

OPEC+ members commit to meet agreed cuts in July

In case you missed it...

Kuwait (-1.4%) suffered its biggest intraday fall since April earlier last week after its banking federation said banks will not pay dividends. Dubai (-1.2%) was dragged down partially by Dubai Investments. Bahrain (-0.5%) slipped. However, Abu Dhabi (+1.2%) was primarily driven by FAB which sold 5-year Formosa bonds worth ~\$198 million. Qatar (+0.9%) got support from buying by foreign and local institutions. Saudi Arabia (+0.6%) rose tracking a rally in crude oil prices as the IEA revised up its 2020 oil demand estimate. Oman (+0.1%) inched up. The US markets resumed their bull run after declining in the week-ended 11 June. Nasdaq Composite (+3.7%), S&P 500 (+1.9%) and Dow Jones (+1.0%) gained on the back of better-than-expected economic data, the Fed increasing the scope of its \$750 billion emergency lending facility and a report that China plans to accelerate US farm goods' purchases. European indices also partly recouped their prior week's loss, as DAX and STOXX600 posted identical gains (+3.2%), ahead of FTSE100 (+3.1%) and CAC40 (+2.9%).

The Week Ahead

Regional markets

OPEC+ members affirmed their commitment to meet agreed supply cuts in July at the Joint Ministerial Monitoring Committee (JMMC) meeting held last Thursday which helped push oil prices higher. Accordingly, stock markets in the region are expected to open on a more positive note. While investors will also rejoice prospects of recovery in oil demand, the simultaneous increase in coronavirus cases in some parts of the world might act as deterrent for them to make significant moves. This week Boards of Foodco Holding, ASCANA and Sharjah Group will meet to discuss 1Q 2020 earnings.

Global markets

With a jump in COVID-19 cases, the positive momentum of global markets is likely to pause and the markets may experience a sell-off. Moreover, China which had successfully quashed the virus, is reporting a second wave of virus spread which might crush hopes of quicker than expected recovery. Market participants will focus on first quarter GDP data of the US and Japan's industry activity index.

You may be asked about

The UAE became the largest recipient of FDI in the Middle East in 2019, surpassing Turkey, according to the "World Investment Report 2020" released by the United Nations Conference on Trade & Development (UNCTAD). While FDI inflow to the Middle East fell 7% YoY in 2019 to \$28 billion; that to the UAE jumped over 34% to \$14 billion. In the GCC region, FDI to Saudi Arabia edged up to \$4.56 billion from \$4.24 billion in 2018. The Kingdom stood as the second highest FDI receiver in the GCC followed by Oman. Meanwhile, FDI outflows from the Middle East shrank to \$36 billion from \$50 billion in 2018.

Note to management

Two stories emerging last week provide more evidence of extraordinary times in the markets: corporate borrowing levels in the USA have broken all records. And a private equity-owned German company has come up with a new term for investors to understand: EBIDTAC. These two events appear to be unconnected, but they may be indicators of a brewing storm that the world is not best prepared to withstand.

Read our thoughts on the subject [HERE](#).

REGIONAL CALENDAR

25.06.2020	KSA Money Supply	Abu Dhabi Hotel Price Index
27.06.2020	Abu Dhabi Building Material Price Stat.	-

GLOBAL CALENDAR

22.06.2020	China Interest Rate Decision	US Existing Home Sales
23.06.2020	Eurozone Markit PMI Composite	UK Markit Services PMI
24.06.2020	Japan Leading Economic Index	Germany IFO Expectations
25.06.2020	US GDP	Japan Consumer Inflation
26.06.2020	Eurozone M3 Money Supply	UK BoE Quarterly Bulletin

Food for thought

IR & BEYOND

Iridium	An Echo of 2007? Let's Hope This Time Is Different	Link
Bloomberg Blog	\$40 oil expected to stay as OPEC+ drives optimism: BI survey	Link
Institutional Investor	UN PRI Revamps Reporting Rules to Focus on 'Real-World' Outcomes	Link
S&P Global	COVID-19 Offers An Opportunity For Transformative Developments	Link
Zawya	Three years of [MBS] reforms, and we are just getting started	Link

ASSET CLASS MONITOR	WTD ↓	YTD
Oil	7.18%	-37.11%
S&P 500	2.43%	-3.57%
MSCI World	2.18%	-6.62%
FTSE 100	1.95%	-17.48%
Aluminium	1.15%	-12.31%
MSCI EM	0.83%	-10.72%
Gold	0.76%	14.93%
MSCI GCC	0.30%	-14.90%
US Treasury	-6.25%	-90.32%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Oil (WTI)	9.62%	-34.90%
Oil (Brent)	7.18%	-37.11%
Gold	0.76%	14.93%
Natural Gas	-3.58%	-23.76%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.69	1	-133
UK	0.23	1	-57
Germany	-0.42	5	-10
France	-0.1	-6	-10
Italy	1.35	-27	-79
Switzerland	-0.47	9	10
Japan	0.00	1	18
Hong Kong	0.37	-	-95
India	5.83	-	-95

GLOBAL AGENDA

IMF	To release new 2020 economic growth projections
Fed	To release the results of its annual stress tests on the largest US banks
EU	EU & China officers to hold a video conference on their future relationship
US	US and Russia to send senior officials to Vienna for arms-control talks
Taiwan	To release industrial production data
Mexico	Central bank to declare rate decision
EIA	To publish crude oil inventory report
Mongolia	To hold legislative elections
ECB	Vice President Luis de Guindos to speak at a conference
South Africa	President Cyril Ramaphosa to host an infrastructure investment conference

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC sees gradual oil demand recovery in 2H 2020
Telecommunication	Saudi telecom regulator to cut wholesale termination rates
Banking	CBUAE: 26 banks availed TESS liquidity facility
Real Estate	Residential projects in UAE continue momentum in 1H 2020
Aviation	Oman airports ready to resume flights
Infrastructure	Ministry of Infrastructure Development implements 3 projects in Sharjah
Petroleum	Qatar Petroleum announces Muntajat integration into QP
Hospitality	Abu Dhabi restaurants, recreational facilities get rent relief
Insurance	Insurers brace for tough times in UAE and across GCC
Tourism	GCC region likely to lose billions of dollars in tourist spending: AT Kearney

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Buys 70% of SABIC for \$69.1bn
Qatar Airways	To reportedly lay off some pilots, cut wages
Sharjah Islamic Bank	Hires banks for dollar Sukuk, document shows
OAB	Agrees to takeover of Alizz Islamic Bank as fund sells
FAB	Sells \$197.3mn Chinese Yuan in 5-yr Formosa bonds
Flydubai	Prepares for resumption of flights
Oman Shipping Co.	Signs \$35mn loan
Emirates NBD	No acquisition of shares by US-based bank
IsDB	Hires banks for dollar Sukuk
Warba Bank	Obtains CMA approval on KWD150mn Sukuk issuance

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,355.7	-12.3%	13.1%	2.0%	\$2,234.9	21.9x
ADX	4,345.3	-14.4%	16.3%	4.9%	\$133.6	12.5x
DFM	2,078.4	-24.8%	17.3%	6.9%	\$60.7	6.2x
Nasdaq Dubai	2,560.8	-19.6%	19.9%	5.8%	NP	NP
Qatar	9,320.2	-10.6%	13.6%	5.4%	\$131.2	14.7x
Bahrain	1,274.3	-20.9%	-5.7%	0.4%	\$19.3	9.2x
Oman	3,515.8	-11.7%	2.0%	-0.8%	\$11.3	9.8x
Kuwait	5,443.5	-22.0%	4.7%	0.4%	\$67.2	13.1x

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