

Markets rise, OPEC+ agree to extend production cuts

In case you missed it...

Abu Dhabi (+4.5%) climbed driven by banks and Etisalat. Etisalat rose on the back of a deal between its Egyptian unit Etisalat Misr and Telecom Egypt. Qatar (+4.3%) was lifted by buying from domestic and foreign institutions. Dubai (+4.0%) advanced further following a decision by the government last week to allow reopening of the Emirate's economy. Saudi Arabia (+2.2%) was also boosted by an easing of Covid-19 lockdown in the Kingdom. Kuwait (+0.1%) rose marginally but Oman (-0.1%) and Bahrain edged down (-0.2%). The US indices ended on a bullish note as a much better than expected May jobs report and some other economic data overshadowed civil unrest and US-China tensions. The Dow Jones (+6.8%) surged, followed by S&P 500 (+4.9%) and Nasdaq Composite (+3.4%). European indices also jumped. DAX (+10.9%), CAC40 (+10.7%), STOXX600 (+7.1%) and FTSE100 (+6.7%) closed firmly in the green as the ECB announced additional stimulus worth EUR600 billion.

The Week Ahead

Regional markets

Major regional markets are expected to continue on a rising trajectory when they begin trading on 7 June, tracking the strength in global equity markets and sharp rise in crude oil prices as both WTI and Brent gained over 11% last week ahead of a virtual OPEC+ meet. Meanwhile, OPEC+ agreed on Saturday, 06 June to extend historic oil cuts for another month i.e. July, which will surely buoy markets. Investors will also look forward to the US Fed meet this week as the US interest rates have a bearing on the Gulf region's interest rate environment. This week Qurain Petrochem's BoD will meet to discuss 1Q 2020 earnings.

Global markets

Last week's positive momentum is likely to continue this week also, considering the progress on opening up economies which is likely to offset unease between Washington and Beijing. With the corporate earnings season calming down somewhat, the focus will again shift to macroeconomic indicators. This week investors will focus on GDP data of Eurozone & the UK and interest rate decision by the US Fed.

You may be asked about

Saudi Contractors Authority (SCA), a government subsidiary operating under the Ministry Commerce & Investment, has estimated a dip of 20-40% in the awarding of projects in Saudi Arabia during 2020. SCA said in a report that in the beginning of March, 48% of construction projects in the Kingdom were awarded for 2020, whereas value of the projects awarded during 1Q 2020 amounted to SAR97.5 billion. The authority added that if the Covid-19 induced lockdown in construction sector remains for a period of six months, project awards during the rest of the period will total ~SAR22.5 billion i.e. the total value of awarded construction projects in 2020 will reach SAR120 billion.

Note to management

Trying to see where the pandemic will leave markets has led to a range of outlooks, from the glass-half-empty pessimists to the glass-half-full optimists. But several market indicators this week provide some timely clues: From Amazon's bond pricing to central bank action, there is certainly momentum in the capital markets – but in what direction?

Read our viewpoint [HERE](#).

REGIONAL CALENDAR

11.06.2020	KSA Money Supply	-
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GLOBAL CALENDAR

08.06.2020	Germany Industrial Production	UK Like-For-Like Retail Sales
09.06.2020	Eurozone GDP	Germany Trade Balance
10.06.2020	US Interest Rate Decision	US Consumer Inflation
11.06.2020	Eurozone Finance Ministers' Meeting	US Producer Price Index
12.06.2020	UK Industrial Production	UK GDP

Food for thought

IR & BEYOND

Iridium	Recovery Path: All you need is LUV	Link
Bloomberg Blog	With nowhere to go but up, V-recovery is nearly assured	Link
Pensions & Investments	Oman to transfer wealth funds into new entity	Link
Reuters	Saudi Arabia reimposes curfew in Jeddah for two weeks: SPA agency	Link
Institutional Investor	The II Fear Index: No Business-as-Usual Anytime Soon	Link

COMMODITIES	WTD ↓	YTD
Oil (Brent)	19.73%	-35.91%
Oil (WTI)	11.44%	-35.23%
Gold	-2.61%	11.06%
Natural Gas	-3.62%	-18.59%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil	19.73%	-35.91%
MSCI EM	7.77%	-10.05%
US Treasury	7.14%	-90.32%
FTSE 100	6.71%	-14.03%
MSCI World	5.80%	-4.64%
S&P 500	4.91%	-1.14%
MSCI GCC	2.95%	-15.71%
Aluminium	2.54%	-13.67%
Gold	-2.61%	11.06%

Sunday, 07.06.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.9	19	-122
UK	0.35	12	-47
Germany	-0.28	23	-4
France	0.01	1	-10
Italy	1.41	-56	-108
Switzerland	-0.34	22	20
Japan	0.04	7	17
Hong Kong	0.49	-	-92
India	5.83	-20	-

GLOBAL AGENDA

ECB	President Christine Lagarde to attend European Parliament hearing
Japan	PM to submit a second extra budget to parliament to boost the economy
US	The Federal Open Market Committee to meet to set U.S. monetary policy
The World Bank	To release its semi-annual Global Economic Prospects report
IMF	The board is scheduled to approve a \$5bn loan to Ukraine
EIA	To release crude oil inventory report
OECD	To produce its economic outlook
Eurozone	Finance ministers to meet to discuss the EU's recovery package
Brazil	To publish IPCA inflation data
Earnings announcements	Thor Industries, Adobe, Brown-Forman, Chewy, TalkTalk Telecom etc.

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	Hydrocarbon revenue of GCC states to decline to \$200bn: IIF
Telecommunication	Vodafone Qatar links 57 Al Waab compounds with Giganet Fiber
Banking	SAMA provides \$13.3bn to support bank liquidity
Real Estate	Dubai property prices rise slightly in April
Aviation	IATA says pandemic to cost Middle East airlines \$24bn
Healthcare	Al Murjan, Mediclinic to set up SAR1b hospital in Jeddah
Electricity	S&P affirms SEC's long-term rating affirmed with a Stable outlook
Food and Beverage	F&B market in Saudi Arabia and UAE to surpass \$80bn in 2020
Solar Power	Oman's first utility-scale solar power project now online
Hotels	Dubai hotels may cut 30% of jobs until demand recovers

MOST READ REGIONAL COMPANY HEADLINES

RAKBANK	Fitch affirms RAKBANK at 'BBB+' with a Stable outlook
Mubadala	In talks on \$1bn stake in India-based Reliance's Jio Platforms
Saudi Aramco	Saudi Aramco's Bahri puts LNG tanker plan on hold
Emirates	Lays off trainee pilots, cabin crew
Julphar	Launches AED500mn rights issue to drive expansion, cut debt
NMC Health	Files for bankruptcy in the US
ADNOC	To cut July crude nominations by 5% after OPEC+ pact
Careem	Does not expect full recovery until 2021
Amlak Finance	Unable to complete debt restructuring agreement
ADIB	CEO resigns after about one year in the role

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,207.8	-14.1%	10.8%	-0.1%	\$2,206.3	21.9x
ADX	4,303.1	-15.2%	15.2%	3.9%	\$130.5	13.4x
DFM	2,039.5	-26.2%	15.1%	4.9%	\$59.7	8.0x
Nasdaq Dubai	2,516.8	-21.0%	17.9%	4.0%	NP	NP
Qatar	9,252.1	-11.3%	12.7%	4.6%	\$129.4	14.6x
Bahrain	1,273.3	-20.9%	-5.7%	0.3%	\$19.3	9.2x
Oman	3,517.6	-11.6%	2.0%	-0.8%	\$11.3	9.2x

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