

Rally in global markets, oil may buoy regional investors

In case you missed it...

GCC markets closed in positive territory after a short week. Oman (+3.3%) advanced the most, closely followed by Kuwait (+3.0%). Dubai (+1.2%) rose as its Crown Prince Sheikh Hamdan allowed free movement and announced the restart of business activities. Bahrain (+0.4%) and Abu Dhabi (+0.2%) slightly extended their last week's gains. Saudi Arabia and Qatar were closed. The US indices continued their winning streak despite dismal economic data. Investors were emboldened by reports of the gradual reopening of economies worldwide, testing of a new Covid-19 vaccines and the US Fed Chairman maintaining an accommodative stance. A press conference by POTUS about China's role in Hong Kong turned out to be less disruptive than anticipated, which also supported markets. Dow Jones (+3.8%), S&P 500 (+3.0%) and Nasdaq Composite (+1.8%) all climbed. European indices also notched, with CAC40 (+5.6%) being the top mover, followed by DAX (+4.6%), STOXX600 (+3.0%) and FTSE100 (+1.4%).

The Week Ahead

Regional markets

Regional markets are likely to commence their first full-fledged trading week after Eid holidays on a positive note, tracking a rally in global markets and crude oil prices. Investors anticipate more economy reopening measures from GCC nations but are expected to tread with caution in view of the prevailing global uncertainties, particularly due to the US-China relations. Investors will also assess strength in an oil price rally as a report shows OPEC's compliance with oil production cuts was only 74% in May.

Global markets

Global markets' uncertainty is likely to continue this week also as lockdown easing measures is being counteracted by the danger of virus spread and fears of a 'second wave'. Moreover, the increase in tension between the US and China can suppress the positive sentiment generated over vaccine progress and reopening of the world economy. For the week, market participants will look for the US manufacturing PMI, unemployment rate in Germany and interest rate decision by the ECB.

You may be asked about

Forty companies from the Arab world have found a place in this year's Forbes Global 2000 list, which is a ranking of the world's top 2,000 companies, based on assets, profits, revenues, and market value. Saudi Arabia was the most represented Middle Eastern nation as 14 names in the list were from the Kingdom, followed by the UAE with 9 companies. Saudi Aramco, with a market value of ~\$1.6 trillion, ranked 5th on the list, becoming the only MENA region company among the top 100 firms. SABIC from KSA was the second-most valuable company from the region, ranking 212th globally. FAB of the UAE ranked 303rd globally.

Note to management

While the new normal of remote working has forced companies to hold virtual AGMs, a warning comes from the UK for any firm seeking to make this a permanent arrangement. Shareholders, as the owners of the listed company, have every right to look the Chairman in the eye once a year and ask difficult questions at the AGM. This week we look at how one company's shareholders resisted the move to permanent virtual shareholder meetings. Read our insights into virtual AGMs [HERE](#)

REGIONAL CALENDAR

31.05.2020	Abu Dhabi Economic Survey	KSA Statistical Bulletin
04.06.2020	KSA Money Supply	-

GLOBAL CALENDAR

01.06.2020	US Manufacturing PMI	China Manufacturing PMI
02.06.2020	US Total Vehicle Sales	UK Mortgage Approvals
03.06.2020	Germany Unemployment Rate	US Markit Services PMI
04.06.2020	Eurozone Interest Rate Decision	Eurozone Retail Sales
05.06.2020	Japan Leading Economic Index	US Nonfarm Payrolls

Food for thought

IR & BEYOND

IR Magazine / Iridium	AGMs: Pandemic provides proof of popularity	Link
SEC	SEC contemplates ESG disclosure framework	Link
Institutional Investor	EM Hedge Funds Had Record Assets. Then The Pandemic Hit.	Link
Bloomberg	Saudi Arabia Moved \$40 Billion in Reserves to Sovereign Fund	Link
Al Arabiya	S&P: Abu Dhabi's economy to contract by 7.5% in 2020	Link

Q1 RESULTS	PROFIT (mn)	Y-O-Y%
Julphar	-AED62.5	NM
SALAMA	AED13.6	-8.8%
Damac	-AED106.1	NM
ONEIC	OMRO.37	5.0%
NBQ	AED72.8	-46.1
Alizz Islamic Bank*	OMR92.3	NM

*in `000

BRENT FUTURES PRICE



ASSET CLASS MONITOR	WTD ↓	YTD
US Treasury	16.67%	-90.97%
MSCI World	3.56%	-9.87%
S&P 500	3.01%	-5.77%
Aluminium	2.85%	-15.81%
MSCI EM	2.77%	-16.54%
FTSE 100	1.39%	-19.43%
Oil	0.57%	-46.47%
MSCI GCC	0.53%	-18.13%
Gold	-0.25%	14.04%

COMMODITIES	WTD ↓	YTD
Natural Gas	6.82%	-15.53%
Oil (WTI)	6.74%	-41.88%
Oil (Brent)	0.57%	-46.47%
Gold	-0.25%	14.04%

Sunday, 31.05.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.65	1	-156
UK	0.18	-5	-71
Germany	-0.45	14	-27
France	-0.08	3	-31
Italy	1.47	-29	-118
Switzerland	-0.52	6	-2
Japan	-0.01	3	8
Hong Kong	0.44	-	-
India	5.78	-33	-135

GLOBAL AGENDA

ECB	To hold a press conference after a rate decision
UK	To start Brexit negotiations
US	To publish employment report for May
SEC	Chairman Jay Clayton to participate in Bloomberg Invest Talks
China	To report Caixin manufacturing PMI
EIA	To release crude oil inventory report
Nevada	Plan to re-open casinos
IMF Director for CAME	Jihad Azour to participate in a virtual discussion hosted by The Brookings
India	PM Narendra Modi to hold a virtual bilateral summit with Scott Morrison
Earnings announcements	Broadcom, Zoom, Slack, Wirecard, Toshiba, Lukoil etc.

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC, Russia bargain over oil cuts ahead of June meeting
Telecommunication	Saudi STC to phase out 3G to make way for 4G & 5G
Banks	Banks in Saudi will see spike in bad loans: S&P
Real Estate	Prices of building materials in UAE drop amid coronavirus pandemic
Aviation	Saudi airlines to resume some domestic flights from May 31
Healthcare	NMC Health set to sell trading unit to different parties
Power	Oman's Finance Ministry commits to settling power sector dues
Hotel	STR: MEA hotels post negative performance in April
Port	Kuwait Port Authority signs deal to build new industrial port
Entertainment	Masks, 30% capacity: Rules for Dubai cinemas as they reopen

MOST READ REGIONAL COMPANY HEADLINES

ADNOC	Reportedly seals July-Dec naphtha premiums at \$17 to \$20
Amanat Holdings	Confirms salary cuts, 'difficult initiatives'
Mubadala	Waives second-quarter rent for tenants at Galleria Mall
Union Properties	Claims \$408mn for completed project work
Qatar Airways	Plans summer flights to over 80 destinations
TAQA	Awards contract to Archer to plug wells in UK Continental Shelf
SALIC	Acquires 30% of India's Daawat Foods
Burgan Bank	Fitch revises Burgan Bank Turkey's outlook to negative
Azizi Developments	Increases headcount for its business operations with 40 new joiners
Oman Cement	Bids due by mid-July for Oman Cement's \$212mn Duqm project

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,050.7	-16.0%	8.4%	-0.9%	\$2,236.1	21.3x
ADX	4,119.3	-18.8%	10.3%	-2.6%	\$124.8	12.8x
DFM	1,961.5	-29.1%	10.7%	-3.2%	\$57.9	7.7x
Nasdaq Dubai	2,403.7	-24.5%	12.6%	-2.5%	NP	NP
Qatar	8,873.2	-14.9%	8.1%	1.2%	\$124.1	14.0x
Bahrain	1,276.1	-20.8%	-5.5%	-2.6%	\$19.7	9.1x
Oman	3,520.8	-11.6%	2.1%	-0.5%	\$11.4	9.1x

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