

Geopolitical developments to hog the limelight

IN CASE YOU MISSED IT . . .

GCC markets ended in the green last week, supported by sustained strength in oil prices. Dubai (+2.2%) jumped, buoyed by Emirates NBD and Emaar Properties. Abu Dhabi (+1.3%) rose, led by Etisalat, which clocked its highest increase in over a year, following a share buyback approval announcement. Saudi Arabia's (+1.7%) gains included a Tuesday close above its 200-day average levels. Qatar (+0.2%) rose marginally. Oman and Bahrain recorded identical gains (+0.6%, each), while Kuwait (+0.1%) ended marginally higher. The US markets ended mixed, as trade tensions continued to cause concern and the US Federal Reserve's commentary on rate hikes failed to boost investors' confidence. Dow (-1.1%) and S&P500 (-0.5%) slipped, although S&P500 clocked its best quarterly gain (+7.2%) since 4Q13. NASDAQ (+0.7%) rose, posting its ninth straight quarterly gain. Europe ended mixed; FTSE 100 (+0.7%) edged up, CAC 40 ended flat, STOXX 600 (-0.3%) fell, and DAX (-1.5%) closed firmly in the red.

ASSET CLASS MONITOR	WTD ↓	YTD
Oil (Brent)	3.84%	22.21%
FTSE 100	2.42%	-1.85%
MSCI GCC	1.57%	12.16%
MSCI EM	1.39%	-9.25%
Aluminum	0.50%	-9.50%
US Treasury Yields	0.46%	56.83%
MSCI World	-0.13%	2.42%
S&P 500	-0.57%	8.99%
Gold	-2.02%	-9.21%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Oil (Brent)	3.84%	22.21%
Natural Gas	2.69%	3.49%
Oil (WTI)	1.86%	19.36%
Gold	-2.02%	-9.21%

The week ahead

Regional markets

This week, investors are likely to focus on geopolitical developments, including the outcome of the ongoing US-Canada negotiations over NAFTA and worsening US-China relations amid implementation of trade tariffs and POTUS' claim last week that China is attempting to interfere in the US mid-term elections. Italy-EU tensions may rise, following the new Italian government's decision to set a wider budget deficit target. Yet, regional investors are likely to remain upbeat, following solid momentum in crude, with Brent sailing well past the difficult-to-break \$80 per barrel mark last week. The upbeat sentiment may strengthen if the regional geopolitical direction, resulting from talks between Saudi Arabia's Crown Prince and the Kuwaiti Emir, is positive.

Global markets

The week begins with the release of September Manufacturing PMI data for Eurozone, the UK, Canada, the US and Japan on Monday. Powell's US Fed speech is expected on Tuesday. Wednesday will witness publication of September Services PMI data for Eurozone, the UK and the US, followed by August foreign investment statistics in Japan's stocks and bonds. On Thursday, US' MoM factory orders for August will be released. Switzerland's September consumer inflation numbers will bring the week to a close on Friday.

You may be asked about

Sovereign and quasi-sovereign debt issuers of all GCC members, except Oman, will enter JP Morgan's emerging market government bond indices in a phased manner from January 31 to September 30, 2019, in a move expected to attract billions of Dollars of new foreign investment into the debt instruments. The GCC states will be included in EMBI Global Diversified (EMBIGD), EMBI Global (EMBIG) and EURO-EMBIG indexes - representing ~11.2% of the first two indices with Saudi Arabia accounting for 3.1%, followed by the UAE (2.6%), Qatar (2.6%), Bahrain (2.1%) and Kuwait (0.8%). The minimum inclusion size for the instruments in the indexes is \$500mn and they will require maturity date beyond March 2022 during the inclusion process.

Note to management

After a day of speeches, panels, presentations and networking, three key themes emerged from the 10th annual MEIRA conference held in Dubai last Wednesday:

- The once-in-a-lifetime opportunity presented by emerging markets (EM) index inclusion, though this is not a gift to be shared equally.
- How mistaking PR for IR is a fatal flaw, and remains prevalent in the region.
- There is a pan-regional convergence of policy, macroeconomics and capital flows.

There was widespread agreement that the inclusion of five GCC countries in the FTSE and MSCI emerging market indices presents a tremendous opportunity; but equally this is not a gift to be shared equally. The most deserving will seize it, the undeserving will lose out.

Read our coverage of the MEIRA conference for *IR Magazine* [HERE](#)

REGIONAL CALENDAR

30.09.2018	Abu Dhabi Foreign Investment Statistics Data	-
03.10.2018	KSA Non-Oil Export Import Data	-
04.10.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

01.10.2018	US ISM Manufacturing PMI Data	Eurozone Unemployment Rate
02.10.2018	RBA Interest Rate Decision	UK PMI Construction
03.10.2018	US ISM Non-Manufacturing PMI Data	Eurozone Composite PMI Data
04.10.2018	Australia Trade Balance Data	US Factory Orders Data
05.10.2018	US Non-farm Payrolls Data	Canada Unemployment Rate

Food for thought

IR & BEYOND

IR Magazine / Iridium	MEIRA Conference: IR Comes of Age in the Middle East	Link
Harvard Business Review	Why CEOs Should Share Their Long-Term Plans with Investors	Link
CFO Magazine	Time to Shine: CFOs to Watch 2018	Link
Bloomberg	Musk Wins! The SEC Blinks! Tesla Loses	Link
Institutional Investor	What Billy Beane and Jim Simons Have in Common	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	3.06	+18	+73
UK	1.57	+8	+21
Germany	0.47	+7	+1
France	0.80	+7	+6
Italy	3.14	+2	+104
Switzerland	-0.01	+12	+7
Japan	0.12	+3	+6
Hong Kong	2.32	+24	+77
India	8.02	+11	+136

GLOBAL AGENDA

US	Releases non-farm payrolls, PMI and factory orders data
Fed Chairman	Delivers a speech at the NABE annual conference in Boston
Eurozone	Eurozone finance ministers to meet in Luxembourg
Reserve Bank of Australia	Sets its monetary policy
IMF Chief	Previews the key issues to be addressed at the IMF/World Bank annual meeting
Reserve Bank of India	Announces interest rate decision
Nobel Prize	Medicine, physics, chemistry, economics and peace prizes to be announced
European Union	EU trade ministers to meet in Austria
China	Financial markets to remain closed for the week due to National Day holidays
Earning Releases	PepsiCo, Kewpie, Novagold, Tesco, Costco

MOST READ REGIONAL SECTOR HEADLINES

Energy	OPEC, Russia rebuff Trump's call for immediate boost to oil output
Banks	Fitch: UAE's Islamic banks see higher returns but weaker asset quality
Financials	Mandatory health insurance set for early 2019 roll-out in Oman
Materials	SABIC to hire banks for return to Dollar bond market
Real Estate	Aldar Properties buys remaining stake in Khidmah
Transport	Emirates, Etihad Airways airlines deny report they may merge
Industrials	Emirates Steel hires BNP Paribas to coordinate \$400mn loan financing
Telecom	Fitch affirms Batelco at 'BB-'; outlook 'Stable'
Utilities	ACWA Power delays plans for IPO
Consumer Staples	Saudi Fisheries inks SAR130mn Islamic loan with Banque Saudi Fransi

MOST READ REGIONAL COMPANY HEADLINES

Saudi Electricity Co.	Saudi Electricity Company closes \$2.0bn international Sukuk issuance
DP World	London court extends injunction against Djibouti in DP World dispute
Saudi Aramco	Saudi Aramco to boost oil capacity by 550,000bpd in 4Q18
Saudi Steel Pipe	Tenaris to acquire significant stake in Saudi Steel Pipe Company
Union Properties	Union Properties hands over AED450mn Dubai Motor City project
Kuwait Finance	HSBC, Credit Suisse submit reports on Kuwait Finance, AUB merger
Advanced Petroch.	Advanced Petrochemical Co. proposes SAR0.70 dividend per share for 3Q18
CBQ	The Commercial Bank in talks for \$1bn loan
Al Hilal Bank	Al Hilal Bank successfully closes \$500mn Sukuk
Doha Insurance	Doha Insurance Group rating affirmed at 'A-'

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,898.7	9.3%	-5.0%	-0.6%	\$504.9	17.3x
ADX	4,947.9	12.5%	8.5%	-0.8%	\$132.9	13.1x
DFM	2,825.8	-16.2%	0.2%	-0.5%	\$75.9	7.5x
Nasdaq Dubai	3,253.4	-1.1%	4.8%	-0.7%	NP	NP
Qatar	9,784.3	14.8%	8.4%	-1.0%	\$116.4	14.5x
Bahrain	1,348.6	1.3%	2.9%	0.8%	\$20.7	9.1x
Oman	4,523.8	-11.3%	-1.0%	2.4%	\$13.8	11.1x

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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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