

## Gloomy outlook for oil prices to weigh on markets

2H 2020 Conference Calendar	Date	Location
HSBC GEMs Forum	6-16 OCT	Virtual
Morgan Stanley KSA Conference	2-3 NOV	Virtual

### BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	0.00%	-93.55%
S&P 500	-0.63%	2.09%
MSCI GCC	-1.24%	-8.91%
MSCI World	-2.08%	-1.77%
Aluminium	-2.09%	-5.06%
FTSE 100	-2.74%	-22.54%
Oil	-2.85%	-36.48%
MSCI EM	-4.46%	-4.98%
Gold	-4.58%	22.69%

COMMODITIES	WTD ↓	YTD
Natural Gas	4.44%	-2.28%
Oil (WTI)	-2.09%	-34.08%
Oil (Brent)	-2.85%	-36.48%
Gold	-4.58%	22.69%

### In case you missed it...

GCC markets ended mixed last week. Dubai (-3.0%) declined the most, partly hurt by weakness in bank stocks as the UAE registered its sharpest daily rise in Covid-19 cases on 23 September. Banks and petrochemicals drove down Qatar (-1.5%). Saudi Arabia (-1.2%) partially reversed its previous week's gain, due to weakness in financials. Both Abu Dhabi (-1.0%) and Oman (-0.6%) continued their downward trend for a third consecutive week. However, Bahrain (+1.1%) advanced for a second straight week. Kuwait (+3.5%) jumped even as it received a rating downgrade from Moody's. The US markets closed mixed as Dow Jones (-1.7%) and S&P 500 (-0.6%) fell for a fourth straight week. Nasdaq, however, climbed 1.1%. Concerns over the economic outlook in the wake of rising COVID-19 infections in the US and Europe, uncertainty related to presidential elections in November and a lack of new aid package weighed on the markets. European indices closed in the negative territory, with CAC40 (-5.0%) being the top loser, followed by DAX (-4.9%), STOXX600 (-3.6%), and FTSE100 (-2.7%).

### The Week Ahead

#### Regional markets

Weakness in the equity markets worldwide amid rising odds for recovery in the global economic activity might weigh on regional markets. Further, the gloomy outlook for oil demand in the backdrop of the likely increase in oil supply with OPEC+ relaxing production cuts by 2 million bpd and Libya boosting its supply by over 100% by September-end is also a negative. This week, Union Properties BoD will discuss a proposal to acquire 40% stake in Dubai Autodrome while Investcorp's AGM is expected to approve dividends proposed for the year ended June 2020.

#### Global markets

Slowed business activity in the US could falter early global recovery hopes and increase the pessimism in international markets. Moreover, the struggle between easing lockdown and surging COVID-19 cases may weigh on global markets direction this week. During the week, market participants are likely to focus on the UK GDP data and the US consumer confidence & nonfarm payrolls information.

#### You may be asked about

Kuwait has received a downgrade from Moody's for the first time, as the rating agency lowered the sovereign's credit rating by two notches to 'A1' from 'Aa2' and changed the outlook to 'Stable'. Moody's cited increased government liquidity risks due to impasse in parliament over the new public debt law and the likely depletion in General Reserve Fund (GRF) assets before the end of the fiscal year in March 2021 as the reasons for the downgrade. With this move, Moody's now rates Kuwait one step lower than S&P Global Ratings and two steps below Fitch Ratings.

### REGIONAL CALENDAR

28.09.2020	KSA Statistical Bulletin	-
30.09.2020	Abu Dhabi GDP	-

### GLOBAL CALENDAR

28.09.2020	Japan Leading Economic Index	Japan BoJ Summary of Opinions
29.09.2020	US Consumer Confidence	Eurozone Consumer Confidence
30.09.2020	Germany Retail Sales	UK GDP
01.10.2020	Eurozone Unemployment Rate	US ISM Manufacturing PMI
02.10.2020	US Factory Orders	US Nonfarm Payrolls

### Food for thought

#### IR & BEYOND

Bloomberg	Every Day-Trader Dollar Is Worth Five in a New Theory on Stocks	<a href="#">Link</a>
Reuters	Muddy Waters' Carson Block to roll out TV channel for short selling	<a href="#">Link</a>
Harvard Law	The Seven Sins of ESG Management	<a href="#">Link</a>
ESG Clarity	Not disclosing climate risks is no longer an option	<a href="#">Link</a>
The National	Saudi Arabia's economy set to grow 2.3 per cent next year	<a href="#">Link</a>

Sunday, 27.09.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.65	-3	-104
UK	0.19	-11	-33
Germany	-0.53	-11	5
France	-0.26	-12	4
Italy	0.88	-13	6
Switzerland	-0.53	-6	32
Japan	0.00	-4	26
Hong Kong	0.37	-	-
India	6.04	-15	-68

## GLOBAL AGENDA

<b>ECB</b>	President Christine Lagarde to attend a European Parliament hearing
<b>US</b>	Schedule first US presidential debate between Donald Trump & Joe Biden
<b>UK</b>	Schedule final round of talks with EU on a post-Brexit trade deal
<b>Japan</b>	To publish retail sales, industrial production data
<b>EIA</b>	To publish crude oil inventory report
<b>New York Fed President</b>	John Williams to deliver the keynote at the US Treasury Market Conference
<b>India</b>	Reserve Bank of India to declare October monetary policy decision
<b>Turkey</b>	To resume exploratory talks with Greece for maritime dispute
<b>Riksbank</b>	Governor Stefan Ingves to deliver an online speech on monetary policy
<b>Colombia</b>	Central bank to publish meeting minutes

## MOST READ REGIONAL SECTOR HEADLINES

<b>Oil &amp; Gas</b>	OPEC+ may hold extraordinary October meeting if oil market worsens
<b>Hotel</b>	Middle East hotel bookings improve but most properties still half-empty
<b>Banking &amp; Finance</b>	SAMA licenses AlinmaPay, Sure Pay to provide online payment solutions
<b>Aviation</b>	UAE sees 19% growth in private aviation sector in July
<b>Tourism</b>	Oman's inbound tourism spending rises to OMR2.3bn in last 4 years
<b>Pharmaceutical</b>	KSA to account for 24% of MENA's pharma market by 2023
<b>Power</b>	MEDC increases its network capacity in Muscat
<b>Telecom</b>	ORDS announces date to pay interest to bondholders
<b>Real Estate</b>	Value of real estate deals in Oman drops 7.3% during Jan-Aug 2020
<b>Ports</b>	UAE ranks 4th globally in port infrastructure quality index

## MOST READ REGIONAL COMPANY HEADLINES

<b>Saudi Aramco</b>	Fitch affirms Saudi Aramco at 'A'; outlook 'Stable
<b>TAQA</b>	Makes private bond placements of AED1.08bn in Morocco
<b>BinDawood</b>	May price IPO at top of range
<b>BAHRI</b>	To distribute cash dividends to shareholders for 1H2020
<b>SEC</b>	Fitch assigns Saudi Electricity Company's green Sukuk final rating
<b>Emirates Islamic Bank</b>	Closes \$500mn Sukuk
<b>SHUAA Capital</b>	To issue \$150mn bonds
<b>ADNOC</b>	Partners with Mubadala, ENEC to drive In-Country Value
<b>Emirates Airline</b>	Emirates top brand with most loyal customers: YouGov
<b>FAB</b>	Hires banks for AT1 US Dollar bond

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	8,236.2	-1.8%	14.0%	3.7%	\$2,501.2	30.0x
<b>ADX</b>	4,466.8	-12.0%	4.2%	-1.2%	\$179.5	16.3x
<b>DFM</b>	2,252.3	-18.5%	9.1%	0.3%	\$65.4	8.5x
<b>Nasdaq Dubai</b>	2,720.3	-14.6%	7.9%	-1.1%	NP	NP
<b>Qatar</b>	9,788.3	-6.1%	8.8%	-0.6%	\$141.0	15.9x
<b>Bahrain</b>	1,450.4	-9.9%	13.5%	5.0%	\$22.1	13.5x
<b>Oman</b>	3,627.0	-8.9%	3.2%	-3.8%	\$11.1	10.8x
<b>Kuwait</b>	6,221.6	-10.8%	11.0%	6.3%	\$79.0	21.1x

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