

Markets look to global reopening efforts

In case you missed it...

GCC markets closed on a mixed note. Dubai (+3.1%) climbed for a third week as it posted its biggest intraday gain in two months on 7 June, driven by DIB and property stocks. Extension of the OPEC+ oil production cut pact into July boosted Saudi Arabia (+1.4%) with Kuwait (+1.2%) following its path. Bahrain (+0.6%) recovered its previous week's loss. Abu Dhabi (-0.2%) edged down as the Emirate extended a movement ban by one week. Qatar (-0.2%) slipped due to losses in QNB and petrochemicals stocks. Oman (-0.1%) inched down for another week. The US markets' rising streak was halted primarily due to a sharp sell-off on 11 June. Dow Jones (-5.6%), S&P 500 (-4.8%) and Nasdaq Composite (-2.3%) declined as risk-off sentiments clouded the street against the backdrop of increased Covid-19 cases and a bleak economic outlook by the US Fed Chief. In Europe, DAX (-7.8%), CAC40 (-6.9%), FTSE100 (-5.8%) and STOXX600 (-5.7%) all fell as a report showed the UK's GDP in April contracted by a record 20.4%, highlighting the damage inflicted by the pandemic in Europe.

The Week Ahead

Regional markets

Regional markets are likely to commence the week on a subdued note as the rally in global equities and crude oil came to an end last week. With the second quarter results approaching and a handful of earnings reports for 1Q outstanding, markets are likely to focus on policy decisions as the governments in the region try to balance reopening economies while preventing the spread of Covid-19. Investors may also keep an eye on a reported OPEC+ monitoring panel meeting towards the end of this week. This week Union Insurance's BoD will meet to discuss 1Q 2020 earnings.

Global markets

Global economies are slowly clawing back the losses incurred due to the Covid-19 outbreak. With the expectations of a pick-up in business activity, markets are expected to gain some positive momentum this week. However, the worsening relations between the world's two biggest economies can create a hindrance to this progressive momentum. For the week, market participants will look for interest rate decision by the BoJ and BoE, economic sentiments in Germany and the unemployment rate in the UK.

You may be asked about

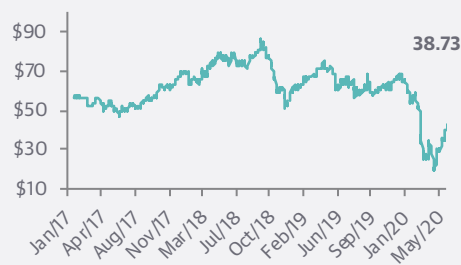
The World Bank has estimated the global economy to contract by 5.2% this year in its June 2020 Global Economic Prospects report, which will be the most severe recession since World War II. Economies of the MENA region are expected to shrink 4.2% due to the ill-effects of low oil prices and Covid-19 pandemic, according to the report. However, Egypt and Djibouti will be an exception in MENA as they are expected to grow, with Egypt's 2020 fiscal year ending in June. Within MENA, the World Bank forecasted GCC economies to contract by 4.1% in 2020 but post 2.2% growth in 2021.

Note to management

Several issues have barged their way onto boardroom agendas as a result of the pandemic, and they are unlikely to go away in hurry. Employee wellbeing, flexible working, diversity and inclusion have become more than "nice-to-have" policy items. They have become material proof points for investors, and measurable indicators of company performance. Boards and senior teams have to sit up and take notice. Read our viewpoint [HERE](#).

ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	6.67%	-89.68%
Gold	2.71%	14.07%
MSCI GCC	0.66%	-15.16%
Aluminium	0.42%	-13.31%
MSCI EM	-1.56%	-11.45%
MSCI World	-4.16%	-8.61%
S&P 500	-4.78%	-5.86%
FTSE 100	-5.85%	-19.06%
Oil	-8.44%	-41.32%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	2.71%	14.07%
Natural Gas	-2.86%	-20.92%
Oil (WTI)	-8.32%	-40.62%
Oil (Brent)	-8.44%	-41.32%

REGIONAL CALENDAR

15.06.2020	Abu Dhabi Merchandise Trade	-
17.06.2020	KSA Money Supply	-

GLOBAL CALENDAR

15.06.2020	China Industrial Production	Eurozone Trade Balance
16.06.2020	Japan Interest Rate Decision	Germany Economic Sentiment
17.06.2020	UK Consumer Inflation	Eurozone Consumer Inflation
18.06.2020	UK Interest Rate Decision	Eurozone Economic Bulletin
19.06.2020	UK Retail Sales	Germany Producer Price Index

Food for thought

IR & BEYOND

IR Magazine / Iridium	Sensitive Issues Barge Into Boardroom	Link
IR Magazine	How the corporate access landscape has changed since Covid-19	Link
Institutional Investor	Asset management pays more than any other job – for now	Link
Bloomberg	Goldman Says There's Still Room for Gains in Emerging Stocks	Link
ESG Clarity	Is Vanguard 'dragging its feet' on ESG?	Link

Sunday, 14.06.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.7	5	-139
UK	0.21	0	-63
Germany	-0.44	9	-20
France	-0.04	1	-15
Italy	1.44	-36	-91
Switzerland	-0.51	7	0
Japan	0.01	2	14
Hong Kong	0.35	-	-108
India	5.8	-	-122

GLOBAL AGENDA

OPEC+	Joint Technical Committee to meet to review the oil market
BoE	To declare the rate decision
CBOE	Plans to open its trading floor, it has been electronic-only since March 16
NATO	Defense ministers are scheduled to hold a video conference
Fed	Chairman to deliver the semi-annual monetary policy report
BoJ	Governor Haruhiko Kuroda to speak at a press conference in Tokyo
UN General Assembly	Will hold elections for 5 non-permanent members of the Security Council
IEA	To publish its monthly Oil Market Report
ECB	To declare its economic bulletin
US	President Donald Trump to hold his first live campaign rally since March

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC+ extends record oil cuts till the end of July
Power	ACWA Power Chairman sees giving more loans as 'negative thing'
Banking	Saudi banks face tough few quarters but are well capitalized, say CEOs
Real Estate	ValuStrat: Dubai's residential properties value down 11.5% in May
Aviation	IATA: Middle East airlines' losses to top US\$4.8b in 2020
Infrastructure	HSBC extends \$558mn funding for UAE's Etihad Rail project
Logistics	GWCS CEO: Qatar's logistics industry to see major tech advancement
Wind Energy	UAE's Masdar to build and operate wind farm in Uzbekistan
Insurance	DIFC posts 17.4% growth in reinsurance during 2019
Tourism	Ninety six new tourism projects expected to open in 2020-21 in Oman

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	To delay July OSPs pending OPEC+ meeting
Emirates NBD	Bank of America acquires stake in Dubai's Emirates NBD
Bank Muscat	Completes \$150mn loan with China Development Bank
Emirates	Lays off thousands of pilots, cabin crew, plans more job cuts
NCB	Launches SAR-denominated Tier 1 Sukuk
DIB	To revive Islamic bond deal postponed amid market turmoil
Ajman Bank	Fitch affirms Ajman Bank at 'BBB+'; with a Stable outlook
FAB	To redeem \$750mn in perpetual bonds
GFH Group	Completes \$500mn Sukuk issuance
Chalhoub Group	Dubai's Chalhoub Group to cut jobs, close stores

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,309.8	-12.9%	12.4%	1.3%	\$2,220.1	22.2x
ADX	4,294.9	-15.4%	15.0%	3.7%	\$130.9	13.4x
DFM	2,103.3	-23.9%	18.7%	8.1%	\$60.5	6.3x
Nasdaq Dubai	2,548.6	-20.0%	19.3%	5.3%	NP	NP
Qatar	9,233.4	-11.4%	12.5%	4.4%	\$128.8	14.5x
Bahrain	1,280.4	-20.5%	-5.2%	0.8%	\$19.4	9.3x
Oman	3,513.7	-11.7%	1.9%	-0.9%	\$11.3	9.7x
Kuwait	5,521.8	-20.8%	6.2%	1.8%	\$66.0	13.2x

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