

Coronavirus to keep markets anxious and volatile

In case you missed it...

GCC markets ended in negative territory last week. Dubai (-5.4%) fell the most as the flight movements between the Emirate and some of its neighboring Arab nations were restricted on Coronavirus scares. Saudi Arabia (-4.7%) slid as the IEA's outlook on global oil demand growth fell to its lowest in a decade and as the Kingdom suspended Umrah pilgrimage and tourism from some of the Coronavirus affected nations. Qatar (-4.5%) was affected by the weakness in banking stocks. Abu Dhabi (-2.6%) was primarily dragged down by FAB. Kuwait (-2.1%) was followed by Oman (-1.4%), which reversed most of its previous week's gain. Bahrain (-0.5%) edged lower. The US markets closed deep in the red mainly on Coronavirus concerns as more new cases of the disease were reported outside China than inside for the first time. The indices, Dow Jones (-12.4%), S&P 500 (-11.5%) and Nasdaq Composite (-10.5%), registered their worst weekly fall since October 2008. In Europe, DAX (-12.4%), STOXX600 (-12.2%), CAC40 (-11.9%) and FTSE100 (-11.1%) all clocked double-digit decline.

The Week Ahead

Regional markets

We expect regional markets to continue downbeat sentiment as Kuwait, Bahrain and Qatar report Coronavirus cases, prompting Saudi Arabia to temporarily suspend GCC citizens from entering Makkah and Madinah. Global economic concerns over the China-origin disease has increased manifold over the last week, which has also dragged down crude oil sharply, with Brent settling touching the below \$50 mark. Meanwhile, in regional corporate activity, Sharjah Insurance, Naeem Holding, Widam, Al Khaleej Takaful and will report FY2019 financials. Also, shareholders of Oman Chromite, Musandam Power and others will approve dividend among other agendas at their AGMs.

Global markets

Global stock markets are likely to remain under stress this week as the rapid spread of the Coronavirus continues to dominate market sentiments and news coverage. Investors will remain cautious and are unlikely to take large positions without a clearer picture of the virus spread. Market participants, meanwhile, will also keenly watch the US employment data and nonfarm payroll, industrial production in Germany and, especially China's trade balance data.

You may be asked about

Saudi Aramco announced last week that it has received approval to launch a shale gas development project, which will be the largest outside the US. CEO Amin Nasser said Aramco has drilled 150 wells in the Jafurah shale gas field since 2013 to prepare the development plan and expects production to start in early 2024. The company intends to invest \$110 billion in Jafurah, which is estimated to hold 200 trillion cubic feet of raw gas reserves. If the targets for the development of the field is met, it will make the Kingdom third largest natural gas producer globally by 2030, behind the US and Russia.

Note to management

As Coronavirus threatens to become a highly disruptive global incident, we take a look at the risk management approach of one of the world's most successful investors. Although Warren Buffett's annual letter to shareholders did not mention Coronavirus, his business is guided and structured around risk management. Others can learn from his philosophy in these worrying times. Read our analysis on Al Arabiya News [Link](#).

EARNINGS CALENDAR

	Market	Est/ Conf	Date
Naeem Holding	UAE	C	02 Mar
QISI*	Qatar	C	02 Mar
Dlala Brokerage	Qatar	C	03 Mar
SABB*	KSA	C	05 Mar

*Earnings Calls

BRENT FUTURES PRICE



Q4 RESULTS

	PROFIT (mn)	Y-O-Y%
MPHC	QAR700	+91.0%
Kayan*	-SAR636.8	NM
Care *	SAR80.1	+28.8%
SIBC*	SAR239	-58.5%
Waha Capital*	-AED616.3	NM
Emirates Insurance Co.*	AED140.1	+22.8%
QISI	QAR12.9	+132.9%
ARNB*	SAR3,023	-23.8%
SABB*	SAR2,812	+4.2%

*Annual Results

ASSET CLASS MONITOR

	WTD ↓	YTD
Aluminium	-0.81%	-7.61%
Gold	-3.51%	4.51%
MSCI GCC	-4.19%	-8.85%
MSCI EM	-7.26%	-9.79%
MSCI World	-10.46%	-9.28%
FTSE 100	-11.12%	-12.75%
S&P 500	-11.49%	-8.56%
Oil	-13.64%	-23.45%
US Treasury	-18.59%	-18.06%

REGIONAL CALENDAR

05.03.2020 KSA Weekly Money Supply -

GLOBAL CALENDAR

02.03.2020	China Manufacturing PMI	US Manufacturing PMI
03.03.2020	Eurozone Consumer Inflation	UK Markit Construction PMI
04.03.2020	Eurozone Retail Sales	US Markit Services PMI
05.03.2020	US Factory Orders	Japan Household Spending
06.03.2020	Germany Industrial Production	US Nonfarm Payrolls

Food for thought

IR & BEYOND

Al Arabiya / Iridium	Warren Buffet's 'urgent zone' and managing coronavirus risk	Link
Iridium	Three Reasons that Drove DP World's Surprise Delisting	Link
Bloomberg	Middle Eastern Stocks Plunge as Oil Gets Hammered by Coronavirus	Link
Harvard Law	ESG Performance and the Credit Markets	Link
IR Magazine	Global IR Salary & Careers Report 2020 now available	Link

COMMODITIES

	WTD ↓	YTD
Gold	-3.51%	4.51%
Natural Gas	-11.60%	-23.07%
Oil (Brent)	-13.64%	-23.45%
Oil (WTI)	-16.15%	-26.70%

SOVEREIGN YIELDS (10YR)

	CURRENT (%)	1 MONTH (bps)	1 YEAR (bps)
US	1.15	-41	-118
UK	0.44	-29	-72
Germany	-0.61	-25	-60
France	-0.29	-29	-75
Italy	1.1	-48	-181
Switzerland	-0.87	-26	-49
Japan	-0.16	-5	-5
Hong Kong	0.8	-	-44
India	6.37	9	-

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GLOBAL AGENDA

EU	The EU and U.K. to meet to continue negotiations toward a trade deal
OECD	To publish its interim economic outlook
U.S.	Secretary of State Michael Pompeo to speak at the AIPAC
Cleveland Fed President	Loretta Mester to deliver a keynote address in London
Denmark	Central bank to publish foreign currency reserves data for February
ECB	Governing Council member Pablo Hernandez de Cos to speak in Geneva
South Africa	Reserve Bank Governor Lesetja Kganyago to give a public lecture
EU Trade Commissioner	Phil Hogan to speak in Brussels
BOE	Chief Economist Andy Haldane to speak in Paris
Earnings announcements	AutoZone, Spin Master, Aeroflot, Ciena, Dollar Tree etc

MOST READ REGIONAL SECTOR HEADLINES

Healthcare	Dr. Sulaiman Al Habib Medical Group prices IPO at top of range
Telecom	Etisalat acquires cyber security specialist German firm Help AG
Real Estate	Abu Dhabi awards AED2.4bn contracts for Riyadh City South project
Oil & Gas	Coronavirus to drag oil below \$60 this year: IIF
Bank	UAE banks lay off 930 employees, close 49 branches
Insurance	Saudi Arabia seeks higher capital for insurers
Renewable Energy	UAE plans for 44% of energy supply to come from renewable
Power	Three UAE-listed energy companies post 64% YoY higher profits in 2019
Water Desalination	GCC countries account for 40% of global water desalination capacity
Aviation	Transport ministry inaugurates new supplies terminal at Muscat airport

MOST READ REGIONAL COMPANY HEADLINES

Saudi Aramco	Launches largest shale gas development outside US
FAB	To decide on Bank Audi Egypt acquisition in 2Q 2020
ADASI	To supply Camcopter S-100 UAVs to UAE Armed Forces
Arada	UAE-based Arada plans new investment in Saudi Arabia in 1H 2020
Al Ahli Takaful	Saudi Al Ahli Takaful and Chubb Arabia in initial talks over merger
DIB	Hires banks to arrange Dollar Sukuk
Dallah Healthcare	Signs MoU to buy majority stake in Makkah Medical Center
SEC	Has completed 84,000km national grid powers
Emirates NBD	Agrees on 40% cash dividends
SIB	Proposes 10% dividend including 5% in cash and 5% of bonus shares

REGIONAL MARKETS	Last Close	YTD %	QTD %	MTD %	M-Cap (bn)	P/E (ttm)
Saudi Arabia	7,628.3	-9.1%	-9.1%	-7.5%	\$2,274.7	21.6x
ADX	4,901.4	-3.4%	-3.4%	-4.9%	\$138.7	14.5x
DFM	2,590.0	-6.3%	-6.3%	-7.2%	\$76.0	9.4x
Nasdaq Dubai	3,038.4	-4.6%	-4.6%	-6.2%	NP	NP
Qatar	9,490.1	-9.0%	-9.0%	-9.1%	\$129.7	13.9x
Bahrain	1,660.5	3.1%	3.1%	0.2%	\$26.0	11.8x
Oman	4,130.9	3.8%	3.8%	1.3%	\$13.4	8.2x

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