

Markets to remain volatile on rising uncertainties

In case you missed it...

GCC markets ended largely in the red last week. Saudi Arabia (-6.8%) declined the most as Moody's downgraded the outlook of the Kingdom and its banks. Dubai (-5.1%) was weighed down by a dip in realty stocks, as Moody's changed its outlook on Emaar Properties to negative, while Abu Dhabi (-4.0%) was hurt by weakness in banks. Kuwait and Bahrain clocked identical losses (-2.4%, each), followed by Oman (-1.6%). However, Qatar (+0.4%) edged up partly aided by gains in petrochemical firms. The US indices closed up, as investors shrugged weak economic data and focused on easing of lockdowns in the US and Europe. Prospects of resumption in US-China trade talks and unexpected increase in China's exports activity in April also supported the markets. Nasdaq Composite (+6.0%) stood as the top gainer, followed by S&P 500 (+3.5%) and Dow Jones (+2.6%). In Europe, FTSE100 (+3.0%), STOXX600 (+1.1%) and DAX (+0.4%) ended higher. CAC40 (-0.5%), though, slipped.

The Week Ahead

Regional markets

Regional markets are expected to witness continued volatility as uncertainty regarding regional and global economic recovery rises. While sustained strengthening in crude oil prices and partial easing of Covid-19 lockdown by some economies will soothe markets, the IMF warning that Arab economies will face major challenges from current slowdown and Kuwait imposing 20-day total curfew from 10 May is worrisome. In addition, differing news reports on US-China relations adds to uncertainty. This week BoD of Air Arabia, GFH, AUB, Oman Insurance, Abu Dhabi National Takaful among others will meet to discuss 1Q 2020 financial performance.

Global markets

More countries are taking steps to re-open their economies although spread of COVID-19 pandemic continues. However, global markets are likely to remain under stress as increase in tensions between the US and China could hold back economic recovery. Moreover, market participants will focus on GDP data from the UK, Germany and Eurozone.

You may be asked about

The awarding body for World Expos, Bureau International des Expositions (BIE) has declared postponement of Dubai Expo by one year. A two-thirds majority of BIE Member States voted within a week in favor of the UAE's request to delay the six-month, multibillion-dollar global innovation fair, although the voting period ends on 29 May 2020. The Expo will now be held from 1 October 2021 to 31 March 2022, but retains its name 'Expo 2020 Dubai.' Dubai Expo is expected to attract ~24 million visitors and witness participation from 192 countries plus businesses, educational establishments and multilateral organizations.

EARNINGS CALENDAR	Market	Est/Conf	Date
Zain KSA*	KSA	C	10 May
Renaissance Services*	Oman	C	10 May
Saudi Aramco	KSA	C	12 May
Shelf Drilling Ltd	UAE	C	13 May
Lamprell PLC	UAE	C	13 May

*Earnings Calls

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
DIB	AED1,111.6	-16.8%
Qassim Cement Co.	SAR111.2	+98.5%
Oman & Emirates Inv. Co.	-AED2,222.0	NM
SEC	-SAR2,441.0	NM
RAKBANK	AED153.1	-43.2%
SABIC*	-SAR0.95	NM

*values in bn

BRENT FUTURES PRICE



REGIONAL CALENDAR

14.05.2020	KSA Weekly Money Supply	-
15.05.2020	Abu Dhabi Non-oil Trade	-

GLOBAL CALENDAR

11.05.2020	China New Loans	Japan Foreign Reserves
12.05.2020	China Consumer Inflation	US Consumer Inflation
13.05.2020	UK GDP (Prel)	UK Industrial Production
14.05.2020	Eurozone Economic Bulletin	China Industrial Production
15.05.2020	Germany GDP (Prel)	Eurozone GDP (Prel)

ASSET CLASS MONITOR	WTD ↓	YTD
Oil	17.13%	-53.08%
S&P 500	3.50%	-9.32%
FTSE 100	3.00%	-21.30%
MSCI World	2.44%	-13.27%
Aluminium	0.69%	-19.42%
Gold	0.13%	12.22%
US Treasury	0.00%	-92.26%
MSCI EM	-0.56%	-18.21%
MSCI GCC	-4.89%	-22.54%

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	6,628.5	-21.0%	1.9%	-6.8%	\$2,094.6	19.2x
ADX	4,061.6	-20.0%	8.8%	-4.0%	\$121.7	12.1x
DFM	1,922.6	-30.5%	8.5%	-5.1%	\$56.7	7.4x
Nasdaq Dubai	2,357.5	-26.0%	10.4%	-4.3%	NP	NP
Qatar	8,799.3	-15.6%	7.2%	0.4%	\$122.9	13.9x
Bahrain	1,279.7	-20.5%	-5.2%	-2.4%	\$19.8	8.9x
Oman	3,484.0	-12.5%	1.0%	-1.6%	\$11.2	8.3x

COMMODITIES

	WTD ↓	YTD
Oil (WTI)	25.08%	-59.48%
Oil (Brent)	17.13%	-53.08%
Gold	0.13%	12.22%
Natural Gas	-3.54%	-16.72%

SOVEREIGN YIELDS (10YR)

	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.68	-4	-176
UK	0.23	-7	-89
Germany	-0.54	-19	-49
France	-0.04	-14	-38
Italy	1.84	25	-84
Switzerland	-0.58	-20	-19
Japan	-0.01	-2	4
Hong Kong	0.38	-	-
India	5.97	-52	-

GLOBAL AGENDA

UK	To continue Brexit talks with EU via videoconference
BoE	Chief Economist Andy Haldane to speak on a Royal Economic Society
US	Supreme Court to argument in Trump subpoena cases
OPEC	To publish monthly oil market report for demand & production forecasts
ECB	To publish its Economic Bulletin
Germany	Chancellor Angela Merkel to give Bundestag an update on COVID-19
Norway	To present a revised budget for 2020
IEA	To release monthly oil market report
France	To begin opening up some businesses and schools from lockdown
Earnings announcements	Aramco, Cisco, Toyota, Tencent, Allianz, Marriott, Vodafone etc.

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC April oil output surges to 13-month high before new cut deal
Real Estate	Dubai records AED1.3bn property deals in last week of April
Finance	UAE takes lead to set up unified legislative framework in Islamic finance
Airline	Emirates, Etihad warn air travel recovery could take three years
Petrochemical	Advanced Petrochemical Company sees drop in polypropylene sales
Insurance	S&P downgrades Wethaq Takaful Insurance to 'B-' on low capital adequacy
Power	ACWA partners to build \$650mn Saudi desalination plant
Automobile	Qatar's automobile sector posts double-digit expansion in March
E-commerce	E-shopping site traffic spikes over 50% in the UAE
Foods and Beverages	UAE, KSA health F&B market to top \$14.5bn by 2020-end: Frost & Sullivan

MOST READ REGIONAL COMPANY HEADLINES

Nakheel	Slashes salaries due to coronavirus crisis
Emaar Properties	Moody's lowers outlook to Negative
Jazeera Airways	Lays off over a third of staff, not seeking state aid
ADIB	Pens agreement to market Islamic Leasing & Finance Opportunities Fund II
NBO	Offers loan deferment packages to customers
ADNOC	Restarts Ruwais oil refinery after maintenance
DP World	Moody's cuts rating sees growing link to Dubai's credit quality
Saudi Aramco	Says operations, supply chains uninterrupted despite COVID-19
BPGIC	UAE's BPGIC leases oil storage tanks to France's Total in Fujairah
Mubadala	Abu Dhabi's Mubadala in early talks for potential dollar bond issue

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