

Growth concerns remain as US-China standoff persists

The week ahead

Regional markets

Regional markets look forward to any major breakthrough in US-China trade negotiations after a series of differing reports/comments last week raised concerns that the standoff may not be resolved soon, adding to worries about global economic health even as the IMF lowered global growth forecasts. In addition, a parliamentary vote this week in the UK on an alternative Brexit plan and the US' monetary policy meet may keep investors on the fence. Increased momentum in regional corporate earnings should also determine market movements. Abu Dhabi Commercial Bank, United Arab Bank and Doha Bank are expected to report FY 2018 earnings this week.

Global markets

The week begins with the release of data from the US on the Chicago Fed National Activity Index (Dec), followed by the European Central Bank's President's speech on Monday. On Tuesday, data on the US' consumer confidence (Jan) and the crucial UK parliamentary vote on Brexit Plan B will be in focus. Wednesday's highlights include the release of Germany's preliminary harmonized index of consumer prices (Jan) and the US Federal Reserve's monetary policy statement and interest rate decision. China's manufacturing and non-manufacturing PMI (Jan) and Eurozone's 4Q18 preliminary GDP data will be released on Thursday. The US' non-farm payrolls (Jan) and ISM manufacturing PMI (Jan) will draw the week to a close on Friday.

You may be asked about

The International Monetary Fund (IMF) lowered its 2019 economic growth forecast for Saudi Arabia to 1.8% (vs. 2.4% growth forecast of October 2018), citing pessimism over oil prices over the next two years and oil production cuts by OPEC. Nevertheless, the IMF noted that the Kingdom's fiscal policy in 2019 remains expansionary, possibly leading to pick-up in the non-oil sector. The growth forecast for the MENAAP (MENA, Afghanistan and Pakistan) region was also lowered by 30bps to 2.4% in 2019, considering regional geopolitical tensions, tightening fiscal conditions in Pakistan and weak oil output growth. The IMF, however, expects MENAAP region's growth to pick-up in 2020 to 3.0%, with Saudi Arabia forecasted to grow at 2.1%, 20bps higher than the earlier forecast.

Note to management

Temasek is the sovereign wealth fund of Singapore. In the forty years since it was founded, it has amassed an investment empire of \$300 billion, making it one of the world's largest investors. Traditionally perceived as a 'hands-off' investor, the fund was reported last week to have been stirred into action by underperformance at one of its portfolio companies: Standard Chartered Bank.

The London-listed bank is an emerging markets-focused business, but it has severely underperformed over the past few years, hit by a perfect storm of regulatory sanctions, writedowns and bad loans, and, most recently, accusations of a "toxic culture" of bullying, sexism and fraud.

Read our thoughts on the story [HERE](#).

REGIONAL CALENDAR

28.01.2019	KSA Statistical Bulletin	-
30.01.2019	UAE GDP 3Q18 Data	-
31.01.2019	KSA Weekly Money Supply Data	UAE Qtr'ly Statistical Publication

GLOBAL CALENDAR

29.01.2019	Japan Retail Trade	US Consumer Confidence
30.01.2019	US GDP Data	US Fed Monetary Policy Statement
31.01.2019	EU GDP Data	China Manufacturing PMI
01.02.2019	US Nonfarm Payrolls	US ISM Manufacturing PMI

Food for thought

IR & BEYOND

Iridium	Temasek vs Standard Chartered: Supportive SWF or Disruptive Activist?	Link
Harvard Law School	Dealing with Activist Hedge Funds and Other Activist Investors	Link
Bloomberg Blog	Saudi bonds to join JPMorgan Index in \$119 billion Gulf addition	Link
Institutional Investor	Most Hedge Fund Managers Failed to Raise Money Last Year	Link
Citywire	Fear of missing out is dominating investor rally, warns FAB	Link

IN CASE YOU MISSED IT...

Regional markets ended mixed last week. Saudi Arabia (-0.2%) inched down, as weak oil prices dragged shares of petrochemical firms such as Saudi Basic Industries Corporation. Qatar (-0.7%) was pulled lower by financial and industrial stocks. Dubai (-0.1%) ended marginally lower as weakness in property stocks was partially offset by gains in financial stocks such as Emirates NBD. Oman (-1.3%) and Kuwait (-0.3%) also registered losses. However, Abu Dhabi (+0.7%) rose on gains in financial stocks, particularly Abu Dhabi Commercial Bank, which closed at a four-year high after stating its board will meet this week to discuss the potential merger with Union National Bank and Al Hilal Bank. Bahrain climbed 2.5%. The US markets closed mixed as trade worries and global growth concerns were counterweighed by broadly positive earnings and upbeat management outlooks. S&P 500 (-0.2%) inched down, while Dow and Nasdaq clocked identical gains (+0.1%, each). In Europe, FTSE 100 (-2.3%) was weak. However, CAC (+1.0%), DAX (+0.7%), and STOXX 600 (+0.2%) ended in the green.

Q4 RESULTS	PROFIT (mn)	Y-O-Y%
Saudi Telecom	SAR 10,790	+7.7%
SAFCO	SAR 1,738.4	+97.9%
Almarai	SAR 2,008.9	-7.9%
National Petrochemical	SAR 1,165.0	+31.2%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Aluminium	2.61%	-0.99%
MSCI EM	1.04%	5.56%
MSCI World	0.46%	5.31%
S&P 500	0.24%	5.40%
MSCI GCC	-0.14%	6.46%
Oil	-0.15%	13.55%
FTSE 100	-0.23%	1.35%
Gold	-0.84%	-0.10%
US Treasury	-2.07%	-3.27%

EARNINGS CALENDAR

	Market	Est/ Conf	Date
Doha Bank	Qatar	C	27 Jan
National Bank of Umm Al Quwain	UAE	C	27 Jan
Islamic Holding Group	Qatar	C	28 Jan
ADCB	UAE	C	29 Jan
United Arab Bank	UAE	C	30 Jan

COMMODITIES

	WTD ↓	YTD
Oil (WTI)	2.04%	17.00%
Oil (Brent)	-0.15%	13.55%
Gold	-0.84%	-0.10%
Natural Gas	-9.20%	5.41%

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GLOBAL AGENDA

US Federal Reserve	Federal Open Market Committee rate decision
Bank of England	Governor Mark Carney to speak at a BOE Future Forum event
ECB	President Mario Draghi to speak in the European Parliament in Brussels
US	Congressional Budget Office to release annual budget and economic outlook
UK	Parliament votes on amendments to Theresa May's Brexit deal with the EU
India	Interim budget presentation
BoJ	Deputy Governor Masayoshi Amamiya to speak in Shimonoseki, Japan
China	Chinese National People's Congress Standing Committee holds a special session to support trade negotiations with the US
South Korean	President Moon Jae-in to meet Qatari Emir Sheikh Tamim bin Hamad Al Thani
Earning Releases	Apple, Caterpillar, Alibaba, Amazon, Shell, Tesla

MOST READ REGIONAL SECTOR HEADLINES

Banks	Moody's: Banking constraints intensify liquidity risks in the MENA region
Energy	Saudi Aramco has not reached accord on SABIC deal purchase price
Consumer	DP World to spend at least \$250mn building stake in Australia unit
Telecom	Vodafone Qatar signs agreement to provide mobile coverage with Manateq
Aviation	IATA: Europe-Middle East market 'top performer' in premium air fares
Utilities	Masdar Clean Energy eyes stake in Hero Future Energies
Real Estate	Aldar Properties waiting for right market conditions to IPO investment unit
Transport	Alwaleed's Kingdom Holding backs Uber merger talks with Careem
Materials	Aluminium Bahrain reached financial close of export credit funding
Consumer Retail	Fawaz Alhokair Group's mall unit files for IPO, offering in 2Q2019

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Eyes multi-billion-Dollar US gas acquisitions
The Abraaj Group	Colony Capital to buy Abraaj's Latin America private equity unit
Damac Properties	May invest up to \$1.3bn in London properties
Amlak Finance	Restarts talks on restructuring terms of debt
ADNOC	To plan restart for damaged RFCC unit in February
Doha Bank	To expand operations in Canada
Dubai Aviation Corp.	Flydubai taps banks for \$300mn loan
Kuwait Finance House	KFH and AUB reach deal on preliminary exchange price of shares
Bin Butti International	Raises \$470mn loan
Dana Gas	To invest \$5bn in Egypt in coming years

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,434.9	7.8%	7.8%	7.8%	\$540.0	18.3x
ADX	5,019.2	2.1%	2.1%	2.1%	\$136.3	13.5x
DFM	2,514.4	-0.6%	-0.6%	-0.6%	\$68.4	7.6x
Nasdaq Dubai	3,099.2	0.8%	0.8%	0.8%	NP	NP
Qatar	10,712.4	4.0%	4.0%	4.0%	\$140.9	15.7x
Bahrain	1,374.2	2.8%	2.8%	2.8%	\$21.0	8.9x
Oman	4,180.1	-3.3%	-3.3%	-3.3%	\$12.9	8.4x

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