

Limited activity expected in markets

In case you missed it...

Dubai (-1.2%) fell the most in the GCC, primarily owing to weakness in Emaar and DIB, though DAMAC jumped on reports that it may go private. Kuwait (-1.0%), Bahrain and Oman (-0.4%, each) reversed positive trends to close in the red. On the other hand, Saudi Arabia (+1.1%) gained on the back of merger talks between NCB and Samba as well as announcements of several initiatives by the government to mitigate Covid-19 impact. Abu Dhabi (+0.6%) partially recovered the previous week's loss. Qatar (+0.3%) edged up as financials strengthened, following news reports of a merger between Masraf Al Rayan and Alkhaliji Bank. The US markets advanced buoyed mainly by better than expected economic data and expectations of more stimuli. Nasdaq Composite (+4.6%), S&P 500 (+4.0%) and Dow Jones (+3.3%) ended firmly in the green. In Europe, DAX (+3.6%), STOXX600 and CAC40 (+2.0%, each) increased. FTSE100, however, ended flat.

The Week Ahead

Regional markets

Movements in the regional markets are likely to be range bound, in the absence of any major catalyst. Increasing Covid-19 cases worldwide remain the primary risk for the markets, as the likelihood of a second wave could undermine the still nascent resumption of economic activity. Saudi stocks may carry positive momentum over from last week with the government extending several initiatives to mitigate the impact of pandemic on businesses. Although no earnings announcements are confirmed, some 2Q results might trickle in, particularly during the second half of the week.

Global markets

This week global markets are expected to remain under pressure on the back of an increase in worries due to the acceleration in new COVID-19 cases and more than estimated jobless claims reported in the US, which could derail the recovery before it properly begins. Furthermore, in the week ahead investors will look for economic growth forecasts by the European Commission and the outcome of the Eurozone ministers' meeting.

You may be asked about

The GCC banking sector, which is facing difficult operating conditions against the backdrop of the Covid-19 pandemic and low oil prices, is now witnessing a sudden spurt in M&A activity. Recently, Saudi Arabia's largest lender by assets NCB has proposed to acquire Samba Financial Group. A successful transaction will make the combined entity the third-largest lender in the GCC, behind QNB and FAB, with total assets of ~\$210 billion. Last week, Qatar-based banks Masraf Al Rayan and Al Khaliji have also announced their merger talks, whereas Oman Arab Bank completed 100% acquisition of Alizz Islamic Bank. According to experts, the GCC banking industry might witness more M&A activities in the coming days.

Note to management

The world of business and work may be fundamentally changed by the Covid 19 pandemic. Working from home may become the norm. Commuting may be something for the minority, not the majority. Video conferencing and other connectivity technology looks set to be a big winner. These future visions are being talked up by an army of Covid-Soothsayers, a new generation of fortune tellers whose heritage goes back to ancient Rome and beyond. What should we make of these new soothsayers? Should we believe them entirely and adapt our business infrastructure? Or should we treat their predictions with a little more nuance? Read our thoughts on the matter [HERE](#).

REGIONAL CALENDAR

09.07.2020	Abu Dhabi Construction Cost Index	KSA Weekly Money Supply
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GLOBAL CALENDAR

06.07.2020	Germany Factory Orders	Eurozone Retail Sales
07.07.2020	Germany Industrial Production	Japan Leading Economic Index
08.07.2020	Japan Eco Watchers Survey	US Consumer Credit Change
09.07.2020	China Consumer Inflation	Germany Trade Balance
10.07.2020	US Producer Price Index	Eurozone EcoFin Meeting

Food for thought

IR & BEYOND

Iridium	Covid 19 has Encouraged a New Generation of Soothsayers	Link
ESG Clarity	'Astonishing' growth in green capital markets	Link
Institutional Investor	The II Fear Index: Investors Get Gloomier – But More Productive	Link
IR Magazine	IR teams take advantage of flexibility offered by virtual outreach	Link
Bloomberg	How the Pandemic Is Changing the Outlook for Peak Oil	Link

ASSET CLASS MONITOR	WTD ↓	YTD
Oil	4.34%	-35.15%
S&P 500	4.02%	-3.12%
MSCI EM	3.42%	-7.32%
MSCI World	3.24%	-5.79%
MSCI GCC	0.34%	-15.44%
Gold	0.04%	16.79%
US Treasury	0.00%	-90.97%
Aluminium	-0.03%	-12.11%
FTSE 100	-0.03%	-18.36%

BRENT FUTURES PRICE



COMMODITIES	WTD ↓	YTD
Natural Gas	15.99%	-20.79%
Oil (WTI)	5.61%	-33.43%
Oil (Brent)	4.34%	-35.15%
Gold	0.04%	16.79%

Sunday, 05.07.2020

SOVEREIGN YIELDS (10YR)	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	0.67	-15	-128
UK	0.18	-12	-49
Germany	-0.44	-11	-3
France	-0.12	-11	2
Italy	1.25	-17	-42
Switzerland	-0.43	-5	26
Japan	0.02	-1	18
Hong Kong	0.35	-	-96
India	5.85	5	-93

GLOBAL AGENDA

EU	Top trade negotiator Phil Hogan to address the OECD's Global Forum
EIA	To release crude oil inventory report
San Francisco Fed Pres.	Mary Daly to take part in a virtual discussion on the economy
US	President to host Mexican President AMLO in the White House
UK	Chancellor of the Exchequer Rishi Sunak to give a speech
Tokyo	To hold elections for governor of one of the world's biggest cities
USITC	Scheduled to release its decision in a complaint Allergan filed
Eurozone	Finance ministers to vote for the next Eurozone president
Croatia	To hold a general election
SEC Chairman	Jay Clayton to lead roundtable discussion with commentary from investors

MOST READ REGIONAL SECTOR HEADLINES

Oil & Gas	OPEC Secretary: Oil recovery may gather pace in 2H
Telecommunication	Ooredoo connects new areas in Salalah with its Fibre home network
Banking	Moody's downgrades the long-term ratings of seven Omani banks
Real Estate	Land development area under SEZs in GCC to reach 100,000ha by 2040
Healthcare	Saudi Healthcare provider Dallah makes second acquisition of 2020
Insurance	S&P expects low oil, virus to prompt Saudi insurer mergers
Power	Saudi Arabia aims to produce world's lowest-cost electricity
Hospitality	NCSI: Hotels in the Sultanate reported revenue dip of 42% by Apr'20-end
Airlines	Middle East carriers see passenger demand decline further in May
Tourism	Saudi Arabia's 1Q2020 tourism revenue falls 15%

MOST READ REGIONAL COMPANY HEADLINES

NCB	Raises largest Murabaha facility in the Saudi banking sector
APICORP	Issues \$750mn five-year bond
Samba	Saudi's Samba CEO sees U-shaped recovery after triple jeopardy
KBBO Group	Abu Dhabi KBBO set to hire PwC, Trussbridge to restructure debt
Mubadala	Delivers bid for Petrobras' refinery in Bahia
Emirates	Will have to review strategy after coronavirus pandemic: COO
Al Khaliji	Qatari banks Al Khaliji and Masraf Al Rayan begin merger talks
Union Properties	Dubai's Union Properties in final stages of debt restructuring
DAMAC	Chairman considers taking company private
Careem	Uber's Middle East business Careem sees ride-hailing recovery next year

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,312.2	-12.8%	1.2%	1.2%	\$2,248.9	22.0x
ADX	4,311.7	-15.1%	0.6%	0.6%	\$131.7	13.8x
DFM	2,061.5	-25.4%	-0.2%	-0.2%	\$60.0	6.2x
Nasdaq Dubai	2,529.7	-20.6%	0.4%	0.4%	NP	NP
Qatar	9,211.9	-11.6%	2.4%	2.4%	\$131.2	14.5x
Bahrain	1,274.4	-20.9%	-0.3%	-0.3%	\$19.3	9.5x
Oman	3,511.8	-11.8%	-0.1%	-0.1%	\$11.3	10.0x
Kuwait	5,599.4	-19.7%	-0.1%	-0.1%	\$69.2	13.5x

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For more information contact:

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