

## Positive sentiment on OPEC deal extension

### The week ahead

#### Regional markets

GCC markets are likely to start the week with positive sentiment on the back of the increase in oil prices on Friday (\$63.76/bbl) and receding fears about the Saudi anti-corruption drive impacting private businesses. The geopolitical tensions which had flared-up recently also seem to have subsided for now. News articles indicate that ADNOC, which is looking to raise up to \$2bn in one of the largest IPO's in UAE, has garnered a strong response from investors.

#### Global markets

The week begins with US factory orders and UK construction PMI data on Monday. This will be followed by Eurozone PMI and retail sales figures, and US PMI data on Tuesday. The ECB non-monetary policy meeting and Canada interest rate decision is scheduled for Wednesday, US employment change and nonfarm productivity. This will be followed by Eurozone Q3 GDP, US initial jobless claims and consumer credit change on Thursday. The week ends with China and Germany releasing their trade balance numbers.

#### You may be asked about

As expected, OPEC and non-OPEC producers, led by Russia, agreed to extend output cuts until the end of 2018. OPEC also decided to cap the combined output of Nigeria and Libya, which were exempt from the supply cut, below 2.8 million bbl/d(their 2017 high). They also signaled the possibility of an early exit from the deal, if the oil market overheats. In the US, the Senate passed a hastily revised tax reform bill in the early hours of Saturday. The bill will now go to the House of Representatives.

#### Note to management

When the Egyptian Central Bank lifted foreign currency restrictions last week, it delivered a signal that the Arab world's most populous country is open for business again:

1. Investors can move funds freely again for the first time since the 2011 uprising. For many Gulf companies who are long-term investors in Egypt this signifies a major change.
2. Any company doing business, whether importing, exporting, investing or partnering is now operating in an environment that facilitates, rather than hinders, business.
3. In real estate, hospitality, manufacturing and services, GCC inward investment has been a major factor of Egypt's economy. Firms that stayed the course are about to get rewarded.
4. And this freedom goes beyond trade in goods and Suez Canal traffic. Egypt is emerging as a highly competent knowledge economy. In technology, outsourcing, and services more generally, investors should look at Egypt as a potential economic driver for the region.
5. For listed companies in the GCC, connections with Egypt have the potential to provide an upside narrative to their investment case. Senior management would be wise to ask whether their companies are communicating their Egypt potential to the full.

### IN CASE YOU MISSED IT ...

Last week, Tadawul (+1.4%) gained ground on the back of rising speculation for an OPEC deal extension and news that the people detained in the anti-corruption drive are agreeing to settle, which could result in a significant increase in government reserves. Bahrain (+0.6%) and Oman (+0.5%) also ended the week higher. Dubai (-1.2%) was pulled down by weakness in real estate stocks led by Emaar Properties. Kuwait (-0.7%), Qatar (-0.4%) and Abu Dhabi (-0.1%), also ended lower. US markets continued to rally as senators passed the tax cut bill. The markets were further supported by encouraging economic data. The Dow (+2.9%) and the S&P 500 (+1.5%) have closed higher for 10 out of the 12 last weeks. However, the tech-heavy Nasdaq (-0.6%) closed lower. European stocks slipped, partially under pressure from lower metal prices, with FTSE 100 (-1.5%) and Stoxx 600 (-0.7%) ending in the red.

ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	1.53%	18.02%
MSCI GCC	1.02%	-2.59%
MSCI World	0.02%	19.35%
Oil (Brent)	-0.20%	12.16%
Gold	-0.60%	11.60%
FTSE 100	-1.47%	2.21%
US Treasury Yields	-1.55%	149.02%
Aluminum	-2.71%	20.80%
MSCI EM	-3.32%	29.42%

### BRENT SPOT PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	8.82%	-17.80%
Oil (Brent)	-0.20%	12.16%
Gold	-0.60%	11.60%
Oil (WTI)	-1.00%	8.64%

### REGIONAL CALENDAR

07.12.2017 KSA Weekly Money Supply -

### GLOBAL CALENDAR

05.12.2017	Caixin China Services PMI	US Trade Balance Data
06.12.2017	ECB Non-Monetary Policy Meeting	US ADP Employment Change
07.12.2017	Eurozone Q3 2017 GDP Data	US Consumer Credit Change
08.12.2017	US Non-Farm Payrolls Data and Unemployment Rate	China Trade Balance Figures

### Food for thought

#### IR & BEYOND

Bloomberg	When the market speaks volumes	<a href="#">Link</a>
The Economist	As bitcoin's price passes \$10,000, its rise seems unstoppable	<a href="#">Link</a>
Bloomberg	Hedge Funds Signal Trust in OPEC	<a href="#">Link</a>
EY	2017 Global Hedge Fund and Investor Survey	<a href="#">Link</a>
Grant Thornton	An evolving hedge fund industry looks for new investors	<a href="#">Link</a>

Sunday, 03.12.2017

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.36	+2	-2
UK	1.23	-3	-15
Germany	0.30	-7	+3
France	0.60	-15	-11
Italy	1.71	-8	-19
Switzerland	-0.20	-7	-1
Japan	0.03	-2	0
Hong Kong	1.67	-	+39
India	7.05	+20	+81

## GLOBAL AGENDA

<b>UK Prime Minister</b>	ECB President and EU's chief Brexit negotiator to decide deal outline
<b>Reserve Bank Australia</b>	Announces its monetary policy decision
<b>EU Finance Ministers</b>	Meet in Brussels to decide which countries to include on tax-haven list
<b>GCC</b>	Summit in Kuwait
<b>ECB</b>	Non-monetary policy's meeting
<b>Reserve Bank of India</b>	Will announce its Monetary Policy Decision
<b>Bank of Canada</b>	Announces interest rate decision
<b>US ISM</b>	Releases the non-manufacturing PMI data
<b>Eurozone</b>	Announces the Eurozone Q3 GDP data

## MOST READ REGIONAL SECTOR HEADLINES

<b>Construction</b>	Report: GCC's construction industry offers \$2.6tn active projects
<b>Banks</b>	Fitch: GCC's bank asset quality to weaken; improved liquidity
<b>Energy</b>	OPEC extends oil supply cuts to December 2018
<b>Real estate</b>	Emaar Development closes below bottom of IPO guidance range
<b>REIT</b>	Fitch assigns 'BB+(EXP)' IDR to Emirates REIT with 'Stable' outlook
<b>Transportation</b>	Kuwait's Jazeera Airways set to place aircraft order next year
<b>Petrochemicals</b>	Saudi Aramco and SABIC to sign MoU on \$25bn oil to chemicals complex
<b>Consumer Staples</b>	Almarai Company starts commercial operation of central production plant
<b>Logistics</b>	Kuwait's Agility may issue bonds next year to fund expansion
<b>Telecom</b>	Zain Kuwait sells 5.052% stake to Nohodh General Trading

## MOST READ REGIONAL COMPANY HEADLINES

<b>Saudi Aramco</b>	Plans more petrochemical ventures after \$20bn deal
<b>ADNOC</b>	Sets IPO price range at AED2.35-2.95 per share
<b>Emirates REIT</b>	Considering sale of up to \$425mn in Sukuk
<b>SABIC</b>	Plans to spend \$3-10bn in acquisitions over next five years
<b>Amlak Finance</b>	Redeems AED100mn from Mubadala instrument
<b>SHUAA Capital</b>	Shelves plans for Global Investment stake
<b>QNB Finansbank</b>	Sells 359.3mn Liras bad loans for 58.5mn Liras
<b>Etisalat</b>	Adds Most to Abu Dhabi Gains Amid Positive 2018 Outlook
<b>Ooredoo</b>	Announces date to pay interest to bondholders
<b>Doha Bank</b>	In talks with UAE banks to swap assets

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7003.97	-2.9%	-3.8%	1.0%	\$ 445.50	16.5 x
<b>ADX</b>	4283.07	-5.8%	-2.6%	-4.4%	\$ 110.69	15.4 x
<b>DFM</b>	3,420.97	-3.1%	-4.0%	-5.9%	\$ 79.40	21.6 x
<b>Nasdaq Dubai</b>	3,290.40	-0.1%	-3.9%	-5.8%	n/a	n/a
<b>Qatar</b>	7,714.26	-26.1%	-7.2%	-5.5%	\$ 88.96	12.4 x
<b>Bahrain</b>	1,283.71	5.2%	0.0%	0.5%	\$ 20.19	7.1 x
<b>Oman</b>	5,109.62	-11.6%	-0.5%	2.0%	\$ 14.25	12.3 x

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