

Markets hopeful of a Fed rate cut

The week ahead

Regional markets

Sluggish US manufacturing PMI, retail sales and non-farm payrolls data have raised market expectations of a possible rate cut this week. Further, the Fed Chairman indicated that "appropriate" measures will be taken to tackle risks from weak economic data and global trade war, aiding the sentiment. Consequently, major US stock markets have already rallied ~5% this month. However, negative investor sentiment due to geopolitical concerns in the Middle East region, which were sparked by tanker attacks in the Gulf of Oman, will weigh on the regional markets.

Global markets

The week begins with the release of the UK's inflation report hearings and the US NAHB housing market index (Jun) data on Monday. Eurozone's consumer inflation (May), Germany's economic sentiment (Jun), Eurozone's consumer inflation (May) and Japan's trade balance (May) figures will be revealed on Tuesday. Wednesday's major events constitute the UK's retail price index and consumer inflation (both May) numbers and the Federal Reserve's interest rate decision. On Thursday, BoE and BoJ's monetary policy statement, Eurozone's economic bulletin report and Japan's consumer inflation (May) data will be published. Further, Japan, Germany and Eurozone's manufacturing PMI (Preliminary) (Jun) figures will round off the week on Friday.

You may be asked about

The World Bank expects Qatar's economy to grow by 3% over the mid-term on the back of a stream of investments leading up to the FIFA World Cup in 2022 and the commissioning of a major natural gas facility. The report pegged the 2018 growth at a healthy 2.1% and expects the service sector to make a significant contribution going ahead. The World Bank also anticipated monetary policy tightening that will attract foreign fund inflows into the country's banking system thereby supporting the expansion. Moreover, infrastructure spending as a part of the nation's diversification attempts is estimated to further complement the upbeat outlook. However, macro risks are expected to persist and need mitigation.

Note to management

The burden of participating in public markets has grown exponentially since the financial crisis, and being a publicly traded issuer has carried the heaviest weight.

Quarterly disclosures, mandatory reporting, investor activism, the rise of the algorithmic trader, and the massive increase in regulatory compliance have combined to make equity public listings a sometimes joyless task. Add to this the growing cost of compliance, and it is clear that Investor Relations can become trapped in the detail of this process, and fail to play a strategic role.

In the third of our commentaries on the role of IR, we reflect on the technologies and strategies that can deliver strategically effective IR, with all the benefits that flow from that.

Read our viewpoint [HERE](#)

REGIONAL CALENDAR

17.06.2019	KSA Merchandise Exports and Imports	-
18.06.2019	KSA Consumer Price Index	-
20.06.2019	KSA Weekly Money Supply Data	UAE Consumer Price Index

GLOBAL CALENDAR

17.06.2019	EU Labor Cost	-
18.06.2019	Germany ZEW Survey Economic Sentiment	US Housing Starts
19.06.2019	US Fed's Monetary Policy Statement	UK Consumer Price Index
20.06.2019	BoJ Monetary Policy Statement	BoE Interest Rate Decision
21.06.2019	Germany Markit Manufacturing PMI	EU Markit PMI Composite

Food for thought

IR & BEYOND

Iridium	What's Next For IR (3): Closing The Insight Gap	Link
Ipreo	The Future of IR - Becoming a Trusted Strategic Advisor	Link
IPE	Chart of the Week: Global passive assets hit €8.3trn	Link
The Economist	How compatible are democracy and capitalism?	Link
The National	MSCI upgrade for Saudi Arabia is credit positive for kingdom's asset managers	Link

IN CASE YOU MISSED IT ...

Saudi Arabia (+5.0%) closed firmly in green with gains driven by expected foreign fund inflows and upbeat financial stocks though offset to an extent by attacks on oil tankers at the end of the week. Qatar (+1.9%) was supported by its banking stocks led by Qatar Islamic Bank. While Bahrain (+1.0%) and Kuwait (+0.7%) were up moderately, Dubai (+0.5%) rose marginally witnessing muted performance in property stocks. Oman (-0.6%) and Abu Dhabi (-0.8%) slid during the week with the latter dragged by First Abu Dhabi Bank. The US markets, though curtailed by US-China trade tariff concerns, closed up buoyed by suspension on trade tariff impositions on Mexico. Nasdaq Composite (+0.7%), S&P 500 (+0.5%) and Dow Jones (+0.4%) all ended higher. Europe too ended on a brighter note with DAX (+0.4%), STOXX 600 (+0.4%), FTSE 100 (+0.2%) and CAC 40 (+0.1%) all closing up.

ASSET CLASS MONITOR	WTD ↓	YTD
MSCI GCC	3.71%	11.25%
MSCI EM	1.93%	5.83%
S&P 500	1.69%	15.35%
MSCI World	1.60%	12.53%
FTSE 100	1.50%	9.52%
Aluminium	0.77%	-6.05%
Gold	0.52%	4.66%
Oil	-0.58%	13.96%
US Treasury	-1.25%	-3.27%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	0.52%	4.66%
Natural Gas	0.04%	-20.92%
Oil (Brent)	-0.58%	13.96%
Oil (WTI)	-0.59%	15.13%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.08	-29	-84
UK	0.84	-22	-44
Germany	-0.26	-16	-66
France	0.09	-21	-64
Italy	2.34	-40	-26
Switzerland	-0.52	-10	-44
Japan	-0.14	-8	-16
Hong Kong	1.50	-	-70
India	6.92	-	-97

GLOBAL AGENDA

ECB	Officials meet in Sintra, Portugal
US President	Public hearings begin in Washington on President's proposed tariffs on \$300 billion more in Chinese goods
EU	Foreign ministers meet in Luxembourg
Federal Reserve	Interest rate decision
UK	A second ballot in leadership contest to chose Theresa May's successor
EU	Heads of state meet to appoint new leaders for the commission and the ECB
Bank of England	Interest rate decision
Bank of Japan	Interest rate decision
US President	Canadian Prime Minister Justin Trudeau is slated to meet President Trump
Earning Releases	Oracle, Canopy Growth, Naspers, L'Occitane, CarMax

MOST READ REGIONAL SECTOR HEADLINES

Energy	BP raises Saudi Arabia's oil reserves 12% in first big change in 30 years
Construction	Greece's Avax to buy stakes in three companies active in Qatar
Financials	Dubai issues new financial centre insolvency law after Abraaj collapse
Materials	Sipchem inks primary hydrogen supply deal with Aramco Shell Refinery Company
Real Estate	Qatar's Real estate deal value jumped 100% to QAR2.99bn in April
Insurance	QCSD amends the foreign ownership percentage of DOHI to 49%
Education	Mumtalakat to invest \$100mn in American University of Bahrain
Telecom	IDC: Smartphone shipments to Qatar jump 7.9% in 1Q19
Utilities	UAE signs deal to build \$100mn power plant in Yemen
Consumer	Saudi Arabia to start levying sugary drinks tax from December

MOST READ REGIONAL COMPANY HEADLINES

Saudi Kayan	To pay SAR3.125bn of loans ahead of maturity
The First Group	To issue \$135mn Sukuk
Investcorp	Raising up to \$300mn for maiden India fund
Nakilat	Nakilat-Keppel Offshore and Marine completes repair of 200 th LNG vessel
Sharjah Islamic Bank	Said to pick HSBC, Citi, StanChart for Sukuk
Petrofac	Gets contract within 10-year framework in Oman
Emirates NBD	Hires Mizuho to arrange \$200mn syndicated loan
Dubai Islamic Bank	Board recommends buying local competitor Noor Bank
ENOC	Raises \$690mn loan from Chinese banks
Shinas Generating	tarts operation at new \$1bn power plant in Sohar Industrial Port Area

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,941.5	14.2%	1.4%	5.0%	\$569.5	20.5x
ADX	4,963.7	1.0%	-2.2%	-0.8%	\$136.6	14.7x
DFM	2,633.0	4.1%	-0.1%	0.5%	\$72.0	11.7x
Nasdaq Dubai	3,119.9	1.5%	-2.6%	-1.2%	Not provided	Not provided
Qatar	10,515.9	2.1%	4.0%	2.4%	\$137.0	14.8x
Bahrain	1,448.9	8.3%	2.5%	1.1%	\$22.5	10.6x
Oman	3,918.5	-9.4%	-1.6%	-0.4%	\$12.2	11.1x

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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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