

## Crude recovers on OPEC and oil output cut deal

### The week ahead

#### Regional markets

Recovery in Brent crude oil price to above \$60 per barrel mark last week, largely on account of OPEC and non-OPEC members' (including Russia) 1.2mn barrels per day of production cut agreement (starting January 2019), should boost the sentiment in regional markets. Meanwhile, investors will continue to look for some concrete details from the ongoing US-China trade negotiations, as the arrest and release of Huawei Technologies' CFO last week raised fresh worries. In addition, the upcoming UK parliament's vote, pertaining to Brexit, and negotiations between Italy and the EU over its budget deficit are also likely to be on investors' radars.

#### Global markets

The week begins with the release of key economic numbers for the UK including GDP and industrial/manufacturing production data for October. Tuesday will witness the crucial UK parliamentary vote on Brexit and release of October average earnings for the UK. On Wednesday, the US' consumer inflation for November will be published, followed by the US' Federal Reserve's Governor's speech. On Thursday, the European Central Bank and the Swiss National Bank will communicate their monetary policy and interest rate decisions. The release of November retail sales data for the US and China will draw the week to a close on Friday.

#### You may be asked about

Qatar's energy minister, Saad Sherida al-Kaabi, announced last week the country's withdrawal from the Organization of the Petroleum Exporting Countries (OPEC), effective from January 1, 2019, thereby halting a 57-year association with the crude oil producing bloc. The minister stated that the withdrawal reflects Qatar's strategy to focus on its core business of natural gas production, as it intends to increase its liquefied natural gas (LNG) production from 77mn tons to 110mn tons by 2024, thus fortifying its position as the world's leading natural gas producer. Qatar accounts for ~2% of OPEC's total output as its oil production declined from ~728,000 barrels per day (bpd) in 2013 to ~607,000 bpd in 2017.

#### Note to management

The corporate strategy U-turn has become so commonplace that few companies do not have some sort of "transformation programme" underway at any given time: change is business as usual in the corporate world.

Change can come from without – competition, regulation, market forces – or from within – new management, new products, new technology. Wherever it comes from, change is certain, and the IR team has a crucial role to play in presenting change to a company's owners – its shareholders.

We examine the role of best-practice IR in communicating and explaining strategic change in corporates. We look at the upside of getting it right, and the downside of getting it wrong. Either way, when change hits an organisation, Investor Relations should be at the heart of managing its impact.

Read out thoughts [HERE](#)

#### REGIONAL CALENDAR

10.12.2018	KSA Industrial Activity Survey	-
13.12.2018	KSA Weekly Money Supply Data	-

#### GLOBAL CALENDAR

10.12.2018	UK GDP Data	EU ECJ Ruling on Article 50
11.12.2018	UK Average Earnings ex-Bonus	UK ILO Unemployment Rate
12.12.2018	China Foreign Direct Investment	US Consumer Price Index
13.12.2018	ECB Interest Decision	Germany Consumer Price Index
14.12.2018	US Retail Sales Data	China Industrial Production

#### Food for thought

##### IR & BEYOND

Iridium	The Strategic U-Turn: How IR Teams Can Ensure Success	<a href="#">Link</a>
Institutional Investor	Why Transparency Literally Pays Off	<a href="#">Link</a>
CFO Magazine	Breaking Bad	<a href="#">Link</a>
Bloomberg Blog	MiFID II regulators may penalize poor research pricing in 2019	<a href="#">Link</a>
Zawya	New General Manager of the Middle East Investor Relations Association	<a href="#">Link</a>

#### IN CASE YOU MISSED IT . . .

Regional markets ended largely up last week, with Oman (+3.1%) gaining the most among peers. Qatar (+2.3%) was driven by gains in Masraf Al Rayan and Qatar Islamic Bank. Abu Dhabi (+2.2%) registered its largest one-day gain in two years on December 4, buoyed by gains in First Abu Dhabi Bank as its weight doubled in MSCI's Emerging Markets Index. Saudi Arabia (+1.9%) was aided by a recovery in oil prices. Kuwait (+0.1%) inched up. However, Dubai (-3.3%) fell to its lowest level since September 2013 amidst continued weakness in real estate stocks; whereas Bahrain (-0.7%) fell marginally. Meanwhile, the US markets were spooked over inverted yield curve and uncertainty about global trade, as all the three major indices posted the biggest weekly fall since March. Nasdaq (-4.9%) slipped the most, followed by S&P 500 (-4.6%) and Dow (-4.5%). Europe too ended in the red; DAX (-4.2%), CAC 40 (-3.8%), STOXX 600 (-3.4%), and FTSE 100 (-2.9%) all closed lower.

ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	1.69%	73.38%
MSCI GCC	1.69%	12.96%
Gold	1.11%	-4.99%
Oil	0.92%	-10.18%
Aluminium	0.62%	-13.30%
S&P 500	-1.53%	0.84%
MSCI EM	-1.92%	-15.50%
MSCI World	-2.14%	-6.59%
FTSE 100	-4.76%	-12.80%

#### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	1.11%	-4.99%
Oil (Brent)	0.92%	-10.18%
Oil (WTI)	0.08%	-14.78%
Natural Gas	-6.87%	46.53%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.85	-39	+47
UK	1.26	-30	-1
Germany	0.25	-21	-6
France	0.68	-13	+6
Italy	3.12	-27	+148
Switzerland	-0.21	-18	+1
Japan	0.05	-7	+1
Hong Kong	1.98	-37	+24
India	7.47	-33	+37

## GLOBAL AGENDA

<b>UK</b>	House of Commons votes on Theresa May's Brexit deal
<b>European Parliament</b>	Votes on the draft free-trade agreement between the EU and Japan
<b>WTO</b>	World Trade Organization general council meeting
<b>ECB</b>	President Mario Draghi gives a speech in Pisa, Italy
<b>Bank of Japan</b>	Releases its quarterly Tankan business sentiment survey
<b>Germany</b>	Chancellor Angela Merkel answers questions from members of the Bundestag
<b>ECB</b>	Interest rate decision
<b>Reserve Bank of India</b>	board meets amid a standoff with the government over the central bank's autonomy and reluctance to cut interest rates
<b>Germany</b>	President Frank-Walter Steinmeier visits Beijing
<b>Earning Releases</b>	Adobe, Costco, Metro, Sports Direct, Dave & Buster's

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	Kuwait Petroleum Corporation renews Lebanon gas and oil supply contract
<b>Construction</b>	Drake & Scull wins AED600mn contract in Abu Dhabi
<b>Financials</b>	CMA approves IPO of Al Rajhi MSCI Saudi fund
<b>Materials</b>	SABIC may raise stake in Clariant but will not take over the company
<b>REITs</b>	Saudi Derayah REIT gets \$267mn facility from Al Rajhi Bank
<b>Transportation</b>	Middle Eastern airlines' freight volumes rise 5% in October: IATA
<b>Real Estate</b>	Dubai property prices sink 7.4% as the UAE's jobs growth slows
<b>Telecom</b>	Zain's 5G network set to go live across strategic sites in Kuwait
<b>Utilities</b>	ACWA Power signs a partnership deal for giant renewable energy project
<b>Consumer Staples</b>	Almarai ups prices to absorb rising costs from fodder imports

## MOST READ REGIONAL COMPANY HEADLINES

<b>ADNOC</b>	Signs pact to explore LNG bunkering partnership with Inpex
<b>Careem</b>	To launch \$100m bus service in Egypt, Saudi Arabia, Pakistan
<b>Sipchem</b>	Signs binding deal for merger with Sahara
<b>Drake &amp; Scull</b>	Wins AED600mn contract in Abu Dhabi
<b>GFH Properties</b>	Inks mortgage finance deal with BBK
<b>Mobily</b>	Inks SAR1.1 bn facility with European ECAs
<b>Al Akaria</b>	Gets regulatory nod on Al Widian Co.'s capital hike
<b>Raysut Cement</b>	Eyes acquiring Kenya's ARM Cement
<b>Ma'aden</b>	Launches commercial operations at new Saudi plant
<b>Al Jazeera</b>	Signs partnership pact with Qatar Islamic Insurance Company

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,849.0	8.6%	-1.9%	1.9%	\$502.2	17.0x
<b>ADX</b>	4,876.7	10.9%	-1.2%	2.2%	\$132.2	13.2x
<b>DFM</b>	2,580.3	-23.4%	-9.0%	-3.3%	\$70.4	8.7x
<b>Nasdaq Dubai</b>	3,077.8	-6.4%	-5.3%	0.4%	NP	NP
<b>Qatar</b>	10,598.4	24.3%	8.0%	2.3%	\$139.3	15.7x
<b>Bahrain</b>	1,320.0	-0.9%	-1.4%	-0.7%	\$20.1	8.9x
<b>Oman</b>	4,548.7	-10.8%	0.1%	3.1%	\$14.0	10.7x

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Iridium is the GCC region's leading IR specialist.

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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