



بنك الإمارات دبي الوطني  
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# Equity Weekly

## Global Equities

Last week global equities traded on headlines amid a slew of positive reports around trade negotiations between the US and China. Investor sentiment also received a boost from better than expected economic data and corporate earnings. The MSCI All Country index added +0.8% on the back of strength across major sub-indices. The MSCI G7 index and the MSCI EM index gained +0.8% 5d and +1.5% 5d respectively. Volatility declined in the US but increased slightly in Europe and EM. The VIX index, the V2X index and the CBOE EM ETF Volatility index closed -1.9% 5d, +0.1% 5d and +5.7% 5d respectively.

The focus this week will be on the first-tier economic data from the US and China including retail sales and inflation. Further, the markets will continue to monitor progress on trade talks and watch out for scheduled comments from US President Donald Trump and Fed Chairman Jerome Powell.

## Chart of the week

With global equity markets trading near all-time highs, a lot of focus has been on its sustainability. In that context, it is worth noting that the market breadth has improved considerably over the past three months with the net number of stocks at new 52-week highs in the MSCI World index increasing to 6.5% from 2.7% at the end of Q3 2019. This suggests that more stocks are participating in the rally.

### Chart of the week – Market breadth improves as rally continues



Source: Bloomberg

## MENA Markets

Regional equities closed higher as corporate earnings, Saudi Aramco IPO and global cues dominated investor sentiment. The S&P Pan Arab Composite index +1.6% 5d.

The focus of investors remained on the Saudi Aramco IPO. Over the weekend, the company published an interim prospectus which along with other details indicated that the subscription period will open on 17 November 2019. While the proposed price range and the size of the offering was not made public, it was said that up to 0.5% of total shares will be kept aside for retail investors. Further, the Saudi government will not offer any additional shares for 12 months after the listing. However, they retain the right to sell to foreign governments or investors affiliated with foreign governments. For 9M 2019, the company reported a net income of USD 68.2bn and revenues of USD 217bn.

UAE bourses closed mixed with the DFM index losing -1.0% 5d and the ADX index adding +0.1%. Air Arabia was a notable exception as the stock gained +8.1% 5d. Elsewhere, most market heavyweights closed lower with Emaar Properties dropping -2.1% 5d and Damac Properties lost -2.9% 5d.

MSCI also made its periodic review of the stocks included in the MSCI EM index. As part of the process, Arab National Bank and Qatar International Islamic Bank were included while Emaar Development was removed.

## Developed Markets

Developed market equities closed higher on the back of positive economic data and better than expected corporate earnings. However, the main catalyst was positive news flow around the phase 1 agreement between the US and China. Much of it remained source-based and Donald Trump attempted to play hardball towards the end of the week by saying that he has not made any decision on rolling back some of the existing tariffs. The S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +0.9% 5d, +1.5% 5d and +2.0% 5d respectively.

Nearly 89% of companies in the S&P 500 index have reported earnings for Q3 2019. According to FactSet, 75% of those companies have beaten estimates. The blended earnings decline for Q3 2019 is 2.4%. If the earnings continue to show a decline then it will be the first time since Q2 2016 that the index has had three consecutive quarters of earnings decline. It will also mark the highest decline in y/y earnings since Q2 2016.

## Emerging Markets

Emerging market equities outperformed broader indices as risk appetite returned and expectations increased over Phase 1 trade deal between the US and China. The MSCI EM index added +1.5% 5d relative to gain of +0.7% 5d in the MSCI World index.

Indian stocks underperformed the broader EM markets on the back of continued concern over the health of the economy. The same came to the fore following the decision of Moody's to cut India's credit rating outlook to negative. The company cited worsening shadow banking crunch, prolonged slowdown in economy and a rising public debt as reasons.

## Market Data

### MENA Equity Indices

Index	Last Price	wtd % chg	T.Value 5d avg (USDmn)	BEST P/E	BEST P/B	Div Yield	% above 200d MA
DFM	2,699	-1.8%	51.8	7.5	1.0	4.4	56.76
ADX	5,131	0.5%	37.8	13.2	1.6	4.9	38.33
Tadawul	7,798	0.7%	650.7	17.2	1.8	3.8	35.48
ISE 100	103,153	5.2%	1,384.4	7.7	0.9	3.5	80.00
EGX 30	14,796	1.6%	32.0	10.7	1.9	2.5	46.67
Kuwait Premier	6,179	-0.5%	33.1	16.0	0.1	3.5	52.63
Bahrain	1,518	-0.3%	1.9	-	-	5.1	-
MSM	4,041	1.0%	2.9	5.9	0.5	7.4	60.00
Qatar Exchange	10,275	0.8%	41.9	14.5	1.5	4.2	50.00
MADEX	9,435	0.0%	8.1	18.4	-	3.7	61.22
TUSISE	7,010	-0.2%	0.8	21.5	-	2.1	29.73

### Developed Market Indices

Dow Jones	27,681	1.2%	8,510.5	18.7	4.0	2.3	72.41
S&P 500	3,093	0.9%	42,966.5	18.8	3.3	1.9	74.95
Nasdaq	8,475	1.1%	29,793.2	25.4	4.6	1.1	47.87
FTSE 100	7,359	0.8%	4,342.5	13.4	1.7	4.7	70.00
Dax	13,229	2.1%	4,662.0	15.9	1.6	3.0	86.67
Cac 40	5,890	2.2%	4,021.9	16.0	1.7	3.2	82.50
Swiss	10,309	0.6%	3,485.8	17.4	2.5	3.2	100.00
Nikkei	23,392	2.4%	14,434.8	17.5	1.7	1.9	75.56
Australia	6,724	0.8%	3,694.8	17.6	2.1	4.1	69.00
Stoxx 600	405	1.5%	31,917.3	15.7	1.8	3.5	79.36

### Emerging Market Indices

Hong Kong	27,651	2.0%	3,816.6	10.9	1.2	3.6	50.00
Shanghai	2,964	0.2%	24,197.6	11.8	1.4	2.3	31.85
Korea	2,137	1.8%	4,625.0	14.8	0.9	2.2	28.29
Sensex	40,324	0.4%	134.8	21.7	2.8	1.2	58.06
Nifty	11,908	0.1%	3,137.2	20.8	2.8	1.2	54.00
Karachi	35,978	4.7%	46.2	6.3	1.0	5.7	43.01
Taiwan	11,580	1.6%	4,572.7	17.8	1.9	4.0	64.78
Bovespa	107,629	-0.5%	3,817.9	14.7	1.9	3.0	79.41
Jo'burg	56,617	-0.1%	1,340.6	12.8	1.7	4.2	52.90
Vietnam	1,022	0.7%	159.5	17.2	2.8	2.0	46.65
Jakarta	6,178	-0.5%	482.3	15.8	2.1	2.4	35.93

Source: Bloomberg, BEST – Bloomberg Estimate

## Relative Valuations

### Benchmark Equity Indices

Index	Last Price	wtd % chg	1m % chg	Ytd % chg	BEst P/E	BEst P/B	Div Yield
MSCI World	2,269	0.7%	4.1%	20.4%	17.43	2.39	2.41
MSCI G7	2,078	0.8%	4.2%	21.1%	17.53	2.47	2.26
MSCI EM	1,065	1.5%	5.3%	10.3%	13.78	1.56	2.82
MSCI FM	558	-0.3%	1.5%	8.0%	10.38	1.17	4.41
S&P Pan Arab	743	0.6%	0.0%	1.9%	13.70	1.50	4.11
DUAE INDEX	3,144	-0.5%	-1.6%	1.0%	9.36	1.26	4.73
DKUW INDEX	4,437	-0.7%	-0.8%	18.2%	-	-	-
DQAT INDEX	6,845	1.2%	0.1%	-2.0%	14.20	2.01	3.80
DKUS INDEX	3,432	-0.6%	0.4%	14.8%	7.54	0.11	3.18
DQAS INDEX	7,779	0.7%	0.9%	-4.5%	14.84	1.60	4.67

### Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-45.5%	-34.0%	6.9%	Bahrain	-	-	24.8%
ADX	-3.7%	9.4%	19.1%	MSM	-57.0%	-66.1%	80.6%
Tadawul	25.2%	19.0%	-6.8%	Qatar	6.2%	2.7%	1.0%
Kuwait Premier	17.1%	-90.6%	-14.5%	TUSISE	57.3%	-	-48.9%

### Relative to MSCI G7 Index

Dow Jones	6.7%	60.2%	2.6%	Cac 40	-8.6%	-32.3%	42.5%
S&P 500	7.1%	35.1%	-15.5%	Swiss	-0.5%	0.4%	42.0%
Nasdaq	44.9%	87.7%	-50.0%	Nikkei	-0.2%	-31.4%	-15.1%
FTSE 100	-23.5%	-30.4%	107.5%	Australia	0.4%	-15.2%	82.7%
Dax	-9.3%	-34.2%	31.0%	Stoxx 600	-10.7%	-26.5%	56.2%

### Relative to MSCI Emerging Market Index

Hong Kong	-20.7%	-23.8%	26.9%	Jo'burg	-7.1%	10.1%	47.7%
Shanghai	-14.6%	-12.4%	-17.3%	Vietnam	25.1%	76.9%	-30.4%
Korea	7.2%	-41.7%	-21.9%	Jakarta	14.9%	37.1%	-13.5%
Sensex	57.5%	82.0%	-56.7%				
Nifty	50.6%	78.3%	-56.1%				
Karachi	-54.4%	-34.2%	102.3%				
Taiwan	28.9%	18.9%	40.1%				
Bovespa	7.0%	23.0%	5.2%				

Source: Bloomberg, BEst – Bloomberg Estimate

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