

Brent jumps as KSA assures to compensate oversupply

In case you missed it...

GCC markets mostly gained last week. Bahrain (+3.3%), which inked agreements with Israel to establish formal ties, registered the highest increase, followed by Kuwait (+3.0%). Saudi Arabia (+2.5%) was buoyed by advances in banking shares. Dubai (+2.2%) rose partly on the back of strength in property stocks, whereas buying support from retail investors supported Qatar (+1.8%). However, both Abu Dhabi (-0.2%) and Oman (-1.0%) extended their previous week's decline. The US markets ended mixed. The stocks rallied initially, partially driven by fresh hopes of Covid-19 vaccine and a flurry of initial public offerings; but, warning from the Fed about slow economic recovery as it said it will likely hold interest rates at near zero level at least till 2023, and continued uncertainty about fresh stimulus from the government dragged the markets later. While Dow Jones (-0.0%) closed flat, Nasdaq (-0.6%) and S&P 500 (-0.6%) clocked identical losses. European indices, except STOXX600 (+0.2%), weakened as CAC40 (-1.1%), DAX (-0.7%) and FTSE100 (-0.4%) all fell.

The Week Ahead

Regional markets

A rally in crude oil prices last week, with both Brent and WTI closing above \$40 per barrel mark, partially driven by an assurance from Saudi Arabia that OPEC+ will compensate for oil overproductions before 2020-end, is likely to provide support to regional markets. The weakness in global markets amid a hazy outlook for the global economic recovery, however, might be a drag. This week, Methaq Takaful BoD will discuss a reform plan, while GFH's AGM will ratify and authorize agreements with KHCB. Arabtec has invited shareholders to an EGM on 24 September to decide on the dissolution of the company.

Global markets

Global markets continue to grapple with several pressing issues like resurging Covid-19 cases worldwide, a stalled fiscal stimulus package in the US, uncertainties surrounding Brexit, US-China standoff etc., which makes their movement uncertain. This will be another busy week for the US IPO market. Investors, meanwhile, will look out for testimony by the US Fed Chief, report on US durable goods orders, PMI data from the US and Eurozone and a summit of EU leaders.

You may be asked about

Battered by a slowdown in worldwide economic activity in the wake of the COVID-19 pandemic, global oil demand is not expected to recover any time soon. Last week, both the International Energy Agency (IEA) and OPEC lowered their 2020 oil demand forecast for a second consecutive month. While the IEA increased its estimate of a dip in 2020 world oil demand to 8.4 million barrels per day (mbpd) from 8.1 mbpd, previously, OPEC revised down its global oil demand forecast in 2020 by 400,000 bpd to an of average 90.2 mbpd, which reflects a contraction of 9.5 mbpd from 2019. In addition, both the organizations cited continued downside risks to oil demand outlook due to pandemic-related uncertainties.

Note to management

A significant finding that emerged from our recent AI-powered analysis of Earnings Calls is that public availability is extremely low at 7.4% of all GCC companies. Although the number of Earnings Calls has increased over the last five years, the common practice of public companies not making replays or transcripts available could be a risky business. Read our new report on the subject [HERE](#)

REGIONAL CALENDAR

20.09.2020	Abu Dhabi Industrial Production Index	-
25.09.2020	KSA GDP and National Accounts	-

GLOBAL CALENDAR

21.09.2020	Germany Consumer Confidence Survey	US Fed National Activity Index
22.09.2020	UK CBI Industrial Trends Survey	Eurozone Consumer Confidence
23.09.2020	Germany Markit Manufacturing PMI	Eurozone Markit Manufacturing PMI
24.09.2020	Eurozone Economic Bulletin	Germany IFO Business Climate
25.09.2020	UK BoE Quarterly Bulletin	Eurozone M3 Money Supply

Food for thought

IR & BEYOND

Iridium	New Report: The Risky Business of Earnings Calls	Link
IR Magazine	'Understand what AI can do,' says NIRI CEO	Link
Funds Global MENA	Growth in green Islamic bonds during Covid, says Moody's	Link
Bloomberg Blog	ESG is set to outpace gold: Here are the reasons why	Link
Institutional Investor	The 'Paradox of Skill' Adds to Active Management Woes	Link

2H 2020 Conference Calendar	Date	Location
MEIRA Conference	22-23 SEP	Virtual
EFG Investor Conference	22-30 SEP	Virtual
HSBC GEMs Forum	6-16 OCT	Virtual
Morgan Stanley KSA Conference	2-3 NOV	Virtual

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
Oil	8.34%	-34.62%
MSCI GCC	2.18%	-7.77%
MSCI EM	1.53%	-0.55%
Gold	0.53%	28.58%
MSCI World	0.19%	0.31%
Aluminium	-0.09%	-3.03%
FTSE 100	-0.42%	-20.36%
S&P 500	-0.64%	2.75%
US Treasury	-9.09%	-93.55%

COMMODITIES	WTD ↓	YTD
Oil (WTI)	10.13%	-32.67%
Oil (Brent)	8.34%	-34.62%
Gold	0.53%	28.58%
Natural Gas	-9.74%	-6.44%

Sunday, 20.09.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.69	1	-109
UK	0.18	-5	-45
Germany	-0.49	-1	2
France	-0.23	-4	-1
Italy	0.96	5	8
Switzerland	-0.53	0	28
Japan	0.00	-2	23
Hong Kong	0.38	-	-
India	6.00	3	-63

GLOBAL AGENDA

EU	Trade ministers to meet in Berlin
EIA	To publish crude oil inventory report
UK	Informal contacts with negotiating teams on Brexit are likely to continue
Fed Chairman	Jerome Powell to testify to the House's select subcommittee
South Korea	Parliament is expected to approve this year's fourth extra budget
China	To take loan prime rate decision
Italy	To hold regional elections
Taiwan	To publish export orders and money supply data
US	Former national security adviser, H.R. McMaster to participate in an event
Argentina	To publish GDP information

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC sees steeper oil demand drop in 2020
Real Estate	Qatar's residential supply totaled 300,550 units in June: ValuStrat
Banking & Finance	CBUAE urges post-crisis caution to avoid credit supply squeeze
Aviation	Saudi Arabia to lift ban on international flights from January 1
Tourism	Saudi Arabia launches independent travel organization
Healthcare	GCC healthcare sector investments to reach \$89bn by 2022: KPMG
Power	Saudi Electricity Company gets \$1.3bn in country's first green bond sale
Telecom	Vodafone may reconsider price of Egypt sale to Saudi Telecom Company
Chemical	Nama Chemicals to stop caustic soda plant for 20 days for maintenance
Ports	Cargo handling grows at Qatari ports in August

MOST READ REGIONAL COMPANY HEADLINES

Gulf Cement	Finalizes withdrawal from Bursa Kuwait
ADIB	ADIB and MoF launch new e-Dirham cards
Arabian Centres	Sells Al Bawarij shares for \$10mn
BinDawood	To raise as much as \$585m from IPO
Emirates NBD	Signs MoU with Israel's Bank Hapoalim
NBO	Signs partnership contract with Outward Bound Oman to train youths
AUBK	Fitch affirms AUBK at 'A+'; with a Stable outlook
ADNOC	Completes institutional placement of ADNOC distribution shares
OOMC	MGC, OOMC sign pact to sell cooking gas cylinders at service stations
KFH	Rejects wealth fund request to postpone general assembly

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	8,337.9	-0.6%	28.2%	15.6%	\$2,506.6	30.4x
ADX	4,510.6	-11.1%	20.8%	8.9%	\$183.2	16.5x
DFM	2,320.9	-16.1%	31.0%	19.3%	\$67.3	8.8x
Nasdaq Dubai	2,771.8	-13.0%	29.8%	14.6%	NP	NP
Qatar	9,942.1	-4.6%	21.1%	12.4%	\$143.8	16.2x
Bahrain	1,435.3	-10.9%	6.3%	13.0%	\$21.9	13.4x
Oman	3,647.7	-8.4%	5.8%	2.9%	\$11.2	10.8x
Kuwait	5,835.7	-16.3%	4.1%	7.8%	\$73.5	19.8x

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