



بنك الإمارات دبي الوطني
Emirates NBD

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Equity Weekly

Global Equities

Global equities closed lower amid signs of investor fatigue heading into the year-end, as investors locked in gains in what has been a phenomenal year. The decline in commodities also played its part. The MSCI World index lost -0.4% 5d on the back of weakness in the MSCI G7 index (-0.3% 5d) and the MSCI Arabian Markets index (-0.7% 5d). The MSCI EM index was an outlier with gains of +0.7%.

With the earnings season nearing an end, progress on the tax bill in the US could well hold the key to performance of equity markets. Regionally, the focus will remain on the geopolitical tensions and the progress on the ongoing anti-corruption drive in Saudi Arabia. It must be noted that trading accounts of individuals currently part of the probe have been frozen by authorities and this maybe impacting investor sentiment.

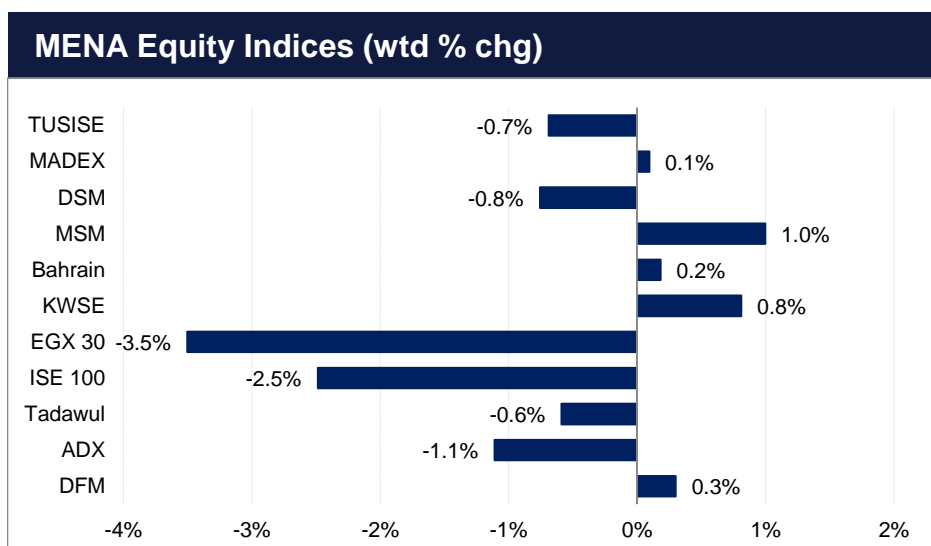
MENA Markets

Regional equities continued to remain under pressure amid continued geopolitical pressure which is showing no signs of abating. Foreign investors continue to pull money out of the region while regional retail investors remain cautious. The only source of support seems to be mutual funds and government related entities. The S&P Pan Arab Emirates Index declined -0.4% 5d.

The Tadawul dropped -0.6% 5d. However, the headline move does not capture the mood of investors. The trend wherein the market sees aggressive buying in the final hour of trading continued this week as well. Banking sector stock continued to outperform the broader index with the Tadawul Banking index adding +0.4% 5d.

UAE bourses closed mixed with the DFM index adding +0.3% and the ADX index losing -1.1%. Trading volumes on the DFM was dominated by small cap stocks with Gulf Finance House (+13.8% 5d) accounting for nearly one-third of the total volumes. Dubai Investments added +4.2% 5d as the stock was expectedly included in the MSCI index.

Emaar Development priced its IPO at AED 6.03 per share, the lower end of the revised price range of AED 6.03 and AED 6.90. This values the development unit at AED 24.1bn, in line with the net asset valuation of JLL. The price also implies a dividend yield of 8.56% based on the guidance provided by the company. The implied dividend yield is the highest among all stocks listed on the DFM. The stock is expected to start trading on 22 November 2017.



Source: Bloomberg

In a further boost to primary market equity issuance, Abu Dhabi National Oil Company announced that it intends to sell at least 10% of its stake in Adnoc Distribution. The IPO could be launched as soon as next month. Adnoc Distribution owns and operates 360 fuel service stations including car washes and other car inspection services, as well as 235 Oasis-branded convenience stores.

Elsewhere, the EGX30 index dropped -3.5% 5d, in what was the second worst week of the year. With economic data continuing to remain positive and corporate earnings upbeat, it appears that investors are taking money off the table in light of the developing geopolitical situation. It must be noted that Egyptian equities are among the best performers for this year with gains of +12.0% ytd.

Developed Markets

Developed market equities closed lower as investors exercised caution amid discussions in the US Senate over the tax bill. The decline in commodity prices and the fact that most indices are still trading near all-time highs also played a part. The decline was still modest when looked in light of the year to date gains. The S&P 500 index, the Euro Stoxx 600 index and the Nikkei index dropped -0.1% 5d, -1.3% 5d and -1.3% 5d respectively.

In signs that perhaps fatigue is setting in over the pace of the recent rally, US exchange traded funds have absorbed about USD 2bn of fresh money in the first half of November 2017. According to Bloomberg, this is in contrast to the average monthly inflow of USD 18bn over the past year.

Emerging Markets

Emerging markets outperformed wider equity markets amid decline in the USD. The MSCI EM index added +0.7% 5d compared to a decline of -0.4% in the MSCI World index.

Moody's upgraded India's long term sovereign rating to Baa2 from Baa3 and changed outlook on the rating to stable from positive. The last rating upgrade for India was in 2004. The rating agency attributed the upgrade to – 1. Reforms by the government to strengthen institutional framework, 2. Government's support to public sector banks and 3. Government's adherence to fiscal deficit framework. The rating action confirms our view that India remains one of the bright spots within emerging markets. Having said that, near term concerns do remain over low credit offtake, rising inflation trajectory and stabilization of the GST system. India's Nifty index ended the week -0.4% lower despite gains induced by the rating upgrade.

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	3,460	0.3%	100.3	10.8	1.2	4.2	36.11
ADX	4,328	-1.1%	28.4	10.9	1.3	4.7	35.59
Tadawul	6,913	-0.6%	877.5	13.8	1.5	3.5	27.33
ISE 100	106,240	-1.8%	1,927.5	8.7	1.3	2.7	54.55
EGX 30	13,847	-3.5%	38.5	10.7	1.9	2.9	73.33
KWSE	6,309	0.8%	47.2	-	-	5.5	26.67
Bahrain	1,270	0.2%	1.9	-	-	6.2	-
MSM	5,106	1.0%	12.7	11.3	1.0	5.1	23.33
Qatar Exchange	7,826	-0.8%	40.1	11.9	1.4	5.0	-
MADEX	10,303	0.0%	7.7	19.1	2.9	4.6	82.22
TUSISE	6,126	-0.4%	1.8	20.3	4.0	2.3	47.62

Developed Market Indices

Dow Jones	23,358	-0.3%	6,990.3	18.6	3.7	2.3	80.00
S&P 500	2,579	-0.1%	35,040.9	19.3	3.1	1.9	71.03
Nasdaq	6,783	0.5%	23,258.8	24.1	4.1	1.0	59.25
FTSE 100	7,381	-0.7%	6,843.1	14.9	1.9	4.2	58.42
Dax	12,994	-1.0%	4,677.4	14.7	1.8	2.8	72.41
Cac 40	5,319	-1.1%	4,264.8	15.6	1.6	3.1	72.50
Swiss	9,184	0.5%	2,645.3	18.6	2.4	3.3	80.00
Nikkei	22,397	-1.3%	16,711.8	19.1	1.8	1.7	83.56
Australia	5,957	-1.2%	3,543.9	16.3	2.0	4.3	75.00
Stoxx 600	384	-1.3%	32,253.9	16.0	1.9	3.4	63.93

Emerging Market Indices

Hong Kong	29,199	0.3%	5,079.7	13.3	1.4	3.5	74.00
Shanghai	3,383	-1.4%	39,249.5	14.9	1.7	1.8	26.60
Korea	2,534	-0.4%	5,588.2	10.9	1.2	1.4	41.81
Sensex	33,343	0.1%	99.6	21.8	2.9	1.2	80.65
Nifty	10,284	-0.4%	1,832.1	20.8	2.9	1.3	80.00
Karachi	40,844	-1.4%	41.8	9.4	1.5	5.8	15.91
Taiwan	10,702	-0.3%	3,782.9	15.2	1.9	3.8	60.81
Bovespa	73,437	1.8%	2,068.8	14.0	1.6	2.5	72.41
Micex	2,132	-1.7%	767.5	7.4	0.8	4.8	55.10
Jo'burg	60,128	0.6%	1,532.8	16.3	1.9	2.8	49.69
Vietnam	891	2.6%	192.3	18.7	2.9	2.5	51.18
Jakarta	6,052	0.5%	371.7	17.7	2.6	2.0	44.33

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	2,033	-0.3%	-0.1%	16.1%	17.82	2.31	2.39
MSCI G7	1,838	-0.3%	0.2%	15.8%	17.98	2.38	2.23
MSCI EM	1,136	0.7%	1.5%	31.8%	14.17	1.73	2.26
MSCI FM	611	1.2%	-0.2%	22.3%	13.45	1.75	3.22
S&P Pan Arab	663	-0.4%	-2.4%	-3.0%	8.32	1.45	3.88
DUAE INDEX	3,334	-0.7%	-6.1%	-0.2%	10.88	1.30	4.11
DKUW INDEX	3,392	1.5%	-8.2%	12.1%	-	-	-
DQAT INDEX	4,947	0.5%	-3.2%	-19.3%	12.22	1.56	3.66
DKUS INDEX	2,718	1.3%	-8.7%	12.0%	15.87	1.77	2.51
DQAS INDEX	6,500	-0.7%	-5.1%	-19.3%	12.95	1.66	5.27

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	29.8%	-19.6%	7.1%	Bahrain	-	-	59.2%
ADX	30.6%	-10.5%	21.2%	MSM	35.5%	-29.9%	32.7%
Tadawul	66.4%	1.5%	-10.4%	Qatar	43.0%	-4.0%	29.8%
KWSE	-	-	42.9%	TUSISE	144.4%	175.84%	-41.0%

Relative to MSCI G7 Index

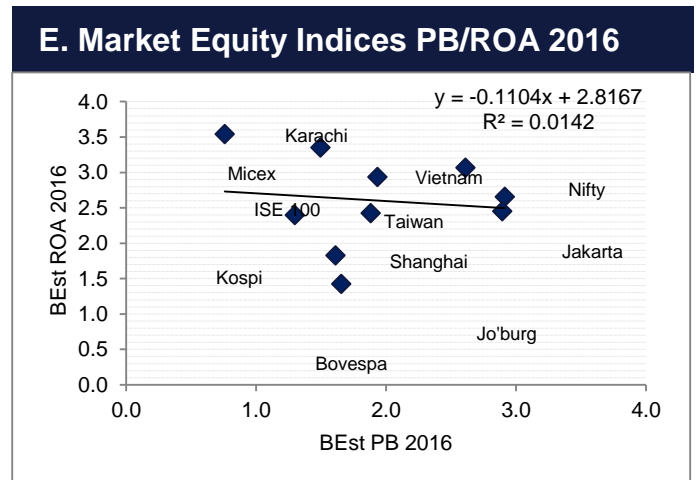
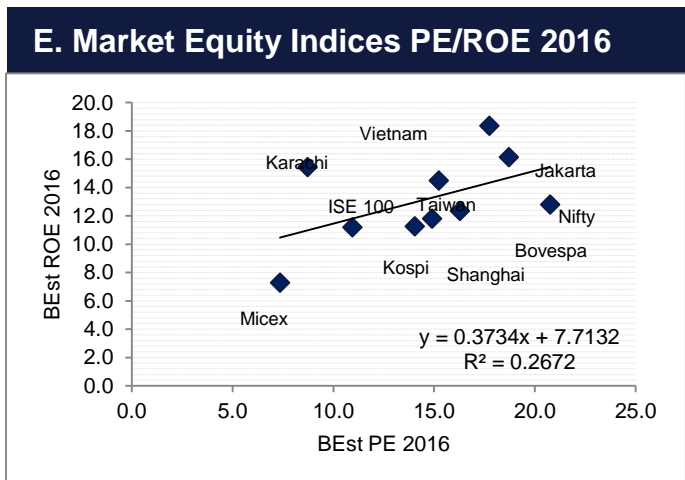
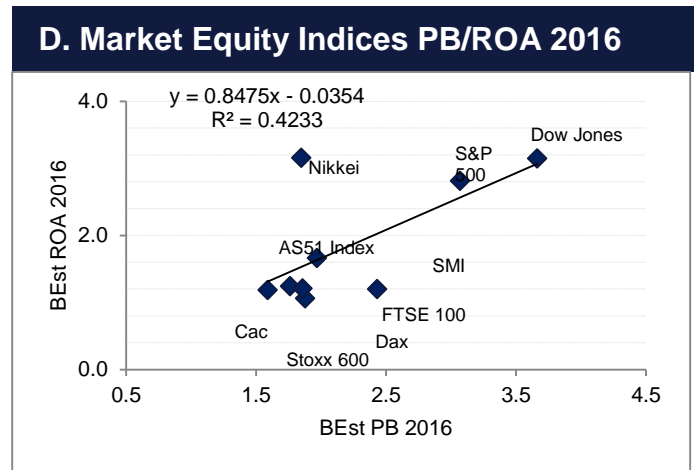
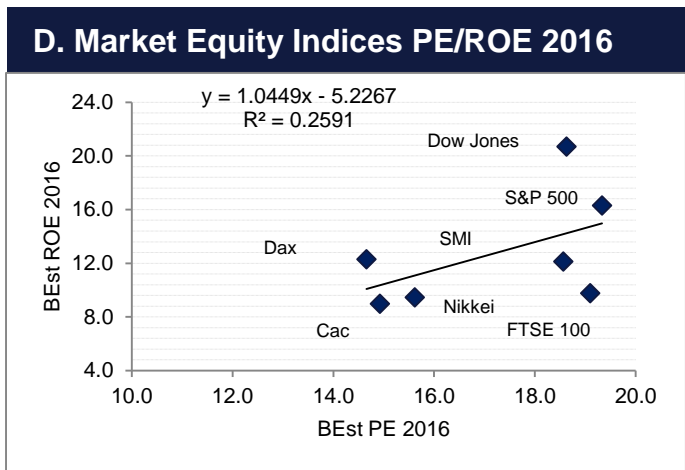
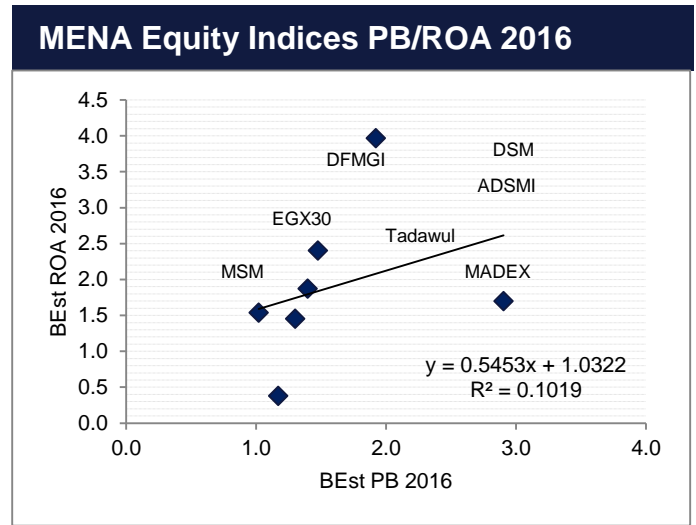
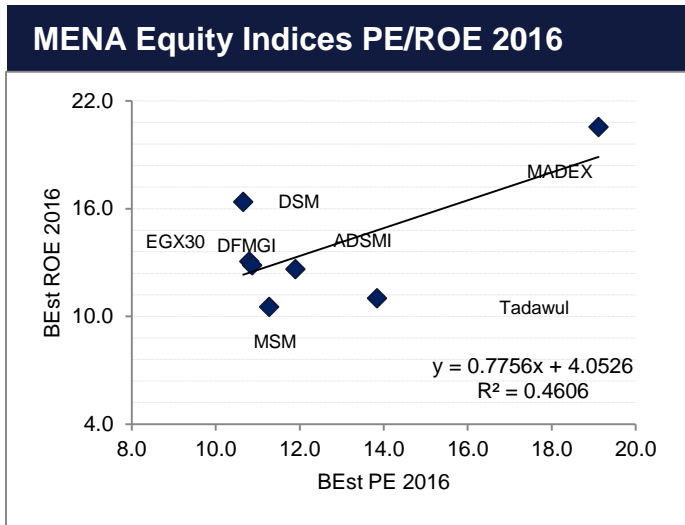
Dow Jones	3.6%	53.6%	1.4%	Cac 40	-13.2%	-33.3%	40.4%
S&P 500	7.5%	28.7%	-13.4%	Swiss	3.2%	2.0%	48.1%
Nasdaq	34.3%	70.5%	-53.3%	Nikkei	6.2%	-22.5%	-23.3%
FTSE 100	-17.0%	-21.2%	88.4%	Australia	-9.4%	-17.5%	93.8%
Dax	-18.5%	-26.1%	26.1%	Stoxx 600	-10.9%	-22.0%	52.6%

Relative to MSCI Emerging Market Index

Hong Kong	-6.2%	-20.0%	53.2%	Jo'burg	14.9%	11.8%	22.4%
Shanghai	5.2%	-4.3%	-18.4%	Vietnam	32.0%	67.3%	10.5%
Korea	-22.8%	-33.5%	-39.0%	Jakarta	25.2%	50.9%	-10.7%
Sensex	53.8%	68.4%	-48.0%				
Nifty	46.5%	68.3%	-42.1%				
Karachi	-33.9%	-13.6%	158.3%				
Taiwan	7.5%	8.8%	65.9%				
Bovespa	-0.9%	-6.9%	8.2%				
Micex	-48.1%	-56.1%	111.5%				

Source: Bloomberg, BEst – Bloomberg Estimate

Relative Valuations



Source: Bloomberg

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