

Crude oil strengthens; Brent regains the \$60 mark

IN CASE YOU MISSED IT . . .

Regional markets closed higher last week amid positive global sentiments and rising oil prices. Saudi Arabia (+4.8%) closed at near five-month high, led by strong performance in financial sector stocks, particularly Al Rajhi Bank. Qatar (+3.0%) reached its highest level in nearly two years on the back of strong performance in banking stocks and Industries Qatar. Abu Dhabi (+1.3%) and Dubai (+0.8%) were boosted by First Abu Dhabi Bank and Emirates NBD, respectively. Bahrain climbed 1.2% over the week. Oman (+0.8%) and Kuwait (+0.4%) also edged higher. The US markets jumped on encouraging developments in the US-China trade talks and the Federal Reserve's assurance of remaining patient with future interest rate hikes. Supported by four straight daily gains till Thursday, Nasdaq (+3.5%), S&P 500 (+2.5%) and Dow (+2.4%) ended firmly in the green. Europe too rose for a second consecutive week; STOXX 600 (+1.7%), FTSE 100 (+1.2%), DAX (+1.1%) and CAC 40 (+0.9%) ended in positive territory.

EARNINGS CALENDAR	Market	Est/ Conf	Date
QNB Group	Qatar	C	15 Jan
Gulf Warehousing	Qatar	C	16 Jan
Qatar Islamic Bank	Qatar	C	16 Jan
Doha Bank	Qatar	C	16 Jan
Ahli Bank	Qatar	C	16 Jan

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil	10.24%	14.65%
S&P 500	6.08%	3.58%
MSCI World	5.58%	3.86%
MSCI EM	5.17%	3.42%
MSCI GCC	4.33%	4.61%
FTSE 100	3.74%	3.19%
Aluminium	0.93%	-1.42%
US Treasury	0.83%	-0.82%
Gold	-0.59%	0.32%

The week ahead

Regional markets

The regional markets' upbeat sentiments are likely to stay, owing to likely positive outcomes to the US-China trade talks, in light of further higher level discussions later this month, and run up in crude oil prices. Crude oil notched solid gains, with the Brent edging past \$60 per barrel mark. Investors will also look forward to developments with the ongoing partial US government shutdown, with ratings agency Fitch warning that this could lead to the US losing its AAA rating. Moreover, the upcoming crucial parliamentary vote over Brexit in the UK on January 15 will also be of interest to investors. QNB Group is expected to report FY2018 earnings this week.

Global markets

The week begins with the release of key trade data (Dec) for China and industrial production figures (Nov) for the Eurozone on Monday. Tuesday will witness a crucial parliamentary vote in the UK on Brexit, the release of statistics on the US' producer inflation (Dec) and the European Central Bank's President's speech. Germany's harmonized index of consumer prices, the UK's consumer inflation and the US' retail sales data for December will be published on Wednesday. On Thursday, Dec consumer inflation for the Eurozone and Japan will be released, in addition to the US' Philadelphia Fed Manufacturing Survey (Jan). Industrial production numbers for the US (Dec) and Japan (Nov) will draw the week to a close on Friday.

You may be asked about

In a major sign of investor confidence, Saudi Arabia sold bonds worth \$7.5bn last week, bought majorly by foreign investors. This was the first bond issue after the death of Saudi Arabian journalist, Jamal Khashoggi in Turkey last year, which resulted in strained ties between the Kingdom and western countries. The bond sale attracted \$27.5bn in orders, with global investment banks such as BNP Paribas, JP Morgan, HSBC and Citi backing the debt issue. While the bonds offered attractive yields, with the 10-year \$4bn and 31-year \$3.5bn bonds being priced 175 basis points (bps) and 230 bps above the US Treasury benchmarks, the yields were similar to the past bond issues, thereby indicating no loss in investors' enthusiasm pertaining to the Kingdom.

Note to management

When Sheikh Rashid bin Saeed Al Maktoum proposed building a port in Jebel Ali, some 30 miles away from Dubai, in the early 1970's, even his closest advisors and friends were dubious. When his son, Sheikh Mohammed Bin Rashid, proposed building the world's largest airport and named it Dubai World Central, more sceptical voices were raised.

Now Sheikh Mohammed has reached for the "Build it and they will come" playbook once more, this time with a tripling in size of the Dubai International Financial Centre, and once again doubts are being aired.

We take a more positive view, and believe that the expansion of DIFC could be another visionary move that will drive the capital markets of the region. Read more [HERE](#).

REGIONAL CALENDAR

16.01.2019	UAE Quarterly Statistical Publication	-
17.01.2019	KSA Weekly Money Supply Data	UAE National Accounts Data

GLOBAL CALENDAR

14.01.2019	China Trade Balance Data	EU Industrial Production
15.01.2019	UK Parliamentary Vote on Brexit	-
16.01.2019	US Retail Sales	US Fed's Beige Book
17.01.2019	China GDP Data	EU Consumer Price Index
18.01.2019	US Capacity Utilization	Japan Industrial Production

Food for thought

IR & BEYOND

Iridium	DIFC 2.0: Dubai Reaches for its Trusted Playbook	Link
Nasdaq Dubai	Nasdaq Dubai Launches Futures Trading on Shares of Saudi companies	Link
Institutional Investor	BlackRock Layoffs Loom Amid Market Volatility	Link
The Economist	For Emerging Markets, a More Fearful Fed is a Less Frightful One	Link
Zawya	Egyptian Asset Manager Rasmala Bought by Italy's Azimut	Link

COMMODITIES

	WTD ↓	YTD
Oil (WTI)	11.68%	15.81%
Oil (Brent)	10.24%	14.65%
Natural Gas	0.81%	0.99%
Gold	-0.59%	0.32%

GLOBAL AGENDA

UK Parliament	House of Commons will vote on Prime Minister's Brexit withdrawal agreement
ECB	President Mario Draghi to address the European Parliament
US	Secretary of State to meet with leaders of Jordan, Iraq, Egypt, Bahrain, UAE, Qatar, KSA, Oman and Kuwait
Bank of Japan	Governor and Deputy Governor to speak at a G-20 event in Tokyo
Germany	Finance Minister Olaf Scholz to travel to Beijing for a finance dialogue
Vienna	Euromoney Conference to be held to discuss economic issues
European Parliament	Romanian Prime Minister to present the country's EU-presidency program
Bank of China	Chairman's speech at The 2019 Asia Financial Forum
Japan	Foreign Affairs Minister to have talks with his Russian counterpart
Earning Releases	Citigroup, JP Morgan, Goldman, BlackRock, Netflix

MOST READ REGIONAL SECTOR HEADLINES

Banks	Malaysia's PNB and Al Rajhi Bank get nod to start merger talks
Energy	Saudi Arabia announces rise in oil reserves after audit
Real Estate	Qatar's real estate transaction value at QAR2.66bn in November
Telecom	Saudi labor ministry to nationalize 15,000 jobs in telecom sector
Aviation	Dubai airport's November passenger traffic falls
Insurance	Gulf Union likely to close merger with Al-Ahlia in May
Materials	Nama Chemical's request for capital increase approved
Utility	Abu Dhabi Future Energy Co. to double renewable capacity in five years
Consumer Discretionary	InterContinental to rebrand two hotels in Saudi Arabia
Automobile	Schneider to install 5 EV charging stations in Saudi Arabia in 2019

MOST READ REGIONAL COMPANY HEADLINES

Ashghal	Signs strategic contract with Meeza
Saudi Aramco	To issue bonds in 2Q19 and list in 2021
SHUAA Capital	Issues and places \$135mn Sukuk For Jabal Omar Development Company
CBD	To take control of Abraj assets secured against loan
Ooredoo	Announces deployment of 5G services for QNB Group
Qatar Airways Cargo	Launches Guadalajara freighter service
Kuwait Finance House	KIA sees no conflict of interest in KFH-AUB merger
Abu Dhabi National Hotels	Gets AED1.6bn loan to buy hotels in Dubai
SAFCO	To shut down ammonia plant for maintenance
ADNOC	To award licenses for 6 energy blocks by end of 1Q19

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,210.2	4.9%	4.9%	4.9%	\$526.5	17.8x
ADX	4,962.4	1.0%	1.0%	1.0%	\$134.9	13.3x
DFM	2,545.7	0.6%	0.6%	0.6%	\$69.9	7.7x
Nasdaq Dubai	3,090.0	0.5%	0.5%	0.5%	NP	NP
Qatar	10,658.2	3.5%	3.5%	3.5%	\$140.0	15.8x
Bahrain	1,341.7	0.3%	0.3%	0.3%	\$20.5	8.7x
Oman	4,310.6	-0.3%	-0.3%	-0.3%	\$13.3	10.2x

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