

Global growth worries may hurt market sentiments

IN CASE YOU MISSED IT . . .

Regional markets, except Qatar, ended in the green last week. Abu Dhabi (+2.6%) jumped for a second consecutive week, led by gains in First Abu Dhabi Bank. Dubai (+2.1%) reversed the previous week's loss, buoyed by banking stocks and Emaar Properties. Oman rose +1.9%, while Saudi Arabia (+1.5%) closed near its 4-year high following its inclusion in FTSE Russell's and S&P Dow Jones' Emerging Market indices earlier in the week. Kuwait and Bahrain were up +1.4% and 1.2%, respectively. However, Qatar (-0.2%) edged lower despite 30 stocks (out of total 46 listed) ending the week with gains. The US markets fell after all major indices clocked their worst day in over two and half months on Friday. Dow (-1.3%), S&P 500 (-0.8%) and Nasdaq (-0.6%) all fell as inversion of the yield curve (yield on 10-year US treasury note fell below 3-month Treasury bill yield) amid unexpectedly dovish stance from the Federal Reserve stocked recession fears. Major European stock indices also fell; DAX (-2.8%), CAC 40 (-2.5%), STOXX 600 (-1.3%) and FTSE 100 (-0.3%) all ended in negative territory.

FY18 RESULTS	PROFIT (mn)	Y-O-Y%
Sadara Chemical	SAR -3,860.0	NA
Yanbu Cement	SAR 91.2	-71.4%
Savola Group	SAR -520.4	NA
Al-Mazaya Holding	AED 5.1	-29.3%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
FTSE 100	2.36%	9.32%
MSCI EM	2.05%	10.76%
MSCI GCC	1.76%	8.33%
S&P 500	1.65%	13.88%
US Treasury	1.63%	1.63%
MSCI World	1.57%	12.69%
Gold	1.02%	2.10%
Oil	0.94%	26.13%
Aluminium	0.93%	1.18%

The week ahead

Regional markets

Weak PMI data from the Eurozone, US and Japan reflect a further slowdown of global economic activity, which has raised worries about decelerating economic growth. The US Federal Reserve has also slashed the country's GDP growth forecasts, thereby dampening investor confidence. Moreover, the US-China trade deal still remains unclear, which continues to create investor anxiety. Accordingly, regional markets are expected to adopt a cautious approach, although Saudi Arabia should continue to witness inflows following its inclusion in FTSE EM index. National Industries Group, Al Salam Group Holding, and Qatar First Bank are scheduled to report FY2018 earnings this week.

Global markets

The week begins with the release of the Chicago Fed national activity index (Feb) and Germany's IFO business climate survey data (Mar) on Monday. On Tuesday, publishing of the US home price index (Jan) will precede the US consumer confidence stats. Wednesday will witness speech from the European Central Bank's President and the release of US trade balance numbers (Jan). The US GDP (4Q 2018), Eurozone's business climate survey (Mar) and Germany's preliminary consumer inflation (Mar) data will be announced on Thursday. Further, Japan's unemployment rate and preliminary industrial production (both Feb) figures will also be published on the same day. Germany's retail sales (Feb) and the US' Chicago PMI (Mar) numbers will draw the week to a close on Friday.

You may be asked about

Last week, King Salman of Saudi Arabia announced four projects worth SAR86bn (\$23bn) aimed at boosting the quality of life in the Kingdom's capital Riyadh. Saudi Arabia's Crown Prince Mohammed bin Salman will head a government committee overseeing the projects, which is likely to create \$15bn worth of private sector investment opportunities. Work on four projects (entertainment park, sports boulevard, tree-lined oasis and arts centre) will commence in 2H 2019, which will create 70,000 jobs while meeting the UN's sustainable development goals. The Minister of Economy & Planning, Muhammad Al-Tuwajri said the projects are among the best to achieve GDP growth, improve the balance of payment and attract investments.

Note to management

Mission accomplished. Saudi Arabia's equity markets officially joined the FTSE Russell and S&P Dow Jones Emerging Market (EM) indices on March 18, 2019.

The achievement is a major one, bringing the nation's equity market from a standing start to emerging markets inclusion.

And yet much of the commentary around the index inclusion has focused not on these positives, but instead on the behaviour of domestic investors, which have been selling stocks just as foreign investors have been starting to buy.

Read our thoughts on the early days of index inclusion [HERE](#).

REGIONAL CALENDAR

26.03.2019	KSA Quarterly National Accounts Indicators	-
27.03.2019	KSA Merchandise Exports and Imports	-
28.03.2019	KSA Weekly Money Supply Data	KSA Statistical Bulletin

GLOBAL CALENDAR

25.03.2019	Japan Industry Activity Index	US New Home Sales
26.03.2019	US Housing Price Index	-
27.03.2019	US Trade Balance	-
28.03.2019	US GDP Annualised Data	Tokyo CPI ex-Fresh Food
29.03.2019	UK Brexit Day	EU Consumer Price Index

Food for thought

IR & BEYOND

IR Magazine / Iridium	Brave New Dawn for Saudi Arabia's Equity Markets	Link
Institutional Investor	Robots Won't Kill the Fundamental Investor	Link
McKinsey	Advanced analytics in asset management: Beyond the buzz	Link
Bloomberg Blog	Five banking trends to watch for in the U.A.E. and Saudi Arabia this year	Link
The National	Fitch upgrades Egypt to B+ on the back of economic reforms	Link

EARNINGS CALENDAR	Market	Est/ Conf	Date
National Industries Group	UAE	C	24 Mar
Al Khaleej Takaful	Qatar	C	25 Mar
Al Salam Group Holding	UAE	C	25 Mar
Ekttitab Holding	UAE	C	25 Mar
Qatar First Bank	Qatar	C	27 Mar
Qatari German Company for Medical Devices	Qatar	C	27 Mar

COMMODITIES	WTD ↓	YTD
Oil (WTI)	2.34%	32.09%
Oil (Brent)	0.94%	26.13%
Gold	0.86%	1.93%
Natural Gas	-1.19%	-4.05%

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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

China	Xi Jinping to visit French President Emmanuel Macron
Israel	Prime Minister Benjamin Netanyahu to visit Washington to meet the President
ECB	President Mario Centeno to attend a Bank of Portugal conference
United Nations	United Nations Economic Commission for Africa finance ministers' meeting
UK	Parliament to vote on Prime Minister's deal to leave the European Union
US	Commerce Department's final read on 4Q18 GDP
US Fed	Vice Chairman Randal Quarles to speak to the Shadow Open Market Committee
US	Trade deficit data to be published
US	Apple Inc. unveils new products including video and magazine subscriptions
Earning Releases	Red Hat, Lululemon, Vale, Accenture and Dollarama

MOST READ REGIONAL SECTOR HEADLINES

Banking	KSA's new rules set to raise Islamic tax for some banks
Telecom	Ooredoo Group launches block-chain initiative
Energy	OPEC scraps April meeting, but keeps oil cuts in place
Healthcare	QGMD partners with QU to acquire syringe patent
Utility	ACWA Power buys Marubeni's stakes in KSA's energy and water plant
Real Estate	BRES launches phase three of Madinat Al Mawater project
Automobile	Qatar Automobiles Company to supply MBM with over 50 FUSO Rosa buses
Consumer	Oman to apply 100% tax on alcohol, tobacco
Materials	Tabuk Cement inks contract to export clinkers to Yemen
E-commerce	Mobile travel bookings in Saudi Arabia see threefold rise in 2018: Cleartrip

MOST READ REGIONAL COMPANY HEADLINES

RAK Bank	To weigh bond sale to help refinance debt
Vodafone Qatar	Completes its GigaNet fiber roll-out in and around Aspire Zone
Savola	Shuts down all Pandati minimarkets in 4Q18.
Kuwait Airways	Said to seek \$350mn loan to pay for planes
ADNOC	Awards Japan's Inpex Corporation onshore exploration concession
Banque Saudi Fransi	Crédit Agricole sells 4.9% stake in Banque Saudi Fransi
Dana Gas	Proposes to buy back 10% of its total share capital
NADEC	NADEC awards contract for expansion of Al Jouf olive oil mill
Taiba Holding Co.	Shareholders to vote on capital hike on April 9
Dur Hospitality Co.	Inaugurates Marriott hotel in Riyadh

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,708.7	11.3%	11.3%	2.5%	\$556.2	19.4x
ADX	5,127.5	4.3%	4.3%	-0.2%	\$138.6	14.4x
DFM	2,628.7	3.9%	3.9%	-0.3%	\$71.4	8.4x
Nasdaq Dubai	3,228.0	5.0%	5.0%	-0.2%	NP	NP
Qatar	9,953.7	-3.4%	-3.4%	-1.6%	\$130.0	13.9x
Bahrain	1,426.2	6.7%	6.7%	1.0%	\$21.8	9.1x
Oman	4,152.7	-4.0%	-4.0%	0.2%	\$12.9	8.7x

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