

Markets focus on global economic data, 1Q19 results

IN CASE YOU MISSED IT...

Regional markets ended mixed last week. Abu Dhabi (+1.9%) was aided by a rally earlier in the week, as investors expected banks and real estate companies to benefit from a recent change in the Emirate's real estate law with respect to purchase of property by foreigners. Qatar (+1.0%) rose for a fifth consecutive week on the back of gains in banks. Saudi Arabia (+0.9%) followed closely, primarily led by corporate earnings announcements. However, Kuwait (-1.8%) slid, followed by Oman (-1.0%). Dubai was down (-0.9%), due to declines in property stocks. Bahrain (-0.3%) edged lower. The US markets ended mostly higher, supported by stronger than anticipated 1Q19 US GDP growth and largely above expected corporate earnings. Both Nasdaq (+1.9%) and S&P 500 (+1.2%) made new record closing highs. However, Dow (-0.1%) fell marginally, weighed down by disappointing 1Q19 earnings and guidance by some of its major components. European indices closed mixed; DAX (+0.8%) and STOXX 600 (+0.1%) edged up while CAC 40 (-0.2%) and FTSE 100 (-0.4%) fell slightly.

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
Jarir Marketing Co	SAR 1,886.6	18.0%
Etihad Etisalat Co	SAR 3,201.0	13.0%
Saudi Telecom Co	SAR 13,386	8.4%
Saudi Arabian Mining	SAR 4,241.3	18.9%
Emirates Telecom	AED 12,989.4	-0.9%
du (UAE)	AED 3,140	-5.7%
YANSAB	SAR 1,522	-14.8%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil (Brent)	3.31%	38.20%
MSCI GCC	1.13%	15.13%
S&P 500	0.73%	16.73%
Aluminum	0.63%	-0.99%
US Treasury Yields	0.41%	-0.82%
Gold	0.11%	-0.41%
MSCI World	0.04%	14.53%
FTSE 100	-0.35%	10.49%
MSCI EM	-1.45%	11.49%

The week ahead

Regional markets

First quarter earnings performance and management guidance for the rest of the year are expected to continue providing trading cues to markets. Movement in crude oil prices, which fell towards the end of last week, will direct the region's energy and petrochemical sectors. Moreover, investors will also closely track major economic development globally, including US Federal Reserve's policy meet, Eurozone's 1Q19 GDP, China's PMI and resumption of US-China trade talks in Beijing. First Abu Dhabi Bank, United Arab Bank, RAK Ceramics, Dubai Financial Market, Qatar Fuel Company and Ooredoo are scheduled to report 1Q19 earnings this week.

Global markets

The week begins with the release of the Eurozone's business climate indicator (Apr) and US personal consumption expenditures (Mar) data on Monday. This will be followed by China's official PMI (Apr), Eurozone's 1Q19 GDP (prelim.) and Germany's consumer inflation (prelim) for April on Tuesday. Wednesday will witness US Federal Reserve's interest rate decision and US ISM manufacturing PMI (Apr) stats. Bank of England's monetary policy decision, Germany's retail sales (Mar) and China's manufacturing PMI (Apr) by Caixin constitute Thursday's major events. On Friday, Eurozone's April consumer inflation (prelim), the US non-farm payrolls and US ISM non-manufacturing PMI (both Apr) will be revealed.

You may be asked about

Saudi Arabia's Finance Minister, Mohammed Al-Jadaan, said that the Kingdom has posted a SAR27.8bn budget surplus in 1Q19 (vs. SAR34.3bn deficit in 1Q18), recording its first surplus since 2014. Increases in both the oil revenue (SAR149bn in 1Q19 vs. SAR114bn in 1Q18) and non-oil revenue (SAR76.3bn vs. SAR52.3bn) aided the country in posting a surplus. For 2019, Saudi Arabia has forecasted a budget deficit of SAR131bn, a slight improvement from SAR136bn last year. The minister said that despite recovery in hydrocarbon revenues, the government is committed to the economy's diversification. He added that the Kingdom will also introduce an initiative worth \$3.3bn to support private sector growth.

Note to management

The Financial Sector Conference held in Riyadh last week was more than just another conference: it was a marker put down by the authorities to signal the very public kick-off of one of the pillars of Vision 2030 - the Financial Sector Development Programme (FSDP).

Saudi Arabia recognizes that without the active and enthusiastic participation of the financial sector, Vision 2030 is doomed to failure. So in addition to hosting the world's financial sector at the event, the Kingdom has also taken material steps to cement its place in the world's capital markets.

And central to this strategy is a fundamental notion - Trust.

Read our viewpoint on the role of Trust in Saudi Arabia [HERE](#).

REGIONAL CALENDAR

28.04.2019	KSA Non-oil Export Import Data	AD Building Material Price Statistics
30.04.2019	Abu Dhabi Quarterly Statistical Publication	AD Agriculture Producer Price Index

GLOBAL CALENDAR

29.04.2019	Eurozone Business Climate Data	US Personal Consumption Data
30.04.2019	Germany Consumer Inflation (Prelim.)	Eurozone 1Q19 GDP (Prelim.)
01.05.2019	Fed Interest Rate Decision	US ISM Manufacturing PMI
02.05.2019	BoE Interest Rate Decision	China Manufacturing PMI
03.05.2019	Eurozone Consumer Inflation (Prelim.)	US Non-farm Payrolls

Food for thought

IR & BEYOND

Iridium / IR Magazine	Trust in the Kingdom: The Key to Success in Saudi Arabia (and elsewhere)	Link
Bloomberg Blog	M&A fever has yet to break in the Gulf	Link
PRI	What are the ESG implications of the Saudi Aramco debut bond issue?	Link
Ipreo	ESG on the Rise: Making an Impact in M&A	Link
Reuters	Saudi Arabia considers relaxing ownership limits for foreign investor	Link

EARNINGS CALENDAR

	Market	Est/ Conf	Date
Qatar Navigation (Milaha)	Qatar	C	28 Apr
Dubai Financial Market	UAE	C	28 Apr
Barwa Real Estate	Qatar	C	28 Apr
Mannai Corporation	Qatar	C	28 Apr
First Abu Dhabi Bank	UAE	C	29 Apr
Vodafone Qatar	Qatar	C	30 Apr
Agthia Group	UAE	C	30 Apr

COMMODITIES

	WTD ↓	YTD
Oil (Brent)	3.31%	38.20%
Oil (WTI)	1.89%	43.60%
Natural Gas	0.96%	-14.49%
Gold	0.11%	-0.41%

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For more information contact:

Iridium Advisors DMCC
Pamela Chahine, Director
ir@iridium.ae
www.iridium.ae

GLOBAL AGENDA

Federal Reserve	Sets its monetary policy
BoE	Releases interest rate decision
US	Publishes non-farm payrolls and ISM manufacturing PMI data
WTO	Director-General to deliver a speech in Virginia
ECB Chief Economist	Delivers a speech in Vienna
US-China trade talks	Trade representatives to meet in Beijing for further talks
China	Releases official PMI data
India	Fourth round of voting in national elections
Labor Day	Will be observed in most of Europe, China, Russia among other countries
Earning Releases	Google, Apple, HSBC, GM, BP, Adidas, Royal Dutch Shell, etc

MOST READ REGIONAL SECTOR HEADLINES

Banks	Barwa Bank and International Bank of Qatar complete legal merger
Energy	JODI: Saudi Arabia oil exports fall to 6.977mn bpd in February
Consumer Discretionary	Fawaz Alhokair Group to open doors to US investors in IPO
Telecom	Saudi Telecom Co launches first USD dominated Sukuk
Transportation	Abu Dhabi transport dept reveals \$2.18bn worth of projects at Cityscape
Aviation	IATA, ACAO sign MoU to advance aviation in the MENA region
Real Estate	Mabaneer unit signs initial accord for \$1.4bn financing
Financial	Gulf Capital finalizes \$136.14mn credit facility
Cement	Al Jouf Cement signs MoU for white cement production
REIT	Bonyan REIT plans dividend for six-month period

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi Aramco to buy stake in Sasref refinery for \$631mn
Gulf International Bank	GIB establishes Saudi Arabian arm with \$2bn capital
Burgan Bank	Burgan Bank gets approval to issue \$500mn of capital securities
Vodafone Qatar	Vodafone Qatar makes 5G available in Qatari homes
Alinma Bank	Alinma Bank CEO says open to merger opportunities
Dubai Islamic Bank	Dubai Islamic Bank weighs acquisition of local rival
Investcorp	Investcorp adds Frankfurt property to its growing European real estate portfolio
Qatar Airways	Qatar Airways, JetSmart shows interest in Avianca Brasil
Samba	Samba CEO sees loan pickup as higher oil boosts state spending
SRECO	Saudi Real Estate Refinance Co plans up to SAR4bn Sukuk sale this year

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	9,275.5	18.5%	5.2%	5.2%	\$586.8	21.0x
ADX	5,391.9	9.7%	6.3%	6.3%	\$146.7	15.0x
DFM	2,787.4	10.2%	5.8%	5.8%	\$75.1	12.1x
Nasdaq Dubai	3,397.7	10.5%	6.1%	6.1%	NP	NP
Qatar	10,451.1	1.5%	3.4%	3.4%	\$137.3	14.7x
Bahrain	1,442.2	7.8%	2.0%	2.0%	\$22.1	9.4x
Oman	3,940.4	-8.9%	-1.1%	-1.1%	\$12.2	8.2x

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