

## Expect weak sentiment on global recession concerns

### In case you missed it...

GCC markets ended mixed last week. Kuwait (+7.7%) recouped its previous week's loss. Abu Dhabi (+2.3%) was boosted by FAB and Etisalat as the UAE approved additional AED16 billion stimulus to tackle COVID-19. Saudi Arabia (+0.9%) edged up after SAMA said it will provide SAR13.3 billion financing for micro, small and medium enterprises. However, Bahrain (-1.4%) weakened further. Qatar (-1.1%) partly reversed its last week's gain as investors turned bearish. Oman (-0.8%) was closely followed by Dubai (-0.6%) which was affected by weakness in banks. The US markets registered solid gains, driven by approval of \$2 trillion stimulus package by the Senate and as the Fed pledged to buy unlimited bonds vs. \$700 billion planned initially. Dow Jones (+12.8%), S&P 500 (+10.3%) and Nasdaq Composite (+9.1%) recorded their biggest weekly advance since 1938, 2008 and March 2009, respectively. European indices also appeared to be buoyed by the massive US stimulus as DAX (+7.9%), CAC40 (+7.5%), FTSE100 (+6.2%) and STOXX600 (+6.1%) all posted strong gains.

### The Week Ahead

#### Regional markets

The IMF commented on the weekend that the global economy has already entered a recession that might be as bad as or even worse than the previous downturn in 2009. In addition, news reports that OPEC members are not supporting a request from the group's president for an emergency meeting over plunging oil prices and global oil storage capacities which might run out of space by the next quarter considering the current production rate, regional markets are likely to experience downbeat sentiments. However, the run up in global equities on the US stimulus package might offer some lift initially. This week, RJHI, NCB, ADIB, ADNOC Distribution and others are scheduled to hold AGMs.

#### Global markets

This week investors will closely watch macroeconomic data such as business climate in the Eurozone, GDP data of the UK, unemployment rates in the US and Germany, and consumer confidence in the US. Market participants will use this data to gauge the impact of COVID-19 on sales, manufacturing and trade due to job losses or wage cuts and business closures.

#### You may be asked about

The crude oil prices are facing a double whammy. While slowdown in global economic activity due to COVID-19 threatens oil demand, collapse of OPEC+ deal and ensuing price war between Saudi Arabia and Russia to gain market share is causing oversupply. Accordingly, several global oil & gas giants have announced spending cuts for 2020. Saudi Aramco reportedly intends to cut its 2020 capex by ~\$10-\$15 billion. Royal Dutch Shell plans to slash its capex by \$5-\$20 billion this year. Chevron and Equinor aim to lower capex by \$4 billion and ~\$2 billion, respectively. Exxon Mobil and BP have also said to cut capex, but have not revealed specific figures.

#### Note to management

The equity stories of the post-pandemic era are being written now and will appear obvious when viewed with hindsight through the rear-view mirror. The companies whose reputations will emerge intact through this crisis will communicate the simple logic of their business strategy and will demonstrate their corporate values and culture. The role of CEOs in ensuring this future-proofing is critical. Read our thoughts on the subject [HERE](#).

#### REGIONAL CALENDAR

30.03.2020	KSA GDP	Abu Dhabi GDP
01.04.2020	KSA Industrial Production	-

#### GLOBAL CALENDAR

30.03.2020	Eurozone Consumer Confidence	UK Consumer Confidence
31.03.2020	UK GDP	Germany Unemployment Rate
01.04.2020	US ISM Manufacturing PMI	UK Markit Manufacturing PMI
02.04.2020	US Trade Balance	Germany Trade Balance
03.04.2020	US Nonfarm Payrolls	US Markit PMI Composite

#### Food for thought

##### IR & BEYOND

<b>IR Magazine/ Iridium</b>	<b>Post-pandemic equity stories: A CEO's guide to the future</b>	<a href="#">Link</a>
Reuters	IMF's Georgieva says world in recession	<a href="#">Link</a>
Institutional Investor	Do All Investors Predict Doom? Not Quite.	<a href="#">Link</a>
Bloomberg	Norway's \$945 Billion Wealth Fund Set to Buy Stocks Due to Rout	<a href="#">Link</a>
IPE	COVID-19 roundup: From corona bond calls to Basel III deferrals	<a href="#">Link</a>

Q4 RESULTS	PROFIT (mn)	Y-O-Y%
International Hold. Co.*	AED505.6	+2,640.0%
Arabian Pipes Co.*	SAR28.7	NM
Bawan Co.*	SAR26.6	NM
SIPCHEM*	SAR299.5	-48.6%
SAPTCO*	SAR33.9	+47.9%
National Cement Co.*	AED73.8	NM

\*Annual Results

#### BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	10.26%	-21.34%
MSCI World	9.94%	-22.76%
Gold	8.64%	7.31%
FTSE 100	6.16%	-26.94%
MSCI EM	4.89%	-24.41%
MSCI GCC	1.57%	-24.46%
Aluminium	-4.68%	-16.31%
Oil	-7.60%	-62.23%
US Treasury	-40.00%	-98.06%

COMMODITIES	WTD ↓	YTD
Gold	8.64%	7.31%
Natural Gas	1.87%	-25.35%
Oil (WTI)	-4.10%	-64.77%
Oil (Brent)	-7.60%	-62.23%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.67	-47	-172
UK	0.36	-8	-64
Germany	-0.48	13	-41
France	-0.08	22	-38
Italy	1.32	22	-116
Switzerland	-0.42	48	6
Japan	-0.01	16	10
Hong Kong	0.66	-	-68
India	6.12	-24	-

## GLOBAL AGENDA

<b>Eurozone</b>	Finance ministers to hold a conference call
<b>ECB</b>	Governing Council member Robert Holzmann to speak at a press conf
<b>NATO</b>	Foreign ministers to hold a video conference call
<b>Russia</b>	Energy Minister Alexander Novak to meet with the nation's oil industry
<b>India</b>	Reserve Bank of India to declare its April monetary policy decision
<b>Bulgaria</b>	FM to release its official Spring forecasts for the main economic indicators
<b>Poland</b>	To publish PMI data
<b>OPEC+</b>	The current OPEC+ deal is due to end
<b>EIA</b>	To publish crude oil inventory report
<b>Earnings announcements</b>	Air China, BlackBerry, Foxconn, Dollarama, Walgreens, Chewy, H&M etc.

## MOST READ REGIONAL SECTOR HEADLINES

<b>Bank</b>	Interest rate cuts to impact UAE and KSA banks' profitability in 2020
<b>Real Estate</b>	Construction Cost Index in Abu Dhabi rose 0.5% in 4Q2019
<b>Oil &amp; Gas</b>	Despite OPEC+ deal collapse, Saudi oil exports yet to rise
<b>Airline</b>	Middle East airlines in crisis as coronavirus stifles demand: IATA
<b>Insurance</b>	Kuwait's Gulf Insurance Group Board Proposes Capital Increase
<b>Tourism</b>	Oman's embattled tourism sector braces for more Covid-19 pain
<b>Healthcare</b>	KSA banks to postpone repayment of loans for healthcare employees
<b>Petrochemical</b>	Kuwait's Equate Petrochemical to issue 1st Gulf dollar bonds over a month
<b>Automobile</b>	Qatar automobile sector posts 6% growth in January
<b>Telecom</b>	Mobile operators in Kuwait offer free calls, internet

## MOST READ REGIONAL COMPANY HEADLINES

<b>Saudi Aramco</b>	To cut refinery runs in April, May to boost oil exports
<b>Etihad Airways</b>	Abu Dhabi's Etihad to temporarily cut staff wages by up to 50%
<b>Aqar Real Estate</b>	Kuwait's Aqar agrees one-year Murabaha facilities with Boubyan Bank
<b>DP World</b>	Reduced appetite expected for DP World's \$9bn loan
<b>SNOC</b>	UAE's SNOC says Mahani 1 gas project startup to be delayed slightly
<b>Dana Gas</b>	Operations, production not affected by COVID-19
<b>ADNOC</b>	BlackRock no longer in the race for ADNOC's gas pipeline assets
<b>MERS</b>	To introduce new product lines
<b>Dhofar Power</b>	Extends ONEIC's meter reading and bill printing contract
<b>AUB</b>	Bahrain's AUB to pay 20% dividend and issue bonus shares

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
<b>Saudi Arabia</b>	6,326.9	-24.6%	-24.6%	-17.1%	\$2,010.4	17.5x
<b>ADX</b>	3,770.7	-25.7%	-25.7%	-23.1%	\$110.9	11.0x
<b>DFM</b>	1,809.1	-34.6%	-34.6%	-30.1%	\$53.7	6.6x
<b>Nasdaq Dubai</b>	2,185.6	-31.4%	-31.4%	-28.1%	NP	NP
<b>Qatar</b>	8,479.2	-18.7%	-18.7%	-10.7%	\$117.8	12.5x
<b>Bahrain</b>	1,388.8	-13.8%	-13.8%	-16.4%	\$21.6	9.9x
<b>Oman</b>	3,538.7	-11.1%	-11.1%	-14.3%	\$11.3	7.1x

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