

US-China trade talks, crude oil rally to buoy markets

IN CASE YOU MISSED IT . . .

Dubai (+4.0%) ended firmly in the green, led by performance of property stocks such as Emaar Properties and Damac on the back of better than expected earnings. Qatar (+2.5%) gained, led by Industries Qatar, Qatar Fuel Co. and Qatar Islamic Bank, closely followed by Bahrain (+2.4%). Abu Dhabi (+1.2%) rose, supported by financial stocks. However, Oman (-1.3%) ended in the red. Saudi Arabia (-0.9%) was dragged lower as investors preferred booking profits, particularly in the banking stocks. Kuwait (-0.1%) inched down. The US markets closed higher, driven by optimism that a potential trade deal between US and China could be reached, partially offset by weak domestic and global economic data. NASDAQ (+0.7%) and Dow (+0.6%) posted their ninth consecutive weekly gains. S&P (+0.6%) also rose for a fourth straight week. In Europe, FTSE 100 (-0.8%) was weighed down by the mining and energy sectors amidst rising uncertainty on Brexit, though DAX (+1.4%), CAC 40 (+1.2%) and STOXX 600 (+0.6%) ended up.

| Q4 RESULTS | PROFIT (mn) | Y-O-Y% |
|---------------------|-------------|--------|
| Petro Rabigh | SAR 669.0 | -53.0% |
| du | AED 1.8 | +2.4% |
| Etihad Etisalat Co. | SAR 80.0 | NA |
| DXB Entertainments | AED -1,001 | NA |
| Manazel Real Estate | AED 239.1 | +8.4% |

BRENT FUTURES PRICE



| ASSET CLASS MONITOR | WTD ↓ | YTD |
|---------------------|--------|--------|
| Oil | 3.87% | 24.67% |
| Aluminium | 1.75% | 1.15% |
| MSCI World | 1.42% | 10.10% |
| MSCI EM | 1.14% | 8.82% |
| S&P 500 | 1.06% | 10.69% |
| Gold | 0.84% | 3.21% |
| US Treasury | 0.82% | 0.00% |
| MSCI GCC | 0.42% | 6.67% |
| FTSE 100 | -0.41% | 6.53% |

The week ahead

Regional markets

Regional markets should react positively to reports suggesting rising likelihood of US-China trade deal and rising crude oil prices, with Brent crude reaching a new high since mid-November, closing above \$67/bbl. Extension of trade talks in Washington by two days, amid reports that China committed to buy up to \$1.2tn of US goods and that the US and Chinese presidents will meet in March have improved sentiment further. However, a parliament vote in the UK on Brexit will also be on investors' radar. Amlak Finance and Barwa Real Estate are scheduled to report FY2018 earnings this week.

Global markets

The week begins with the release of the US' Chicago Fed National Activity Index (Jan) on Monday. Tuesday's events include US Fed Chairman Powell's testimony before Congress on its economy & monetary policy, UK's inflation report hearings and PM May's speech on Brexit negotiations. Wednesday will see release of the US' durable goods orders (Jan) and the UK's parliamentary vote on Brexit. Statistics on Germany and Japan's (Tokyo) consumer inflation (Feb) and the US' 4Q18 GDP (prelim) will be released on Thursday. Eurozone's consumer inflation (prelim) for February, Caixin manufacturing PMI (Feb) for China and the US' ISM manufacturing PMI (Feb) will draw the week to a close on Friday.

You may be asked about

Saudi Arabia's Crown Prince, Mohammed bin Salman (MBS) signed investment agreements worth \$20bn in Pakistan's petrochemical, power generation and mining sectors. These investments included funds (\$8bn) for oil refinery in Gwadar port, an important part of the Pakistan-China economic corridor. MBS also followed up his Pakistan visit with another one in India, targeting \$100bn investments in the next two years, and China where the Kingdom inked agreements in the field of energy, mining, transportation & e-commerce, including a deal worth over \$10bn to build a refining and petrochemical complex. These investments assume significance in light of Saudi Arabia's efforts to reduce its dependence on oil.

Note to management

Two research reports caught our eye this week. BAML published its "EEMEA Primer", an analysis of 11 country stocks in Eastern Europe, Middle East and Africa that together make up the EEMEA Index produced by MSCI.

Meanwhile, Morningstar pointed out that BlackRock and Vanguard swept up 57% of all new passive investment in 2018.

What is notable is the very small scale of the three gulf countries included. When this is set against the growing mass of the houses that run passive tracker funds, a mismatch appears. As passives become ever larger, concentrated in fewer hands, is this a threat to constituent countries, markets, and listed firms?

Read our viewpoint [HERE](#)

REGIONAL CALENDAR

| | | |
|------------|-----------------------------------|--------------------------|
| 25.02.2019 | KSA Merchandise Export and Import | - |
| 26.02.2019 | KSA Construction Activity Survey | UAE Hotel Price Index |
| 28.02.2019 | KSA Weekly Money Supply Data | KSA Statistical Bulletin |

GLOBAL CALENDAR

| | | |
|------------|---------------------------------|--------------------------------|
| 25.02.2019 | Japan Leading Economic Index | - |
| 26.02.2019 | US Fed's Chair Testifies | UK Inflation Report Hearings |
| 27.02.2019 | UK Parliamentary Vote on Brexit | Japan Retail Trade |
| 28.02.2019 | US GDP Data | Germany Harmonized CPI |
| 01.03.2019 | US Personal Spending | China Caixin Manufacturing PMI |

Food for thought

IR & BEYOND

| | | |
|-----------------------|-----------------------------------------------------------------------|----------------------|
| Iridium | Big Is Beautiful: The Unstoppable Rise of the Index Tracker | Link |
| GulfNews | Saudi crowned Mena IPO king in 2018 | Link |
| FundsGlobal MENA | Global sukuk issuance to recover to record levels | Link |
| NasdaqDubai/ Menacorp | Collaboration to raise capital markets investor awareness across MENA | Link |
| EQS | How to Communicate Your Annual Results to Investors and the Media | Link |

Sunday, 24.02.2019

| EARNINGS CALENDAR | Market | Est/ Conf | Date |
|--------------------------------|--------|--------------|--------|
| Al Khaleej Investment | UAE | C | 24 Feb |
| Barwa Real Estate | Qatar | C | 25 Feb |
| Qatar Navigation | Qatar | C | 25 Feb |
| Amlak Finance | UAE | C | 26 Feb |
| Arabian Scandinavian Insurance | UAE | C | 26 Feb |

| COMMODITIES | WTD ↓ | YTD |
|-------------|-------|--------|
| Natural Gas | 4.82% | -8.27% |
| Oil (WTI) | 4.69% | 25.43% |
| Oil (Brent) | 3.87% | 24.67% |
| Gold | 0.84% | 3.21% |

About Iridium

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GLOBAL AGENDA

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------|
| US Fed | Chairman Powell testifies to the Senate Banking Committee |
| German Chancellor | Angela Merkel addresses a Federation of German Industries event |
| UK Prime Minister | Updates the House of Commons on Brexit talks |
| China | National People's Congress Standing Committee meets for two days ahead of the annual NPC |
| US President | Expected to meet North Korea leader Kim Jong Un |
| US Fed Chairman | Delivers the semi-annual Humphrey-Hawkins hearing on "Monetary Policy and the State of the Economy" |
| US | Trade representative testifies to the House hearing on US-China trade |
| South Korea | President Moon Jae-in meets with Abu Dhabi Crown Prince in Seoul |
| US Fed Vice Chairman | Gives opening remarks at the annual NABE Economic Policy Conference |
| Earning Releases | Berkshire Hathaway, Shake Shack, Home Depot, Petrobras, Thomson Reuters |

MOST READ REGIONAL SECTOR HEADLINES

| | |
|----------------------|-----------------------------------------------------------------------------|
| Telecom | Ooredoo and Colt to launch new cloud connectivity services |
| Energy | OMV says Abu Dhabi moved 24.9% stake in OMV to MPPH From IPIC |
| Transport | DP World buys back Britain-based P&O Ferries for \$421mn |
| Insurance | Fitch: KSA & UAE health insurance markets 'overcrowded' |
| Mining | Saudi Arabian Mining Co. inks phosphate supply deals worth \$2bn with India |
| Logistics | SoftBank led a \$1bn investment round in logistics start-up Flexport. |
| Petrochemical | Russia's Sibur reportedly plans JV in Saudi KSA by year-end |
| Entertainment | SEVEN inks deal with Al-Oula Real Estate Development Co. |
| Construction | Fluor wins Halliburton chemicals plant project in KSA |
| Capital Goods | Saudi Arabian Amiantit Co. recommends capital cut to offset losses |

MOST READ REGIONAL COMPANY HEADLINES

| | |
|-------------------------------|-----------------------------------------------------------------------------|
| ADNOC | Fitch rates ADNOC 'AA', in line with Abu Dhabi's sovereign rating |
| Meraas | Reportedly seeks \$1.6bn for refinancing |
| Saudi Electricity Co. | Announces signing of SAR15.2bn Murabah syndication loan |
| ENOC | Partners with India's IOC to expand abroad |
| Ahli United Bank | Hires Citigroup as advisor for merger with KFH |
| Oman Oil | Shell signs gas development agreement with Oman Oil and Total |
| Qatar Petroleum | Signs three deals worth QAR9bn with major international firms |
| Nakilat | Forms new joint-venture with McDermott for fabrication projects |
| Abu Dhabi Islamic Bank | Says it is not in the process of merging |
| Almarai | Moody's assigns Baa3 rating to Almarai's Trust Certificate Issuance program |

| REGIONAL MARKETS | Last Close | YTD % | QTD % | MTD % | M-Cap (bn) | P/E (ttm) |
|---------------------|------------|-------|-------|-------|------------|-----------|
| Saudi Arabia | 8,626.3 | 10.2% | 10.2% | 0.8% | \$548.1 | 18.5x |
| ADX | 5,036.4 | 2.5% | 2.5% | -0.2% | \$138.5 | 14.3x |
| DFM | 2,533.6 | 0.2% | 0.2% | -1.3% | \$71.4 | 8.4x |
| Nasdaq Dubai | 3,102.5 | 0.9% | 0.9% | -2.0% | NP | NP |
| Qatar | 9,941.5 | -3.5% | -3.5% | -7.3% | \$132.5 | 14.5x |
| Bahrain | 1,372.0 | 2.6% | 2.6% | -1.4% | \$21.5 | 9.0x |
| Oman | 4,109.3 | -5.0% | -5.0% | -1.4% | \$12.6 | 8.4x |

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