

2Q 2018 IR CALENDAR

DATE

UBS LATEMEA 1x1 Conference, LON 26-28 JUN

IN CASE YOU MISSED IT . . .

Most regional markets dropped last week, which was shorter due to the Eid holidays. Abu Dhabi (-3.8%) fell, owing to weakness in financial stocks. Dubai (-3.6%) declined on negative sentiments surrounding Air Arabia (-11.5%), which disclosed an exposure worth USD 336m in the provisional liquidation candidate Abraaj. Saudi Arabia (-0.8%) slipped, despite rising on Thursday over the news of MSCI inclusion. Qatar (-1.9%) dropped, weighed down by Qatar National Bank and Qatar Islamic Bank. Kuwait (-0.4%) edged lower. However, Oman (+0.3%) and Bahrain (+0.2%) rose moderately. US markets ended the week on a negative note, as POTUS' trade tariff rhetoric gathered pace and dampened investor sentiment. NASDAQ (-0.7%) snapped its fourth consecutive weekly winning street, while the Dow (-2.0%) fell for the second straight week, registering the largest weekly decline since March 23. S&P 500 (-0.9%) also edged down last week. Europe ended largely lower; DAX (-3.3%), CAC40 (-2.1%) and Stoxx 600 (-1.1%) slid. However, FTSE 100 (+0.6%) closed in the green.

ASSET CLASS MONITOR

	WTD ↓	YTD
Oil (Brent)	2.87%	12.98%
FTSE 100	0.63%	-0.07%
US Treasury Yields	-0.52%	38.85%
Gold	-0.66%	-2.47%
S&P 500	-0.89%	3.04%
MSCI World	-1.07%	-0.26%
MSCI GCC	-1.51%	10.68%
MSCI EM	-2.31%	-6.08%
Aluminum	-3.26%	-3.37%

BRENT FUTURES PRICE



COMMODITIES

	WTD ↓	YTD
Oil (WTI)	5.41%	13.51%
Oil (Brent)	2.87%	12.98%
Gold	-0.66%	-2.47%
Natural Gas	-2.55%	-0.27%

MSCI upgrade, OPEC deal to drive regional markets

The week ahead

Regional markets

Regional markets will head into the first full trading week after the Eid holidays amid a positive set of regional events over the last week. OPEC's decision to increase oil output while returning to a 100% compliance level, and Saudi Arabia's MSCI EM index inclusion may soothe the nerves of regional investors. Further, oil prices are likely to remain firm on expectations that additional crude production won't lead to a supply glut - due to renewed US sanctions on Iran and Venezuela - amid strong demand. However, the rapidly escalating global trade war, on the back of the US tit-for-tat attitude over tariff and trade barriers, may keep markets in check.

Global markets

The week begins with Germany's business climate data on Monday, followed by US home price index stats on Tuesday. Wednesday will see data on US durable goods orders and Japan's retail trade figures. Thursday will be action packed, which will witness the release of US's 1Q18 GDP, Germany's consumer inflation, Japan's consumer inflation and unemployment rate. On Friday, UK's 1Q18 GDP, Eurozone's consumer inflation and the US' personal consumption expenditures numbers will be released.

You may be asked about

MSCI announced on June 20 that it will reclassify Saudi Arabia as an emerging market from the middle of 2019, accounting for 2.6% weight of the index with 32 securities. The inclusion process will be completed in two phases in May 2019 and August 2019. The Chairman of the Saudi CMA said the inclusion could lead to attract USD 40bn worth of foreign inflows. Additionally, MSCI announced that it will include Kuwait in its 2019 Annual Market Classification Review for a potential reclassification to emerging market from frontier market.

Note to management

The inclusion of Saudi Arabia in the MSCI EM index is a game-changer for regional markets. Judging by the media and commentator response to the news, inclusion guarantees success. But inclusion is not an automatic pass to a successful future for all. There remain plenty of hurdles to cross before listed firms can reap the rewards. Among these are:

- Timing: Inclusion does not complete until August 2019 - some index adjustments are likely
- Limitations: So far, only 32 stocks will be included. The majority of stocks won't make it
- Other barriers: foreign inclusion factor, liquidity challenges and IR shortcomings

While index inclusion is to be celebrated, it is only the beginning of the journey. In case they haven't already, Saudi firms must now:

- Instigate a professional IR program and build an infrastructure to execute it.
- Understand the requirements and motivations of international investors
- Implement adequate governance and compliance standards

Saudi firms must take this element seriously, and acknowledge the journey they must undertake. Growth and success will follow. The hard work begins now. Learn more: [Link](#)

REGIONAL CALENDAR

24.06.2018	Abu Dhabi Building Materials Price Statistics	-
25.06.2018	KSA 1Q 2018 GDP Data	-
26.06.2018	KSA Consumer Price Index Data	KSA Labor Market Data
27.06.2018	KSA Industrial Production Survey Data	-
28.06.2018	Abu Dhabi 1Q 2018 GDP Data	KSA Weekly Money Supply Data

GLOBAL CALENDAR

25.06.2018	Germany Business Climate Data	-
26.06.2018	US S&P/Case-Shiller Home Price Index Data	-
27.06.2018	US Durable Goods Orders Data	Japan Retail Trade Data
28.06.2018	US 1Q 2018 GDP Data	Germany Consumer Inflation Data
29.06.2018	Eurozone Consumer Inflation Data	UK 1Q 2018 GDP Data

Food for thought

IR & BEYOND

Iridium/ IR Magazine	What Saudi Arabia's MSCI Upgrade Means For IR In The Kingdom	Link
Bloomberg	Saudi Arabia Wins MSCI Upgrade; What Do Investors Think?	Link
Investment Week	MSCI Upgrade Paves Way For Saudi Arabia-focused Funds	Link
Funds Europe	Invesco Launches First Saudi Arabia ETF In Europe	Link
Institutional Investor	Diversification Opportunities In Emerging And Frontier Markets	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	2.89	+10	+75
UK	1.32	-12	+29
Germany	0.33	-17	+8
France	0.70	-10	+10
Italy	2.68	+29	+78
Switzerland	-0.09	-9	+12
Japan	0.02	-1	-2
Hong Kong	2.19	-4	+101
India	7.82	-3	+136

GLOBAL AGENDA

US	Releases 1Q 2018 GDP Data
China	Releases Official PMI Data
EU	EU leaders to discuss EU budget, Brexit, etc in Brussels
Federal Reserve	Releases results of part two of its annual bank stress tests
ECB	Publishes an economic bulletin
German Chancellor	Holds talks with leaders of the other parties in her coalition government
BoE Governor	Carney discusses the Financial Stability Report after its publication
Brexit	EU chief Brexit negotiator briefs European affairs ministers on the General Affairs Council
AIIB	Asian Infrastructure Investment Bank holds its annual meeting in Mumbai
Earning Releases	Nike, Accenture, Lennar, General Mills, Conagra

MOST READ REGIONAL SECTOR HEADLINES

Banks	Saudi banks profit to grow on lower provisioning: Moody's
Consumers Discretionary	Saudi Research and Marketing Group's Toaq inks SAR149mn media services
Energy	Saudi pledges 'measurable' oil supply boost as OPEC, Russia agree deal
Telecom	KSA grants investment licenses for 3 international firms with 100% ownership
Materials	EU regulators to set conditions for Tronox- TASNEE's Cristal deal approval
Transportation	Air Arabia appoints legal representative to protect investments in Abraaj
Financials	Kuwait Finance House gets approval for up to \$1bn sukuk issuance
Healthcare	NMC Health gets \$250mn 1 year term loan
Real Estate	Aldar Properties partners with Viceroy Hotel Group for a new project
Utilities	ACWA Power named preferred bidder for UAE's desalination water project

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Saudi regulator says Aramco IPO may be ready before year's end
Emirates Global Aluminum	EGA signs five-year agreement to supply Europe's Aludium with rolling slab
DP World	DP World to expand capacity at Canada's Fairview terminal
ADFG	Abu Dhabi Financial Group offers to buy Abraaj interest in LPs
National Bank of Fujairah	National Bank of Fujairah plans to tap debt from 2019
ADNOC	ADNOC said seeking partners for 40% of refinery unit
Emirates NBD	Emirates NBD signs Amwal for clearing services
Masraf Al Rayan	Masraf Al Rayan, Barwa Bank and Intl. Bank of Qatar call off merger plan
Mubadala	Mubadala buys 10% of Eni's stake in Zohr concession area
Qatar Petroleum	Qatar Petroleum's LNG deals in Europe face EU antitrust probe

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,206.4	13.6%	4.3%	0.6%	\$531.9	18.5x
ADX	4,535.3	3.1%	-1.1%	-1.5%	\$123.8	12.1x
DFM	2,928.2	-13.1%	-5.8%	-1.2%	\$79.1	9.4x
Nasdaq Dubai	3,133.5	-4.7%	-3.3%	-1.1%	NP	NP
Qatar	8,922.5	4.7%	4.1%	0.5%	\$104.2	13.3x
Bahrain	1,309.5	-1.7%	-0.7%	3.5%	\$20.2	8.5x
Oman	4,609.9	-9.6%	-3.4%	0.1%	\$12.9	11.5x

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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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