

Investor worries ease on likely US-China trade thaw

The week ahead

Regional markets

Towards the end of last week, news of likely reconciliation between the US and China over their trade dispute provided some relief to the markets, which were unsettled by the on-going US-Turkey dispute. Ahead of the planned November 2018 meeting between POTUS and China's leader, Xi Jinping, China and the US may lay the groundwork to resolve their trade tensions. Yet, with Brent crude showing signs of weakness in recent weeks, regional investors may get some respite due to most markets being closed this week on account of Eid Al Adha holidays. Regional investors will, nevertheless, keep a close eye on the US-Turkey situation during this period.

Global markets

The week begins with the Bank of Canada and Reserve Bank of Australia's (RBA) governor's speeches on Monday. On Tuesday, the RBA's meeting minutes will be followed by the UK's public sector net borrowing numbers and New Zealand's GDT price index. On Wednesday, Japan's all industry activity index data, the US' FOMC minutes and Canada's retail sales figures will be in focus. On Thursday, the European Central Bank's monetary policy meeting accounts, Eurozone's composite PMI (prelim.), Japan's consumer inflation and the US' new home sales statistics will be released. Germany's 2Q18 GDP and the US' durable goods orders numbers will draw the week to a close on Friday.

You may be asked about

On 15th August, 2018, Qatar announced a \$15bn funding package for Turkey to shore up the Turkish banking sector's shaky finances. A week after Turkey's diplomatic spat with the US sent the lira crashing, the agreement with Qatar should help Turkey avoid requesting for emergency funding from the International Monetary Fund. Turkish officials stated that the Qatari funds would be channeled into Turkey's financial markets and banks, implying that the investment would be sufficient to avoid a banking collapse. Qatar's banking sector has considerable exposure to Turkey; Qatar National Bank's Turkey exposure comprises 15% of its assets and 14% of loans, according to Arqaam Capital.

Note to management

Recent consolidation in the asset management industry has been driven by a wholesale shift of assets away from active managers and into passive vehicles.

But this is not necessarily an indication of declining risk appetite among investors. Indeed, many passive vehicles track some of the more risky assets – emerging markets, commodities and high yield debt, for example.

Instead, it is a sign of dissatisfaction with the fees charged by active managers. Fidelity's move last month in launching two zero-fee funds was equally a sign of this trend.

But how will this move to passive play out in the GCC? Will it be a blessing or a curse for our markets?

Read our thoughts here: [Link](#)

REGIONAL CALENDAR

19.08.2018	Abu Dhabi Consumer Price Index	Abu Dhabi Agriculture PPI
23.08.2018	KSA Weekly Money Supply Data	-

GLOBAL CALENDAR

20.08.2018	Reserve Bank of Australia Governor's speech	-
21.08.2018	Reserve Bank of Australia Meeting Minutes	Japan All Industry Activity Index
22.08.2018	US FOMC Minutes	UK Inflation Report Hearings
23.08.2018	ECB Monetary Policy Meeting Accounts	Japan Consumer Inflation
24.08.2018	Germany 2Q18 GDP Data	US Durable Goods Orders Data

Food for thought

IR & BEYOND

Iridium	Passive Investment: Blessing or Curse for GCC Capital Markets?	Link
IR Magazine	Assets Invested In Global ETFs And ETPs Reach New High	Link
Institutional Investor	Vanguard Tackled Bad Governance During the 2018 Proxy Season	Link
Bloomberg Blog	Middle East: Faster growth, higher risks in 2018	Link
Ipreo	Voting Trends in the Environmental Shareholder Proposal Space	Link

3Q 2018 IR CALENDAR

	DATE
GS CEEMEA Financials Symposium, LON	3-4 SEPT
HSBC GEMs 1x1 Conference, LON	3-6 SEPT
DB GEMs 1x1 Conference, NYC	5-6 SEPT
EFG Hermes 1x1 Conference, LON	10-13 SEPT
GS CEEMEA 1x1 Conference, LON	12-13 SEPT
Arqaam Investor Conference, DXB	24-25 SEPT

IN CASE YOU MISSED IT . . .

Regional markets ended firmly in the red last week, partly attributable to the on-going US-Turkey political and economic tension. Qatar (-4.4%) was dragged down by Qatar National Bank and Qatar Islamic Bank. Dubai (-4.0%) was weighed down by weakness in Emaar Properties and Emirates NBD. Saudi Arabia (-3.8%) fell. Kuwait (-1.4%), Oman (-0.9%) and Bahrain (-0.2%) also edged down. Abu Dhabi (+0.7%) ended in the green. US markets ended mixed. Dow (+1.4%) ended at its highest level since late-February and S&P 500 (+0.3%) rose modestly; NASDAQ (-0.3%) edged down, however, on weak quarterly results of Nvidia and Applied Materials. Europe ended in negative territory; DAX (-1.7%), FTSE 100 (-1.4%), CAC40 (-1.3%), and Stoxx 600 (-1.2%) fell.

Q2 RESULTS	PROFIT (mn)	Y-O-Y%
ADNOC for Distribution	AED 582.1	+24.3%
Emaar Properties	AED 1,479.7	+1.9%
Emaar Development Co.	AED 997.0	+73.4%
DAMAC Properties	AED 378.2	-46.3%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	0.59%	6.60%
US Treasury Yields	0.00%	47.48%
MSCI World	-0.49%	0.01%
Oil (Brent)	-1.35%	7.42%
FTSE 100	-1.41%	-1.68%
Aluminum	-1.99%	-10.84%
Gold	-2.17%	-9.10%
MSCI GCC	-3.62%	10.62%
MSCI EM	-3.71%	-11.70%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.86	-1	+67
UK	1.23	+1	+15
Germany	0.30	-4	-11
France	0.66	+3	-5
Italy	3.11	+61	+109
Switzerland	-0.19	-7	-1
Japan	0.09	+5	+6
Hong Kong	2.08	+1	+65
India	7.86	+11	+135

COMMODITIES	WTD ↓	YTD
Natural Gas	0.07%	-0.24%
Oil (Brent)	-1.35%	7.42%
Gold	-2.17%	-9.10%
Oil (WTI)	-2.54%	9.09%

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.

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GLOBAL AGENDA

Federal Reserve	Releases minutes from its July meeting
European Central Bank	Publishes the account of its July 26 policy meeting
Economic Policy	Central bankers gather in Jackson Hole for their annual policy summit
RBA	Governor Philip Lowe gives speech in Canberra
US	Releases homes sales and durable goods orders data
Atlanta Fed President	Bostic discusses the US economic outlook with Bristol Chamber of Commerce
Greece bailout	Greece PM is expected to deliver a speech marking the end of bailouts
Germany	Releases 2Q18 GDP data
Japan	Releases consumer inflation data
Earning Releases	Alibaba, Sberbank, HP, BHP Billiton, Royal Bank of Canada, Target

MOST READ REGIONAL SECTOR HEADLINES

Energy	Saudi Arabia committed to meeting future oil demand: Al-Falih
Banks	National Bank of Bahrain seeks to boost stake in Bahrain Islamic Bank
Financials	Moody's: Islamic finance sector continues to grow
Industrials	Budget Saudi's market share to grow beyond 25%: CEO
Cement	Al Jouf Cement's Q2 sales revenue hits 8-year low as demand softens
Transport	Middle East's carriers post 11% YoY increase in passenger demand in June
Real Estate	DAMAC Properties has \$300-400mn of unrestricted cash: CFO
Telecom	GO files lawsuit against Saudi CITC to get unified license
Consumer Discretionary	Jarir opens SAR29mn showroom in Khamees Mushait
REIT	Musharaka REIT plans dividend for 6 months ending 17 Aug 2018

MOST READ REGIONAL COMPANY HEADLINES

SRC	Saudi Real Estate Refinancing plans Islamic bond issues to fund mortgage drive
Al Rajhi Bank	Al Rajhi Bank limits lending ahead of Saudi Arabian reforms
Emirates NBD	Emirates NBD stands a chance to renegotiate Denizbank acquisition
SABB	SABB announces distribution and payment of dividends
NCB	The National Commercial Bank says impact of decline in Turkish Lira 'limited'
Saudi Aramco	Aramco approves funding request for Motiva Chemicals expansion
Buruj	CMA approves the capital increase request for Buruj Cooperative Insurance Co
SAPTCO	SAPTCO's subsidiary secures SAR500mn murabaha loan from ANB
Shaker Group	Shaker Group adopts new measures to reduce cost, inventory
Jabal Omar	Jabal Omar extends MoU with SGS for new passenger terminal in Makkah

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,867.2	8.9%	-5.4%	-5.2%	\$502.2	17.2x
ADX	4,906.9	11.6%	7.6%	1.0%	\$131.7	12.9x
DFM	2,803.3	-16.8%	-0.6%	-5.2%	\$76.1	7.5x
Nasdaq Dubai	3,242.2	-1.4%	4.4%	-1.1%	NP	NP
Qatar	9,447.9	10.8%	4.7%	-3.8%	\$111.2	14.0x
Bahrain	1,347.5	1.2%	2.8%	-0.8%	\$20.7	9.0x
Oman	4,390.5	-13.9%	-4.0%	1.2%	\$13.2	8.2x

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