



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

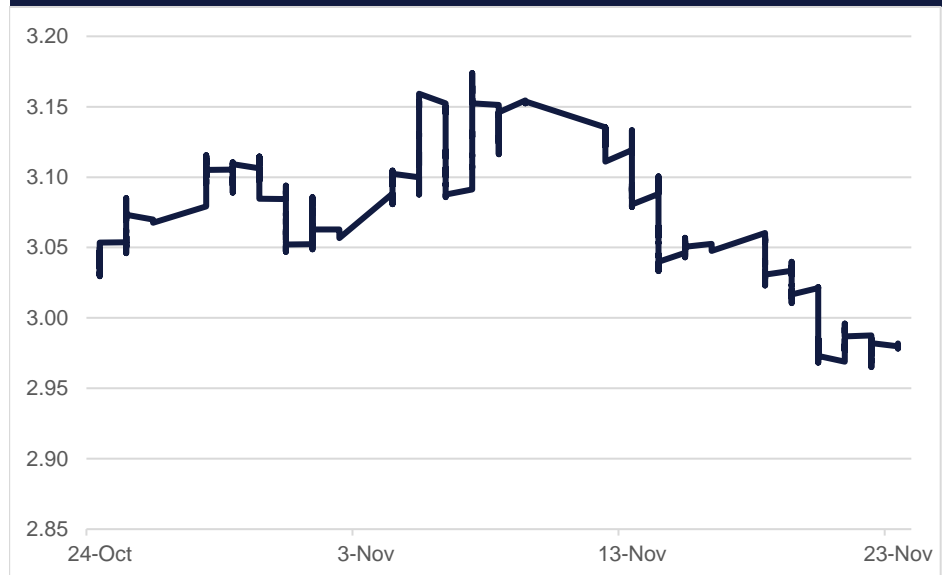
Global equities continue to be driven by trade headlines as conflicting signals continue to emerge. Mixed economic data and geopolitical situation also appears to be contributing to lack of catalysts. The MSCI All Country index dropped -0.4% on the back of weakness in developed markets. The MSCI G7 index dropped -0.3% 5d while the MSCI EM index ended the week flat. Volatility increased in developed markets but remained subdued in EM. The VIX index, the V2X index and the CBOE EM ETF Volatility index closed +2.4% 5d, +13.5% 5d and -7.9% 5d respectively.

The focus this week will continue to remain on trade headlines. Further, investors will also watch out for comments from the Fed Chair Jerome Powell, his first since his meeting with the US President. Regionally, investors will be keenly tracking the progress of Saudi Aramco IPO.

Chart of the week

The Saudi Aramco IPO is currently accepting orders from investors. It is interesting to see that Saudi Aramco bonds have performed well since the announcement of the IPO price range. The Aramco 29s have rallied from USD 103.675 to USD 104.213 over the last week with yields dropping below 3.0% for the first time since early October 2019.

Chart of the week – Aramco bonds perform well following IPO announcement (Mid yield to convention, Aramco 29s, %)



Source: Bloomberg

MENA Markets

Regional equities closed mixed in a week which was dominated by headlines covering the ongoing IPO of Saudi Aramco. The S&P Pan Arab Composite index added +0.8% 5d.

The Tadawul was a notable outperformer with gains of +1.8% 5d. The strength came from banking sector stocks with Al Rajhi Bank adding +4.7% 5d and National Commercial Bank gaining +2.5%. It appears that investors are expecting banks to benefit from being able to give enhanced leverage to retail investors for Saudi Aramco IPO. Petrochemical stocks were another beneficiary with Sabic and Yansab rallying +1.5% 5d and +1.2% 5d respectively.

UAE bourses closed lower with the DFM index and the ADX index losing -0.6% 5d and -1.9% 5d respectively. Arabtec dropped -27.7% 5d after the company reported Q3 2019 net loss of AED 491mn. This was the company's biggest quarterly loss since 2016. The results have also put a doubt on company's ability to pay dividends in 2019. The company is currently in talks with Trojan Holdings for a possible merger. Among other stocks, Emaar-related names continued to remain under pressure with Emaar Properties (-0.7% 5d) extending its decline to fourth consecutive week. Emaar Development and Emaar Malls dropped -6.9% 5d and -2.1% 5d respectively.

Elsewhere, Egyptian equities dropped for a second consecutive week with the EGX 30 index losing -3.1% 5d. Losses were led by market heavyweights as the wider EGX 100 index outperformed with losses of only -1.4% 5d.

Developed Markets

Developed market equities closed lower as mixed headlines on the trade front swayed markets. It appeared to be an old script with various officials appearing to be holding an opposing views on the end-game. There were reports that the Chinese Vice Premier Liu He has invited US negotiators for talks in Beijing but no date was confirmed by the US side. Eventually, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index closed -0.3% 5d, -0.5% 5d and -0.8% 5d respectively. It was the first weekly decline for US equities in six weeks. Interestingly, UK equities closed in positive territory with the FTSE 100 index adding +0.3% 5d on the back of -0.5% weakness in the GBP.

Emerging Markets

Emerging market equities outperformed broader indices even as sluggishness remained owing to lack of clarity on the trade front between the US and China. The MSCI EM index closed flat for the week relative to a decline of -0.4% 5d in the MSCI World index. Interestingly, the MSCI BRICS index rallied +0.8% 5d to take their year to date gains to +11.4% compared to +8.6% ytd for the MSCI EM index.

The outperformance of the BRICS universe was driven by strength in Brazilian equities. The Bovespa index added +2.5% 5d. It seems that the combination of upward revision to growth estimates amid benign inflation expectations are allowing central bank to cut interest rates which in turn is driving appetite for equities. The biggest Brazilian ETF, iShares MSCI Brazil ETF, saw the biggest daily inflows since 2018 of USD 181mn and USD 195mn on consecutive days last week.

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	2,684	-0.6%	58.2	7.5	1.0	4.4	51.35
ADX	5,042	-1.9%	35.3	13.1	1.6	4.9	36.67
Tadawul	8,063	1.7%	829.2	17.7	1.8	3.8	36.56
ISE 100	106,588	1.4%	1,595.8	7.9	1.0	3.4	87.00
EGX 30	14,095	-3.1%	27.5	10.2	1.7	2.4	36.67
Kuwait Premier	6,314	0.9%	57.5	16.4	0.1	3.5	52.63
Bahrain	1,506	0.0%	1.9	-	-	5.2	-
MSM	4,083	0.0%	3.0	6.0	0.5	7.4	63.33
Qatar Exchange	10,267	-0.9%	57.2	14.5	1.5	4.2	50.00
MADEX	9,627	1.0%	16.4	18.6	-	3.7	67.35
TUSISE	6,936	-0.8%	0.8	20.8	-	2.1	37.50

Developed Market Indices

Dow Jones	27,876	-0.5%	8,397.6	18.8	4.0	2.3	75.86
S&P 500	3,110	-0.3%	45,191.2	19.0	3.4	1.9	75.15
Nasdaq	8,520	-0.2%	32,178.1	25.9	4.7	1.1	48.52
FTSE 100	7,327	0.3%	4,246.9	13.4	1.7	4.7	68.00
Dax	13,164	-0.6%	3,704.6	15.7	1.6	3.0	83.33
Cac 40	5,893	-0.8%	3,423.4	16.1	1.7	3.2	85.00
Swiss	10,369	0.6%	3,126.4	17.5	2.5	3.2	100.00
Nikkei	23,113	-0.8%	10,547.7	17.5	1.7	1.9	70.67
Australia	6,710	-1.2%	3,511.1	17.6	2.1	4.2	64.82
Stoxx 600	404	-0.5%	25,864.1	15.6	1.8	3.5	75.17

Emerging Market Indices

Hong Kong	26,595	1.0%	3,568.8	10.6	1.1	3.7	36.00
Shanghai	2,885	-0.2%	20,701.9	11.6	1.3	2.4	23.43
Korea	2,102	-2.8%	4,237.6	14.8	0.9	2.2	23.64
Sensex	40,359	0.0%	117.2	22.3	2.9	1.2	61.29
Nifty	11,914	0.2%	2,917.6	21.2	2.8	1.2	52.00
Karachi	37,926	0.9%	60.6	6.6	1.1	5.5	73.63
Taiwan	11,567	0.4%	3,425.5	17.7	1.9	4.0	61.20
Bovespa	108,692	2.0%	3,068.1	15.0	1.9	3.0	79.41
Jo'burg	56,760	1.3%	1,251.4	12.5	1.7	4.2	52.90
Vietnam	978	-3.2%	157.8	16.4	2.6	2.1	41.30
Jakarta	6,100	-0.5%	335.5	15.9	2.1	2.5	28.06

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	2,274	-0.4%	2.3%	20.7%	17.50	2.40	2.42
MSCI G7	2,086	-0.3%	2.6%	21.6%	17.63	2.49	2.26
MSCI EM	1,049	0.0%	1.2%	8.6%	13.70	1.54	2.86
MSCI FM	561	0.3%	1.1%	8.7%	12.42	1.16	4.40
S&P Pan Arab	756	0.7%	1.0%	3.7%	14.78	1.53	4.04
DUAE INDEX	3,111	-0.9%	-2.3%	1.3%	9.29	1.24	4.72
DKUW INDEX	4,558	1.1%	0.8%	21.4%	-	-	-
DQAT INDEX	6,829	-0.9%	-1.4%	-2.3%	14.15	2.00	3.80
DKUS INDEX	3,487	1.2%	-0.3%	16.7%	17.15	0.11	3.14
DQAS INDEX	7,745	-1.4%	0.1%	-4.9%	14.73	1.58	4.69

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-49.4%	-35.1%	7.8%	Bahrain	-	-	28.2%
ADX	-11.6%	4.6%	22.6%	MSM	-59.3%	-66.2%	82.1%
Tadawul	19.9%	19.5%	-6.8%	Qatar	-1.9%	0.0%	3.0%
Kuwait Premier	11.0%	-90.5%	-14.1%	TUSISE	40.6%	-	-47.3%

Relative to MSCI G7 Index

Dow Jones	6.9%	62.5%	2.0%	Cac 40	-8.8%	-32.7%	42.2%
S&P 500	7.5%	35.7%	-16.1%	Swiss	-0.5%	0.4%	40.9%
Nasdaq	46.8%	87.9%	-50.5%	Nikkei	-0.5%	-32.5%	-14.3%
FTSE 100	-24.0%	-30.8%	107.6%	Australia	-0.1%	-15.9%	84.2%
Dax	-10.8%	-35.2%	30.3%	Stoxx 600	-11.6%	-29.5%	56.3%

Relative to MSCI Emerging Market Index

Hong Kong	-22.9%	-25.7%	30.3%	Jo'burg	-8.7%	11.5%	45.7%
Shanghai	-15.4%	-13.8%	-16.4%	Vietnam	20.0%	70.6%	-27.1%
Korea	8.2%	-41.9%	-21.8%	Jakarta	16.4%	38.5%	-13.7%
Sensex	62.6%	85.7%	-57.4%				
Nifty	54.7%	79.7%	-56.7%				
Karachi	-51.6%	-30.9%	92.8%				
Taiwan	29.2%	20.0%	38.3%				
Bovespa	9.3%	26.1%	3.6%				

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

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