



بنك الإمارات دبي الوطني  
Emirates NBD

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# Equity Weekly

## Global Equities

Global equities remained largely unaffected by continued war of words between the US and North Korea and a hawkish undertone from the Fed following its latest meeting. Markets received a boost from continued rally in oil prices and renewed hopes over an agreement in the US over the overhaul of the tax code. The MSCI World index added +0.4% 5d, mainly on the back of strength in the MSCI G7 index (+0.4% 5d). Volatility declined in developed markets with the VIX index and the V2X index losing -5.8% 5d and -4.0% 5d respectively. However, it increased in emerging markets with the CBOE EM ETF Volatility index adding +9.4% 5d.

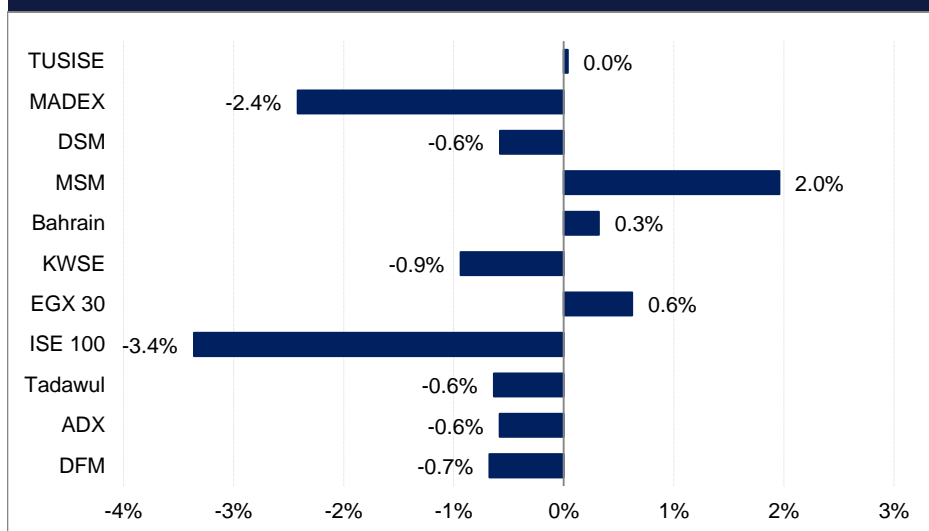
With major events for the month behind us and earnings season still a couple of weeks away, the market moves could well be dictated by political developments and rhetoric. Investors will keep an eye on the results of German elections where status quo is expected. Regionally, markets are likely to remain in a drift mode ahead of the FTSE announcement over the inclusion in the EM index towards the end of the week.

## MENA Markets

It was a truncated week of trading for regional equities as most markets were closed on the last trading day for Islamic New Year. The continued uptick in oil prices failed to ignite fresh investor interest with major indices drifting lower. The S&P Pan Arab Composite index dropped -0.6% 5d.

UAE bourses closed lower with the DFM index and the ADX index losing -0.7% wov and -0.6% wov respectively. With the exception of DP World there was no real corporate news flow or catalysts to pull investors in. Emaar Properties closed flat as the IPO news seems to be baked in the stock price. DP World ended the week with gains of +6.2% wov amid a flurry of corporate developments. It is worth noting that the price rise by accompanied by below-par volumes. DP World said that the company will now renew 2.1mn TEU operating contract in Indonesia and also announced acquisitions of Dubai Maritime City and Drydocks World. There was an additional report that the company is in talks to buy a controlling stake in Continental, an Indian logistics company, for around INR 45bn.

### MENA Equity Indices (wtd % chg)



Source: Bloomberg

DXB Entertainments ended the week with gains of +0.9% after the company reached an agreement with Meraas for AED 245mn subordinated shareholder loan which will be available immediately and be used for operational expenses and debt repayments.

The EGX 30 index (+0.6% wow) continued its positive run to take its 3-week gains to +5.4% amid a series of positive economic news. Trading volumes have improved as well with value traded been 30% above the 1month ADV. Real estate stocks benefitted the most in the recent rally with Talaat Moustafa and Palm Hills Development adding +6.2% wow and +4.0% wow respectively.

Elsewhere, the Tadawul (-0.6% wow) and the KWSE index (-0.9% wow) drifted lower as the pre-FTSE trade ran out of steam. It was a classic case of investors hedging their gains ahead of the actual announcement later this week.

## **Developed Markets**

Notwithstanding fresh war of words between the US and North Korea and a hawkish tilt from the Federal Reserve, developed market equities continued their positive run. However, the pace of gains slowed with most indices trading at record levels. The continued strength in commodity prices also lent support to broad equity markets. Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +0.1% 5d, +0.7% 5d and +2.5% 5d respectively.

The two indices which outperformed broader developed markets index, i.e. the FTSE 100 index (+1.3% 5d) and the Nikkei index (+2.5% 5d) were the byproduct of a weaker currency or rather strong USD. The GBP dropped -0.7% 5d and the USDJPY declined -1.0% 5d. The weakness in the GBP was also helped by a speech from Theresa May over her Brexit plan.

## **Emerging Markets**

Emerging market underperformed wider equity markets amid a slightly hawkish tone from the Federal Reserve in the US. It was more a case of investors finding an excuse to lock in their gains than any concern over developed market monetary policy. The MSCI EM index closed flat for the 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	3,633	-0.7%	47.1	10.8	1.2	3.9	44.44
ADX	4,455	-0.6%	40.9	12.0	1.3	4.6	42.62
Tadawul	7,326	-0.6%	1,054.7	14.7	1.6	3.3	49.42
ISE 100	104,123	-3.5%	1,305.3	8.8	1.3	2.8	70.71
EGX 30	13,695	0.6%	49.1	11.1	1.9	2.4	76.67
KWSE	6,849	-0.9%	85.5	-	-	5.4	65.45
Bahrain	1,308	0.3%	3.5	-	-	6.0	66.67
MSM	5,100	2.0%	15.1	10.6	1.0	5.2	20.00
Qatar Exchange	8,361	-0.6%	42.3	13.3	1.6	4.1	5.26
MADEX	-	-2.4%	16.1	19.2	2.7	4.1	-
TUSISE	6,273	-0.1%	1.0	20.8	4.1	2.2	61.90

### Developed Market Indices

Dow Jones	22,350	0.4%	6,777.4	18.4	3.6	2.4	83.33
S&P 500	2,502	0.1%	34,405.3	19.2	3.0	2.0	70.78
Nasdaq	6,427	-0.3%	22,243.0	24.1	3.9	1.1	58.01
FTSE 100	7,311	1.3%	6,620.7	15.2	1.9	4.2	59.41
Dax	12,592	0.6%	3,354.7	13.9	1.7	2.9	76.67
Cac 40	5,281	1.3%	3,471.4	15.6	1.6	3.1	82.05
Swiss	9,137	1.2%	2,276.6	18.1	2.4	3.3	95.00
Nikkei	20,296	1.9%	14,056.9	17.4	1.7	1.9	68.00
Australia	5,682	-0.2%	3,177.8	15.8	1.9	4.4	58.00
Stoxx 600	383	0.7%	27,791.2	15.9	1.9	3.4	71.69

### Emerging Market Indices

Hong Kong	27,881	0.3%	3,990.0	12.7	1.3	3.6	92.00
Shanghai	3,353	0.0%	33,678.8	14.7	1.6	1.9	38.10
Korea	2,389	0.1%	4,829.4	10.3	1.1	1.5	31.04
Sensex	31,922	-1.1%	139.4	20.6	2.9	1.2	64.52
Nifty	9,964	-1.2%	1,551.0	19.9	2.9	1.3	74.51
Karachi	42,750	-0.1%	69.1	9.5	1.6	5.1	26.97
Taiwan	10,450	-1.2%	3,951.1	14.8	1.8	3.9	70.01
Bovespa	75,390	-0.5%	2,201.4	14.5	1.7	2.6	96.61
Micex	2,052	-0.1%	529.8	7.0	0.7	5.1	59.18
Jo'burg	55,840	0.3%	2,249.1	15.8	1.7	2.9	55.90
Vietnam	807	0.2%	143.0	16.5	2.5	2.8	66.78
Jakarta	5,912	0.7%	389.7	17.0	2.6	2.0	49.88

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	1,995	0.3%	2.6%	13.9%	17.60	2.27	2.43
MSCI G7	1,793	0.4%	2.8%	13.0%	17.75	2.34	2.27
MSCI EM	1,102	0.0%	1.6%	27.8%	13.77	1.67	2.38
MSCI FM	607	0.8%	1.9%	21.6%	13.32	1.68	3.20
S&P Pan Arab	697	-0.6%	0.7%	2.0%	13.51	1.51	3.69
DUAE INDEX	3,492	-0.1%	0.2%	5.3%	11.70	1.37	3.89
DKUW INDEX	3,773	-0.7%	4.8%	24.7%	-	-	-
DQAT INDEX	5,157	-0.8%	-7.1%	-15.9%	11.59	1.47	3.73
DKUS INDEX	3,083	-0.9%	5.0%	27.0%	15.18	1.67	3.23
DQAS INDEX	6,807	0.0%	-6.2%	-15.5%	13.38	1.59	5.06

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

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-20.0%	-19.0%	7.1%	Bahrain	-	-	63.2%
ADX	-11.4%	-12.3%	25.4%	MSM	-21.8%	-35.5%	40.4%
Tadawul	8.8%	3.4%	-11.2%	Qatar	-1.6%	9.4%	11.0%
KWSE	-	-	45.3%	TUSISE	53.8%	171.46%	-39.2%

### Relative to MSCI G7 Index

Dow Jones	3.5%	54.8%	3.5%	Cac 40	-12.1%	-32.8%	38.4%
S&P 500	8.0%	29.7%	-13.2%	Swiss	1.9%	3.2%	46.3%
Nasdaq	35.8%	66.6%	-52.9%	Nikkei	-1.8%	-28.2%	-17.6%
FTSE 100	-14.3%	-19.1%	82.9%	Australia	-10.8%	-18.7%	95.6%
Dax	-21.8%	-26.2%	28.7%	Stoxx 600	-10.2%	-20.6%	48.9%

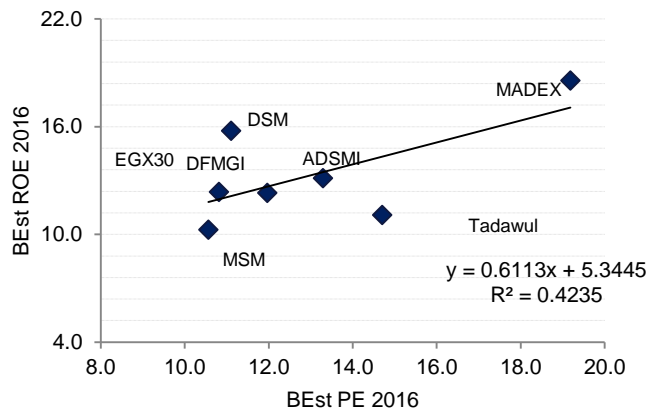
### Relative to MSCI Emerging Market Index

Hong Kong	-7.8%	-22.1%	52.4%	Jo'burg	15.0%	1.9%	23.9%
Shanghai	7.1%	-3.8%	-20.0%	Vietnam	19.9%	50.3%	19.4%
Korea	-25.2%	-34.6%	-37.9%	Jakarta	23.2%	53.5%	-14.5%
Sensex	49.3%	75.1%	-49.2%				
Nifty	44.3%	71.0%	-43.9%				
Karachi	-30.8%	-6.4%	115.8%				
Taiwan	7.3%	8.7%	63.1%				
Bovespa	5.3%	0.1%	10.9%				
Micex	-49.0%	-56.2%	113.2%				

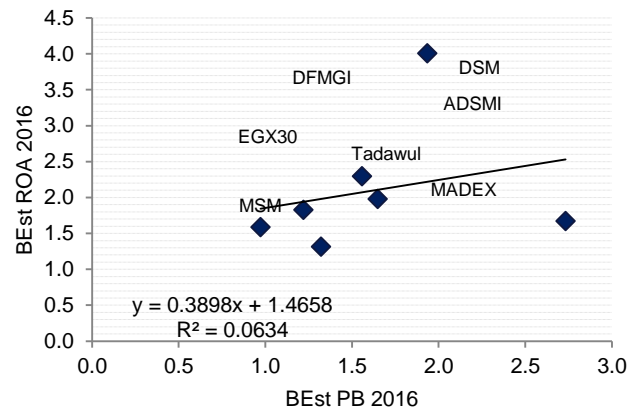
Source: Bloomberg, BEST – Bloomberg Estimate

## Relative Valuations

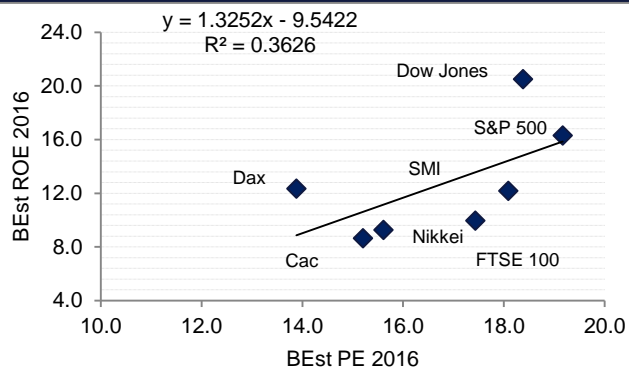
**MENA Equity Indices PE/ROE 2016**



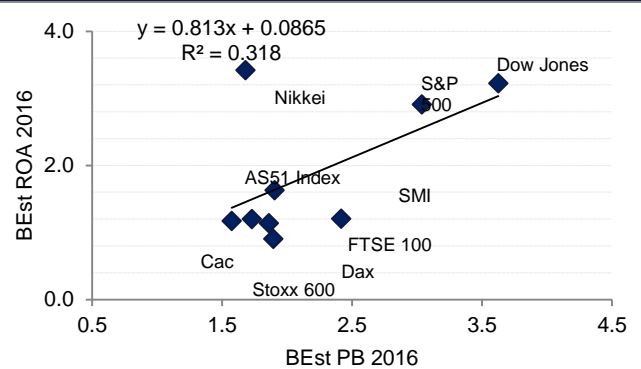
**MENA Equity Indices PB/ROA 2016**



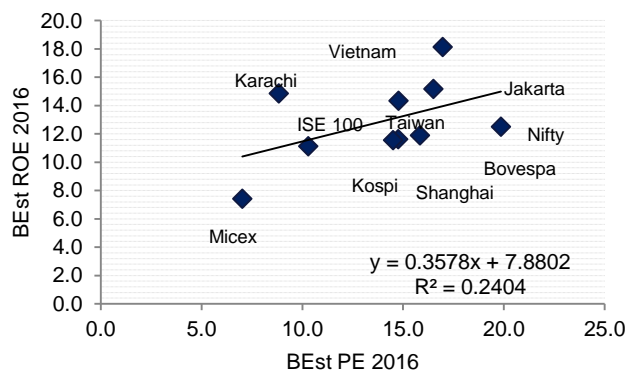
**D. Market Equity Indices PE/ROE 2016**



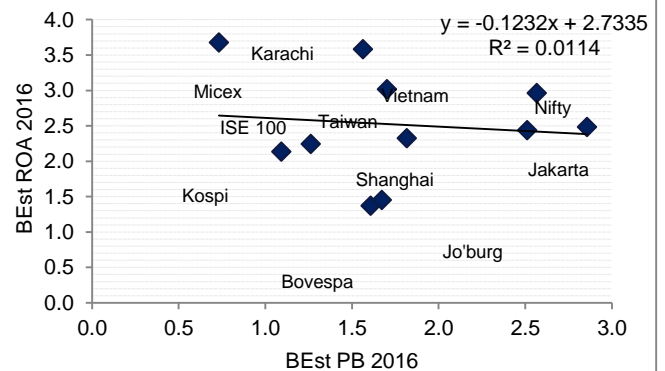
**D. Market Equity Indices PB/ROA 2016**



**E. Market Equity Indices PE/ROE 2016**



**E. Market Equity Indices PB/ROA 2016**



Source: Bloomberg

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