

Rising Covid cases and IMF estimates weigh on markets

In case you missed it...

Kuwait (+3.9%) gained the most in the GCC region. Bahrain and Dubai clocked identical gains (+0.4%, each), closely followed by Oman (+0.3%). Dubai was boosted by the government's decision to allow tourists to enter the emirate from July 7 as part of lockdown easing efforts, but weakness in banks offset much of the gains. However, Abu Dhabi (-1.4%) slipped, primarily dragged down by FAB. Qatar (-1.5%) fell despite buying support from overseas and domestic institutions. Saudi Arabia (-1.7%) declined as the Kingdom decided not to allow foreigners this year for annual hajj pilgrimage. Major US indices witnessed selling pressure as some states considered halting reopening measures. Financial stocks, though, strengthened on the back of reports that US regulators plan to ease banking regulations. Dow Jones (-3.3%) stood as the top loser, followed by S&P 500 (-2.9%) and Nasdaq Composite (-1.9%). European indices too ended in the red as FTSE100 (-2.1%), DAX and STOXX600 (-2.0%, each) posted similar losses, followed by CAC40 (-1.4%).

The Week Ahead

Regional markets

The re-opening economies in the GCC and worldwide are observing a sharp rise in new Covid-19 cases, with the daily cases hitting record highs in some regions of the world. As this development is already forcing some governments to backtrack their re-opening plans, risk-off sentiments might set into the markets. Investors may also adopt a wait and see mode before 2Q earnings season commences. This week the BoD of TAQA and Watania will meet to discuss 1Q 2020 earnings. Also, QGRI and Agility will hold AGMs to discuss dividend, bonus etc.

Global markets

This week could experience a sell off as COVID-19 reported cases surge. The IMF downgraded economic projections and now expects deeper a recession than previously expected, which can knock the confidence in the recovery. Moreover, a rise in trade tension between the US and China can increase investor's worries. During the week, market participants will look for the UK GDP data and the US non-farm payrolls information.

You may be asked about

The IMF slashed its global economic growth estimate further from the forecast made in April, citing unprecedented dip in economic activity as productivity and supply chains get hit and social distancing measures extend into 2H 2020. The IMF now expects global gross GDP to shrink by 4.9% in 2020 and grow by 5.4% in 2021, 1.9 and 0.4 percentage points below the April forecast, respectively. The Euro Area is likely to be worst hit as it is expected to contract slightly over 10%. GDP of all the major world economies are projected to decline, with the exception of China which is forecasted to grow by 1%.

Note to management

A century is a long time for any business relationship. Plenty of companies have a century plus heritage, but a relationship between firms that has endured that long is most unusual. Which is why the announcement that General Electric Corporation (GE) is to end ties with its auditor KPMG after 111 years was noteworthy. In moving to replace KPMG, GE is trying to turn the page on a decade of scandals and criminal probes into its business. Will it succeed? Only if it can rebuild the trust it has lost. Read our viewpoint [HERE](#)

ASSET CLASS MONITOR	WTD ↓	YTD
Gold	1.57%	16.74%
Aluminium	0.25%	-12.09%
MSCI EM	-0.25%	-10.39%
MSCI GCC	-0.97%	-15.73%
MSCI World	-2.09%	-8.74%
FTSE 100	-2.12%	-18.34%
Oil	-2.77%	-37.85%
S&P 500	-2.86%	-6.86%
US Treasury	-6.67%	-90.97%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Gold	1.57%	16.74%
Oil (Brent)	-2.77%	-37.85%
Oil (WTI)	-3.17%	-36.96%
Natural Gas	-10.43%	-31.70%

REGIONAL CALENDAR

28.06.2020	Abu Dhabi GDP data	KSA Statistical Bulletin
30.06.2020	KSA Labor Market Statistics	-

GLOBAL CALENDAR

29.06.2020	Germany Consumer Inflation	Japan Industrial Production
30.06.2020	UK GDP	Eurozone Consumer Inflation
01.07.2020	China Caixin Manufacturing PMI	US FOMC Minutes
02.07.2020	US Nonfarm Payrolls	Eurozone Unemployment Rate
03.07.2020	Germany Trade Balance	Germany Industrial Production

Food for thought

IR & BEYOND

Iridium	GE divorced from KPMG after 111 years	Link
Bloomberg Blog	Investors flock to ESG equity funds as assets near \$100 billion	Link
IHS Markit	Investor and Issuer Engagement in Uncertain Times	Link
IR Magazine	Investor relations leaders take on CFO roles	Link
Harvard Law	Coronavirus: 15 Emerging Themes for Boards and Executive Teams	Link

Sunday, 28.06.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.64	-4	-137
UK	0.17	-2	-65
Germany	-0.48	-7	-16
France	-0.13	-12	-13
Italy	1.29	-21	-84
Switzerland	-0.49	2	8
Japan	0.00	-	-
Hong Kong	0.31	-	-103
India	5.91	-	-98

GLOBAL AGENDA

BoE	Governor Andrew Bailey to speak at a Climate Financial Risk forum
China	Top lawmakers to finish new national security legislation for Hong Kong
UK	PM to deliver a speech on how the country will move from COVID19 crisis
Fed	To release minutes from its recent decision to hold rates steady
Russia	To vote on change the constitution
Germany	To meet French leaders to plot strategy for the EU reconstruction fund
EU	Brexit chief negotiator Michel Barnier to resume talks with UK counterpart
IMF	To publish its regional economic outlook on sub-Saharan Africa
NATO Secretary General	Jens Stoltenberg to speak on the geopolitical implications of Covid-19
ECB	Governing Council member Klaas Knot to speak at a BB EU Policy Series

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	Saudi Arabia crude exports rise to 10.237mn bpd in April
Telecommunication	65% of Saudi rural homes covered by 4G: MCIT
Banking	Moody's revises outlook on eight UAE banks to 'Negative'
Real Estate	MENA construction output growth revised over COVID-19, low oil
Education	STV leads funding for Saudi educational tech firm
Cement	Saudi cement demand rises despite Covid-19 lockdown
Energy	Oman puts maiden Waste-to-Energy project on hold
Hospitality	Covid-19 continues to affect MEA hotels' performance: STR
Aviation	Passenger, flight movement in Oman airports decrease in 1Q 2020
Tourism	Saudi Arabia to launch \$4bn tourism development fund

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Cuts hundreds of jobs amid oil market downturn: sources
DIB	Sells \$300mn in 2026 Sukuk reopening: document
ADNOC	Infrastructure deal backed by \$8bn bridge financing
Emirates REIT	Asks court to reveal identity of 'suspicious' traders
Ma'aden	Reschedules phosphate subsidiary's debt
Emirates NBD	Reportedly begins new round of job cuts
Qatar Petroleum	To integrate Muntajat into QP
Amlak Finance	Says all creditors sign debt restructuring accord
DP World	Hires banks for Islamic bond sale
Mumtalakat	Bahrain Mumtalakat 2019 loss at \$140.4mn on ALBA-related impairment

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,232.3	-13.8%	11.2%	0.3%	\$2,204.7	21.7x
ADX	4,285.6	-15.6%	14.8%	3.5%	\$132.2	13.3x
DFM	2,086.5	-24.5%	17.8%	7.3%	\$60.9	6.3x
Nasdaq Dubai	2,530.2	-20.5%	18.5%	4.6%	NP	NP
Qatar	9,185.0	-11.9%	11.9%	3.8%	\$130.2	14.5x
Bahrain	1,279.4	-20.5%	-5.3%	0.8%	\$19.4	9.3x
Oman	3,525.8	-11.4%	2.2%	-0.5%	\$11.4	9.8x
Kuwait	5,656.7	-18.9%	8.8%	4.3%	\$69.8	13.6x

DISCLAIMER: The information provided in this newsletter is for information purposes only and should not be construed in any way as business, financial or investment advice nor as a recommendation to buy, sell, or hold any particular security. Iridium Advisors believes the information in this newsletter to be accurate, but does not verify its accuracy, timeliness, completeness for any particular purpose and/or non-infringement. Iridium Advisors does not bear any responsibility whatsoever to provide any updates, corrections or changes to the information in this document, nor will it accept liability for any damages or losses in connection with the use of this document.

About Iridium

Iridium is the GCC region's leading IR specialist.

We advance the science and practice of investor relations to help organizations and leaders protect downside, close gaps and unlock future potential.

We hope you enjoy IR Brief. We are always here to help you advance your IR activities. Please don't hesitate to let us know if we can be of assistance in any way.

For more information contact:

Iridium Advisors DMCC
 Pamela Chahine, Director
 ir@iridium.ae
www.iridium.ae
 +971 4 429 5864