



بنك الإمارات دبي الوطني
Emirates NBD

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Equity Weekly

Global Equities

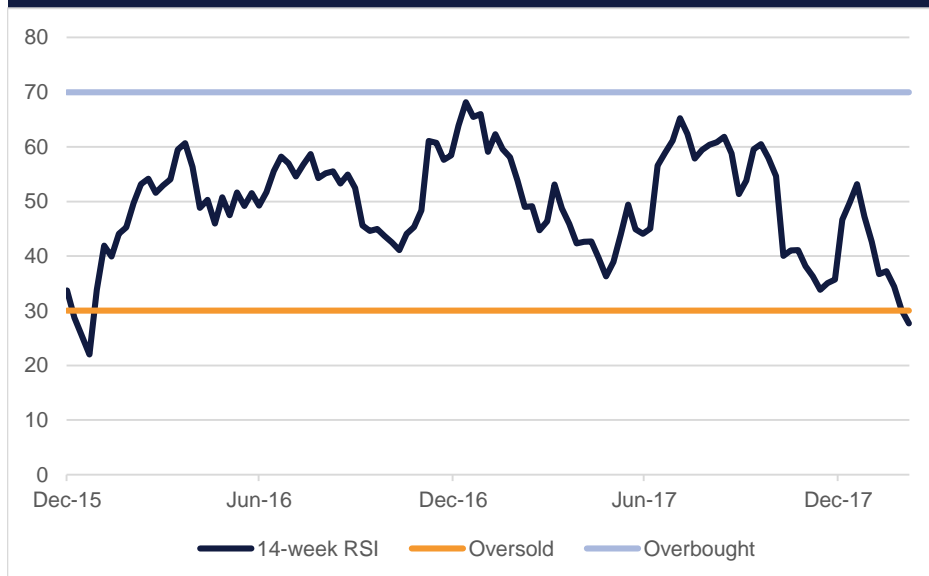
Global equities paid more attention to strong economic data from the US rather than the potential of a 'trade tantrum'. The fact that the US President Donald Trump kept the window open for countries to be exempted from tariffs on Steel and Aluminum could have played a part in investors downplaying the impact of the decision. The MSCI World index added +2.9% 5d with all its sub-indices closing in the positive territory. The MSCI G7 index, the MSCI EM index and the MSCI Arabian Markets index added +3.0% 5d, +2.1% 5d and +1.4% 5d respectively. Volatility declined across the board with the VIX index, the V2X index and CBOE EM Volatility ETF dropping -25.3% 5d, -34.1% 5d and -17.8% 5d respectively.

With most political events now behind us, the focus will shift to macro-economic data and the Federal Reserve meeting later this month. Regionally, the focus is likely to remain on Saudi Arabia related FTSE announcement scheduled towards the end of this month.

Chart of the week

Within the MENA region, the DFM index is among the worst-performing markets so far this year with ytd losses of -5.4%. This has pushed the market's 14-week RSI into oversold territory for the first time since January 2016. RSI is a technical indicator wherein a reading below 30 indicates oversold and a reading over 70 indicates overbought. Interestingly, the DFM index has never been in overbought territory in the last two years.

Chart of the week – DFM's 14-week RSI in oversold territory



Source: Bloomberg

MENA Markets

It was a mixed week of trading for MENA equities. Volumes remained low in most markets as investors preferred to remain on sidelines following stocks going ex-dividend. The S&P Pan Arab Composite index ended the week with gains of +0.9%.

Egyptian equities led the gains with the EGX 30 index adding +6.7% 5d. It is now the best performing equity market in the region with year to date gains of +9.0%. Real estate sector stocks continue to perform well with the EGX30 Real Estate Index adding +5.7% 5d amid speculation of a further rate cut as inflation eases further. Real estate stocks also received a boost from reports that New Urban Communities Authority has released bid sheets from new land plots in East and West Cairo. The Egyptian Presidential election scheduled for later this month is expected to throw up little surprise as the incumbent President Abdel Fatah al-Sissi is likely to be re-elected. The EGX 30 index is currently trading at 12m forward earnings of 11.8x compared to the S&P Pan Arab Composite index which is trading at 12.4x 12m forward earnings.

The Tadawul added +2.0% 5d as the focus remained on the FTSE announcement on inclusion of Saudi equities in its EM index. The market has seen inflows of c. USD 1.1bn year to date from foreign investors as they build position in anticipation of a favorable outcome from both index providers i.e., FTSE and MSCI. At the moment, market heavyweights are leading the rally with Al Rajhi Bank and Sabic adding +2.8% 5d and +3.3% 5d respectively.

Developed Markets

Developed market equities closed higher as investors shrugged off concern over a 'trade tantrum' even as the US President Donald Trump confirmed imposition of tariffs on steel (25%) and aluminum (10%). The fact that Canada and Mexico were exempt from the tariff and that the US President left a window open to add other countries in the exempt list could have played a part in the subdued reaction from equity investors. The 'goldilocks' non-farm payrolls data from the US further buoyed investor sentiment. The data showed higher than expected change in non-farm payrolls of 313,000 for February and was accompanied by weaker than expected average hourly earnings of 2.6% y/y.

The S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +3.5% 5d, +3.1% 5d and +1.4% 5d respectively.

Emerging Markets

Emerging market equities underperformed broader equity markets with the MSCI EM index adding +2.1% 5d compared to a gain of +2.9% 5d in the MSCI World index.

The thaw in tensions between North Korea and South Korea which could lead to a possible meeting between the US President and North Korean leader Kim Jong Un helped strength in South Korean equities. The Kospi index ended the week with gains of +2.4%. India's Nifty index was the biggest underperformer with losses of -2.2% 5d amid mounting concern over the banking sector.

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	3,157	-1.6%	52.8	8.3	1.1	5.5	19.44
ADX	4,527	-1.5%	52.8	11.0	1.4	5.3	42.37
Tadawul	7,562	2.0%	878.5	14.1	1.6	3.1	56.32
ISE 100	116,915	-0.2%	1,394.2	8.4	1.3	2.6	62.89
EGX 30	16,472	6.7%	73.7	11.8	2.1	1.9	83.33
KWSE	6,778	-0.4%	33.3	-	-	5.5	34.86
Bahrain	1,370	-0.2%	1.9	-	-	5.9	62.50
MSM	4,930	-1.6%	4.4	9.7	1.0	5.3	56.67
Qatar Exchange	8,308	-4.8%	38.3	11.2	1.3	5.1	50.00
MADEX	10,812	0.8%	16.2	18.9	2.8	3.6	75.56
TUSISE	6,809	1.4%	2.1	22.1	-	2.0	65.22

Developed Market Indices

Dow Jones	25,336	3.3%	8,146.1	17.1	3.9	2.2	76.67
S&P 500	2,787	3.5%	44,111.3	17.8	2.5	1.9	70.80
Nasdaq	7,561	4.2%	31,497.8	23.0	2.5	1.0	61.55
FTSE 100	7,225	2.2%	6,204.5	13.6	1.8	4.4	54.46
Dax	12,347	3.6%	5,156.4	12.9	1.6	3.2	41.38
Cac 40	5,274	2.7%	4,709.1	14.6	1.5	3.3	55.00
Swiss	8,932	3.5%	2,830.5	15.7	2.3	3.6	50.00
Nikkei	21,469	1.4%	15,646.8	16.1	1.7	1.9	43.11
Australia	5,963	0.6%	3,410.4	16.0	2.0	4.4	64.32
Stoxx 600	378	3.1%	33,762.8	14.6	1.8	3.6	56.13

Emerging Market Indices

Hong Kong	30,996	1.3%	5,248.6	12.2	1.3	3.2	75.51
Shanghai	3,307	1.6%	30,165.9	12.9	1.5	1.8	21.71
Korea	2,459	2.4%	7,205.4	9.6	1.0	1.6	44.62
Sensex	33,307	-2.2%	101.5	21.9	2.9	1.2	41.94
Nifty	10,227	-2.2%	1,732.9	20.7	2.9	1.4	40.00
Karachi	43,011	-1.7%	37.4	9.4	1.5	5.3	29.79
Taiwan	10,865	1.6%	3,718.6	14.0	1.8	3.7	56.22
Bovespa	86,371	0.7%	2,662.0	13.4	1.8	2.8	75.81
Micex	2,312	1.0%	623.2	6.5	0.8	4.7	73.33
Jo'burg	59,169	2.5%	1,909.3	16.1	2.0	2.9	56.52
Vietnam	1,123	0.2%	276.4	19.6	3.4	1.9	46.56
Jakarta	6,433	-2.3%	491.6	1.5	2.5	1.9	52.79

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	2,149	2.8%	3.5%	2.2%	16.41	2.08	2.32
MSCI G7	1,950	3.0%	3.7%	2.5%	16.51	2.13	2.16
MSCI EM	1,207	2.1%	4.7%	4.2%	12.90	1.66	2.34
MSCI FM	667	1.2%	3.4%	4.6%	13.07	2.02	3.03
S&P Pan Arab	712	0.7%	0.8%	3.8%	12.61	1.51	3.84
DUAE INDEX	3,262	-1.4%	-3.2%	-0.4%	9.98	1.28	5.50
DKUW INDEX	3,540	-1.0%	-0.3%	3.8%	-	-	-
DQAT INDEX	4,962	-4.6%	-8.0%	-6.6%	10.11	1.36	4.81
DKUS INDEX	2,888	-0.3%	-0.3%	3.1%	15.47	1.90	2.38
DQAS INDEX	6,961	-4.2%	-6.7%	-2.3%	12.30	1.52	5.28

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-33.8%	-26.8%	43.3%	Bahrain	-	-	53.1%
ADX	-12.7%	-5.6%	39.0%	MSM	-23.2%	-36.5%	38.1%
Tadawul	11.9%	7.7%	-19.2%	Qatar	-10.9%	-16.7%	33.3%
KWSE	-	-	44.5%	TUSISE	75.5%	-	-46.8%

Relative to MSCI G7 Index

Dow Jones	3.8%	81.6%	2.4%	Cac 40	-11.7%	-28.3%	54.8%
S&P 500	8.0%	18.9%	-11.5%	Swiss	-5.0%	8.2%	65.9%
Nasdaq	39.3%	17.6%	-52.3%	Nikkei	-2.4%	-18.7%	-13.8%
FTSE 100	-17.5%	-15.8%	104.8%	Australia	-3.2%	-7.9%	103.9%
Dax	-22.0%	-24.2%	50.1%	Stoxx 600	-11.4%	-16.2%	67.3%

Relative to MSCI Emerging Market Index

Hong Kong	-5.7%	-20.5%	38.2%	Jo'burg	25.0%	21.8%	24.8%
Shanghai	0.2%	-8.9%	-21.3%	Vietnam	51.9%	103.0%	-20.1%
Korea	-25.9%	-37.5%	-30.1%	Jakarta	-88.7%	52.8%	-19.4%
Sensex	69.6%	76.3%	-48.9%				
Nifty	60.2%	74.7%	-41.2%				
Karachi	-27.5%	-9.8%	127.3%				
Taiwan	8.4%	9.0%	58.4%				
Bovespa	3.9%	7.5%	19.6%				
Micex	-49.4%	-54.3%	101.9%				

Source: Bloomberg, BEst – Bloomberg Estimate

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