

Risk-on sentiment likely taking hold

2Q 2018 IR CALENDAR

DATE

UBS LATEMEA 1x1 Conference, LON 26-28 JUN

IN CASE YOU MISSED IT...

Key regional markets notched up solid gains for the week. Qatar (+4.1%) jumped on continuing fund inflows into blue-chip stocks following the MSCI rebalance. Saudi Arabia (+2.2%) rose on anticipation that the Kingdom's newly appointed labor minister, son of Al Rajhi Bank's founder, will introduce business-friendly policies. In Dubai (+2.6%), gains were driven by Emaar Properties. Abu Dhabi (+1.2%) was lifted by announcement of a three-year economic stimulus plan of AED 50bn. Kuwait (+0.4%) rose modestly, whereas Oman (-0.2%) and Bahrain (-0.2%) clocked identical losses. US markets were solid, with Dow (+2.8%) registering its largest weekly gain since March. NASDAQ (+1.2%) and S&P 500 (+1.6%) ended in the green for a third consecutive week. Europe was weak as CAC 40 (-3.5%) fell sharply, and Stoxx 600 (-0.5%) and FTSE 100 (-0.3%) also lost ground; DAX (+0.3%) closed in the green, however.

ASSET CLASS MONITOR

	WTD ↓	YTD
MSCI GCC	2.65%	13.39%
S&P 500	1.62%	3.94%
MSCI World	1.24%	1.19%
Aluminum	0.75%	2.05%
US Treasury	0.52%	38.85%
MSCI EM	0.46%	-1.99%
Gold	0.37%	-0.36%
FTSE 100	-0.27%	-0.09%
Oil (Brent)	-0.43%	14.34%

BRENT FUTURES PRICE



COMMODITIES

	WTD ↓	YTD
Gold	0.37%	-0.36%
Oil (WTI)	-0.11%	8.81%
Oil (Brent)	-0.43%	14.34%
Natural Gas	-2.43%	-2.13%

The week ahead

Regional markets

The recent uptrend in the US markets indicates that a "risk-on" sentiment is taking hold, despite prevailing trade tensions. Even regional markets have mirrored broadly positive sentiment. Accordingly, even as the historic Trump-Kim meeting takes place later in the week, the market will keep an eye on outcomes of the G-7 meeting, especially in light of POTUS' recent criticism of Canada and France over the countries' allegedly unfair trade practices. Lack of clear direction in oil prices continues to offer limited clues to the market. However, more clarity is expected to emerge by the end of the week on both the trade and geo-political fronts.

Global markets

The week begins with UK's production numbers on Monday. The US consumer inflation data, and the UK's unemployment rate and average earnings will be out on Tuesday. Wednesday will be keenly watched, as the Fed announces its interest rate decision, and China's 1Q18 GDP and UK consumer inflation data are released. Thursday too is expected to be an important day, commencing with Australia's unemployment rate, Germany's consumer inflation, ECB's interest rate decision, and US retail sales. The Bank of Japan's interest rate decision and Eurozone's consumer inflation will round off the week on Friday.

You may be asked about

Abu Dhabi announced an AED 50bn (USD 13.6bn) stimulus plan spanning three years to drive growth in the emirate's economy. Abu Dhabi's crown prince, HH Sheikh Mohammed Bin Zayed Al Nahyan announced that as part of the plan, the government will initiate measures to aid new industries, boost tourism and enhance the ease of doing business. Accordingly, officials have been asked to design plans for fund allocations within 90 days. Specific measures under the plan include the creation of a council for advanced industries to attract and support value-added investments and acceleration of outstanding payments due to private contractors. The stimulus program aims to create at least 10,000 jobs for Emiratis.

Note to management

Three developments in the aviation sector emerged last week:

- Emirates joined Qatar Airways in ending the long-running stand off with US airlines and authorities over state aid. While neither side has conceded much, they have been able to save face.
- Singapore Airlines failed to find a buyer for two A380s, possibly marking the beginning of the end of the world's largest passenger jet.
- The CEO of Qatar Airways caused outrage with sexist remarks at an industry event.

What makes these three relevant is the almost complete absence of IR considerations in the official responses and communications around the events. Ranging from denial to silence to triumphalism, none of the parties has performed well. Effective and transparent communications from the aviation industry seems to be stuck on the runway, a reflection of the status of the industry. Read our thoughts on "The Good, The Bad And The Ugly Of The Aviation Industry" here: [Link](#)

REGIONAL CALENDAR*

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*No events scheduled due to Eid holidays		

GLOBAL CALENDAR

11.06.2018	UK Production Data	-
12.06.2018	US Consumer Inflation Data	UK Unemployment Rate
13.06.2018	Fed Monetary Policy Decision	China Q1 2018 GDP Data
14.06.2018	ECB Interest Rate Decision	US Retail Sales Data
15.06.2018	BoJ Monetary Policy Statement	Eurozone Consumer Inflation Data

Food for thought

IR & BEYOND

Iridium	The Good, The Bad And The Ugly Of The Aviation Industry	Link
IR Magazine	Becoming multimedia-savvy	Link
Ipreo / EBRD	The Investor Base Of Securities Markets In The EBRD Region	Link
Bloomberg	Besieged by Activist Investors? Goldman Now Has an App for That	Link
Institutional Investor	Small Brokers, Macro Research Among the Early Losers of MiFID II	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.95	-6	+75
UK	1.39	-7	+38
Germany	0.44	-11	+19
France	0.81	-2	+17
Italy	3.11	+124	+104
Switzerland	-0.03	-3	+19
Japan	0.03	-1	-1
Hong Kong	2.21	+18	+107
India	7.94	+23	+144

GLOBAL AGENDA

US President	Meets North Korean leader Kim Jong Un in Singapore
UK Brexit Secretary	Meets EU Chief Negotiator in Brussels to discuss the status of Brexit talks
German FM	Discusses EU reform on a panel
RBI Governor	Briefs a parliamentary panel about banking fraud and mounting NPAs
US FOMC	Releases Interest rate decision
ECB	Releases Interest rate decision, issue a new economic forecast
UK Parliament	Holds session on Brexit legislation, with numerous amendments
European Parliament	Meets in Strasbourg, France to debate the Iran nuclear agreement
BOJ	Releases Interest rate decision
Earning Releases	Adobe Systems, H&R Block, L'Occitane, Fortis Healthcare

MOST READ REGIONAL SECTOR HEADLINES

Banks	UAE's listed banks post AED10.7bn profit in 1Q2018
Consumers Discretionary	Alhokair inks SAR1,125mn Murabaha deal with banks
Energy	US said to ask OPEC for 1mbpd output hike
Telecom	Zain KSA announces the refinancing of its existing Murabaha facility
Materials	SABIC in talks with banks for Dollar bond
REIT	Jadwa REIT Saudi sees a negotiated deal worth over SAR3mn
Financials	Allianz Saudi Fransi Insurance to increase capital through rights issue
Healthcare	Middle East Healthcare Co. launches Sharjah hospital
Real Estate	Barwa Real Estate raises foreign ownership limit to 49%
Transportation	IATA: Middle East airlines expected to post a net profit of \$1.3bn this year

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi Aramco restructures non-oil assets ahead of IPO
Mashreqbank	Mashreqbank applies for Saudi Arabia's banking license
Dana Gas	Dana Gas gets Sukuk holders support for \$700mn debt plan
ADNOC	ADNOC Distribution may sell another 10% stake
Al Yamamah Steel	Al Yamamah Steel buys SAR17mn solar plant in Jeddah
Buruj	Buruj recommends 20% capital hike through bonus shares
Sahara Petrochemicals	Sahara, Sipchem deny reports on merger terms
Ajman Bank	Ajman Bank sells 200mn shares to Al Ramz Corporation's units
Aldar Properties	Aldar Properties to start AED3.2bn West Yas delivery
Mobily	Mobily selects Nokia to modernize its IP, optical networks

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,344.4	15.5%	6.0%	2.2%	\$540.0	18.8x
ADX	4,662.6	6.0%	1.7%	1.2%	\$127.1	12.5x
DFM	3,041.7	-9.7%	-2.1%	2.6%	\$79.3	9.8x
Nasdaq Dubai	3,255.4	-1.0%	0.5%	2.7%	NP	NP
Qatar	9,242.3	8.4%	7.8%	4.1%	\$109.2	13.8x
Bahrain	1,263.8	-5.1%	-4.1%	-0.2%	\$19.8	8.2x
Oman	4,596.5	-9.9%	-3.7%	-0.2%	\$12.9	11.4x

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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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