



بنك الإمارات دبي الوطني  
Emirates NBD

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# Equity Weekly

## Global Equities

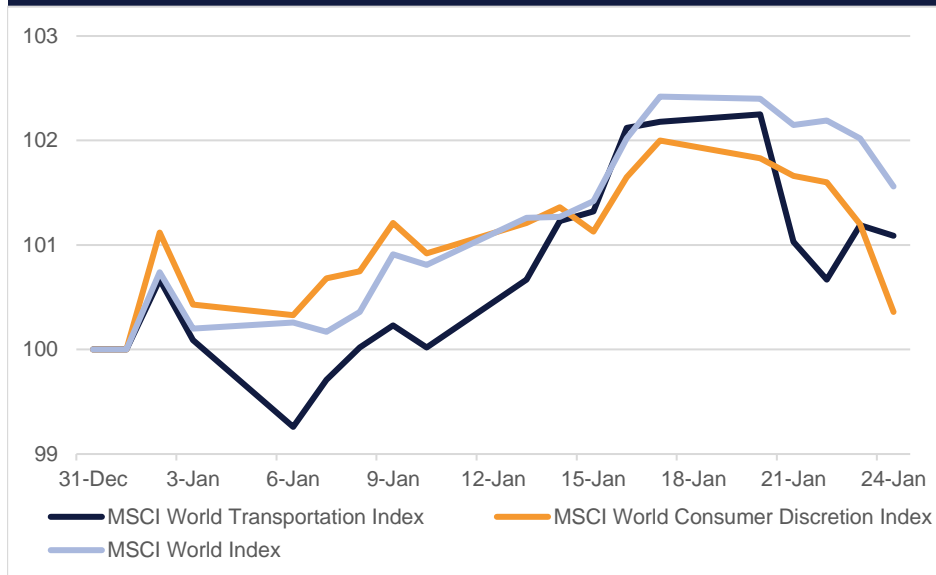
Global equities dropped as the fear of unknown stemming from the spread of respiratory virus weighed on investor sentiment. The economic impact of precautionary measures taken by several governments also appears to be weighing on markets at a time when most forecasts point to sluggish global growth. The MSCI All Country index dropped -1.0% 5d on the back of broad-based weakness. The MSCI G7 index and MSCI EM index lost -0.8% 5d and -2.4% 5d respectively.

The focus this week will be on central banks with monetary policy decisions from the Bank of England and the US Federal Reserve. While the Fed is widely expected to keep interest rates on hold, the expectation from the BoE is more mixed. Traders are currently pricing in a 46% probability of a 25 bps rate cut. Beyond central banks, investors, both globally and regionally, will continue to keep an eye on corporate earnings.

## Chart of the week

Following the fast-paced outbreak of the virus last week, investors appear to be positioning themselves accordingly. The first-degree impact of the same is generally felt on consumer discretionary and transportation sectors and hence it is no surprise to see stocks belonging to these sectors underperforming globally. Having said that it is worth noting that the broader sector indices remain in positive territory for the year.

### Chart of the week – Consumer discretionary and transportation sector stocks lead the decline



Source: Emirates NBD Research Bloomberg

## MENA Markets

Regional markets closed mixed as the focus shifted to global cues and regional corporate earnings. The sharp decline in oil prices also weighed on investor sentiment. The S&P Pan Arab Composite index dropped -0.7% 5d while Brent oil declined -6.4% 5d.

UAE bourses closed higher with the DFM index and the ADX index adding +0.3% 5d and +1.3% 5d respectively. The common theme across the DFM index and the ADX index was the strength in banking sector stocks as investor's added position ahead of their corporate earnings later this week. Dubai Islamic Bank and First Abu Dhabi Bank added +2.1% 5d and +1.9% 5d respectively. Further, First Abu Dhabi Bank confirmed that it is in early stage talks with Bank Audi to buy their Egyptian subsidiary.

The Tadawul dropped -0.9% 5d on the back of weakness in petrochemical stocks. Saudi Aramco, Sabic and Yansab dropped -0.4% 5d, -2.1% 5d and -3.2% 5d respectively. Yansab reported a 55% y/y decline in 2019 net profit to SAR 1.09bn. The full year profit also missed the consensus estimate of SAR 1.13bn. The company attributed the drop to lower average sales price for all products.

## Developed Markets

Developed market equities closed lower as the spread of respiratory virus weighed on investor sentiment. While it is too early to gauge the potential impact, the fear of the unknown appears to be behind the risk-off move. Beyond the virus, the economic data and corporate earnings were reasonably positive which in turn helped to limit the losses. Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index ended the week with losses of -1.0%, -0.2% and -0.9% respectively.

Nearly 17% of companies in the S&P 500 index have reported earnings for Q4 2019. According to FactSet, 73% of those companies have reported earnings above estimates and 67% of those companies have reported revenues above estimates. The blended earnings for the S&P 500 index so far have dropped -1.9%. If the number holds at the end of reporting season then it will mark the first time the index has reported four straight quarters of y/y decline in earnings since Q2 2016.

## Emerging Markets

Emerging market equities underperformed broader indices as the Chinese government was forced to take emergency measures to prevent further spread of the virus. The impact of those measures on the Chinese economy and the wider emerging market ecosystem drove stocks lower. The MSCI EM index recorded their biggest weekly drop in five months with losses of -2.4% 5d.

Unsurprisingly, Chinese stocks bore the brunt of the move. The Shanghai Composite index dropped -3.2% 5d. Further, the resultant weakness in commodities weighed on Russian equities. The MSCI Russia index dropped -2.8% 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	2,838	0.3%	41.5	7.8	1.0	4.1	37.84
ADX	5,245	1.3%	34.5	12.6	1.6	4.8	50.00
Tadawul	8,386	-0.9%	1,006.2	16.9	1.9	3.3	83.51
ISE 100	122,142	0.9%	2,104.2	6.8	0.9	3.1	98.00
EGX 30	13,728	-0.7%	20.0	8.4	1.5	2.5	20.00
Kuwait Premier	7,106	0.2%	99.8	16.6	0.2	3.1	63.16
Bahrain	1,653	0.8%	2.1	4.5	-	4.7	-
MSM	4,070	0.2%	4.8	6.9	0.7	7.3	60.00
Qatar Exchange	10,624	-0.7%	51.3	13.9	1.6	4.0	60.00
MADEX	10,285	0.8%	24.9	18.8	2.7	3.4	77.55
TUSISE	7,013	1.2%	0.9	19.4	-	2.1	41.86

### Developed Market Indices

Dow Jones	28,990	-1.2%	12,468.7	17.7	4.0	2.3	76.67
S&P 500	3,295	-1.0%	55,535.5	18.9	3.4	1.9	80.56
Nasdaq	9,315	-0.8%	39,386.2	25.6	3.8	1.0	57.02
FTSE 100	7,586	-1.2%	4,211.0	13.5	1.8	4.5	76.00
Dax	13,577	0.4%	3,631.3	14.6	1.6	3.1	76.67
Cac 40	6,024	-1.3%	3,528.0	14.9	1.6	3.3	72.50
Swiss	10,850	0.1%	3,646.1	17.1	2.5	3.2	94.74
Nikkei	23,827	-0.9%	8,984.5	18.1	1.7	1.9	67.56
Australia	7,091	0.4%	3,282.9	18.8	2.2	3.9	73.50
Stoxx 600	424	-0.2%	26,504.4	15.3	1.8	3.5	77.31

### Emerging Market Indices

Hong Kong	27,950	-3.8%	4,365.1	10.6	1.1	3.5	52.00
Shanghai	2,976	-3.2%	36,618.9	10.8	1.2	2.3	-
Korea	2,246	-0.2%	4,942.5	12.1	0.9	1.6	-
Sensex	41,613	-0.8%	82.1	23.6	3.2	1.1	76.67
Nifty	12,248	-0.8%	2,857.1	22.4	2.9	1.2	64.00
Karachi	42,633	-1.2%	44.4	6.9	1.1	4.9	93.33
Taiwan	12,118	0.2%	4,330.4	16.3	1.9	3.7	-
Bovespa	118,376	-0.1%	3,635.0	14.0	2.1	2.9	91.78
Jo'burg	57,261	-3.0%	1,167.5	11.9	1.8	3.6	43.87
Vietnam	991	1.3%	106.7	14.0	2.3	2.0	-
Jakarta	6,244	-0.8%	337.8	14.7	2.1	2.4	26.47

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	2,416	1.6%	2.8%	2.4%	17.63	2.45	2.28
MSCI G7	2,214	1.6%	2.8%	2.4%	17.77	2.54	2.14
MSCI EM	1,147	1.2%	3.5%	2.9%	13.42	1.59	2.53
MSCI FM	595	1.3%	3.2%	1.6%	12.32	1.33	3.79
S&P Pan Arab	799	1.9%	3.7%	1.3%	14.35	1.55	3.75
DUAE INDEX	3,274	3.2%	4.1%	3.4%	9.69	1.24	4.45
DKUW INDEX	5,162	2.6%	4.5%	1.7%	-	-	-
DQAT INDEX	7,202	1.9%	3.7%	2.2%	14.19	1.99	3.61
DKUS INDEX	3,866	1.5%	3.3%	0.7%	16.90	0.12	2.83
DQAS INDEX	8,157	3.2%	3.9%	3.2%	14.99	1.82	4.45

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

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-45.3%	-36.3%	9.0%	Bahrain	-	-	26.7%
ADX	-13.1%	1.8%	28.7%	MSM	-51.6%	-56.8%	95.8%
Tadawul	19.0%	27.2%	-14.6%	Qatar	-1.5%	3.3%	6.2%
Kuwait Premier	14.9%	-90.4%	-17.9%	TUSISE	32.7%	-	-43.0%

### Relative to MSCI G7 Index

Dow Jones	0.0%	59.0%	8.0%	Cac 40	-15.2%	-34.9%	53.9%
S&P 500	7.5%	35.1%	-13.0%	Swiss	-3.6%	-0.5%	47.3%
Nasdaq	45.8%	49.4%	-52.3%	Nikkei	2.8%	-31.3%	-12.5%
FTSE 100	-23.1%	-33.3%	108.6%	Australia	5.0%	-13.8%	82.9%
Dax	-18.3%	-38.2%	43.1%	Stoxx 600	-13.7%	-28.9%	63.2%

### Relative to MSCI Emerging Market Index

Hong Kong	-18.6%	-27.0%	34.7%	Jo'burg	-6.4%	15.5%	39.7%
Shanghai	-17.0%	-19.0%	-13.0%	Vietnam	3.2%	44.1%	-20.7%
Korea	-9.5%	-43.0%	-39.3%	Jakarta	10.0%	31.6%	-4.6%
Sensex	76.5%	100.5%	-54.3%				
Nifty	67.7%	82.8%	-53.6%				
Karachi	-48.6%	-27.8%	89.9%				
Taiwan	21.2%	17.6%	50.7%				
Bovespa	2.5%	26.5%	13.4%				

Source: Bloomberg, BEst – Bloomberg Estimate

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