

Oil tumbles further; UK-EU Brexit talks this week

IN CASE YOU MISSED IT . . .

Regional markets ended mixed last week. Abu Dhabi (-1.4%) posted its largest single day loss since June, dragged lower by First Abu Dhabi Bank. Dubai (-0.9%) slid due to weakness in property stocks including Emaar Properties. Saudi Arabia (-0.7%) was weighed down by weakness earlier in the week arising from potential actions by the US following sanctions on 17 Saudi officials. Qatar and Bahrain notched up identical gains (+1.1%, each). Oman (+0.1%) inched marginally higher, but Kuwait ended flat. The US markets saw their year-to-date (YTD) gains wiped out due to sell-off in Technology stocks, as concerns over global growth and trade tensions emerged, amid falling oil prices. Dow (-4.4%), NASDAQ (-4.3%) and S&P 500 (-3.8%) ended deeply in the red. European indices also fell despite hopes of resolution on the Italian budget; CAC 40 (-1.6%), DAX (-1.3%), STOXX 600 (-1.0%) and FTSE 100 (-0.9%) declined.

ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	1.69%	73.38%
Aluminium	1.30%	-13.39%
Gold	1.26%	-5.69%
MSCI GCC	-0.17%	10.57%
MSCI EM	-0.50%	-15.75%
FTSE 100	-1.10%	-9.46%
MSCI World	-1.91%	-6.91%
S&P 500	-2.94%	-0.89%
Oil	-6.03%	-6.39%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	10.23%	50.73%
Gold	1.26%	-5.69%
Oil (WTI)	-3.24%	-9.58%
Oil (Brent)	-6.03%	-6.39%

The week ahead

Regional markets

Regional markets are likely to be weighed down by the continued downward spiral in crude oil prices. Brent crude, pressured by oversupply concerns, closed at a one-year low under the \$60 per barrel mark at the end of last week, extending its slide for a seventh straight week. Investors are expected to keep a keen eye on the UK-EU Brexit talks and pre-summit activities leading up to the G-20 summit, which has been scheduled towards the end of the week. Investors may remain cautious, especially given the uncertainty over global growth and Saudi Arabia facing actions including suspension of arms sales by some Western nations in response to the death of Jamal Kashoggi.

Global markets

The week begins with the much-anticipated Brexit summit between the UK and European leaders preceding respective speeches from the European Central Bank's President and Bank of England's Governor. The US' September housing data including S&P/Case-Shiller Home Price Index will be published on Tuesday. Wednesday will witness the release of the US' 3Q18 preliminary GDP and core personal consumption expenditures, followed by the US Federal Reserve's Chairman's speech. On Thursday, the US Federal Open Market Committee will release its monetary policy meeting minutes and the US' October core personal consumption expenditure price index will be published. Release of the November consumer inflation figures for Eurozone (prelim.) will draw the week to close on Friday.

You may be asked about

Saudi Aramco struck five new crude oil supply agreements (COSAs) with China, thereby likely emerging as the largest supplier of crude oil to China in 2019, a position it held from 2006-2016. At ~8.4 million barrels per day (mbpd), China is the largest and fastest growing crude oil importing country in the world, accounting for 18.6% of total global oil imports, as of 2017. Currently, Russia is the largest exporter of crude oil to China, with 14.6% of China's 2018 total oil imports. Following the recent COSAs, Saudi Aramco will raise its supply to 1.67 mbpd to China. The deal will allow Saudi Aramco to diversify its supplies, while enabling China to reduce its dependency on US oil imports amidst trade tariff concerns.

Note to management

Would you feel comfortable if the pilot of a plane serves you coffee? Probably, you wouldn't even notice. But how would you feel about a purser flying your plane?

Naturally, you want someone in charge of such a critical function to be qualified, experienced, and with a proven track record. And yet many companies have been happy to staff their IR function with unqualified people or indeed to ignore the function entirely.

This is no longer an option, yet the shallow talent pool in the region has created a major headache for firms wanting to do the right thing. This week, we examine how companies can address the IR talent shortage, which is perhaps the single biggest barrier they face in adapting to the new normal of professional investor relations. Read our thoughts [HERE](#).

REGIONAL CALENDAR

25.11.2018	UAE Building Material Price Statistics	KSA Avg. Prices of Goods and Services
27.11.2018	KSA Consumer Price Index	-
28.11.2018	KSA Monthly Statistical Bulletin	KSA Wholesale Price Index
29.11.2018	KSA Weekly Money Supply Data	KSA Energy and Water Statistics

GLOBAL CALENDAR

26.11.2018	EU Brexit Summit	-
27.11.2018	US Housing Price Index	UK Bank Stress Test Results
28.11.2018	US GDP Data	US Core Personal Consumption Exp.
29.11.2018	US FOMC Minutes	Tokyo CPI ex Fresh Food
30.11.2018	EU Consumer Price Index	EU Unemployment Rate

Food for thought

IR & BEYOND

Iridium	Closing IR Gaps: Where do we find the people?	Link
Bloomberg Blog	As research industry adapts to MiFID II, regulators mull changes	Link
Institutional Investor	The Momentum Factor Is Real. Too Bad It Doesn't Work.	Link
IR Magazine	IR30: The right message for the right investor through the right channel	Link
The Economist	For Europe's Stockmarkets to Recover, Bank Shares Need to Rally	Link

Monday, 26.11.2018

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	3.04	-6	+70
UK	1.38	-8	+13
Germany	0.34	-6	-2
France	0.72	-5	+3
Italy	3.40	-20	+160
Switzerland	-0.13	-7	+5
Japan	0.09	-4	+7
Hong Kong	2.20	-15	+53
India	7.74	-13	+74

GLOBAL AGENDA

ECB President	Addresses the European Parliament's committee for economic and monetary affairs in Brussels.
Bank of England	Publishes its Financial Stability Report and the full results
Federal Reserve	Releases minutes of its November FOMC meeting
G-20	Leaders' Summit in Buenos Aires through December 1
Bank of Japan	Board member Takako Masai speaks in Fukuoka
European Union	Brexit Summit
Bank of England	Gives Treasury Committee independent assessment of Brexit's impact on the financial system and broader economy
Federal Reserve	Chairman Jerome Powell speaks at Economic Club of New York
Germany	Candidates to succeed Angela Merkel as party leader in Germany hold debates
Earning Releases	Bank of Nova Scotia, HP, Naspers, Dollar Tree, Tiffany and Shaftesbury

MOST READ REGIONAL SECTOR HEADLINES

Energy	Saudi Arabia launched a uranium exploration program
Banks	Emirates NBD postpones bond issue due to market conditions
Healthcare	NMC Health seeks to extend \$100mn financing
Materials	Middle East Glass sells 74% stake in PET subsidiary
Real Estate	Saudi Arabia plans to build over 19,000 residential units
Aviation	CFM wins Gulf Air maintenance contract worth \$1bn at list price
Transportation	Uber resumes services in Abu Dhabi
Telecom	Virgin Mobile Middle East & Africa is said to be exploring sale
Utilities	ACWA Power gets to financial close on 300MW Saudi Arabian solar project
Consumer Staples	UAE's LuLu and Saudi National Guard to open shopping centers

MOST READ REGIONAL COMPANY HEADLINES

Dubai Aerospace	Signs \$720mn revolving credit facility
Dana Gas	Logs 30% hike in Kurdistan gas output along with Crescent Petroleum
Saudi Aramco	Strikes the biggest oil supply deal with China
Kuwait Oil Company	Signs \$1.3bn deal to import drilling towers
ADNOC	To announce new partners for Ghasha sour gas concession
Oman Oil Company	Merges downstream business with ORPIC
Arabtec Holdings	Arabtec Holding's unit wins \$142mn contract from Tecnicas Reunidas
Careem	Looks to raise up to \$200mn in China
Al-Jazira Healthcare	Signs agreement for manufacturing medical devices with QGMD
Saudi Telecom Company	Signs MoU to boost digital transformation with Cisco Meraki

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,607.3	5.3%	-4.9%	-3.8%	\$486.0	16.4x
ADX	4,984.8	13.3%	1.0%	1.7%	\$134.6	13.5x
DFM	2,754.9	-18.3%	-2.8%	-1.1%	\$74.7	9.3x
Nasdaq Dubai	3,226.5	-1.9%	-0.7%	0.2%	NP	NP
Qatar	10,328.5	21.2%	5.2%	0.3%	\$137.0	15.3x
Bahrain	1,323.2	-0.6%	-1.1%	0.6%	\$20.2	9.0x
Oman	4,453.3	-12.7%	-2.0%	0.7%	\$13.6	10.5x

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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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