



بنك الإمارات دبي الوطني
Emirates NBD

Weekly
15 September 2019

Aditya Pugalia
Director, Financial Markets Research
+971 4 609 3027
adityap@emiratesnbd.com

www.emiratesnbdresearch.com

Equity Weekly

Global Equities

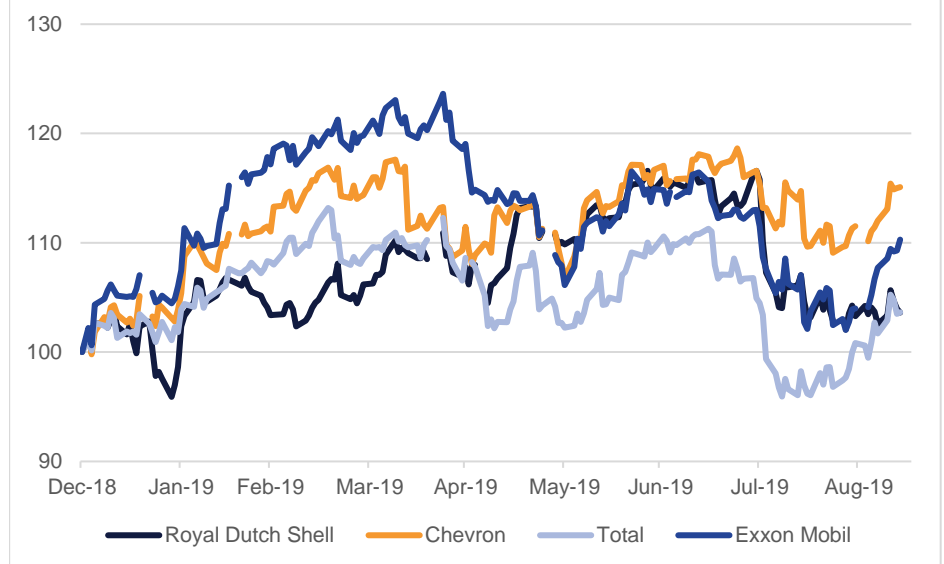
Global equities closed higher last week as trade tensions between the US and China eased and central banks (most notably the European Central Bank) showed that they remain committed to proactive measures to boost economic activity. The MSCI All Country index added +1.3% 5d on the back of strength across major sub-indices. The MSCI G7 index and the MSCI EM index added +1.3% 5d and +1.9% 5d respectively. The MSCI Frontier Markets index was a notable exception with losses of -1.2% 5d.

The focus of investors this week will be on the Federal Reserve and how geopolitics evolves following the attack on oil facilities in Saudi Arabia over the weekend. With regards to the Federal Reserve, a 25 bps rate cut is baked in and the focus of investors will be on the language accompanying the cut. It must be remembered that market participants are anticipating further cuts in 2019 and they will seek whether comments from Fed officials validate those expectations.

Chart of the week

With the Saudi Aramco IPO fast tracked, it is worth highlighting the performance of other oil majors this year. Royal Dutch, Chevron, Total and Exxon Mobil at the end of last week were trading -1.1% ytd, +11.7% ytd, +1.0% ytd and +6.5% ytd respectively. While looking at returns from these companies, it must be noted that the size of Saudi Aramco would be much bigger compared to existing listed companies.

Chart of the week – Performance of oil stocks (ytd)



Source: Bloomberg, Emirates NBD Research

MENA Markets

It was yet again a mixed week of trading for regional equities as major indices continue to be impacted by technical factors. Notably, it is the readjustment of fund flows following inclusion in the broader indices which is weighing on prices. The S&P Pan Arab Composite index closed -1.6% 5d.

UAE bourses closed mixed with the DFM index adding +0.6% 5d and the ADX index losing -0.2% 5d. Arabtec gained +6.2% 5d after the company confirmed that it is in talks with Trojan Holdings to merge construction business. Shuaa Capital (+1.4% 5d) extended its positive run to five consecutive weeks after the company confirmed that it is selling its brokerage and market-making businesses to a unit of International Holdings Co in an all-cash deal. The company also confirmed that the financial impact of the sale will be reflected in either Q3 or Q4 2019 earnings.

The Tadawul dropped -2.7% 5d as the focus remained on the potential listing of Aramco on the Tadawul and resultant impact on weights of other stocks in the index. According to reports, Aramco could sell shares in tranches with 1% being sold as early as November 2019. It is worth noting that the decline on the broader index was led by stocks which account for the greatest weights on the index i.e., Al Rajhi Bank (-1.8% 5d), National Commercial Bank (-5.6% 5d), Sabic (-6.5% 5d) and Saudi Telecom Co (-3.1% 5d). These four stocks together account for c.34.6% of total weight on the Tadawul index.

Developed Markets

Developed market equities closed higher amid an exchange of goodwill gestures between the US and China ahead of a resumption of trade talks between the US and China in October. While China left out some goods from the tariff list, the US President delayed the effective date of latest tariffs by two weeks to 15 October 2019. Risk sentiment also received a booster shot from expectations of a continued 'central bank put'. Moves by the European Central Bank to restart quantitative easing, cut interest rates deeper into negative territory and ask governments to embark on fiscal stimulus not only fed into those expectations but also raised them of steps from other central banks including the Federal Reserve.

Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +1.0% 5d, +1.2% 5d and +3.7% 5d respectively.

Emerging Markets

Emerging market equities outperformed the broader trends as a multitude of factors including easing of trade tensions between China and the US and accompanied weakness in the USD boosted investor flows. The MSCI EM index added +1.9% 5d compared to gains of +1.2% 5d in the MSCI World index.

Turkey's Istanbul 100 index was a notable outperformer with gains of +4.1% 5d. The main catalyst behind the move was a deeper than anticipated interest rate cut by the central bank. The monetary policy committee reduced rates by 325 bps to take the total easing to 750 bps over the last two meetings. However, the central bank also noted that the 'current policy stance is considered to be consistent with the projected disinflation path'. This in turn suggests that there may be room for further easing should inflation continue to surprise on the downside.

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	2,888	-0.1%	82.8	7.6	1.1	4.3	56.76
ADX	5,096	-0.4%	45.2	13.1	1.6	4.9	48.33
Tadawul	7,832	-2.8%	763.6	15.6	1.7	3.9	39.04
ISE 100	103,072	3.5%	1,445.8	7.4	1.0	3.5	74.00
EGX 30	15,110	1.2%	37.2	10.1	1.9	2.6	53.33
Kuwait Premier	6,251	-4.5%	91.8	9.5	0.1	3.5	63.16
Bahrain	1,547	-0.3%	2.1	-	-	5.1	66.67
MSM	4,020	0.6%	4.9	6.8	0.6	6.8	66.67
Qatar Exchange	10,462	2.0%	64.6	14.0	1.1	4.2	50.00
MADEX	9,450	-0.2%	5.4	18.0	2.5	3.9	73.47
TUSISE	7,117	-0.5%	1.2	22.2	-	1.6	30.56

Developed Market Indices

Dow Jones	27,220	1.6%	9,226.8	18.0	3.9	2.3	75.86
S&P 500	3,007	1.0%	43,821.0	18.2	3.3	1.9	75.50
Nasdaq	8,177	0.9%	31,318.3	24.7	4.5	1.2	51.11
FTSE 100	7,367	1.2%	5,062.3	13.0	1.7	4.8	78.22
Dax	12,469	2.3%	3,896.9	14.6	1.5	3.2	73.33
Cac 40	5,655	0.9%	4,221.8	15.1	1.6	3.3	90.00
Swiss	10,047	-0.3%	4,386.2	17.0	2.4	3.3	94.74
Nikkei	21,988	3.7%	14,809.6	15.9	1.6	2.1	45.33
Australia	6,669	0.3%	3,885.1	17.1	2.1	4.2	66.50
Stoxx 600	392	1.2%	30,785.6	14.9	1.8	3.7	76.79

Emerging Market Indices

Hong Kong	27,353	2.5%	3,714.6	10.9	1.2	3.6	46.00
Shanghai	3,031	1.1%	35,575.9	11.9	1.4	2.3	-
Korea	2,049	2.0%	3,969.4	13.2	0.9	2.3	-
Sensex	37,385	1.1%	97.3	19.1	2.7	1.3	48.39
Nifty	11,076	1.2%	2,466.7	18.3	2.6	1.3	38.00
Karachi	31,481	3.3%	30.5	5.7	0.9	6.7	5.43
Taiwan	10,827	0.4%	3,572.5	16.4	1.7	4.3	-
Bovespa	103,501	0.5%	3,214.9	13.4	2.0	2.8	80.88
Jo'burg	57,124	2.8%	1,567.5	12.3	1.6	4.1	45.00
Vietnam	987	1.3%	112.7	16.6	2.6	1.8	45.95
Jakarta	6,335	0.4%	476.9	15.5	2.3	2.4	45.33

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	2,206	1.2%	4.6%	17.1%	16.84	2.34	2.47
MSCI G7	2,016	1.3%	4.6%	17.6%	16.93	2.41	2.31
MSCI EM	1,027	1.9%	5.8%	6.3%	13.23	1.53	2.90
MSCI FM	552	-1.2%	-2.6%	6.9%	10.44	1.17	4.33
S&P Pan Arab	751	-1.7%	-4.3%	3.0%	13.46	0.91	4.02
DUAE INDEX	3,223	-0.4%	-1.2%	4.2%	10.24	1.33	4.89
DKUW INDEX	4,456	-4.9%	-6.9%	18.7%	-	-	-
DQAT INDEX	6,948	1.7%	6.9%	-0.6%	14.11	1.60	3.74
DKUS INDEX	3,424	-5.0%	-8.5%	14.5%	7.45	0.11	3.19
DQAS INDEX	7,855	1.7%	6.8%	-3.6%	20.03	2.26	3.58

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-43.4%	16.0%	6.5%	Bahrain	-	-	25.6%
ADX	-2.5%	76.4%	21.5%	MSM	-49.6%	-32.3%	69.6%
Tadawul	16.0%	87.7%	-2.9%	Qatar	4.0%	19.7%	4.3%
Kuwait Premier	-29.3%	-85.5%	-12.4%	TUSISE	65.1%	-	-61.2%

Relative to MSCI G7 Index

Dow Jones	6.2%	63.3%	1.3%	Cac 40	-10.8%	-33.4%	44.6%
S&P 500	7.8%	35.4%	-16.0%	Swiss	0.3%	0.4%	42.0%
Nasdaq	46.2%	87.2%	-50.2%	Nikkei	-6.1%	-34.8%	-10.8%
FTSE 100	-23.1%	-29.9%	107.9%	Australia	0.8%	-13.9%	83.6%
Dax	-13.6%	-36.3%	38.6%	Stoxx 600	-11.7%	-26.8%	58.9%

Relative to MSCI Emerging Market Index

Hong Kong	-17.4%	-22.3%	24.7%	Jo'burg	-7.2%	7.2%	41.6%
Shanghai	-10.0%	-9.7%	-20.5%	Vietnam	25.2%	72.8%	-38.4%
Korea	0.0%	-42.8%	-20.6%	Jakarta	16.8%	49.4%	-16.4%
Sensex	44.7%	75.4%	-55.8%				
Nifty	38.5%	68.5%	-53.8%				
Karachi	-57.0%	-42.6%	132.3%				
Taiwan	23.9%	11.8%	46.7%				
Bovespa	1.1%	29.7%	-4.5%				

Source: Bloomberg, BEst – Bloomberg Estimate

Disclaimer

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF ACCESS FOR THE PUBLICATION BEFORE THE USE THEREOF. By continuing to access and use the publication, you signify you accept these terms and conditions. Emirates NBD reserves the right to amend, remove, or add to the publication and Disclaimer at any time. Such modifications shall be effective immediately. Accordingly, please continue to review this Disclaimer whenever accessing, or using the publication. Your access of, and use of the publication, after modifications to the Disclaimer will constitute your acceptance of the terms and conditions of use of the publication, as modified. If, at any time, you do not wish to accept the content of this Disclaimer, you may not access, or use the publication. Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Emirates NBD and shall be of no force or effect. Information contained herein is believed by Emirates NBD to be accurate and true but Emirates NBD expresses no representation or warranty of such accuracy and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in the publication. The publication is provided for informational uses only and is not intended for trading purposes. Charts, graphs and related data/information provided herein are intended to serve for illustrative purposes. The data/information contained in the publication is not designed to initiate or conclude any transaction. In addition, the data/information contained in the publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. The publication may include data/information taken from stock exchanges and other sources from around the world and Emirates NBD does not guarantee the sequence, accuracy, completeness, or timeliness of information contained in the publication provided thereto by or obtained from unaffiliated third parties. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party.

None of the content in the publication constitutes a solicitation, offer or recommendation by Emirates NBD to buy or sell any security, or represents the provision by Emirates NBD of investment advice or services regarding the profitability or suitability of any security or investment. Moreover, the content of the publication should not be considered legal, tax, accounting advice. The publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. Accordingly, anything to the contrary herein set forth notwithstanding, Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any: (a) inaccuracies or errors in or omissions from the publication including, but not limited to, quotes and financial data; (b) loss or damage arising from the use of the publication, including, but not limited to any investment decision occasioned thereby. (c) UNDER NO CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, SHALL EMIRATES NBD, ITS SUPPLIERS, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AFFILIATES OR SUBSIDIARIES BE LIABLE TO YOU FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES EVEN IF EMIRATES NBD HAS BEEN ADVISED SPECIFICALLY OF THE POSSIBILITY OF SUCH DAMAGES, ARISING FROM THE USE OF THE PUBLICATION, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUE, OPPORTUNITY, OR ANTICIPATED PROFITS OR LOST BUSINESS. The information contained in the publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in the publication. Further, references to any financial instrument or investment product is not intended to imply that an actual trading market exists for such instrument or product. In publishing this document Emirates NBD is not acting in the capacity of a fiduciary or financial advisor.

Emirates NBD and its group entities (together and separately, "Emirates NBD") does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its reports. As a result, recipients of this report should be aware that any or all of the foregoing services may at times give rise to a conflict of interest that could affect the objectivity of this report.

The securities covered by this report may not be suitable for all types of investors. The report does not take into account the investment objectives, financial situations and specific needs of recipients.

Data included in the publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. In receiving the publication, you acknowledge and agree that there are risks associated with investment activities. Moreover, you acknowledge in receiving the publication that the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in the publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with you. You acknowledge and agree that past investment performance is not indicative of the future performance results of any investment and that the information contained herein is not to be used as an indication for the future performance of any investment activity. You acknowledge that the publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between you and Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD and/or other lawful parties. Except as specifically permitted in writing, you acknowledge and agree that you may not copy or make any use of the content of the publication or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with the publication, or the names of any individual participant in, or contributor to, the content of the publication, or any variations or derivatives thereof, for any purpose.

YOU AGREE TO USE THE PUBLICATION SOLELY FOR YOUR OWN NONCOMMERCIAL USE AND BENEFIT, AND NOT FOR RESALE OR OTHER TRANSFER OR DISPOSITION TO, OR USE BY OR FOR THE BENEFIT OF, ANY OTHER PERSON OR ENTITY. YOU AGREE NOT TO USE, TRANSFER, DISTRIBUTE, OR DISPOSE OF ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION IN ANY MANNER THAT COULD COMPETE WITH THE BUSINESS INTERESTS OF EMIRATES NBD. YOU MAY NOT COPY, REPRODUCE, PUBLISH, DISPLAY, MODIFY, OR CREATE DERIVATIVE WORKS FROM ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION. YOU MAY NOT OFFER ANY PART OF THE PUBLICATION FOR SALE OR DISTRIBUTE IT OVER ANY MEDIUM WITHOUT THE PRIOR WRITTEN CONSENT OF EMIRATES NBD. THE DATA/INFORMATION CONTAINED IN THE PUBLICATION MAY NOT BE USED TO CONSTRUCT A DATABASE OF ANY KIND. YOU MAY NOT USE THE DATA/INFORMATION IN THE PUBLICATION IN ANY WAY TO IMPROVE THE QUALITY OF ANY DATA SOLD OR CONTRIBUTED TO BY YOU TO ANY THIRD PARTY. FURTHERMORE, YOU MAY NOT USE ANY OF THE TRADEMARKS, TRADE NAMES, SERVICE MARKS, COPYRIGHTS, OR LOGOS OF EMIRATES NBD OR ITS SUBSIDIARIES IN ANY MANNER WHICH CREATES THE IMPRESSION THAT SUCH ITEMS BELONG TO OR ARE ASSOCIATED WITH YOU OR, EXCEPT AS OTHERWISE PROVIDED WITH EMIRATES NBD'S PRIOR WRITTEN CONSENT, AND YOU ACKNOWLEDGE THAT YOU HAVE NO OWNERSHIP RIGHTS IN AND TO ANY OF SUCH ITEMS. MOREOVER YOU AGREE THAT YOUR USE OF THE PUBLICATION IS AT YOUR SOLE RISK AND ACKNOWLEDGE THAT THE PUBLICATION AND ANYTHING CONTAINED HEREIN, IS PROVIDED "AS IS" AND "AS AVAILABLE," AND THAT EMIRATES NBD MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE PUBLICATION, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, NON-INFRINGEMENT, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE OR USE. You agree, at your own expense, to indemnify, defend and hold harmless Emirates NBD, its Suppliers, agents, directors, officers, employees, representatives, successors, and assigns from and against any and all claims, damages, liabilities, costs, and expenses, including reasonable attorneys' and experts' fees, arising out of or in connection with the publication, including, but not limited to: (i) your use of the data contained in the publication or someone using such data on your behalf; (ii) any deletions, additions, insertions or alterations to, or any unauthorized use of, the data contained in the publication or (iii) any misrepresentation or breach of an acknowledgement or agreement made as a result of your receiving the publication.

Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O. Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
Global Markets & Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielrich@emiratesnbd.com

Aditya Pugalia
Director, Financial Markets Research
+9714 609 3027
adityap@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com