

Regional markets likely to track rally in global equities

In case you missed it...

Another good week for the GCC with Oman (+3.0%) outperforming its peers. Bahrain (+1.9%) and Kuwait (+1.7%) also extended their gains. Dubai (+1.5%) was boosted by banks and property stocks. Saudi Arabia (+1.2%) and Qatar clocked identical gains (+1.2%). While the Kingdom was driven by advances in banks and energy sector stocks, buying support from domestic investors lifted Qatar. However, Abu Dhabi (-0.2%) inched down, partly dragged down by FAB.

The US indices sustained their bull run as Nasdaq Composite (+3.4%) and S&P 500 (+3.3%) carved-out new record closing highs. Dow Jones (+2.6%), meanwhile, clocked its third weekly gain in four weeks. Among the factors buoying US stocks were optimism related to Coronavirus treatment, the US and China affirming their commitment to the trade deal signed in January 2020, the US Fed Chairman hinting that interest rates could remain low for a long time and some above expected economic data. European indices also mostly closed higher as except FTSE100 (-0.6%); CAC40 (+2.2%), DAX (+2.1%) and STOXX600 (+1.0%) all rose.

The Week Ahead

Regional markets

Continued strength in global equity markets, particularly the US, could aid regional markets in carrying over their positive momentum this week. A rise in crude oil prices, with Brent closing over \$45 per barrel mark last week, is also likely to pacify investors' sentiment. The latest SAMA data has shown liquidity in KSA reached record high levels during the week ended 20 August, which should prove helpful in propping up economic as well as stock market activity. This week Salama's BoD will meet to discuss its interim dividend and Emirates Driving's AGM will consider amending the company's foreign ownership limit.

Global markets

Global investor sentiment will depend on sign of how organizations and leaders will manage the daunting task of easing lockdown restrictions while controlling the resurgence of Covid-19. On the economic data front, the US will release monthly Job data and PMI data. Several other countries will also release PMI data. The focus will also be on the Germany factory orders data and GDP data of some emerging economies.

You may be asked about

Global index provider FTSE/ Russell has launched a KSA government bond index to measure the performance of fixed interest rate, local currency denominated Saudi government bonds. The index will cover sukuk and non-sukuk government bonds having a minimum outstanding of SAR 1 billion and at least one year to maturity.

FTSE/ Russell will review next month the KSA government bond market in its Fixed Income Country Classification review. This could pave the way for the inclusion of Saudi domestic bonds in the FTSE Emerging Markets Government Bond Index (EMGBI). FTSE said that 45 Saudi securities with SAR273.2 billion market value were eligible for inclusion in the index as at 31 July 2020.

EARNINGS CALENDAR	Market	Est/ Conf	Date
L'Azurde Jewelry*	KSA	C	31 Aug
SIECO	KSA	E	02 Sep

*Earnings Call

Q2 RESULTS	PROFIT (mn)	Y-O-Y%
SABB	-SAR6,867	NM
Saudi Research & Mark.	SAR75.3	-12.0%
SAPTCO	-SAR140.3	NM
Tasnee	-SAR188.8	NM
AATSC	-SAR343.9	NM
JODC	-SAR465.2	NM
SISCO	SAR56.5	+165.3%
Kingdom Holding Co.	-SAR1,126.8	NM
Fawaz Abdulaziz AlHokair	-SAR535.6	NM

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	8.54%	21.38%
Oil (Brent)	1.58%	-31.74%
Oil (WTI)	1.49%	-29.63%
Gold	1.25%	29.50%

REGIONAL CALENDAR

03.09.2020 KSA Weekly Money Supply -

GLOBAL CALENDAR

31.08.2020	China NBS Manufacturing PMI	Germany Consumer Inflation
01.09.2020	Eurozone Consumer Inflation	US ISM Manufacturing PMI
02.09.2020	Germany Retail Sales	US Factory Orders
03.09.2020	US ISM Services PMI	Eurozone Retail Sales
04.09.2020	Germany Factory Orders	UK Markit Construction PMI

Food for thought

IR & BEYOND

FTSE / Russell	Launches local currency Saudi Arabian Government Bond Index	Link
IR Magazine	Covid-19 accelerates ESG issues, finds IR Magazine research	Link
Harvard Law	ESG + Incentives 2020 Report	Link
Arab News	UAE formally lifts economic boycott of Israel	Link
Citywire	Three ways BlackRock is using alternative data to gain an edge	Link

Sunday, 30.08.2020

ASSET CLASS MONITOR	WTD ↓	YTD
S&P 500	3.26%	8.58%
MSCI EM	2.72%	0.62%
MSCI World	2.71%	3.75%
Oil	1.58%	-31.74%
Gold	1.25%	29.50%
MSCI GCC	0.89%	-9.77%
Aluminium	0.20%	-4.08%
US Treasury	0.00%	-93.55%
FTSE 100	-0.64%	-20.93%

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.72	15	-77
UK	0.31	19	-12
Germany	-0.41	9	28
France	-0.11	7	30
Italy	1.04	5	6
Switzerland	-0.47	10	60
Japan	0.05	4	34
Hong Kong	0.36	-	-
India	6.14	31	-43

About Iridium

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GLOBAL AGENDA

US	Jobs report is forecast to show payrolls continued to rebound in August
Italy	Italian think tank the European House holds its 46th annual forum
EU	EU chief Brexit negotiator Michel Barnier addresses a webinar
Germany	To release Germany factory orders
Serbia	The leaders of Serbia and Kosovo will try to resolve their dispute
US	Chicago Fed President discusses the U.S. economy and monetary policy
Hong Kong	Plans to test the entire population for Covid-19
ECB	ECB's Head Policy Strategy, speaks about Facebook's Libra cryptocurrency
France	French President Emmanuel Macron visits Beirut.
Earnings	Pernod Ricard, Brown-Forman, CrowdStrike, H&R Block, Adesso etc.

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC+ needs to offset large May-July oversupply
Real Estate	Dubai realty sector hits home with 14k units added in 1H
Banking & Finance	Strong sovereign support continues to drive most Islamic bank ratings
Aviation	Oman Aviation Group becomes global member of WTTC
Telecom	Fitch downgrades Batelco to 'B+'; with a Stable outlook
Insurance	Saudi insurer Aljazira to acquire Solidarity via share swap
Hotel	Hotels' revenue in Oman slump 54.5% during Jan-July
Healthcare	UAE imports \$600mn of Covid-19 medical goods from China
Printing Industry	Saudi, UAE top Mideast markets for opportunities in printing industry
Port	Saudi Arabia to set up \$110mn mega grains terminal at Yanbu port

MOST READ REGIONAL COMPANY HEADLINES

EIC	Saudi's EIC aims to buy assets of liquidated Belgian transformer company
Abdullah Al Othaim	To pay dividends for 1H2020
Saudi Aramco	Suspends \$10bn China oil refinery venture
Mashreq Bank	ENBD REIT hedges AED400mn facility with Mashreq Bank
Amlak Finance	Sells 1.127mn shares
GFH Financial Group	Raises stake in Global Banking Corp. to 50.4%
Omantel	Fitch downgrades Omantel to 'BB-'
Masraf Al Rayan	Sells \$750mn of five-year sukuk
ANB	To redeem SAR2bn Sukuk five years early
BBK	Exploring acquisition of Ithmaar Bank

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,934.4	-5.4%	9.8%	6.4%	\$2,392.6	28.9x
ADX	4,535.2	-10.7%	5.8%	5.4%	\$184.3	16.6x
DFM	2,269.3	-17.9%	9.9%	10.7%	\$66.2	8.6x
Nasdaq Dubai	2,754.2	-13.5%	9.3%	8.6%	NP	NP
Qatar	9,882.9	-5.2%	9.8%	5.5%	\$140.5	16.1x
Bahrain	1,380.9	-14.2%	8.1%	7.0%	\$21.0	12.9x
Oman	3,737.5	-6.1%	6.3%	4.7%	\$11.5	11.1x
Kuwait	5,853.1	-16.1%	4.4%	8.1%	\$73.7	19.8x

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