



بنك الإمارات دبي الوطني  
Emirates NBD

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# Equity Weekly

## Global Equities

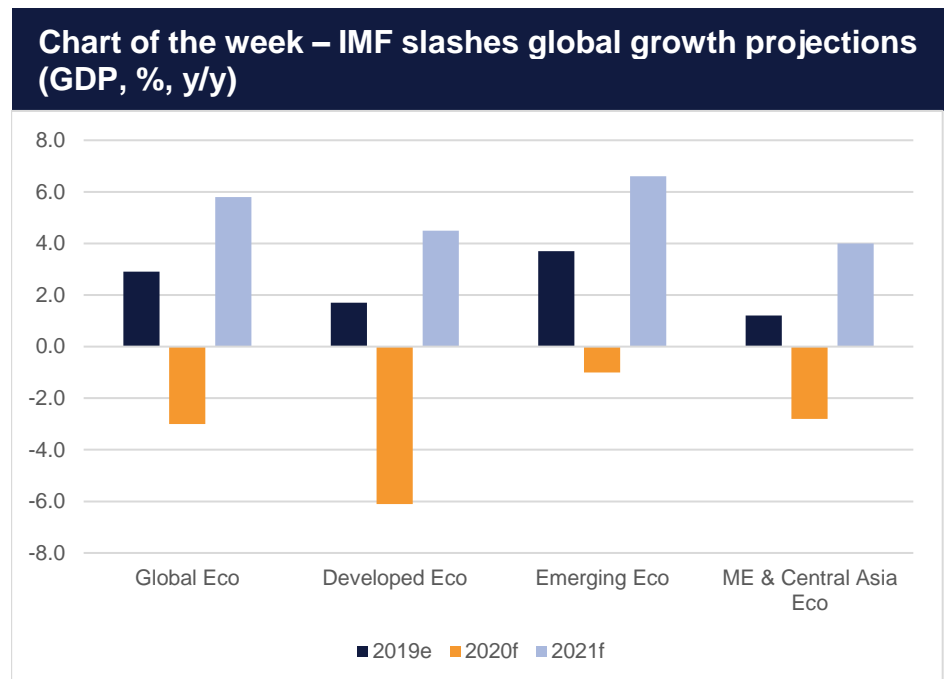
Global equities rallied for a second consecutive week as investors retained their focus on positives including plans of easing restrictions across various countries and slowing rate of mortality and new cases in countries worst affected by this pandemic. The economic data and corporate earnings continue to paint a rather grim picture of where the world economy is at the moment. Market participants, it appears, remain focused on the future with help from various policymakers.

Overall, the MSCI All Country index added +2.2% on the back of strength across its sub-indices. The MSCI G7 index, the MSCI EM index and the MSCI FM index gained +2.4% 5d, +1.5% 5d and +2.6% 5d respectively. Volatility eased off further with the VIX index (-8.5% 5d) closing below the 40.0 level.

On coronavirus, investors focus will shift to measures taken and proposed by governments to relax their lockdowns and their efficacy. Further, the Q1 2020 earnings season and economic data will be closely watched to gain an understanding of the extent of the damage. The monetary policy decisions in Russia and Turkey will also be noted.

## Chart of the week

Investors got the first broad based assessment of damage to the global economy as the IMF released its latest World Economic Outlook. The fund expects the global economy to contract by 3.0% in 2020 with negative growth in both developed and emerging economies including the Middle East. The agency also expects a sharper rebound in 2021 across economies.



Source: IMF

## MENA Markets

Regional markets closed mixed as continued weakness in oil prices coupled with weak corporate earnings weighed on investor sentiment. The S&P Pan Arab Composite index dropped -2.8% 5d while Brent oil declined -10.8% 5d.

UAE bourses closed mixed with the DFM index adding +1.6% 5d and the ADX index losing -3.5% 5d. Air Arabia gained +11.5% following unconfirmed reports that the airline has asked for support from the government and delayed the plans for the launch of a low cost airline with Etihad Airways. The company called the report baseless and speculative. It is likely that an unrelated report suggesting that airlines in the UAE could start flights on a reduced scale soon also helped the stock.

The Tadawul lost -5.4% 5d amid weakness in petrochemical stocks. Saudi Aramco (-6.4% 5d) and Sabic (-4.2% 5d) dropped the most in five weeks. Market heavyweight banking sector stocks also came under pressure with Al Rajhi and NCB losing -4.2% 5d and -4.8% 5d.

Elsewhere, the Qatar Exchange lost -4.6% 5d. Qatar National Bank declined -6.8% 5d after the bank reported Q1 2020 net profit of QAR 3.6bn (flay y/y). The provision for loan losses increased by 39% y/y. The bank said Q1 results were not materially impacted by the coronavirus outbreak.

## Developed Markets

Developed market equities extended their gains from the previous week as investors held onto views that more countries will soon begin to relax economic restrictions. Reports of some progress in finding the coronavirus treatment also supported investor sentiment. It also appears that there is a significant amount of cash waiting on sidelines to get invested. The weekly flow data from EPFR and BAML showed that assets under management in money market funds jumped to USD 4.5tn following seven weeks of inflows.

Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +3.0% 5d, +2.1% 5d and +2.1%5d respectively.

The earnings season in the US has gotten off to a dismal start. With nearly 9% of companies in the S&P 500 index having reported earnings, 66% of companies are reporting profits above estimates and 70% are reporting sales above estimates. According to FactSet, the blended earnings growth at the end of last week came in at -14.5%. If this rate of decline holds, then this will be the largest y/y decline in earnings since Q3 2009. The S&P 500 index is currently trading at 18.5x 12m forward earnings, higher than the 5y and 10y averages.

## Emerging Markets

Emerging market equities too gained but underperformed the broader market. The MSCI EM index added +1.5% 5d relative to a +2.3% 5d gain in the MSCI World index as investors looked past the first quarterly decline in Chinese GDP since at least 1992. Russian equities were a notable exception as sustained weakness in oil prices added additional pressure on its economy. The MSCI Russia index dropped -7.2% 5d.

## 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	1,860	1.6%	65.8	6.6	0.6	6.7	13.51
ADX	3,970	-3.5%	36.1	12.1	1.2	6.2	28.33
Tadawul	6,632	-5.3%	908.7	16.7	1.7	4.0	15.63
ISE 100	98,180	-0.2%	2,036.8	6.6	0.8	2.9	58.00
EGX 30	10,155	-1.6%	44.3	7.3	1.2	3.5	3.33
Kuwait Premier	5,120	4.3%	115.8	15.4	1.4	4.4	5.56
Bahrain	1,313	1.0%	2.2	-	-	6.0	-
MSM	3,540	1.9%	2.9	-	-	7.8	30.00
Qatar Exchange	8,576	-4.6%	54.0	12.5	1.5	4.7	10.00
MADEX	7,359	-1.7%	6.7	13.9	-	4.8	4.08
TUSISE	6,282	0.2%	0.3	27.9	-	2.3	17.50

### Developed Market Indices

Dow Jones	24,242	2.2%	14,113.6	20.7	3.5	2.6	33.33
S&P 500	2,875	3.0%	58,789.9	21.3	3.0	2.1	26.40
Nasdaq	8,650	6.1%	46,121.9	29.2	4.3	1.1	20.86
FTSE 100	5,787	-1.0%	5,695.7	14.8	1.4	5.3	20.20
Dax	10,626	0.6%	5,131.7	16.0	1.3	3.5	3.33
Cac 40	4,499	-0.2%	4,312.5	17.2	1.3	3.7	12.50
Swiss	9,613	1.7%	4,874.4	17.6	2.2	3.5	30.00
Nikkei	19,897	2.0%	12,912.4	16.1	1.4	2.3	15.11
Australia	5,488	1.9%	4,455.1	17.1	1.7	4.1	16.50
Stoxx 600	333	0.5%	33,908.2	16.7	1.5	3.9	20.34

### Emerging Market Indices

Hong Kong	24,380	0.3%	5,061.4	10.6	1.0	3.8	8.00
Shanghai	2,838	1.5%	31,011.4	11.0	1.2	2.3	34.79
Korea	1,915	2.9%	9,054.3	12.4	0.8	2.2	20.03
Sensex	31,589	1.4%	139.4	15.8	2.1	1.6	16.67
Nifty	9,267	1.7%	4,348.7	15.1	2.0	1.7	14.00
Karachi	32,832	2.5%	33.7	5.8	1.0	6.3	45.16
Taiwan	10,597	4.3%	5,205.8	15.9	1.7	4.3	23.75
Bovespa	78,990	1.7%	3,005.8	13.3	1.3	4.5	9.72
Jo'burg	49,135	2.3%	1,364.3	11.0	0.9	4.3	16.78
Vietnam	790	4.2%	145.5	12.2	1.9	2.3	21.08
Jakarta	4,635	-0.3%	340.9	12.0	1.5	3.4	10.32

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	2,018	2.3%	22.2%	-14.5%	19.03	2.11	2.67
MSCI G7	1,859	2.4%	23.1%	-14.0%	19.29	2.19	2.52
MSCI EM	901	1.5%	12.2%	-19.1%	13.04	1.29	3.07
MSCI FM	439	2.6%	4.7%	-25.2%	11.05	1.46	5.02
S&P Pan Arab	608	-3.7%	7.2%	-23.0%	13.36	1.36	4.81
DUAE INDEX	2,268	-3.2%	15.9%	-28.8%	8.89	0.85	6.51
DKUW INDEX	3,630	5.3%	8.3%	-28.5%	-	-	-
DQAT INDEX	5,924	-5.8%	0.9%	-16.0%	12.66	1.67	4.19
DKUS INDEX	2,854	3.9%	12.5%	-25.7%	14.77	1.52	3.43
DQAS INDEX	6,956	-4.5%	1.0%	-12.0%	13.14	1.71	4.99

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

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-50.4%	-59.3%	39.3%	Bahrain	-	-	25.2%
ADX	-9.3%	-14.0%	28.8%	MSM	-	-	62.9%
Tadawul	25.1%	22.3%	-16.9%	Qatar	-6.7%	7.2%	-3.1%
Kuwait Premier	15.2%	4.0%	-8.4%	TUSISE	109.2%	-	-51.4%

### Relative to MSCI G7 Index

Dow Jones	7.1%	60.2%	4.0%	Cac 40	-10.7%	-41.6%	48.5%
S&P 500	10.7%	38.9%	-16.2%	Swiss	-8.9%	-0.1%	39.0%
Nasdaq	51.3%	98.4%	-56.3%	Nikkei	-16.6%	-35.7%	-8.3%
FTSE 100	-23.2%	-37.6%	110.0%	Australia	-11.2%	-22.8%	61.2%
Dax	-16.8%	-42.4%	37.4%	Stoxx 600	-13.2%	-32.2%	52.8%

### Relative to MSCI Emerging Market Index

Hong Kong	-18.7%	-23.9%	24.6%	Jo'burg	-15.8%	-28.2%	39.7%
Shanghai	-15.5%	-6.3%	-23.8%	Vietnam	-6.2%	46.9%	-23.8%
Korea	-4.8%	-38.8%	-28.1%	Jakarta	-7.7%	18.8%	12.3%
Sensex	21.2%	66.7%	-47.0%				
Nifty	15.6%	53.7%	-43.2%				
Karachi	-55.2%	-23.4%	106.2%				
Taiwan	21.6%	29.8%	40.9%				
Bovespa	1.8%	4.2%	45.2%				

Source: Bloomberg, BEst – Bloomberg Estimate

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