

Weak crude oil prices expected to weigh on markets

IN CASE YOU MISSED IT . . .

Regional markets closed mixed last week. Saudi Arabia (+0.7%) rose on the back of cement producers which rallied on above expected results. Oman (+0.6%) recovered partially from last week's decline. Qatar (+0.3%) reached a three months high, primarily driven by stocks in the energy sector. However, Abu Dhabi (-2.8%) declined, dragged down by First Abu Dhabi Bank. Dubai (-1.0%) followed, weighed down by property stocks including Emaar Properties. Bahrain (-0.5%) fell for a second consecutive week and Kuwait (-0.2%) posted a loss for a third straight week. The US markets ended mostly in the green. April jobs data for the US beat estimates whereas the unemployment rate fell to its lowest since December 1969, which partly offset the sell-off of the previous sessions triggered by disappointment over the Fed's indication of no rate cut this year. Nasdaq (+0.2%) climbed to an all-time high, with S&P 500 (+0.2%) posting identical increase. The Dow (-0.1%), however, ended slightly lower. European indices ended largely down; FTSE 100 (-0.6%), CAC 40 (-0.4%) and STOXX 600 (-0.2%) all slipped, while DAX (+0.8%) advanced.

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
SABIC	SAR 37.4	-10.7%
Qatar Navigation	QR 278.5	7.2%
Herfy Foods Co.	SAR 313.4	9.5%
United Electronics Co.	SAR 1,057.5	22.3%
Aramex	AED 1,233.7	3.7%
ADNOC for Distribution	AED 4,770.1	-7.5%
Jarir Marketing	SAR 1,886.6	18.0%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	1.65%	0.82%
MSCI EM	0.21%	11.72%
MSCI GCC	0.04%	15.17%
MSCI World	-0.15%	14.36%
S&P 500	-0.30%	16.38%
Gold	-0.51%	-0.92%
FTSE 100	-1.11%	9.26%
Aluminium	-2.73%	-3.69%
Oil	-4.84%	31.51%

The week ahead

Regional markets

We expect to see a relative quiet week across GCC markets as the holy month of Ramadan is set to begin on Monday, 6 May 2019. Regional markets may open on a downbeat note this week as crude oil prices declined last week owing to build up in US crude oil inventories and reports that Russia exceeded its agreed production target in April. Further, a possible trade deal between the US and China will continue to direct the markets. Abu Dhabi Commercial Bank, Amlak Finance, Dubai Insurance Company and United Foods are scheduled to report 1Q19 earnings this week.

Global markets

The week begins with the release of Caixin services PMI (Apr) for China, Eurozone's April composite PMI (Markit) and retail sales (Mar) numbers on Monday. Germany's factory orders (Mar) and the Bank of Japan's monetary policy meeting minutes will be revealed on Tuesday. On Wednesday, stats on China's trade balance (Apr) and Germany's industrial production (Mar) will be published. Thursday's major events constitute China's consumer inflation (Apr) and the US trade balance (Mar) numbers. UK 1Q19 GDP (prelim), German trade balance (Mar) and the US consumer inflation (Apr) figures will round off the week on Friday.

You may be asked about

The International Monetary Fund (IMF), in its recently released biannual report, stated that Middle East & North Africa's (MENA) economic growth is likely to slip to 1.3% in 2019 (vs. +1.4% in 2018) due to higher levels of uncertainty from US sanctions on Iran and volatile oil prices. Growth in the Gulf Cooperation Council (GCC) countries, though, is forecasted to improve to 2.1% from 2.0% in 2018. GCC countries, except for Kuwait and Qatar, are projected to post fiscal deficit in 2019. Jihad Azour, director of the IMF's Middle East & Central Asia Department, said the GCC countries are expected to run combined fiscal deficits worth ~\$228bn during 2019-23, with refinancing needs for existing debt worth \$419bn.

Note to management

The new CEO of General Electric, Larry Culp, delivered a lesson in the difference between PR and IR at his firm's Q1 earnings this week. Earnings beat expectations, but he refused to be tempted into "success theatre", instead talking down the results, and positioning them in the longer term transformation he is leading his firm through.

Compare that to the advice given to readers of a London newspaper recently from a PR consultant, under the headline "Your IPO can dazzle the stock market with the right communications strategy and PR spin."

Read our thoughts [HERE](#) on the critical mistake that is made too often – mistaking PR for IR.

REGIONAL CALENDAR

06.05.2019	Expected Start of Ramadan
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GLOBAL CALENDAR

06.05.2019	Eurozone Composite PMI Data	Eurozone Retail Sales Data
07.05.2019	Germany Factory Orders Data	BoJ Monetary Policy Minutes
08.05.2019	China Exports Data	Germany Industrial Production Data
09.05.2019	China Consumer Inflation Data	US Trade Balance Data
10.05.2019	US Consumer Inflation Data	UK 1Q19 GDP (preliminary) Data

Food for thought

IR & BEYOND

Iridium/IR Magazine	When spin takes over: Never, ever confuse PR for IR	Link
IR Magazine	Inside IR at Al Rajhi Bank	Link
Citywire Middle East	A \$2.8 trillion fund manager eyeing growth in UAE	Link
Funds Europe	HSBC GAM launches Saudi ETF	Link
Bloomberg Blog	The future of financial information in the machine learning age	Link

COMMODITIES

	WTD ↓	YTD
Natural Gas	2.98%	-11.94%
Gold	-0.51%	-0.92%
Oil (Brent)	-4.84%	31.51%
Oil (WTI)	-5.21%	36.12%

GLOBAL AGENDA

Germany	Chancellor makes a speech during her visit to a Hamburg shipping terminal
ECB	Outgoing ECB Chief Economist Peter Praet speaks in Frankfurt
US	Secretary of State meets German Chancellor and Foreign Minister in Berlin
EC	Publishes its economic forecasts
BoE	Deputy Governor speaks at the Association for Financial Markets' European Post Trade Conference in London
EU	Leaders meet in Romania, to discuss policy priorities for the next five years
US Fed Chairman	Speaks at a Fed community development research conference in Washington
Atlanta Fed President	Speaks at the Louisiana Bankers Association event in New Orleans
South Africa	Holds national and provincial legislative elections
Earning Releases	SoftBank, Siemens, Wirecard, Roku, AIG, Brookfield, Walt Disney, etc

MOST READ REGIONAL SECTOR HEADLINES

Banks	GCC banking sector continues to boast strong balance sheet, says KAMCO
Energy	OPEC+ deal extension is possible till the end of 2019, says Al-Falih
Materials	Qatar Mining Company's steel plant in Algeria to open by 4Q19
Telecom	Vodafone Qatar launches its new Business Broadband portfolio
Consumer Staples	Al Othaim opens new store in Riyadh
Aviation	FlyDubai's financial outlook unchanged despite Boeing groundings
Real Estate	UAE's Majid Al Futtaim hires banks for green Dollar Sukuk
Financial	Saudi Arabia's PIF on track to manage \$400bn assets in 2020
Consumer	L'Azurde to expand foothold in Saudi Arabia, Egypt: CEO
REIT	Saudi Arabia to launch governance index for Tadawul firms, REITs

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi Aramco looking at potential gas JVs, sells first LNG cargo
RAK Bank	RAK Bank sees room for smaller lenders in merger wave, says CEO
IGRD	Qatar's Investment Holding Group signs contracts worth over QR265mn
Maaden	Maaden unit awards \$606mn contract for Saudi Arabian gold project
Saudi Flynas	Saudi Flynas in talks with banks for loan of up to \$300mn
KIPCO	Moody's affirms Kuwait's KIPCO's 'Baa3' ratings, with a 'Stable' outlook
Investcorp	Investcorp acquires US Distribution Center Portfolio for approximately \$170mn
Jumeirah Group	Dubai's Jumeirah plans \$1bn investment in Europe hotels
Seera	Seera expects SAR3bn online sales from travel services in 2019: CEO
SABIC	SABIC may seek proposals for Yanbu solar plant by early 2020

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	9,336.9	19.3%	5.9%	0.4%	\$591.9	21.2x
ADX	5,242.6	6.7%	3.3%	-0.3%	\$148.1	14.6x
DFM	2,758.5	9.0%	4.7%	-0.3%	\$74.4	11.6x
Nasdaq Dubai	3,335.4	8.5%	4.1%	-0.5%	NP	NP
Qatar	10,480.5	1.8%	3.7%	1.0%	\$137.3	14.7x
Bahrain	1,434.6	7.3%	1.5%	0.0%	\$22.2	9.9x
Oman	3,964.8	-8.3%	-0.5%	0.5%	\$12.3	8.3x

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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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