

US ignites trade wars with neighbors and EU

2Q 2018 IR CALENDAR

	DATE
HSBC GEMs Conference, NYC	4 - 5 JUN
UBS LATEMEA 1x1 Conference, LON	26-28 JUN

IN CASE YOU MISSED IT . . .

Regional markets ended mixed for the week. Saudi Arabia (+1.5%) staged a late rally, led by Saudi Basic Industries Corporation. Oman (+0.9%) also advanced and Dubai (+0.3%) eked out modest gains, as Dubai Islamic Bank jumped on investor interest following conclusion of its rights issue period. Bahrain (+0.2%), Kuwait (+0.1%) and Abu Dhabi (+0.1%) were up marginally. Qatar ended in the red (-1.9%), dragged lower by Industries Qatar and Qatar Islamic Bank. US markets ended mixed, as an upbeat jobs report was overshadowed by concerns over trade tensions; NASDAQ (+1.6%) registered notable gains, with S&P 500 (+0.5%) also ending in positive territory, although Dow (-0.5%) fell. Europe was broadly weak, with DAX (-1.7%) and Stoxx 600 (-1.1%) losing ground despite positive news on formation of a coalition government in Italy; FTSE 100 (-0.4%) also declined, but CAC 40 (+1.9%) ended firmly in the green.

ASSET CLASS MONITOR

	WTD ↓	YTD
MSCI GCC	1.22%	10.46%
US Treasury Yields	1.05%	38.13%
S&P 500	0.49%	2.28%
Oil (Brent)	0.46%	14.83%
MSCI World	-0.13%	-0.05%
FTSE 100	-0.37%	0.18%
Aluminum	-0.44%	1.29%
MSCI EM	-0.56%	-2.44%
Gold	-0.68%	-0.72%

BRENT FUTURES PRICE



COMMODITIES

	WTD ↓	YTD
Natural Gas	0.78%	0.30%
Oil (Brent)	0.46%	14.83%
Gold	-0.68%	-0.72%
Oil (WTI)	-3.05%	8.92%

The week ahead

Regional markets

The markets are likely to remain cautious, with global trade tensions rising towards the end of last week; the US' decision to impose tariffs on steel and aluminum imports from Canada, Mexico and the EU was met with counter-measures and warnings about tariff imposition on American goods by the targeted economies. Oil has traded sideways, with OPEC's output curbs likely to be eased only gradually, especially against the backdrop of US crude output scaling a record monthly high of 10.47mbpd in March. Accordingly, near-term impetus for the markets may not be apparent.

Global markets

The week begins with data on US factory orders and the UK's retail sales on Monday. The Reserve Bank of Australia's interest rate decision and US ISM non-manufacturing PMI data will be out on Tuesday. On Wednesday, the US trade balance figures will be released. We expect Eurozone's 1Q18 GDP data, Switzerland's unemployment rate, and the Bank of Canada's governor's speech on Thursday. The release of China's trade balance data and Canada's unemployment rate will round off the week on Friday.

You may be asked about

Malaysia-based Islamic Financial Services Board (IFSB) will enhance its guidance for national regulators after IMF accepted its standards for Islamic banking, thereby accelerating measures to make business practices more consistent across the globe. The IMF notes that Islamic finance is offered in over 60 countries and likely accounts for global assets in excess of USD 2tn. Critically, Islamic finance comprises over 15% of total financial assets in Saudi Arabia, Kuwait, Qatar, and Malaysia. The IMF intends to drive more consistency in applying Islamic finance rules, and stated that it views the growth of Islamic finance as an opportunity to boost financial inclusion measures, deepen financial markets and create new sources of funding.

Note to management

UK telecommunications major BT was hit with a painful rebuke from an analyst last week. The size of the CFO's shareholding in the company was deemed to be "tiny", and, claimed the analyst, was deterring investors from buying the stock.

The question was aired: *If the CFO isn't committed, why should we be?*

We explore some of the intangible and softer effects of directors' shareholding's, including:

1. Why empathy with investors is critical
2. How the emotional response to a perceived lack of empathy can hit a firm's valuation
3. What should directors and senior management do to regain trust?
4. How can IR teams help them?

We take a look at the signals that director shareholdings send out, how they are received, and why they can lead to reputational damage. Find out more here: [Link](#)

REGIONAL CALENDAR

06.06.2018	-	-
07.06.2018	KSA Weekly Money Supply	-

GLOBAL CALENDAR

04.06.2018	US Factory Orders Data	UK Retail Sales Data
05.06.2018	US ISM Non-manufacturing PMI Data	Germany Composite PMI Data
06.06.2018	US Trade Balance Data	-
07.06.2018	Eurozone Q1 2018 GDP Data	US Consumer Credit Change Data
08.06.2018	China Trade Balance Data	Germany Trade Balance Data

Food for thought

IR & BEYOND

Iridium	Skin in the Game: Why Directors' Shareholdings Matter	Link
Harvard Business Review	Why CEOs Should Push Back Against Short-Termism	Link
Forbes	Three Markers Of An Ethically Sound Board	Link
Ipreo	Global Equity Assets Report - 4Q 2017	Link
The Economist	Six muddles about share buy-backs	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.90	-6	+74
UK	1.28	-18	+24
Germany	0.38	-20	+11
France	0.70	-10	0
Italy	2.64	+88	+41
Switzerland	-0.12	-15	+12
Japan	0.04	0	0
Hong Kong	2.07	-1	+88
India	7.85	+11	+123

GLOBAL AGENDA

US President	Hosts Shinzo Abe in Washington to discuss the US summit with North Korea
RBI	Sets interest rate policy
Eurozone	Releases Q1 2018 GDP data
Russian President	Visits Vienna for meetings with the Chamber of Commerce
RBA	Releases Monetary Policy decision
Economic Forum	European Economic Forum begins in Brussels
SCO Summit	Shanghai Cooperation Organization summit begins in Qingdao
Bank of Canada	Governor hold a press conference on the latest Financial System Review report
US	Releases ISM non-manufacturing PMI and factory orders data
Apple Inc.	Unveils products at its annual developers' conference

MOST READ REGIONAL SECTOR HEADLINES

Banks	Moody's affirms ratings of Emirates NBD, Denizbank
Consumers Staples	Almarai Company plans \$2.8bn five-year capital investment
Energy	OPEC, non-OPEC sticking to oil pact, but may raise production if needed
Industrials	QIMD acquires foreign partner's stake in Qatar Plastic Products Company
Materials	SABIC to build polyethylene plant with SK Group
Retail	Qatar's MERS announces the opening of its 51st branch nationwide
Financials	S&P: GCC's insurance sector to remain stable with key challenges
Healthcare	Combined profit of Saudi healthcare firms drops 5% YoY in 1Q
Real Estate	Real estate deals in Oman rise by 4.2% YoY in April
Transportation	IATA: Middle East carriers post second fastest YoY freight growth in April

MOST READ REGIONAL COMPANY HEADLINES

QIBK	Qatar Islamic Bank (QIBK) QPAY to launch Qatar's first Islamic PoS solution
L'Azurde	L'Azurde pushes Izdiad acquisition deal to July-end
Dana Gas	Dana Gas gets \$40mn payment from Egypt
Musharaka REIT	Musharaka REIT inks SAR400mn facility with Al Rajhi Bank
Saudi Cement	Saudi Cement plans 15% dividend for H1 2018
Savola	Savola approves 10% dividend for FY17
Saudi Steel Pipe	Saudi Steel Pipe to sell 45-49% equity in private deal
Saudi Aramco	Saudi Aramco awards Halliburton unconventional gas stimulation contract
Saudi British Bank	S&P affirms Saudi British Bank at 'BBB+/A-2'; outlook stable
Al Tayyar	Al Tayyar settles loans worth over SAR800mn

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,161.1	12.9%	3.7%	-0.6%	\$521.1	18.5x
ADX	4,605.0	4.7%	0.4%	-1.4%	\$125.4	12.3x
DFM	2,964.1	-12.0%	-4.6%	-3.3%	\$77.3	9.5x
Nasdaq Dubai	3,168.8	-3.6%	-2.2%	-2.6%	NA	NA
Qatar	8,880.5	4.2%	3.6%	-2.5%	\$104.8	13.2x
Bahrain	1,265.8	-4.9%	-4.0%	0.6%	\$19.8	8.3x
Oman	4,606.7	-9.7%	-3.5%	2.6%	\$13.0	11.5x

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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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