

Markets to focus on geopolitics as earnings season ends

In case you missed it...

GCC markets ended mixed last week. Saudi Arabia (+1.7%) edged higher on each trading day of the last week, mainly driven by banks. Kuwait (+0.9%) added to its gains of the previous week. Abu Dhabi (-1.9%) declined after clocking its biggest fall since August on 17 November. Qatar (-0.9%) lost due to the bearish stance of the domestic institutions. Dubai (-0.6%) was hurt by weakness in property stocks. Last week, construction firm Arabtec slumped ~28% after it reported a loss in 3Q 2019 as compared to profit in 3Q 2018. Oman and Bahrain closed almost flat. The US markets halted their winning streak after the US labeled China's Huawei and ZTE as a national security risk, passed Hong Kong human rights bill and as the US Fed's Oct meeting minutes suggested further rate cuts are not in the offing. The Dow Jones (-0.5%), S&P 500 (-0.3%) and Nasdaq Composite (-0.2%) all slipped. In Europe, CAC40 (-0.8%), DAX (-0.6%) and STOXX600 (-0.5%) edged lower whereas FTSE100 (+0.3%) posted slight gain.

The Week Ahead

Regional markets

Regional markets are likely to focus on geopolitics as the third quarter earnings season is now almost over. Last week, a senior Kuwaiti foreign ministry official said that a recent decision by Saudi, UAE and Bahrain to participate in an upcoming football tournament in Qatar starting November 26 indicates easing of tensions. He also added that new steps might be taken to end the crisis. Investors will also look out for cues related to the global trade situation. In the UAE, DIB's BoD will meet to discuss Noor Bank's acquisition this week.

Global markets

This week market participants will focus on US GDP, consumer confidence data and new home sales information. In the later part of the week, investors will be busy with news related to Japan and Germany unemployment rates and inflation report from the UK & Eurozone. Furthermore, Mervyn King Governor of Bank of England and monetary policy committee members will testify before Parliament's Treasury Committee which could create some market volatility.

You may be asked about

The UAE cabinet passed a new law last week concerning insolvency of natural persons which will take effect in January 2020. The law intends to protect citizens and residents facing difficulties in honoring their debt obligations from legal prosecution. According to the Ministry of Finance, the federal law will enhance the legal framework thereby ensuring that rights of both the debtors and creditors are balanced. While the law will provide debtors with an opportunity to reduce financial burdens, it will also improve confidence of creditor banks in retail lending. This could help to boost the UAE's position as a financial center.

Note to management

A recent article by Institutional Investor highlights that the rise of fake news has translated into \$39 billion of annual losses in the stock market.

The research conducted by the University of Baltimore and CHEQ, an artificial intelligence-driven cybersecurity company, said as much as 0.05% of the US market's value is at risk for losses due to fake news.

2H 2019 EVENTS CALENDAR	DATE
UBS GEMs Conference, NYC	3-5 DEC

EARNINGS CALENDAR	Market	Est/Conf	Date
Topaz Energy & Marine	UAE	C	28 NOV

Q3 RESULTS	PROFIT (mn)	Y-O-Y%
Emaar Development	AED687.5	0.8%
Al Ain Ahlia Ins. Co.	AED11.3	212.6%
Shuaa Capital	AED21.4	-60.6%
Agility	KWD21.7	8.4%
Baazeem Trading Co.	SAR3.1	-15.1%
Sharjah Insurance Co	AED3.5	2.3%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
MSCI GCC	0.84%	2.20%
US Treasury	0.64%	-35.51%
Aluminium	0.55%	-6.37%
FTSE 100	0.33%	8.90%
Oil	0.14%	17.83%
MSCI EM	-0.02%	8.57%
S&P 500	-0.33%	24.07%
MSCI World	-0.35%	19.24%
Gold	-0.43%	13.99%

REGIONAL CALENDAR

25.11.2019	KSA Merchandise Trade	-
28.11.2019	Abu Dhabi Agricultural Product Inflation	Abu Dhabi Building Completion Stat

GLOBAL CALENDAR

25.11.2019	Japan Leading Economic Index	Germany Business Climate
26.11.2019	US Housing Price Index	US Consumer Confidence
27.11.2019	US GDP	UK Inflation Report
28.11.2019	Japan Unemployment Rate	Japan CPI ex Fresh Food
29.11.2019	Eurozone Consumer Inflation	German Unemployment Rate

Food for thought

IR & BEYOND

Institutional Investor	Fake News Creates Real Losses	Link
Zawya	\$500bln in family wealth 'will pass to nextgen in Mena'	Link
CFO Magazine	Whistleblower Tips to SEC Top 5,200 in FY 2019	Link
EQS	Improving IR Websites: Current Trends	Link
ICD - Refinitiv	Introduction To The Islamic Finance Development Indicator	Link

Sunday, 24.11.2019

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.77	1	-127
UK	0.7	2	-68
Germany	-0.36	3	-70
France	-0.05	5	-77
Italy	1.18	24	-223
Switzerland	-0.63	2	-50
Japan	-0.1	6	-18
Hong Kong	1.48	-	-73
India	6.5	-	-123

COMMODITIES	WTD ↓	YTD
Oil (Brent)	0.14%	17.83%
Oil (WTI)	0.09%	27.22%
Gold	-0.43%	13.99%
Natural Gas	-0.86%	-9.35%

GLOBAL AGENDA

Fed Chairman	To speak in Providence, Rhode Island
Bank of France	Governor to speak at an event in Paris
South Korean President	To hold a summit in Busan
ECB	Chief Economist to speak at the Economist's Society
Sweden's Riksbank	To host the third annual Cyber in Finance conference
Brazil	Ministers for mines & energy, economy & the environment to meet
France	Governor of the Bank of France to speak at Climate Finance Day
Bulgaria	Prime Minister to visit the White House
Finland	Prime Minister to meet Russian counterpart
Earning Releases	Bank of Nova Scotia, HP, L'Occitane, Dell, Hormel Foods, Best Buy etc

MOST READ REGIONAL SECTOR HEADLINES

Renewable Energy	Saudi Sakaka solar project to be launched before end of year
Engineering	Galfar Secures project worth RO9.28mn
Real Estate	Dubai rolls out Mollak system to bill property service charges from 2020
Aviation	UAE, China firms to establish hub for aircraft logistics in Abu Dhabi
Bank	S&P says Saudi Arabian banks to contain financial risks next year
Energy	Saudi Arabia's September crude oil exports fell 3% after attacks
Defense	UAE's Tawazun takes 50% stake in Russia's VR Technologies
Technology	China-Bahrain venture fund targets Middle East tech market
Health	Oman 's health ministry announces service fees for expats in health sector
Chemical	Oman Chlorine signs deal to build calcium chloride plant

MOST READ REGIONAL COMPANY HEADLINES

ADNOC	Looking at potential China refining and chemicals projects
UAB	Post net loss of AED98.7mn in 3Q2019
Saudi Aramco	Record IPO with \$1.7tn top value
Dana Gas	CEO: Bids on Egypt asset sale to come in mid-November
Abu Dhabi Islamic Bank	Seeks to raise its foreign ownership limit to 40%
Emirates Airline	Announces \$16bn order for 50 Airbus A350 planes
Air Arabia	Airbus clinched a \$14bn order from Air Arabia for 120 A320 jets
Boubyan Bank	Obtains final approval from the Central Bank of Kuwait for a Sukuk issuance
Arabian Centres	Sells \$500mn Islamic bonds
Etihad Etisalat	Gets SAR3bn facility from Alinma Bank

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,062.6	3.0%	-0.4%	-0.4%	\$511.2	20.7x
ADX	5,041.7	2.6%	-0.3%	-0.3%	\$138.9	15.5x
DFM	2,684.3	6.1%	-3.5%	-3.5%	\$73.9	10.7x
Nasdaq Dubai	3,111.4	1.2%	-1.4%	-1.4%	NP	NP
Qatar	10,267.3	-0.3%	-1.0%	-1.0%	\$140.8	14.9x
Bahrain	1,505.7	12.6%	-0.7%	-0.7%	\$23.4	11.3x
Oman	4,082.7	-5.6%	1.6%	1.6%	\$13.3	7.7x

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