



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

www.emiratesnbdresearch.com

Equity Weekly

Global Equities

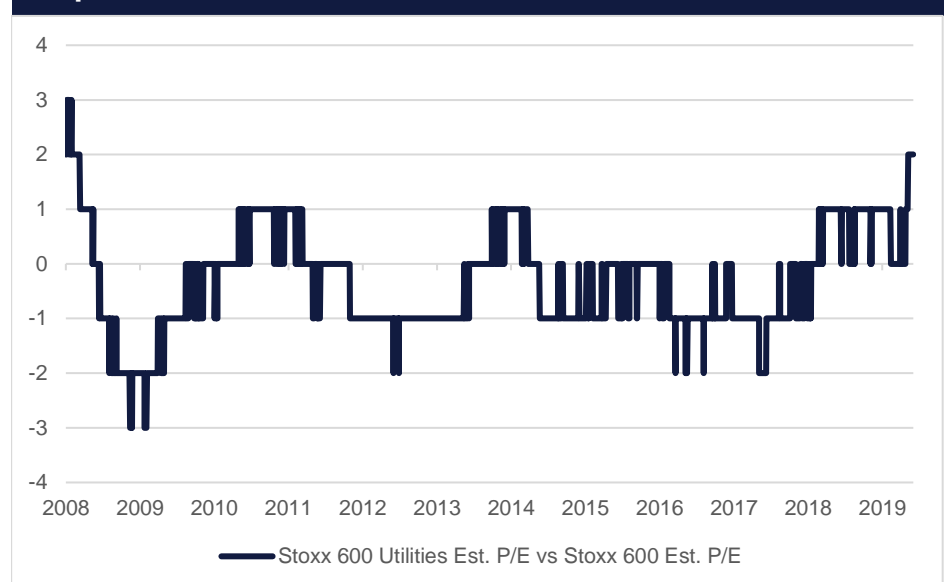
Global equities dropped as first signs emerged of probable economic impact from the coronavirus. Further, the spread of the virus to newer areas across continents forced investors to reassess the probable length of the outbreak. The MSCI All Country index dropped -1.3% 5d on the back of weakness across sub-indices. The MSCI G7 index, the MSCI EM index, and the MSCI FM index dropped -1.2% 5d, -2.0% 5d and -0.4% 5d respectively. Volatility increased sharply with the VIX index, the V2X index and the CBOV EM ETF Volatility index adding +20.7% 5d, +20.6% 5d and +8.2% 5d respectively.

The primary focus of investors' will be on the virus's pace of expansion. Additionally, investors will keep an eye on second-tier economic data to look for clues into the health of the global economy. The Bank of Korea's meeting will also be watched in light of recent coronavirus-related developments.

Chart of the week

The sharp drop in bond yields has seen investors add positions in defensive stocks. European utilities sector stocks have rallied +16.0% ytd. However, that has resulted in the Stoxx 600 utilities index at its most expensive level since 2008 relative to the broader regional index on an estimated earnings basis.

Chart of the week – European utilities at its most expensive relative to broader index since 2008



Source: Bloomberg

MENA Markets

Regional markets closed mixed amid signs of bottom-fishing following a period of underperformance relative to global markets. The S&P Pan Arab Composite index added +1.4% 5d. A sustained bounce in oil prices helped investor sentiment.

UAE bourses closed mixed with the DFM index adding +0.1% 5d and the ADX index dropping -0.1% 5d. Much of the focus last week remained on DP World, listed on Nasdaq Dubai, following the company's decision to de-list and become a private company. The parent company Port and Free Zone World have offered to buy 19.55% of shares at USD 16.75. At the time of the offer, the price indicated a 29% premium to the traded price. Last week share price gained +26.8% 5d to close at USD 16.40.

Elsewhere, the Tadawul and the Qatar Exchange added +1.7% 5d and +0.9% 5d. Gains on the Tadawul were led by strength in petrochemical stocks. Saudi Aramco and Sabic rallied +1.7% 5d and +2.6% 5d respectively. Banking sector stocks led the broader Qatari stock index higher with Qatar National Bank and Commercial Bank of Qatar adding +0.5% 5d and +0.2% 5d respectively.

Developed Markets

The combination of coronavirus outbreak gathering pace outside of China and weak macroeconomic data weighed on developed market equities. The IHS Markit Composite PMI dropped to 49.6, the lowest reading since October 2013. Importantly, the decline in the composite index was led by services that accounts for the largest share in the US economy. Similar readings from other economies showed a mixed trend. Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index dropped -1.3% 5d, -0.6% 5d and -1.3% 5d respectively.

Emerging Markets

Emerging market equities underperformed broader indices. The MSCI EM index dropped -2.0% 5d compared to a drop of -1.2% 5d in the MSCI World index. Ironically Chinese equities were among the best performing emerging market equities with the Shanghai Composite index adding +4.2% 5d after policymakers continued to take measures to stimulate the economy.

However, South Korea's Kospi index dropped -3.6% 5d as the virus outbreak spread in the country. The South Korean President Moon Jae-in raised the disease alert level to red, the highest possible. Elsewhere, Turkey's Borsa Istanbul 100 index dropped -2.8% 5d as political issues trumped the central bank's decision to cut interest rates by 50 bps. In an unrelated development, the Turkish exchange said that it will reset the benchmark, effective 27 April, by dividing the points level by 100.

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	2,738	0.1%	56.0	7.7	0.9	4.3	35.14
ADX	5,033	-0.1%	50.9	12.3	1.5	4.9	46.67
Tadawul	8,007	1.7%	770.5	16.1	1.9	3.4	75.38
ISE 100	116,829	-3.8%	2,237.0	6.3	0.9	3.2	95.00
EGX 30	13,721	-1.0%	32.5	9.1	1.6	2.2	23.33
Kuwait Premier	6,871	-0.4%	84.3	16.7	0.1	3.2	66.67
Bahrain	1,669	0.4%	2.2	-	-	4.3	-
MSM	4,192	1.5%	5.1	7.1	0.7	7.1	50.00
Qatar Exchange	9,934	0.9%	64.4	13.4	1.5	4.3	25.00
MADEX	10,210	-0.5%	19.8	18.7	2.7	3.4	67.35
TUSISE	7,168	0.7%	0.7	23.5	-	2.1	45.00

Developed Market Indices

Dow Jones	28,992	-1.4%	10,490.0	18.4	4.1	2.4	66.67
S&P 500	3,338	-1.3%	49,479.7	19.2	3.4	1.9	78.80
Nasdaq	9,577	-1.6%	39,208.9	26.0	3.8	1.0	54.70
FTSE 100	7,404	-0.1%	4,436.2	13.5	1.7	4.6	69.70
Dax	13,579	-1.2%	3,979.1	14.7	1.6	3.0	73.33
Cac 40	6,030	-0.7%	3,999.1	15.1	1.6	3.3	77.50
Swiss	11,111	-0.2%	4,178.5	17.5	2.7	3.1	85.00
Nikkei	23,387	-1.3%	10,956.4	18.3	1.7	1.9	50.67
Australia	7,139	0.1%	4,225.7	19.0	2.2	3.9	64.50
Stoxx 600	428	-0.6%	29,056.5	15.6	1.8	3.5	75.88

Emerging Market Indices

Hong Kong	27,309	-1.8%	3,819.6	10.5	1.1	3.6	40.00
Shanghai	3,040	4.2%	52,032.1	11.1	1.3	2.2	44.17
Korea	2,163	-3.6%	5,449.3	12.0	0.9	1.9	24.45
Sensex	41,170	-0.2%	86.3	22.2	3.1	1.1	-
Nifty	12,080	-0.3%	2,555.6	21.3	2.8	1.2	-
Karachi	40,249	0.0%	27.4	6.7	1.1	5.1	83.72
Taiwan	11,686	-1.1%	3,977.7	15.7	1.8	3.9	47.42
Bovespa	113,681	-0.6%	3,791.5	13.7	1.9	3.4	76.71
Jo'burg	57,336	-0.9%	1,373.6	12.4	1.8	3.6	33.55
Vietnam	933	-0.5%	117.9	13.3	2.2	2.1	32.35
Jakarta	5,882	0.3%	330.5	14.0	2.0	2.6	19.68

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	2,403	-1.2%	0.3%	1.9%	17.81	2.47	2.29
MSCI G7	2,205	-1.2%	0.4%	2.0%	17.92	2.55	2.17
MSCI EM	1,084	-2.0%	-3.1%	-2.7%	13.10	1.54	2.72
MSCI FM	572	-0.4%	-4.3%	-2.4%	12.01	1.28	3.87
S&P Pan Arab	760	1.0%	-4.8%	-3.6%	13.85	1.46	3.92
DUAE INDEX	3,155	0.6%	-4.2%	-1.2%	9.57	1.14	4.66
DKUW INDEX	4,926	-0.7%	-4.7%	-2.9%	-	-	-
DQAT INDEX	6,689	0.6%	-7.0%	-5.1%	13.29	1.86	3.88
DKUS INDEX	3,769	-0.9%	-2.7%	-1.8%	16.47	0.12	2.86
DQAS INDEX	7,968	2.6%	-3.1%	0.9%	14.56	1.81	4.54

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-44.2%	-38.6%	9.7%	Bahrain	-	-	9.5%
ADX	-11.1%	-0.3%	26.2%	MSM	-49.0%	-52.8%	81.8%
Tadawul	16.4%	27.4%	-13.6%	Qatar	-3.2%	2.9%	9.8%
Kuwait Premier	20.7%	-89.9%	-18.4%	TUSISE	69.3%	-	-47.6%

Relative to MSCI G7 Index

Dow Jones	2.4%	62.4%	8.9%	Cac 40	-16.0%	-35.9%	52.2%
S&P 500	7.2%	34.8%	-12.8%	Swiss	-2.4%	3.8%	42.1%
Nasdaq	44.9%	49.5%	-52.5%	Nikkei	1.9%	-33.5%	-11.0%
FTSE 100	-24.7%	-33.7%	113.1%	Australia	6.2%	-13.9%	77.6%
Dax	-17.9%	-38.1%	39.8%	Stoxx 600	-13.1%	-28.4%	60.6%

Relative to MSCI Emerging Market Index

Hong Kong	-19.6%	-28.2%	33.4%	Jo'burg	-5.3%	15.1%	33.4%
Shanghai	-15.1%	-16.7%	-19.4%	Vietnam	1.2%	41.1%	-21.4%
Korea	-8.5%	-42.5%	-30.6%	Jakarta	6.9%	27.4%	-5.9%
Sensex	69.4%	102.6%	-58.5%				
Nifty	63.0%	84.5%	-57.1%				
Karachi	-49.2%	-30.2%	88.3%				
Taiwan	19.5%	17.7%	42.9%				
Bovespa	4.7%	24.2%	25.0%				

Source: Bloomberg, BEst – Bloomberg Estimate

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Emirates NBD Research & Treasury Contact List

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

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

Edward Bell
Senior Director, Market Economics
+9714 230 7701
edwardpb@emiratesnbd.com

Aditya Pugalia
Financial Markets Research
+9714 230 7802
adityap@emiratesnbd.com

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

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

Shady Shaher Elborno
Head of Macro Strategy
+9714 609 3015
shadyb@emiratesnbd.com

Jamal Mattar
Research Associate
+9714 444 3607
jamaly@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
+20 22 726 5040

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