October consumer confidence (prelim) data. On Wednesday, Bank of Canada's interest rate decision and monetary policy report will be preceded by the release of Markit's October PMI numbers (prelim) for the EU and the US. Tokyo's October consumer inflation data and the European Central Bank's interest rate decision and monetary policy report will be released on Thursday. The US' preliminary 3Q18 annualized GDP and core personal consumption expenditure will draw the week to a close on Friday.

You may be asked about

Fitch affirmed Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-' with a 'Stable' outlook. Fitch stated that factors such as government debt levels above those of rated comparable nations, continued hydrocarbon dependence and mediocre governance & doing business scores are balanced with Qatar's budget returning to surpluses, robust public sector and net external asset position as well as high GDP per capita. Fitch forecasts the 2018 government surplus at 4.7% of GDP (vs. a deficit of 2.9% in 2017). However, the ratings agency cautioned that an escalation of tensions with neighbors, a rise in public debt and a worsening of the country's external balance sheet may lead to negative rating action.

Note to management

Paul Polman, CEO of consumer goods giant Unilever, is one of the world's most admired leaders. Not only did he preside over a long period of steady, sustainable growth in shareholder returns, his management philosophy and his narrative were relentless: Unilever would be built on principles of sustainability, governance, diversity and protecting the environment.

Polman was living proof that these values have a real part to play in the running of a global organisation. The investment community had come to respect and admire Polman for delivering on his principles, and on their investments. Having seen off a hostile bid in 2017, the management and board tried to push through a corporate reorganisation, only to find that unconsulted and unpersuaded shareholders rebelled and forced a backtrack.

The Unilever shareholder rebellion will become a business school case study of how NOT to treat investors. Our viewpoint on the episode can be accessed [HERE](#).

REGIONAL CALENDAR

21.10.2018	KSA Average Prices of Goods and Services	-
22.10.2018	UAE Building Material Price Statistics	-
23.10.2018	KSA Consumer Price Index	KSA Merchandise Exports and Imports
24.10.2018	KSA Wholesale Price Index	-
25.10.2018	KSA Weekly Money Supply Data	KSA Real Estate Price Index 3Q18

GLOBAL CALENDAR

22.10.2018	Japan The All Industry Activity Index	-
24.10.2018	EU Markit PMI Data	US Markit PMI Data
25.10.2018	ECB Monetary Policy Statement	-
26.10.2018	US 3Q18 GDP Data	US Personal Consumption Data 3Q18

Food for thought

IR & BEYOND

IR Magazine / Iridium	Unilever: How key-man risk destroyed investor trust	Link
The Guardian	Unilever reports sales boost after HQ row but investors unimpressed	Link
Bloomberg Blog	Emerging-market bulls start to overtake the bears, survey shows	Link
Fortune	The Global Hunt for the Next Decade's Fastest-Growing Companies	Link
Institutional Investor	Invesco to Acquire Oppenheimer Funds, Creating \$1.2 Trillion Manager	Link

EARNINGS CALENDAR	Market	Est/ Conf	Date
First Abu Dhabi Bank	UAE	C	22 Oct
Abu Dhabi Islamic Bank	UAE	C	22 Oct
Vodafone Qatar	Qatar	C	22 Oct
The Commercial Bank	Qatar	C	23 Oct
Dubai Insurance Co.	UAE	C	24 Oct
Industries Qatar	Qatar	C	24 Oct

GLOBAL AGENDA

US	National Security Adviser John Bolton plans to meet with his Russian counterpart
KSA	Saudi Arabia hosts the Future Investment Initiative, "Davos in the Desert"
BoE	Governor Mark Carney speaks at the University of Toronto annual conference
EU	Presentation of conclusions from the Oct 18-19 summit to the EU Parliament
ECB	Policy makers are set to confirm that asset purchases will end this year
China	Chinese President Xi Jinping and Japanese Prime Minister Shinzo Abe meet
ECB	President Mario Draghi delivers a speech in Brussels
France	French President Emmanuel Macron visits the Czech Republic
Japan	Shinzo Abe to submit bills to admit more foreign workers amid a labor shortage
Earning Releases	Amazon, Alphabet, Intel, Verizon, Microsoft, Deutsche Bank, Barclays and Total

MOST READ REGIONAL SECTOR HEADLINES

Energy	Qatar Petroleum signs a five-year LPG supply agreement with Oriental Energy
Banks	Oman Arab Bank and Alizz Islamic Bank merger 'credit positive': Moody's
Financials	Waha Capital acquires stake in Petronash Holdings in \$88mn transaction
Petrochemicals	Sahara Petrochemical Company announces commencement of marketing operations by Sahara Marketing Company
Real Estate	Dubai records AED162bn of real estate deals in 9M18
Insurance	A.M. Best affirms Doha Insurance Group's rating with 'Stable' outlook
Transportation	Dubai Aerospace approves \$300mn bond repurchase program
Consumer	Katara Hospitality, Marriott Int'l sign agreement for Al Messila luxury resort
Telecom	Vodafone Qatar announces the latest developments in the capital reduction
Utility	Oman to develop \$1.6bn solar projects in five years

MOST READ REGIONAL COMPANY HEADLINES

Emirates NBD	Emirates NBD raises \$2bn loan
ADIB	ADIB raises AED1bn; rights issue oversubscribed more than five times
Saudi Aramco	Saudi Aramco acquiring stake in Zhejiang Petrochem Refinery
Al Meera Holding	Tekzen becomes partner in business of Al Meera Holding
Ooredoo	Ooredoo to manage ICT services for Doha Bank
Dragon Oil Co.	Dragon Oil plans \$500mn in acquisitions in 2019
Tabreed	Tabreed hires banks for Dollar Sukuk
Kuwait Airways	Kuwait Airways signs agreement to buy eight Airbus A330-800neo planes
DP World	DP World launches expansion of port in Somaliland
Dana Gas	Dana Gas buys back about \$99mn of Islamic bonds

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,648.2	5.8%	-4.4%	-4.4%	\$491.4	16.1x
ADX	4,988.7	13.4%	1.1%	1.1%	\$133.6	13.2x
DFM	2,757.7	-18.2%	-2.7%	-2.7%	\$74.6	7.4x
Nasdaq Dubai	3,224.1	-2.0%	-0.8%	-0.8%	NP	NP
Qatar	10,193.0	19.6%	3.9%	3.9%	\$133.7	15.9x
Bahrain	1,323.5	-0.6%	-1.1%	-1.1%	\$20.4	8.9x
Oman	4,444.3	-12.8%	-2.2%	-2.2%	\$13.8	10.2x

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