

OPEC+ agree to increase production cut

In case you missed it...

GCC markets closed up last week, except Oman (-0.9%). Kuwait and Qatar clocked identical gains (+2.1%, each), with Qatar rising on the back of buying support from foreign and local institutions. Bahrain (+1.3%) maintained rising trend. Dubai and Saudi Arabia also posted matching returns (+0.6%, each). The Kingdom was buoyed by firm oil prices and robust non-oil private sector data. Abu Dhabi (+0.3%) edged higher, primarily driven by Etisalat. The US markets closed mixed last week. A weak manufacturing data and announcements of trade tariffs on Brazil, Argentina and France weighed on the markets in the earlier part of last week. However, better than expected November jobs report which showed that unemployment rate fell to 50-year low, other positive economic reports and optimism about US-China trade deal lifted the markets later. S&P 500 (+0.2%) inched up while Nasdaq Composite and Dow Jones slipped by 0.1%, each. European markets also mostly closed lower; FTSE100 (-1.5%), CAC40 (-0.6%) and DAX (-0.5%) fell. STOXX600, however, was flat.

The Week Ahead

Regional markets

Regional markets are expected to cheer the OPEC+ deal where the members agreed to collectively cut oil supplies by an incremental 500,000 bpd starting January 2020. With the Kingdom pledging to voluntarily cut its oil output more than its quota, this should boost oil prices further as both Brent and WTI jumped over 6% last week. The GCC Annual Summit to be held this week will also hold importance for investors, as several important topics are likely to be discussed, including resolution of Qatar dispute, regional security and stabilization.

Global markets

Global markets will focus on monetary policy meetings of the US Fed and the European Central Bank scheduled this week, where both are widely expected to maintain the status quo. Elections in the UK on December 12 will also be keenly watched as it will have a bearing on Brexit prospects. In addition, investors will also watch out for developments regarding the US-China trade deal after the US reiterated that December 15 deadline remains in place for imposition of new tariffs on Chinese goods.

You may be asked about

Saudi Arabia took over presidency of the G20 from Japan on December 1, thus becoming the first Arab country to assume this position. Under this role, the Kingdom will focus on three main agendas: empowering people, safeguarding the planet and shaping new frontiers. In order to carry out its responsibilities, Saudi Arabia will convene more than 100 events and conferences, including ministerial meetings and meetings of officials & representatives from civil society, leading to G20 Leaders' summit to be held in Riyadh on 21 and 22 November 2020. The G20 is a forum for international economic cooperation and collectively, G20 members constitute ~80% of global economic output.

2H 2019 EVENTS CALENDAR

	DATE
GCC Annual Summit, RUH	10 DEC

ASSET CLASS MONITOR

	WTD ↓	YTD
Oil	3.14%	19.68%
MSCI GCC	0.89%	1.43%
MSCI EM	0.86%	8.61%
MSCI World	0.26%	20.29%
S&P 500	0.16%	25.49%
Gold	-0.26%	13.85%
FTSE 100	-1.45%	7.60%
Aluminium	-1.96%	-6.34%
US Treasury	-3.77%	-37.55%

BRENT FUTURES PRICE



COMMODITIES

	WTD ↓	YTD
Oil (WTI)	7.30%	30.37%
Oil (Brent)	3.14%	19.68%
Natural Gas	2.32%	-20.61%
Gold	-0.26%	13.85%

REGIONAL CALENDAR

08.12.2019	KSA Industrial Production Survey Oct'19
10.12.2019	KSA Labor Force Survey 3Q 2019
12.12.2019	KSA Weekly Money Supply

GLOBAL CALENDAR

09.12.2019	German Trade Balance	Eurozone Investor Confidence Survey
10.12.2019	China Nov Consumer Inflation	Germany Economic Sentiment Survey
11.12.2019	US Nov Consumer Inflation	US Interest Rate Decision
12.12.2019	Germany Nov Consumer Inflation	ECB Interest Rate Decision
13.12.2019	Japan Oct Industrial Production	US Nov Retail Sales

Food for thought

IR & BEYOND

IR Magazine	How to upgrade your ESG communications	Link
Bloomberg	The Prince Got His World-Beating IPO. Now Hard Work Begins	Link
Zawya	Saudi Tadawul updates indices methodology	Link
Gulf News	Kuwait upbeat over GCC summit	Link
ESG Clarity	Banks struggle with climate assessment	Link

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.84	-8	-101
UK	0.77	-2	-49
Germany	-0.29	-5	-54
France	0.03	-2	-65
Italy	1.35	19	-178
Switzerland	-0.65	-20	-44
Japan	-0.02	6	-7
Hong Kong	1.51	-	-48
India	6.67	16	-80

GLOBAL AGENDA

France President	To host Russian, Ukrainian and German leaders to resolve tensions in Crimea
Japan Prime Minister	Expected to win approval for his biggest bill
Finland	Talks on the formation of new government are scheduled
US FOMC	Rate decision, Fed Chair Powell news conference
OPEC	To issue monthly Oil Market report , including forecasts
Swiss National Bank	To decide rate, likely to maintain record low rate -0.75%
Paraguay President	To meet Us president Donald Trump at White House
Aramco	To begin trading on Saudi Stock Exchange
UN	Annual climate talks to continue in Madrid
ECB	Rate decision, No change to policy is expected

MOST READ REGIONAL SECTOR HEADLINES

Hospitality	Middle East hotels' occupancy improves in October to 67.6% - STR
Housing	UAE government plans to build over 23,000 new housing units by 2025
Banking	Outlook for GCC banks in 2020 is 'Stable' - Fitch Ratings
Energy	OPEC+ agree to reduce oil supplies by an additional 0.5mn bpd starting Jan
Chemicals	Production capacity of GCC chemicals industry grew by 13.3mn tons in 2018
Real Estate	Bahrain's Shura Council rejects proposal to exempt property registration fee
Telecommunication	Saudi telecom market's size reach \$17bn - CITC Governor
Construction	Awarded contracts' value in KSA surges 164% YoY in 3Q 2019 to \$12.7bn
Petrochemicals	Oman plans to invest \$28bn in petrochemicals and refining over 5-7 years
Retail	Saudi Arabia is working to establish a new e-commerce council

MOST READ REGIONAL COMPANY HEADLINES

SABIC	Inks deal with Military Ind. Corp. to develop plastics for use as tank armor
DP World	'Baa1' rating affirmed by Moody's but outlook revised to 'Negative'
Aluminium Bahrain	Refinances \$1.5bn syndicated loan
Qatar Petroleum	Signs 5-year naphtha sale deal with Shell International Eastern Trading Co.
DP World	DP World's subsidiary acquires 77% stake in Feedertech Group
Al-Futtaim Group	Will spend SAR2bn to build cinemas in Saudi Arabia
Kuwait Finance House	Receives Central Bank of Bahrain's approval for Ahli United Bank purchase
Boubyan Bank	Is in advanced talks to buy UK-based Islamic lender BLME Holdings
Oman Oil & Orpic Group	Planned sale of minority stake in the group will be completed during 2020
Saudi Aramco	Priced the IPO at SAR32 (\$8.53) per share, valuing the co. at \$1.7tn

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,905.5	1.0%	-2.3%	0.6%	\$498.1	20.4x
ADX	5,046.6	2.7%	-0.2%	0.3%	\$139.2	15.5x
DFM	2,694.7	6.5%	-3.1%	0.6%	\$76.3	10.7x
Nasdaq Dubai	3,116.2	1.4%	-1.3%	0.5%	NP	NP
Qatar	10,358.4	0.6%	-0.1%	2.1%	\$142.5	15.0x
Bahrain	1,547.3	15.7%	2.0%	1.3%	\$24.1	12.5x
Oman	4,028.9	-6.8%	0.3%	-0.9%	\$13.1	7.6x

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For more information contact:

Iridium Advisors DMCC
Pamela Chahine, Director
+971 4 429 5864
ir@iridium.ae
www.iridium.ae