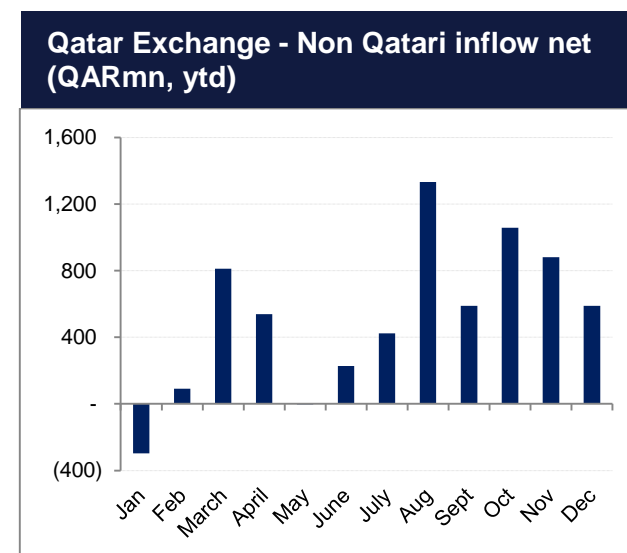
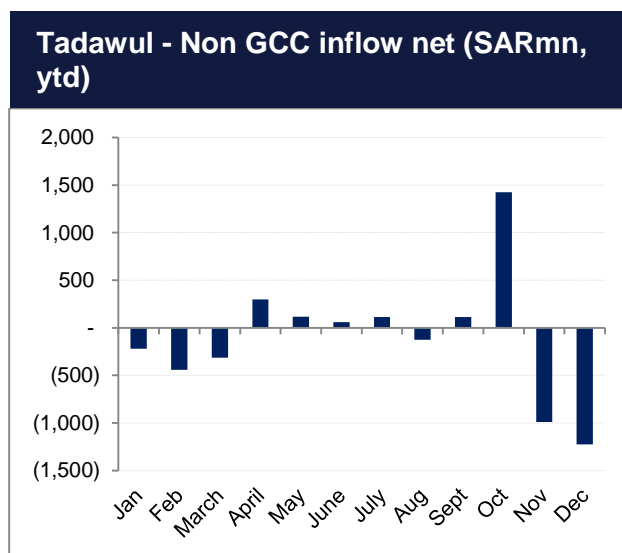
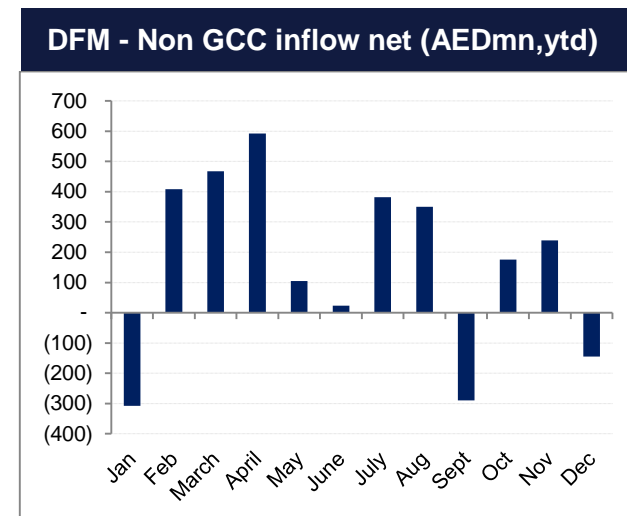
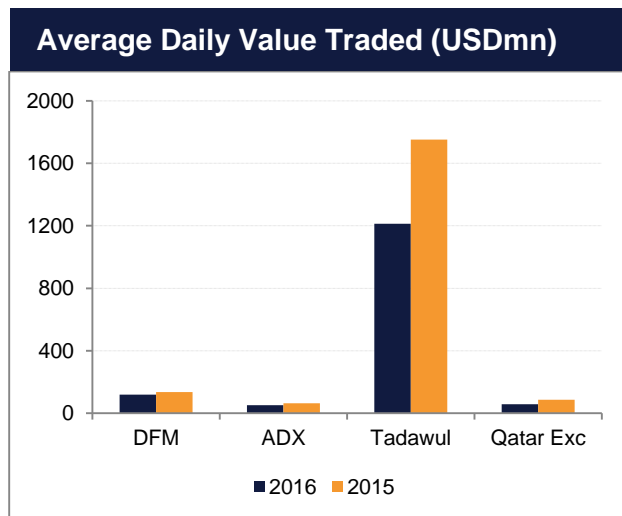


GCC Equity Flow Monitor – 2016

9 January 2017

Commentary

- In 2016, GCC equity markets closed higher despite weak performance in the first three quarters of 2016. The Bloomberg GCC 200 index closed the year with gains of +4.3% on the back of a +11.9% rally in Q4 2016. The correlation between oil prices and GCC equities declined over the course of 2016. The ICE Brent futures closed the year with gains of +52.4%.
- The rally was broad based with all major indices closing the year in positive territory. The DFM index rallied +12.1%, the ADX index gained +5.6% and the Tadawul added +4.3%. The Qatar Exchange closed flat.
- The DFM saw inflows for a fourth consecutive year. Non-GCC investors bought stocks worth AED 2.0 bn in 2016. This was nearly three times the net inflow in 2015.
- Etisalat and Emaar Properties saw maximum interest with inflows of c. USD 580mn into each stock.
- Despite underperforming regional peers, the Qatar Exchange saw inflows for a third consecutive year in 2016 with foreign investors buying stocks worth QAR 6.2bn. The net inflow in 2016 was nearly 10 times the net inflow in 2015 of QAR 623.5mn.
- Despite continued capital market and fiscal reforms, the Tadawul saw outflows from foreign investors in 2016. Cumulatively, foreign investors sold stocks worth SAR 1.2bn in 2016. However, this was nearly 70% lower than the outflows seen in 2015. At the end of 2016, non-GCC investors' ownership of Saudi stocks stood at 4.3% compared to 4.6% at the end of 2015.
- Volumes declined across the board in 2016 as investors remained cautious amid heightened volatility. The average daily value traded dropped -31.0% y/y on the Tadawul and -34.0% y/y on the Qatar Exchange.



Source: Bloomberg, Emirates NBD Research

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