

Geopolitical tensions in the region take center stage

2Q 2018 EVENT CALENDAR

	DATE
GS / Borsa Kuwait Roadshow, LON	25 APR
MENA Roadshow (Link), DXB	29-30 APR
Morgan Stanley EEMEA, LON	15-17 MAY

IN CASE YOU MISSED IT ...

Qatar (+1.4%) continued to move higher on increased foreign ownership limits, led by Industries Qatar, QNB Group, and Qatar Islamic Bank. Conversely, Saudi Arabia (-1.6%) fell on renewed concerns over likely US military action in Syria and news of missile interception over Riyadh. Dubai (+0.4%) was supported by recovery in real estate stocks, especially Emaar Properties, whereas Abu Dhabi (-0.8%) fell on weakness in Etisalat. Bahrain (+0.7%) edged up, Oman (-0.5%) declined, while Kuwait (-0.1%) was broadly flat. The US markets staged a recovery this week, with the S&P 500 (+2.0%) and Dow (+1.8%) gaining ground on upbeat corporate earnings expectations, even as POTUS tweeted mid-week about a likely strike on Syria and asked aides to explore the likelihood of the US joining the Trans-Pacific Partnership. In Europe, Stoxx 600 (+1.1%) and FTSE (+1.1%) continued the positive momentum for the third straight week.

Q1 RESULTS

	PROFIT (mn)	Y-O-Y%
Almarai Company	SAR 344.2	+4.8%
Qatar National Bank	QAR 340	+7%
Jarir Marketing Co.	SAR 219.1	-1.1%
United Electronics	SAR 21.6	+66.2%

BRENT FUTURES PRICE



ASSET CLASS MONITOR

	WTD ↓	YTD
Aluminum	18.23%	3.73%
Oil (Brent)	8.15%	8.54%
S&P 500	1.99%	-0.65%
US Treasury Yields	1.73%	26.62%
MSCI World	1.63%	-0.49%
FTSE 100	1.13%	-5.50%
Gold	0.99%	3.33%
MSCI EM	0.70%	1.00%
MSCI GCC	-0.71%	7.02%

The week ahead

Regional markets

With the US and its allies launching air strikes on Syria over the weekend, companies should expect some volatility this week as investors brace for a likely response from the Syrian regime's key ally, Russia. Oil prices should continue to get support from elevated geopolitical risks, which could help to limit the decline in regional markets. Financials will remain in focus with major banks like Masraf Al Rayan and Emirates NBD expected to announce results.

Global markets

On Monday, we will witness US retail sales data. Tuesday is expected to be more keenly watched by the global markets, with data on China Q1 GDP growth (consensus view: +6.8% YoY; same as the previous quarter), Eurozone economic sentiment, US housing starts, and US industrial production. This will be followed by the UK and Eurozone inflation data and the Bank of Canada's interest rate decision on Wednesday. Thursday will open with Australia employment and Japan inflation figures, followed by US initial jobless claims.

You may be asked about

Last week, Saudi Arabia completed an \$11 billion international bond issue, attracting investor orders to the tune of \$52 billion. This followed last month's \$16 billion syndicated loan refinancing, which expanded the original facility by \$6 billion. Brent rose to a three-year high of \$72.5/ bbl last week. Brent for June settlement climbed to end the session at \$72.58/ bbl (see chart bottom left), the highest since November 2014. West Texas Intermediate for May delivery advanced to settle at \$67.39/ bbl. The total volume traded was about 14 per cent above the 100-day average.

Note to management

Bloomberg reported some details of Saudi Aramco's financials, indicating that the oil giant generated a net profit of \$33.8bn in H1 2017 when oil averaged \$53/bbl, up from US\$7.1bn net profit in H1 2016, when oil average US\$41/bbl.

During the same period adj. cash flows from operations stood at US\$52.1bn. The company spent \$7.9bn on production and manufacturing costs, which as per rough calculations comes to \$4/ bbl for total oil, condensate and gas production, which is only a fraction of the industry standard (\$20/ bbl for Exxon and Shell).

The Saudi government charges a royalty set at a marginal rate of 20% for oil prices up to \$70 a barrel, 40% between \$70 and \$100, and a 50% in excess of \$100. Before January 2017, royalty was set at a flat rate of 20% of crude oil and refined products exported.

Read more by clicking the Bloomberg story link below.

REGIONAL CALENDAR

15.04.2018	KSA Tourism Research 2017 Report	-
16.04.2018	-	-
17.04.2018	-	-
18.04.2018	-	-
19.04.2018	KSA Weekly Money Supply	-

GLOBAL CALENDAR

16.04.2018	US Retail Sales Data	-
17.04.2018	China Q1 2018 GDP Data	US Industrial Production Data
18.04.2018	Eurozone Consumer Inflation Data	UK Consumer Inflation Data
19.04.2018	UK Retail Sales Data	-

Food for thought

IR & BEYOND

Bloomberg	The Aramco Accounts: Inside the World's Most Profitable Company	Link
The Economist	The outlook for US government debt	Link
Institutional Investor	We Crush Stock Indexes, Yale Claims	Link
IPE	Impact assessment model finds ESG funds 'low on sustainability'	Link
MENA FN	\$11B bond largely covers Saudi dollar funding for 2018	Link

EARNINGS CALENDAR*

	Market	Est/ Conf	Date
QIB	Qatar	C	15 Apr
QIIB	Qatar	C	15 Apr
United Arab Bank	UAE	E	16 Apr
Masraf Al Rayan	Qatar	C	16 Apr
Kuwait International Bank	Kuwait	E	16 Apr
Omantel	Oman	E	16 Apr
CBQ	Qatar	C	17 Apr
Bank Al-Jazira	KSA	E	17 Apr
Alinma Bank	KSA	E	17 Apr
Dubai Islamic Bank	UAE	C	18 Apr
Emirates NBD	UAE	C	18 Apr
Al Khalij Commercial Bank	Qatar	C	19 Apr
Bank AlBilad	KSA	E	19 Apr

*Courtesy of Arqaam Capital Research

About Iridium

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GLOBAL AGENDA

US	Releases Retail Sales Data
IMF and World Bank	Hold their annual spring meetings
Japanese Prime Minister	Shinzo Abe meets the US President in Florida
OPEC and Non-OPEC	Ministers from OPEC and non-OPEC Joint Technical Committee meet in Saudi Arabia
Bank of Canada	Decides on rates and issues its monetary policy report
New York Fed President	William Dudley discusses the US economic outlook in NYC
German Chancellor	Chancellor Merkel and French President Macron hold talks in Berlin
Earning Releases	Goldman, Bank of America, Morgan Stanley, Netflix, IBM
China	Releases Q1 2018 GDP Data

MOST READ REGIONAL SECTOR HEADLINES

Banks	Moody's: GCC Islamic banks to maintain improved asset quality
Financials	Saudi Arabian Co-op Ins. inks auto insurance agreement with Al Rajhi Bank
Energy	ADNOC mulls downstream opportunities abroad with Saudi Aramco
Materials	SABIC eyes 70% output boost by 2025 and operational base in Houston
Retail	Jarir pursues expansions, sees 50% growth in online sales: Chairman
Consumer Staples	Almarai announces progress in securing 100% of its alfalfa requirements
Transportation	IATA: Middle East carriers' YoY freight volumes increase 7.4% in February
Healthcare	Al Hammadi enters into initial merger talks with National Medical Care
Real Estate	DAMAC Properties launches \$ 400mn five-year Sukuk
Telecom	Omantel sets up investor roadshow for potential Dollar bond issue

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Aramco, Indian group in \$ 44bn petchem refinery deal
Sharjah Islamic Bank	Sharjah Islamic Bank launches \$ 500mn Sukuk
Seef Properties	Seef Properties awards KMC Holding for mixed-use project contract
National Bank of Kuwait	National Bank of Kuwait to raise stake in Boubyan Bank at right price
Emaar Properties	Emaar may sell shares in India, hotel units within three years
Qatar Airways	Qatar Airways acquires stake in US aviation firm JetSuite
The Commercial Bank	Qatar-based The Commercial Bank signs \$ 250mn Asian syndicated loan
Mashreq Bank	Mashreq launches \$1bn in multi-currency CDs program in Hong Kong
MEFIC REIT	MEFIC REIT targets 8 assets worth SAR 1.2bn
SPIMACO	SPIMACO to sign MoU for local production of cancer medicines

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,824.12	8.3%	-0.6%	-0.6%	\$504.9	17.3x
ADX	4,653.03	5.8%	1.5%	1.5%	\$127.61	12.0x
DFM	3,094.40	-8.2%	-0.5%	-0.5%	\$81.21	10.9x
Nasdaq Dubai	3,269.29	-0.6%	0.9%	0.9%	NA	NA
Qatar	8,918.48	4.6%	4.0%	4.0%	\$103.67	13.3x
Bahrain	1,291.45	-3.0%	-2.0%	-2.0%	\$19.77	8.7x
Oman	4,776.55	-6.3%	0.1%	0.1%	\$13.36	12.1x

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