

US-Iran tension, US-China trade to weigh on markets

The week ahead

Regional markets

Pessimistic sentiment in the regional markets is likely to persist this week amid weak oil prices and lower market activity during the holy month of Ramadan. Further, heightened geopolitical risks in the region following a rise in tension between the US and Iran may also keep investors on the sidelines. Moreover, the investors will also be concerned by renewed uncertainty about potential trade-deal between the US and China, especially after the US imposed higher tariffs on \$200bn of Chinese goods last week and plans to release details of tariffs on additional \$300bn worth of Chinese imports on Monday.

Global markets

The week begins with the release of China FDI (Apr) data on Monday. Germany's consumer inflation (Apr) and ZEW economic sentiment survey (May) stats, the UK's unemployment rate (Mar) and the Eurozone's industrial production (Mar) numbers will be revealed on Tuesday. Wednesday's major events constitute China's retail sales and industrial production (both Apr), Eurozone and Germany's 1Q19 GDP (preliminary), in addition to the US April retail sales and industrial production figures. On Thursday, Eurozone's trade balance (Mar) data will be published. US preliminary Michigan consumer sentiment index (May) and Eurozone's consumer inflation (Apr) stats will draw the week to a close on Friday.

You may be asked about

The US imposed new sanctions on Iran last week to increase pressure on the Middle-eastern nation after Iran announced it is suspending some compliance of a nuclear deal it had signed with the US, Britain, France, Germany, China and Russia in 2015. The executive sanction order issued by POTUS marks one year since the US withdrew from Iran nuclear deal last year. The sanction covers Iran's iron, steel, aluminum, and copper sectors, which collectively are the Islamic nation's second biggest export revenue earner after oil. In addition, the US also deployed four B-52 bombers to the Middle-East, citing threats from Tehran against its troops, escalating geopolitical tensions in the region.

Note to management

In the IMF's latest Middle East Economic Outlook, the picture being painted is of a region that can see a coming storm, and is taking definite steps to construct a shelter. The question is, will the shelter be ready when the first winds start to blow.

It is no coincidence that every country in the GCC has embarked on a "Vision" of some sort: a multi-year transformation plan that aims to modernise, diversify and develop.

But one crucial area is not included in the IMF's report: the region's capital markets will play a critical role in the transformation of the region's economies, and they have already taken steps to do so. Iridium is optimistic about the prospects of success. Read why [HERE](#).

REGIONAL CALENDAR

13.05.2019	KSA Merchandise Exports and Imports	-
14.05.2019	KSA Quarterly Monetary and Banking Developments Report	
16.05.2019	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

13.05.2019	China FDI Data	Japan Leading Economic Index
14.05.2019	Germany Harmonized Index of Cons. Prices	UK ILO Unemployment Rate
15.05.2019	Germany GDP Data	EU GDP Data
16.05.2019	US Housing Starts	-
17.05.2019	Michigan Consumer Sentiment Index	EU Consumer Price Index

Food for thought

IR & BEYOND

Iridium / IR Magazine	IMF's Middle East critique offers little that is new, says regional expert	Link
Bloomberg Blog	For IROs, visibility of ESG data offers a competitive advantage	Link
Ipreo	Strategies to Target the Right Investors	Link
Reuters	Uber's market debut sours most anticipated IPO since Facebook	Link
Arab News	Gulf Capital and Waha Capital 'holding merger talks'	Link

IN CASE YOU MISSED IT . . .

Regional markets mostly declined last week as oil prices edged lower on renewed global trade tensions and geopolitical concerns in the region after US deployed its warheads citing risks from Iran. Saudi Arabia (-5.1%) declined the most after it fell to its lowest point in eight months earlier in the week. Qatar (-4.3%) was primarily dragged by banking stocks. Abu Dhabi (-3.6%) fell for a second straight week. Dubai (-3.1%) was pressured by financial and real estate stocks. Oman (-2.6%) reversed the previous week's gain while Kuwait (-0.7%) edged lower. However, Bahrain (+0.1%) gained marginally. The US markets ended lower as President Trump imposed tariffs on \$200bn worth of Chinese imports after accusing the Asian nation of breaking the trade deal earlier. Both Nasdaq (-3.0%) and S&P 500 (-2.2%) clocked their biggest losses since the week ended December 21. The Dow (-2.1%) posted its biggest weekly decline since March. European indices also ended in the red as the CAC 40 (-4.0%), STOXX 600 (-3.4%), DAX (-2.8%) and FTSE 100 (-2.4%) all declined.

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
Advanced Petchem	SAR 161.9	+65.9%
Saudi Chemical	SAR 39.3	-30.3%
Dubai Insurance	AED 24.4	+134.5%
Dana Gas	AED 128.0	+151.0%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Gold	1.05%	0.12%
Oil	-0.51%	30.84%
S&P 500	-1.60%	14.52%
US Treasury	-1.62%	-0.82%
Aluminium	-1.86%	-5.49%
FTSE 100	-1.96%	7.12%
MSCI World	-2.26%	11.78%
MSCI GCC	-4.63%	9.84%
MSCI EM	-4.69%	6.48%

EARNINGS CALENDAR	Market	Est/ Conf	Date
Burgan Bank	Kuwait	C	14 May

Provided by Arqaam Capital

COMMODITIES	WTD ↓	YTD
Gold	1.05%	0.12%
Natural Gas	0.23%	-11.73%
Oil (WTI)	-0.18%	35.87%
Oil (Brent)	-0.51%	30.84%

About Iridium

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.

We hope you enjoy IR Brief. We are always here to help you advance your IR activities. Please don't hesitate to let us know if we can be of assistance in any way.

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GLOBAL AGENDA

US President	To meet Hungarian Prime Minister Viktor Orban in Washington
US	Secretary of State to meet Russian Foreign Minister and President Putin
EU	Foreign ministers to meet in Brussels; discussions may include Iran
Riksbank Governor	To deliver keynote address at International Capital Market Association
BOE	Monetary Policy Committee member Jonathan Haskel speaks in New York
China	China National People's Congress Chairman begins a three-day visit to Norway.
Japan	Chief Cabinet Secretary meets US Vice President Mike Pence
France	President Macron to co-chair a Paris summit of global leaders and technology executives with New Zealand Prime Minister
ECB	Incoming ECB Chief Economist Philip Lane to speak on the euro's past and future, at the Estonian central bank in Tallinn
Earning Releases	Alibaba, Tencent, Walmart, Burberry, Nvidia, Vodafone, Mitsubishi and Nissan

MOST READ REGIONAL SECTOR HEADLINES

Banks	Bahrain's Bank Alkhair planning to exit Malaysian market
Utility	Kahramaa, Umm Al Houli Power sign pact to increase water desalination capacity
Financials	UAE Investment Banks Arqaam Capital and TNI are said to weigh merger
Telecom	UAE Investment Banks Arqaam Capital and TNI are said to weigh merger
Aviation	Dubai airport first quarter passenger traffic falls 2.2% to 22.2mn
Insurance	UAE mulls raising foreign ownership in insurance firms to 100%
Energy	Bahrain relaxes foreign investment rules in its energy sector
Consumer	MERS establishes a new company named 'Maar Trading and Servicing Company'
Automobile	World-class Swedish CNG buses to hit Qatari roads before FIFA World Cup
Retail	Majid Al Futtaim set to raise \$600mn in 'green' Sukuk

MOST READ REGIONAL COMPANY HEADLINES

The Commercial Bank	Capital Intelligence affirms rating at 'A-'
Almana Group	Signs partnership agreement with Dahua Technology
ADNOC	To invest \$30bn to boost Upper Zakum oil field output
Saudi Aramco	Said to consider shale investment with Equinor
Gunvor	Arranging Oman loan linked to oil for up to \$3bn
Doha Bank	To boost investments instead of lending to reduce risk
Knotel	Kuwait owned Wafra and GIC in talks to invest in Knotel
TEN Entertainment	Abu Dhabi Investment Authority buys 2.5% of TEN Entertainment
Investcorp	Seek between \$500mn and \$1bn for alternative investment managers stakes
Mahaseel	To market local agricultural produces from June

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,856.9	13.2%	0.4%	-4.8%	\$562.1	20.3x
ADX	5,052.8	2.8%	-0.4%	-3.9%	\$138.4	13.8x
DFM	2,672.6	5.6%	1.4%	-3.4%	\$72.2	11.2x
Nasdaq Dubai	3,165.5	3.0%	-1.2%	-5.6%	NP	NP
Qatar	10,027.2	-2.6%	-0.8%	-3.4%	\$130.5	14.1x
Bahrain	1,436.3	7.4%	1.6%	0.2%	\$22.3	9.9x
Oman	3,863.3	-10.6%	-3.0%	-2.1%	\$12.0	8.0x

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