

Expect volatility after KSA announces deep cuts

In case you missed it...

GCC markets ended higher last week driven by sizeable gains in crude oil prices and relaxation of COVID-19 lockdown in some GCC countries. Saudi Arabia (+7.7%) was supported by increases in energy and banking stocks. Dubai (+7.2%) advanced as property firms and banks moved up. Kuwait (+6.6%) was followed by Abu Dhabi (+4.1%). Buying from domestic institutions lifted Qatar (+3.4%). Oman (+1.6%) and Bahrain (+0.2%) reversed their last week's losses. The US indices slipped primarily due to concerns over earnings prospects of tech heavyweights such as Amazon and Apple and the US government mulling retaliatory tariffs against China for its handling of COVID-19. Nasdaq Composite (-0.3%), S&P 500 and Dow Jones (-0.2%, each) all fell slightly. The European indices, however, closed higher as the ECB announced more stimuli. DAX (+5.1%), CAC40 (+4.1%), STOXX600 (+2.4%) and FTSE100 (+0.2%) all gained.

The Week Ahead

Regional markets

Regional markets are expected to witness volatility and downward pressure after Saudi Arabia's Minister of Finance said that this government would deeply cut its spending program, including some Vision 2030 programs. Crude oil prices, which notched their first weekly gain in four weeks to around \$26/ bbl, could find support with OPEC+ oil production cut pact taking effect on 01 May and partial resumption of economic activity following lockdown relaxation. However, investors will closely follow developments between the US and China as the US holds China responsible for the COVID-19 pandemic. This week the boards of RAK Ceramics, Al Ramz, INOVEST, QFB among others, will meet to discuss 1Q 2020 financial performance.

Global markets

Several economies around the world are considering easing COVID-19 restrictions and progress made on vaccine trials has boosted the appetite for risk taking investors and traders. This week market participants will closely watch the European Central Bank's action, where policymakers are likely to include junk bonds in the debt purchases. In addition, investors will focus on the US non-farm payroll, the BoE and BoJ interest rate decisions.

You may be asked about

Hit from the measures undertaken to reduce COVID-19 spread, total revenue passenger kilometres (RPKs) of Middle Eastern airlines slumped 45.9% YoY in March 2020, following 1.6% growth in February. The load factor decreased 13.7 percentage points to 59.9% whereas capacity slid 33.5%, the International Air Transport Association (IATA) said. Citing that the dip in passenger volumes is yet to hit the floor, IATA warned of further deterioration in these metrics. Data from IATA also showed 14.1% decrease in Middle Eastern carriers' cargo in March, with cargo capacity flown falling by 20%. Globally, total RPKs fell 52.9% while cargo demand and capacity fell 15.2% and 22.7%, respectively.

EARNINGS CALENDAR	Market	Est/ Conf	Date
RAKBANK	UAE	C	03 May
Investment Holding Group*	QAT	C	04 May
Mesaieed Petrochemicals*	QAT	C	04 May
Omantel	OMAN	E	05 May
QGIRC*	QAT	C	05 May
Qatar Aluminium*	QAT	C	05 May
Aluminium Bahrain*	BAH	C	05 May
Gulf International Services*	QAT	C	06 May

* Earnings Call

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
Saudi Kayan	-SAR516.8	NM
SAFCO	SAR303.5	-9.5%
KCBK	QAR177.0	+0.3%
MARK	QAR547.0	+0.5%
SIB	AED153.7	+1.3%
ORDS	QAR386.8	-8.0%
MERS	QAR50.6	+14.1%
ZHCD	QAR45.0	-10.1%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil	23.32%	-59.94%
MSCI GCC	6.23%	-18.56%
MSCI EM	4.25%	-17.75%
MSCI World	1.26%	-15.34%
FTSE 100	0.19%	-23.59%
US Treasury	0.00%	-92.26%
S&P 500	-0.21%	-12.38%
Gold	-1.69%	12.07%
Aluminium	-2.24%	-19.98%

REGIONAL CALENDAR

05.05.2020	Abu Dhabi Consumer Inflation	-
07.05.2020	KSA Banking Development Report	KSA Quarterly Inflation Report

GLOBAL CALENDAR

04.05.2020	China Manufacturing PMI	US Factory Orders
05.05.2020	UK Markit Services PMI	US Trade Balance
06.05.2020	Japan Monetary Policy Meeting Minutes	Eurozone Retail Sales
07.05.2020	Germany Industrial Production	UK Interest Rate Decision
08.05.2020	US Nonfarm Payrolls	Germany Trade Balance

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,112.9	-15.2%	9.3%	9.3%	\$2,161.0	28.6x
ADX	4,230.4	-16.7%	13.3%	13.3%	\$126.8	12.2x
DFM	2,026.6	-26.7%	14.4%	14.4%	\$59.3	7.8x
Nasdaq Dubai	2,464.2	-22.6%	15.4%	15.4%	N/A	N/A
Qatar	8,764.1	-15.9%	6.8%	6.8%	\$121.6	13.7x
Bahrain	1,310.7	-18.6%	-3.0%	-3.0%	\$20.3	9.4x
Oman	3,539.5	-11.1%	2.6%	2.6%	\$11.3	8.7x

COMMODITIES

	WTD ↓	YTD
Oil (Brent)	23.32%	-59.94%
Oil (WTI)	16.77%	-67.61%
Natural Gas	8.25%	-13.66%
Gold	-1.69%	12.07%

SOVEREIGN YIELDS (10YR)

	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.61	1	-193
UK	0.24	-8	-94
Germany	-0.59	-15	-62
France	-0.12	-16	-49
Italy	1.76	30	-79
Switzerland	-0.59	-16	-24
Japan	-0.04	-1	2
Hong Kong	0.36	-	-
India	6.11	-	-

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GLOBAL AGENDA

US	Secretary of Defense Mark Esper to participate in a webinar
ECB	To release a survey of professional forecasters
UK	PM Boris Johnson's government to review the nationwide lockdown
Chicago Fed President	Charles Evans to brief reporters via a conference call
European Commission	To publish its first economic forecasts since the coronavirus lockdown
Germany	Automakers meet with government officials
BoE	Governor Andrew Bailey to brief reporters after the rate decision
Eurozone	FMs to hold a video conference to discuss the proposals for recovery fund
Japan	To publish household spending data
Earnings announcements	Nomura, Uber, Tyson, GM, Disney, Roku, Siemens, Berkshire Hathaway etc.

MOST READ REGIONAL SECTOR HEADLINES

Bank	Saudi banks need to accelerate digital transformation: KPMG
Real Estate	UAE property slump to linger well into 2021: S&P
Oil & Gas	Russia: OPEC+ should focus on market share as oil demand recovers
Airline	Saudi Airlines denies June flight resumption rumors
Tourism	Saudi tourism sector could see 35%-45% decline this year due to COVID-19
Telecommunication	TRA of Oman: Avoid unnecessary video calls to reduce network load
Power	Abu Dhabi's electricity production edges up 1.4% in 2019
Port	Omani Port Community System to be developed as PPP project
Hotel	MEA hotels post negative performance in March
Automobile	PIF-backed Lucid Motors enters Middle East market

MOST READ REGIONAL COMPANY HEADLINES

DP World	Handled 17.2mn TEU in its global portfolio of container terminals in 1Q20
Etihad Airways	Etihad, Air Arabia joint venture secures operating license
KNPC	Kuwait's KNPC says oil refinery project halted over coronavirus case
Ras Al Khaimah	S&P lowers outlooks for UAE's Ras Al Khaimah to Negative
Riyad Bank	Saudi's Riyad Bank plans early redemption of SAR4bn Sukuk
Dana Gas	Pledges proceeds of Egypt sale to repay Sukuk
AUB Kuwait	To pay \$5.50mn dividends to Ahli United Sukuk
APICORP	Saudi's APICORP hires Citi, Goldman, Standard Chartered for dollar bonds
Emirates	Ticket refund claims pile up
DAAR	Moody's changes DAAR's outlook to stable from positive; affirms B1 rating

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