

OPEC+ falls short of historical 10 mbpd oil cut deal

In case you missed it...

GCC markets closed mixed last week. Abu Dhabi (+9.5%) clocked its biggest percentage gain since December 2009, aided by FAB and Etisalat. Qatar (+6.3%) jumped partly driven by gains in banking stocks. Dubai (+6.2%) followed closely, posting its biggest weekly gain since February 2016. Saudi Arabia (+3.8%) rose on an increased likelihood of a deal between OPEC and non-OPEC members to cut crude oil production. Oman (+2.6%) partly recovered its previous week's loss. Both Kuwait (-2.6%) and Bahrain (-2.2%) extended their last week's losses. The US indices surged; Dow Jones (+12.7%) preceded S&P 500 (+12.1%) which notched its best weekly gain since 1974. Nasdaq Composite climbed 10.6%. New stimulus programs announced by the Fed, including \$600 billion for mid-sized businesses and \$500 billion for states, as well as perceived stabilization in the spread of COVID-19 pandemic buoyed markets. European indices followed their US counterparts; DAX (+10.9%), CAC40 (+8.5%), FTSE100 (+7.9%), and STOXX600 (+7.4%) all ended firmly in the green.

The Week Ahead

Regional markets

Regional markets might witness mixed sentiments as Mexico played spoilsport in the latest OPEC+ meeting. Although the OPEC and non-OPEC members reached a historical deal to cut oil production by 10 million barrels per day (bpd), Mexico refused to agree on its share of cuts which has made the agreement conditional to Mexico's consent. Investors, meanwhile, will continue to weigh on COVID-19 economic impact as new cases continue to pour in. On the corporate front, UAB, du, SHUAA, Dana Gas, KFH will hold shareholder meetings. QNB, QIB and Mashreq Bank are expected to kick off 1Q 2020 earnings season.

Global markets

The spook of COVID-19 continues to haunt global investors and it is likely to influence the direction of global markets for another week. With major countries virtually at standstill, economies contracting and millions losing jobs, market participants will look for industrial production in the US, Japan, India and Eurozone which will shed some light on the economic damage that the COVID-19 spread is causing.

You may be asked about

The UAE's central bank announced additional stimulus last week, thereby increasing the aggregate value of all its capital and liquidity measures to AED256 billion (-\$70 billion) from the AED100 billion (\$27 billion) it launched on 14 March. Among the measures included are a reduction of reserve requirements for demand deposits for all banks to 7% from 14% which is expected to infuse liquidity of \$61 billion in the banking system. The regulator also extended the capital buffer relief worth AED50 billion until 2021-end. The ratings agency Moody's said that while the new measures will aid to control weakening in banks' asset quality and support liquidity, it raises the potential for problem loans.

Note to management

In 2018 and 2019, in the USA alone, companies acquired some US\$1.5 trillion of their own stock. The collective share buyback programmes of the world's listed companies has become an important support mechanism for valuations, proving popular with investors. But this regular showering of money onto shareholders has come to a juddering halt because of coronavirus. What might the implications be for capital markets of the end of the buyback programme in the post-Coronavirus world? Click [HERE](#) to read more.

Q4 RESULTS	PROFIT (mn)	Y-O-Y%
Advanced Petrochem Co.	SAR104.0	-35.8%
Almarai Co.	SAR383.0	+14.0%

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	150.00%	-83.87%
S&P 500	12.10%	-13.65%
MSCI World	10.47%	-16.87%
FTSE 100	7.89%	-22.54%
MSCI EM	6.79%	-20.32%
Gold	4.68%	11.82%
MSCI GCC	4.08%	-19.16%
Aluminium	-1.62%	-20.62%
Oil	-7.71%	-52.30%

COMMODITIES	WTD ↓	YTD
Natural Gas	6.91%	-20.83%
Gold	4.68%	11.82%
Oil (Brent)	-7.71%	-52.30%
Oil (WTI)	-19.69%	-62.73%

REGIONAL CALENDAR

14.04.2020	KSA Wholesale/Consumer Inflation	-
17.04.2020	Abu Dhabi Consumer Inflation	-

GLOBAL CALENDAR

13.04.2020	China FDI	India Industrial Production
14.04.2020	China Trade Balance	US Import Price Index
15.04.2020	US Retail Sales	US Industrial Production
16.04.2020	Eurozone Industrial Production	Germany Consumer Inflation
17.04.2020	China GDP	Japan Industrial Production

Food for thought

IR & BEYOND

IR Magazine / Iridium	Covid-19 prompts buyback backlash	Link
Institutional Investor	The Asset Class That's Not Getting Crushed by Coronavirus	Link
IPE	Viewpoint: Responsible investing climbs trustee boards' agendas	Link
P&I	'Social washing' a growing headache for ESG investors	Link
IR Magazine	Covid-19 response highlights shift to stakeholder value	Link

Sunday, 12.04.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.72	-15	-178
UK	0.3	1	-85
Germany	-0.36	39	-34
France	0.09	42	-23
Italy	1.58	41	-78
Switzerland	-0.4	46	-4
Japan	-0.02	7	6
Hong Kong	0.59	4	-
India	6.49	37	-

GLOBAL AGENDA

France	President to address the nation about the COVID-19 outbreak
OPEC	To publish monthly oil market report
IMF	To release the April 2020 global financial stability report
South Korea	To hold parliamentary elections
NATO	Defense ministers to hold a video conference
EU	Health ministers to hold a video conference
Indonesia	Central bank to release its rate decision and briefing
U.S.	Former Secretary of State Condoleezza Rice to participate in virtual event
Ukraine	Lawmakers to gather for a meeting to approve a law on bankrupt lenders
Earnings announcements	JPMorgan, Citigroup, Bank of America, BlackRock, GS Wells Fargo etc.

MOST READ REGIONAL SECTOR HEADLINES

Bank	GCC banks to witness significant reduction in 2020 credit growth: S&P
Insurance	GCC insurers may see slowdown in investment portfolios
Oil & Gas	OPEC+ debates biggest-ever oil cut, awaits US efforts
Airline	Middle East carriers face \$19bn revenue loss due to Covid-19 crisis: IATA
Petrochemical	Saudi GAC approves SAFCO's acquisition of SABIC's unit
Telecom	Saudi Telecom delays \$2bn -debt talks for Vodafone deal
Power	Oman's electricity production falls ~15% in January
Healthcare	Emirates NBD's exposure to hospital group NMC Health at AED747.3mn
logistics	COVID-19 to have short-term impact on UAE logistics sector
Metal	Omani steel mill achieves record production

MOST READ REGIONAL COMPANY HEADLINES

Emaar Properties	Sells majority of cooling business to Tabreed for \$675mn
APC	Saudi-based APC set to build two major petchem units for \$1.8bn
Mashreqbank	Dubai's Mashreqbank says no exposure to UAE Exchange or Finabl
Dana Gas	Delays decision on Egypt assets sale
OETC	S&P downgrades Oman Electricity Transmission Co. to 'BB-'
ADCB	In talks with NMC Health over \$981mn debt exposure
ADNOC	Raised oil output to 4.03mn bpd on April 1
Agility	Kuwait's Agility freezes planned investments and hiring
DXBE	Dubai theme park operator delays interest payments on AED4.2bn loan
Nakheel	Announced an AED230mn economic relief package

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,006.2	-16.5%	7.7%	7.7%	\$2,179.7	19.5x
ADX	4,113.7	-19.0%	10.1%	10.1%	\$119.4	11.5x
DFM	1,830.0	-33.8%	3.3%	3.3%	\$55.1	6.7x
Nasdaq Dubai	2,342.1	-26.5%	9.7%	9.7%	NP	NP
Qatar	8,989.8	-13.8%	9.5%	9.5%	\$126.0	13.3x
Bahrain	1,300.4	-19.2%	-3.7%	-3.7%	\$20.1	9.3x
Oman	3,472.4	-12.8%	0.7%	0.7%	\$11.1	7.0x

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