

## US interest rate decision, trade talks with China in focus

### The week ahead

#### Regional markets

Regional markets may witness a downbeat mood after Brent crude failed to hold on to gains built up during last week and fell ~2% on Friday, amid a decline in US equities and a stronger US dollar on fresh worries over global growth. However, investors may take solace from reports that China will suspend/reduce tariffs on US auto imports from January 1, as a part of ongoing US-China trade negotiations. Investors will also keenly watch the outcome of the US' monetary policy meet this week, where an interest rate hike is largely anticipated, and further developments related to Brexit where the UK's Prime Minister recently threatened to crash the Brexit deal.

#### Global markets

The week begins with the release of November consumer inflation numbers for the Eurozone on Monday. On Tuesday, the IFO business climate (Dec) index for Germany will be published, followed by key housing data for US (Nov). Wednesday will witness release of November consumer inflation numbers for Canada and the UK, followed by the US' Federal Open Market Committee's monetary policy statement and interest rate decision. On Thursday, Bank of Japan and the Bank of England will communicate their respective monetary policy and interest rate decision. The US and the UK's 3Q18 GDP data and US' November personal consumption expenditure figures will draw the week to a close on Friday.

#### You may be asked about

S&P Global Ratings has lifted its outlook on Qatar to 'Stable' from 'Negative' and has reaffirmed the long-and-short-term sovereign credit ratings at 'AA-/AA-1+', respectively. The ratings agency acknowledged Qatar's efforts to effectively manage the economic impact on its diplomatic ties and trade relations arising out of blockade. S&P also expressed confidence in Qatar's economy by expecting the economic growth to accelerate, and external accounts to maintain surplus from 2018-21. Acknowledging Qatar Central Bank's effort to inject liquidity into the system to counter initial outflows from Qatari banks, the ratings agency stated it does not expect any additional government support as non-resident deposits have started returning into the banking system.

#### Note to management

In times of market uncertainty and volatility, firms need an investor base that believes the long term story, trusts management to deliver it, and sticks by the issuer.

In tough times, the customer shareholder can be the most valuable ally. The customer shareholder's relationship with the issuer is far deeper than any institutional investor or index fund. They are more likely to buy and hold for the long term, to reinvest any dividends in the stock, and to take up any future rights issues

We look at some examples of companies that have successfully developed the customer shareholder relationship – and one that has not.

Read more [HERE](#).

#### REGIONAL CALENDAR

16.12.2018	UAE Consumer Price Index	-
18.12.2018	UAE Banks Statistics	-
20.12.2018	KSA Weekly Money Supply Data	-

#### GLOBAL CALENDAR

17.12.2018	EU Consumer Price Index	-
18.12.2018	Japan Merchandise Trade Balance	US Housing Starts Data
19.12.2018	US FOMC Economic Projections	US Fed Interest Rate Decision
20.12.2018	Japan BoJ Monetary Policy Statement	UK BoE Interest Rate Decision
21.12.2018	US GDP Data	US Durable Goods Orders

#### Food for thought

##### IR & BEYOND

Iridium	Customers can be the best shareholders	<a href="#">Link</a>
EQS	Key Investor Relations Tools for Teams with Limited Resources	<a href="#">Link</a>
The Economist	The perils of trying to time the market	<a href="#">Link</a>
Institutional Investor	Does Anyone Care About Year-Ahead Outlooks?	<a href="#">Link</a>
IPE	AXA IM to invest in tech and data science capabilities	<a href="#">Link</a>

#### IN CASE YOU MISSED IT . . .

Regional markets ended mixed last week. Saudi Arabia (+0.8%) closed up, led by gains in banking stocks. Dubai (+0.7%) recovered after gaining in the last three trading days, partly aided by Emaar Properties which rose after stating it has commenced business development operations in China. On the other hand, Oman (-2.2%) fell the most in the GCC. Qatar (-1.3%) ended down, impacted by banking and financial services stocks. Kuwait (-0.4%) and Abu Dhabi (-0.3%) fell slightly, whereas Bahrain (-0.1%) inched lower. US indices declined, as weaker-than-expected economic data from China and Europe renewed concerns about global economic slowdown, leading to sharp sell-off on the last trading day of the week. S&P 500 (-1.3%), Dow (-1.2%) and Nasdaq (-0.8%) slipped, marking for the first instance since March 2016 when all the three indices are down at least 10% from their 52-week highs. Europe, however, ended in the positive; FTSE 100 (+1.0%), CAC 40 (+0.8%), DAX (+0.7%) and STOXX 600 (+0.5%) edged higher.

ASSET CLASS MONITOR	WTD ↓	YTD
FTSE 100	2.59%	-10.54%
Oil (Brent)	2.31%	-8.11%
US Treasury Yields	0.83%	74.82%
MSCI EM	0.67%	-14.93%
MSCI GCC	0.37%	13.38%
Gold	0.34%	-4.67%
MSCI World	-0.65%	-7.20%
Aluminum	-1.03%	-14.19%
S&P 500	-1.68%	-0.86%

#### BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Oil (Brent)	2.31%	-8.11%
Oil (WTI)	2.12%	-12.98%
Gold	0.34%	-4.67%
Natural Gas	-4.69%	39.65%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.89	-22	+54
UK	1.24	-13	+9
Germany	0.25	-11	-5
France	0.71	-4	+8
Italy	2.93	-55	+113
Switzerland	-0.23	-14	+1
Japan	0.02	-8	-1
Hong Kong	2.08	-15	+36
India	7.44	-31	+31

## GLOBAL AGENDA

<b>Federal Reserve</b>	Announces interest rate decision
<b>Bank of England</b>	Sets its monetary policy
<b>Bank of Japan</b>	Releases monetary policy statement
<b>European Commission</b>	Mulls sanctions against Italy for breaching budget rules
<b>US Government</b>	Partial shutdown could start if lawmakers and US President fail to resolve budgetary allocations for wall along the Mexican border
<b>US</b>	Releases GDP and durable goods orders data
<b>Reserve Bank of India</b>	Releases minutes of Ex-Governor Urjit Patel's final meeting
<b>WTO</b>	Deputy director-general of WTO delivers a speech in Washington
<b>Nissan</b>	Board may meet to vote on a chairman to replace Carlos Ghosn
<b>Earning Releases</b>	FedEx, Nike, BlackBerry, Conagra, Red Hat, MegaFon

## MOST READ REGIONAL SECTOR HEADLINES

<b>Energy</b>	OPEC, Russia agree to slash oil output despite Trump pressure
<b>Real Estate</b>	Qatar's real estate deal value in October jumps by 33.2%
<b>Banks</b>	Fitch forecasts 'Stable' outlook for GCC Islamic banks in 2019
<b>Aviation</b>	IATA: Middle East carriers may report higher profit of \$800mn in 2019
<b>Petrochemicals</b>	Sahara resumes operations at its Al Waha plant
<b>Logistics</b>	Agility will invest \$100mn in online logistics platform
<b>Insurance</b>	Al Koot Insurance & Reinsurance wins Qatar Petroleum and Qatargas' health insurance contracts
<b>Telecom</b>	Saudi telecom ministry to boost mobile data speed by 150%
<b>Materials</b>	Emirates Steel refinances \$650mn of debt with new loan and Sukuk
<b>Consumer Staples</b>	Hassad invests 20% in Oman's Global Seafood Company

## MOST READ REGIONAL COMPANY HEADLINES

<b>Qatargas</b>	Amwaj signs QAR141mn, five-year contract with Qatargas
<b>MERS</b>	To open branches at metro station
<b>Sipchem</b>	Plans North America and Asia acquisitions
<b>Oman Cement</b>	Plans \$212mn project in Duqm SEZ
<b>Sadara Chemical</b>	To build waste-to-energy plant at PlasChem with Veolia
<b>ENOC</b>	To open 45 new stations in Saudi Arabia in five years
<b>SABIC</b>	Signs feedstock deal with UK firm to support growing Europe operations
<b>ADNOC</b>	Awards onshore stake to ZhenHua Oil
<b>Commercial Bank</b>	plans to use retained earnings to aid capital if it can not sell its stake in UAB
<b>Vodafone Qatar</b>	Completes fiber rollout at 'Msheireb Downtown Doha'

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	7,914.3	9.5%	-1.1%	2.7%	\$507.6	17.1x
<b>ADX</b>	4,861.5	10.5%	-1.5%	1.9%	\$132.2	13.2x
<b>DFM</b>	2,599.1	-22.9%	-8.3%	-2.6%	\$70.9	8.8x
<b>Nasdaq Dubai</b>	3,100.5	-5.7%	-4.6%	1.1%	NP	NP
<b>Qatar</b>	10,456.1	22.7%	6.6%	0.9%	\$137.9	15.5x
<b>Bahrain</b>	1,319.3	-0.9%	-1.4%	-0.7%	\$20.1	8.9x
<b>Oman</b>	4,448.1	-12.8%	-2.1%	0.8%	\$13.7	10.5x

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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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