



بنك الإمارات دبي الوطني
Emirates NBD

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Equity Weekly

Global Equities

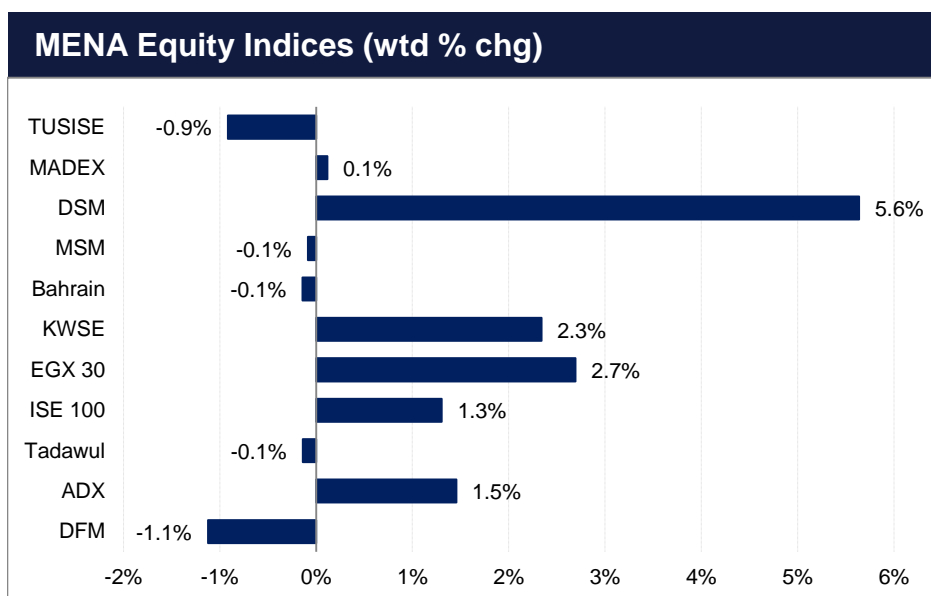
Global equities ended the week higher as most central bank meetings went as planned with the exception of the European Central Bank, which suggested that the stimulus is likely to continue well into 2018. Another dovish hike from the Federal Reserve provided some boost to emerging market equities. The MSCI World index added +0.6% 5d on the back of gains across its sub-indices. The MSCI EM index, the MSCI G7 index and the MSCI Arabian Markets index added +0.7% 5d, ++0.6% 5d and +0.5% 5d respectively.

This week the focus will remain the tax bill in the US and the political developments surrounding Donald Trump which is bubbling under the radar. Regionally, we expect investors to remain cautious heading into the year-end. Volumes are expected to decline across the board.

MENA Markets

It has been a tough year for MENA equities as investors had to account for plenty of unexpected developments in the field of politics and the economy. All major indices have underperformed broader markets despite renewed optimism over the oil price trajectory. This past week was no different as corporate developments dominated flows. The S&P 500 Pan Arab Composite index added +0.9% 5d to trim its year to date losses to -1.4%. The only markets to trade in positive territory for the year are KWSE index (+10.8% ytd), Bahrain Bourse (+3.7% ytd) and the EGX 30 index (+18.9% ytd).

UAE bourses closed mixed with the DFM index losing -1.1% 5d and the ADX index adding +1.5%. The focus remained on Emaar Properties following a rather disappointing dividend announcement and Adnoc Oil Distribution Co following a successful debut on the ADX. Emaar Properties announced a special dividend payout of AED 4bn, lower than the IPO proceeds of AED 4.8bn. The company also said that it will be paid in two tranches of AED 3bn in January 2018 and AED 1bn in April 2018. This effectively means that the annual dividend payment from Emaar Properties is likely subsumed in the special dividend payout. This effectively translates into special dividend payout of AED 0.42 per share or a dividend yield of c. 5%. This is much lower than investors' expectations of AED 1.0 per share. Hence it was no surprise to see the stock lose -9.7% in two sessions following the announcement.



Source: Bloomberg

On the other hand, ADNOC DIS had a positive debut with the stock rising as much as 16% above the IPO price on the first day of trading before ending the week +5.6% higher.

The Tadawul ended the week flat even as the government announced a SAR 72bn stimulus package. The government also announced that cinemas will be opened for the first time in 35 years and that gasoline prices will increase by as much as 80% from the New Year. However, stocks like Al Hokair (-7.4% 5d) and Saudi Electricity (-9.0% 5d) which were expected to benefit from these decisions actually closed lower. Dar Al Arkan continued its positive run with gains of +6.5% 5d following comments from the CEO that 'the stock was undervalued' and as the company outlined plans for international expansion with a project in Dubai.

Elsewhere, the Qatar Exchange (+5.6% 5d) had one of its best weeks in 2017 to rally above the 8,000 levels. The government announced its budget and said that the embargo has largely been taken in its stride with the deficit projected to decline marginally in 2018. Fitch removed banks from the negative watch list which provided a fresh impetus to banking sector stocks.

Developed Markets

Developed market equities have had a stellar run so far in 2017 led by US equities. The S&P 500 index is currently trading at all-time highs with gains of +19.5% ytd. Other indices i.e., Nikkei index has gained +18.0% ytd and the Euro Stoxx 600 index +7.4% ytd. Strong economic data, three dovish Fed hikes and sustained recovery in corporate earnings were the driving forces behind the rally.

Last week, the FTSE gained +1.3% 5d as some progress was made on the Brexit front even as domestic politics continue to remain an overhang. The Euro Stoxx 600 index ended the week lower with losses of -0.3% 5d after the ECB stressed the need for quantitative stimulus to continue well into 2018. It was no surprise to see banking sector stocks react negatively with the Euro Stoxx Banks index losing -2.2% 5d.

Emerging Markets

Emerging markets equities have been the outperformer this week with +29.8% ytd gains on the MSCI EM index. Gains have been led by major emerging market economies with India's Nifty index adding +26.2% ytd and Brazil's Bovespa index rallying +20.5% ytd.

Next week the focus will remain on key state election results from India. While a favorable result for the ruling party is largely priced in, any upset could lead to sharp outflows ahead of the year-end.

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	3,355	-1.1%	126.8	11.0	1.2	4.2	27.78
ADX	4,339	1.5%	28.0	10.9	1.3	4.6	33.90
Tadawul	7,076	-0.1%	1,179.1	14.3	1.5	3.4	38.15
ISE 100	109,330	1.6%	1,630.4	8.8	1.3	2.9	62.63
EGX 30	14,680	2.7%	45.3	11.4	2.0	2.7	83.33
KWSE	6,332	2.3%	29.9	-	-	5.4	27.62
Bahrain	1,266	-0.1%	1.5	-	-	6.2	22.22
MSM	5,062	-0.1%	2.8	11.2	1.0	5.2	30.00
Qatar Exchange	8,212	5.6%	56.7	12.3	1.4	4.8	-
MADEX	10,114	0.5%	9.6	18.8	2.9	3.7	80.00
TUSISE	6,149	-1.0%	1.6	21.3	4.1	2.3	55.81

Developed Market Indices

Dow Jones	24,652	1.3%	11,662.0	19.6	3.8	2.1	93.33
S&P 500	2,676	0.9%	54,190.5	20.0	3.2	1.9	79.72
Nasdaq	6,937	1.4%	33,509.4	24.5	4.2	1.0	61.19
FTSE 100	7,491	1.3%	6,973.2	15.2	1.9	4.1	59.41
Dax	13,104	-0.4%	5,475.2	14.8	1.8	2.8	65.52
Cac 40	5,349	-0.9%	4,951.0	15.7	1.6	3.1	70.00
Swiss	9,395	0.8%	3,670.2	19.4	2.5	3.2	85.00
Nikkei	22,553	-1.1%	13,974.6	19.0	1.9	1.7	86.22
Australia	5,997	0.0%	3,784.6	16.4	2.0	4.3	76.38
Stoxx 600	388	-0.3%	38,505.5	16.2	1.9	3.3	65.22

Emerging Market Indices

Hong Kong	28,848	0.7%	5,857.5	12.9	1.3	3.5	66.00
Shanghai	3,266	-0.7%	23,827.4	14.4	1.6	1.9	22.73
Korea	2,482	0.7%	5,280.2	10.7	1.1	1.4	40.30
Sensex	33,463	0.6%	186.8	21.9	2.9	1.2	70.97
Nifty	10,333	0.7%	1,666.1	20.8	2.9	1.3	74.00
Karachi	38,646	-1.1%	53.1	8.9	1.4	6.3	11.24
Taiwan	10,491	0.9%	3,549.1	14.9	1.8	3.8	59.61
Bovespa	72,608	-0.2%	2,336.4	13.9	1.6	2.5	72.41
Micex	2,144	1.9%	554.6	7.2	0.8	4.8	62.00
Jo'burg	57,413	-1.0%	2,531.9	15.9	1.9	2.8	54.38
Vietnam	935	-0.5%	181.6	19.5	3.0	2.4	54.64
Jakarta	6,119	1.5%	368.9	17.7	2.6	2.0	41.46

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	2,086	0.6%	2.6%	19.1%	18.28	2.38	2.33
MSCI G7	1,890	0.6%	2.8%	19.1%	18.48	2.46	2.17
MSCI EM	1,119	0.7%	-1.6%	29.7%	13.79	1.70	2.32
MSCI FM	626	-0.1%	2.5%	25.4%	14.00	1.85	2.93
S&P Pan Arab	674	0.9%	1.7%	-1.3%	8.48	1.47	3.80
DUAE INDEX	3,260	-0.6%	-2.2%	-0.7%	10.73	1.30	4.13
DKUW INDEX	3,398	1.8%	0.3%	12.3%	-	-	-
DQAT INDEX	5,137	6.3%	5.0%	-16.2%	12.59	1.58	3.70
DKUS INDEX	2,798	2.6%	2.8%	15.3%	16.38	1.84	2.44
DQAS INDEX	6,792	4.9%	5.4%	-15.6%	13.17	1.69	5.30

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	29.8%	-21.1%	10.9%	Bahrain	-	-	62.4%
ADX	29.0%	-10.0%	21.4%	MSM	31.9%	-31.7%	35.8%
Tadawul	69.2%	3.2%	-10.6%	Qatar	45.2%	-1.9%	26.1%
KWSE	-	-	43.0%	TUSISE	151.1%	181.78%	-40.6%

Relative to MSCI G7 Index

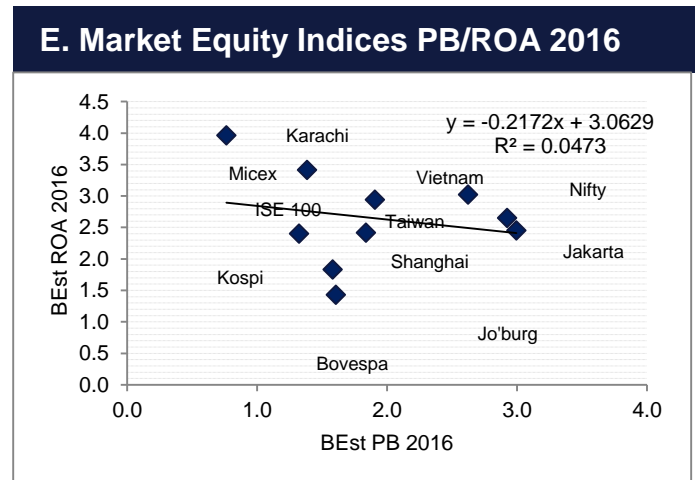
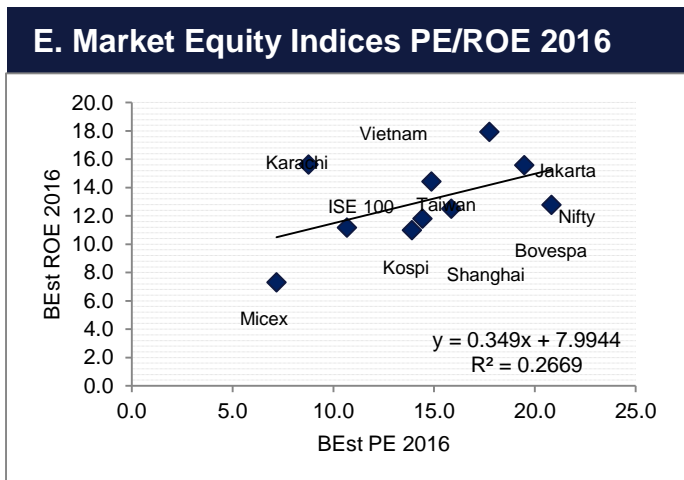
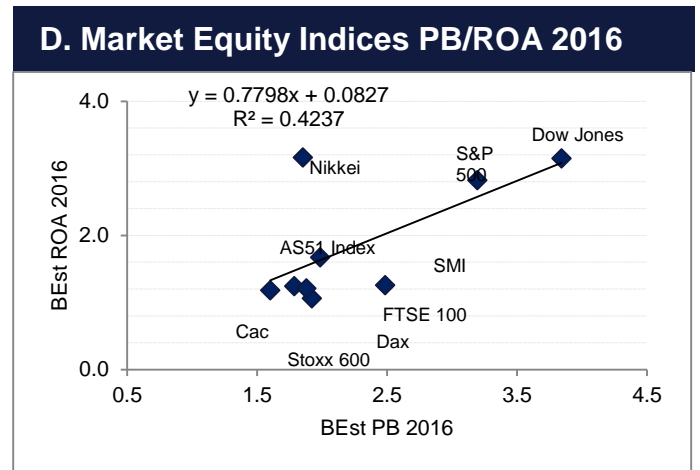
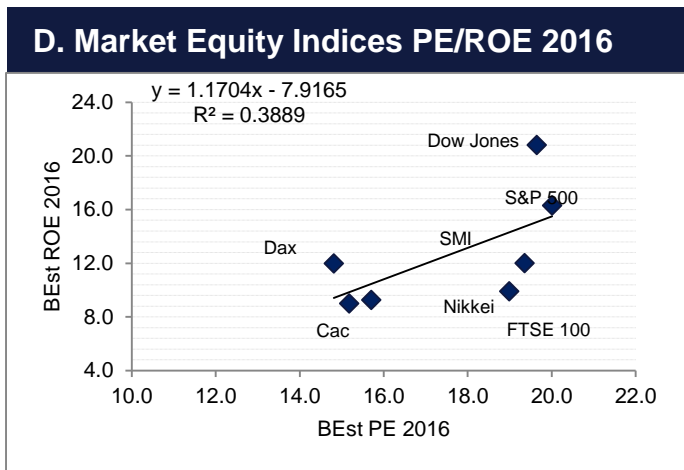
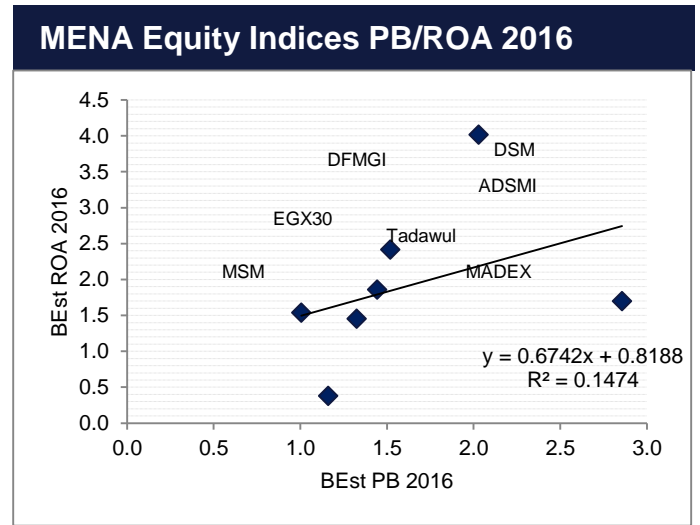
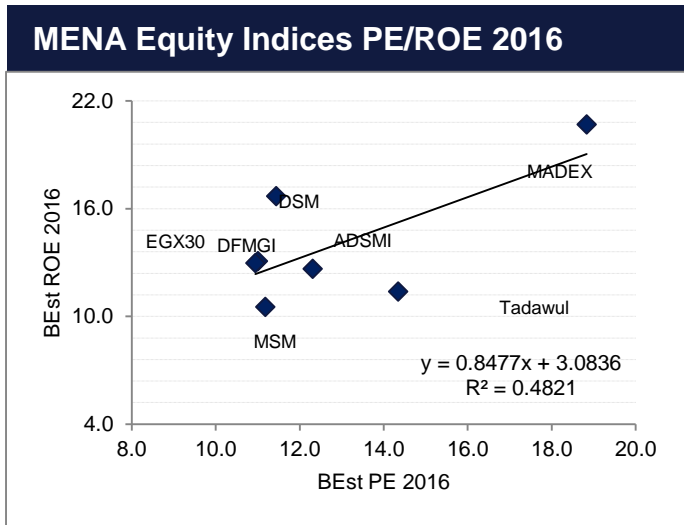
Dow Jones	6.3%	56.0%	-1.8%	Cac 40	-15.0%	-35.0%	43.5%
S&P 500	8.3%	29.6%	-14.2%	Swiss	4.7%	0.9%	49.0%
Nasdaq	32.6%	68.7%	-53.0%	Nikkei	2.7%	-24.8%	-21.1%
FTSE 100	-17.9%	-22.0%	87.7%	Australia	-11.2%	-19.5%	98.3%
Dax	-19.9%	-27.5%	29.6%	Stoxx 600	-12.5%	-23.7%	54.1%

Relative to MSCI Emerging Market Index

Hong Kong	-6.4%	-21.5%	52.6%	Jo'burg	14.9%	12.2%	22.3%
Shanghai	4.6%	-5.4%	-18.3%	Vietnam	41.1%	76.3%	5.1%
Korea	-22.6%	-33.9%	-39.2%	Jakarta	28.7%	54.4%	-13.1%
Sensex	58.7%	72.4%	-49.5%				
Nifty	51.0%	72.1%	-43.8%				
Karachi	-35.6%	-18.6%	171.5%				
Taiwan	7.7%	8.2%	65.4%				
Bovespa	0.8%	-7.0%	8.0%				
Micex	-48.0%	-55.0%	105.7%				

Source: Bloomberg, BEst – Bloomberg Estimate

Relative Valuations



Source: Bloomberg

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