

MSCI announces Kuwait upgrade to emerging market

The Week Ahead

Regional markets

Regional markets are likely to experience sustained foreign fund inflows, as MSCI last week announced to reclassify Kuwait from frontier to emerging markets during May 2020. Markets, meanwhile, are expected to continue upbeat sentiments amid overall optimism in the global markets, which has also aided in keeping crude oil prices firm. The region might also witness further budget announcements, as the Kingdom and Qatar have already revealed their 2020 budgets. Dubai-listed SALAMA's BoD will discuss 2020 budget while Kuwait's GFH will hold its AGM this week.

Global markets

The upcoming week will witness reduced economic releases mainly on account of Christmas holidays. Investors this week will look for the US new home sales data, which is expected to increase to 709,000 for November 2019 from 733,000 for October. Market participants will also focus on core durable goods order for November which is likely to grow 0.1% from the previous reading of 0.5%. Moreover, Japan is also scheduled to reveal its housing start and jobs/application ratio numbers.

You may be asked about

Qatar has announced largest ever spending budget in the last five fiscal years for 2020. Revenue, which is based on an oil price assumption of \$55 per barrel, is likely to remain flat at QAR211 billion. Expenditure, on the other hand, is estimated to increase 1.9% to QAR210.5 billion, leaving a budget surplus of QAR0.5 billion, lower than QAR4.4 billion surplus of 2019. Expenditure on major projects, including infrastructure projects related to 2022 FIFA World Cup, is estimated at QAR90 billion, accounting for ~43% of total budgeted spending. Healthcare and education sector constituted 11% and 10.5% of 2020 budget expenses. The budget, however, did not comment on introduction of VAT.

Note to management

The past decade has seen the IR function evolve from being a communications function to being a finance discipline. Now we stand on the cusp of the next great evolution of IR, from finance function to Data Science.

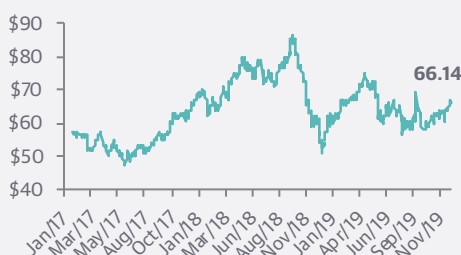
Using the same sophisticated tools that are available to investors, and mining the rapidly growing sea of data produced by listed companies, it is now possible to place a value on the science and practice of IR. This means that the return on investment in IR is now quantifiable. This development creates huge opportunity: for the first time, companies can measure the ROI on their IR function; for the first time the delivery of IR can be directly translated into company valuation; and for the first time IR professionals can use the same armoury of sophisticated technology that their analysts and investors are using.

The 2020s will see IR emerge from being a subset of the Finance function to being a stand-alone valuation driver. The future is here, and it is very exciting. Read our insights [HERE](#)

In case you missed it...

GCC markets ended in the green, barring Oman (-2.6%) which fell for a fifth straight week. Saudi Arabia (+3.6%) jumped on the back of financials and petrochemicals. Dubai (+1.7%) was driven by gains in realty and banking stocks. Kuwait (+1.5%) continued its uptrend by rising for a sixth consecutive week. Bahrain and Abu Dhabi clocked identical returns (+1.1%, each), with Abu Dhabi lifted by FAB and ADCB. Qatar (+0.8%) partially reversed its previous week's loss in a holiday shortened trading week, aided by buying from foreign institutions. The US markets added to last week's gains, buoyed by largely improving economic data, progress made on international trade deals and Congress passing a bill to avoid a partial government shutdown. Investors, however, appeared unfazed by President Donald Trump's impeachment. Nasdaq Composite (+2.2%) stood as the top gainer, followed by S&P 500 (+1.7%) and Dow Jones (+1.1%). European markets also maintained positive momentum, as FTSE100 (+3.1%), CAC40 (+1.7%), STOXX600 (+1.5%) and DAX (+0.3%) all rose.

BRENT FUTURES PRICE



ASSET CLASS MONITOR

	WTD ↓	YTD
FTSE 100	3.11%	12.70%
MSCI GCC	3.11%	5.22%
MSCI EM	1.91%	14.69%
S&P 500	1.65%	28.50%
Oil	1.41%	22.94%
MSCI World	1.37%	23.56%
US Treasury	0.64%	-35.51%
Aluminium	0.43%	-5.27%
Gold	0.36%	15.53%

COMMODITIES

	WTD ↓	YTD
Oil (Brent)	1.41%	22.94%
Natural Gas	1.39%	-20.82%
Oil (WTI)	0.62%	33.10%
Gold	0.36%	15.53%

REGIONAL CALENDAR

22.12.2019	Abu Dhabi Hotel Price Index	-
24.12.2019	Abu Dhabi Construction Cost Index	-
26.12.2019	Abu Dhabi Trade Unit Value Index	KSA Quarterly Accounts Indicators
27.12.2019	KSA Annual Economic Report	-

GLOBAL CALENDAR

23.12.2019	Japan Leading Economic Index	US New Home Sales
24.12.2019	US Nondefense Capital Goods Orders	Japan Corporate Service Price Index
25.12.2019	Japan Foreign Investment	-
26.12.2019	Japan Consumer Inflation	Japan Unemployment Rate
27.12.2019	Eurozone Economic Bulletin	-

Food for thought

IR & BEYOND

IR Magazine / Iridium	Investor Relations - From finance function to data science	Link
Zawya	Aramco's inclusion in indices to keep its valuation above \$2trln	Link
P&I	BlackRock, Vanguard face shareholder rebuke over climate votes	Link
IPE	Did they come true? 2019 responsible investment wishes revisited	Link
Institutional Investor	Almost No One's Starting New Hedge Funds Anymore	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.92	14	-87
UK	0.78	3	-54
Germany	-0.26	7	-50
France	0.05	7	-64
Italy	1.4	23	-142
Switzerland	-0.58	0	-29
Japan	0	12	-3
Hong Kong	1.57	16	-32
India	6.6	10	-69

GLOBAL AGENDA

Croatia	To hold a presidential election
Romania	Government to start the fast-track approval process for its 2020 budget
Chinese Premier	Li Keqiang, Japanese PM & South Korean PM to hold a trilateral summit
Israel	To head to its third election in a year
Guinea-Bissau	To hold the second round of presidential elections
Dallas Fed President	To participate on a panel discussing the global economic outlook
Japan	Shinzo Abe and South Korean PM Moon to meet separately
Germany	Chancellor Angela Merkel to deliver New Year's address
Mexico	To boost its minimum wage by 20%
Chicago Fed President	To take part in a panel discussion in San Diego

MOST READ REGIONAL SECTOR HEADLINES

Electronics	Jumbo Electronics appoints GWCS as strategic logistics partner
Telecommunication	Ooredoo, QIBK offer co-branded corporate credit card for business clients
Logistics	Abu Dhabi Airports, DHL Express strengthen partnership
Energy	IEA: Oil market to remain oversupplied despite deepening OPEC+ cuts
Insurance	SAMA suspends four insurance firms
Petrochemical	Boubyan Petrochemical exits stake in Saudi Aramco
Hotel industry	Colliers: UAE hotels likely to post lower revenue in 2019
Renewable Energy	Oman's Nafath Renewable plans US\$100mn fund for renewable energy
Real Estate	Data Finder: 6,500 residential units to be completed in Dubai by 1Q 2020
Bank	Saudi Arabian banks provide \$453.2mn credit facility to Sipchem affiliate

MOST READ REGIONAL COMPANY HEADLINES

Bank Muscat	Launches escrow services for real estate sector
Saudi Aramco	Hits \$2tn goal despite valuation doubts
ENBD	ENBD's Turkey unit Denizbank gets \$1.1bn syndicated loan
NBO	Board of directors has resolved to exit from Egypt
Doha Bank	CEO: Qatar's banking sector remains sound
SEC	Saudi Electricity Co. awards \$2.55bn smart metering project
Mobily	Signs \$2bn refinancing Murabaha deal with Saudi Arabian banks
Qatar Airways	To add more destinations to its network next year
Riyad Bank	Saudi Arabia's NCB, Riyad Bank pull plug on merger plan
InoChem	KSA based InoChem secures SAR1.7bn loan deal with Alinma, Albilad

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,291.4	5.9%	2.5%	5.5%	\$2,443.1	18.6x
ADX	5,092.4	3.6%	0.7%	1.2%	\$141.0	15.7x
DFM	2,768.6	9.4%	-0.4%	3.4%	\$79.0	11.0x
Nasdaq Dubai	3,189.7	3.8%	1.1%	2.9%	NP	NP
Qatar	10,340.4	0.4%	-0.3%	1.9%	\$142.5	15.0x
Bahrain	1,584.1	18.5%	4.5%	3.7%	\$24.8	12.8x
Oman	3,916.7	-9.4%	-2.5%	-3.6%	\$12.8	7.4x

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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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