



بنك الإمارات دبي الوطني
Emirates NBD

Weekly
26 November 2017

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Equity Weekly

Global Equities

Global equities closed higher as strong economic data and gains in commodity prices drove investor interest. Additionally, reports that coalition talks in Germany have restarted also helped the sentiment. The MSCI World index rallied +1.3% 5d helped by gains in the MSCI G7 index (+1.2% 5d) and the MSCI EM index (+1.6% 5d). MENA equities continued to lag broader markets with the S&P Pan Arab Composite index losing -0.5% 5d.

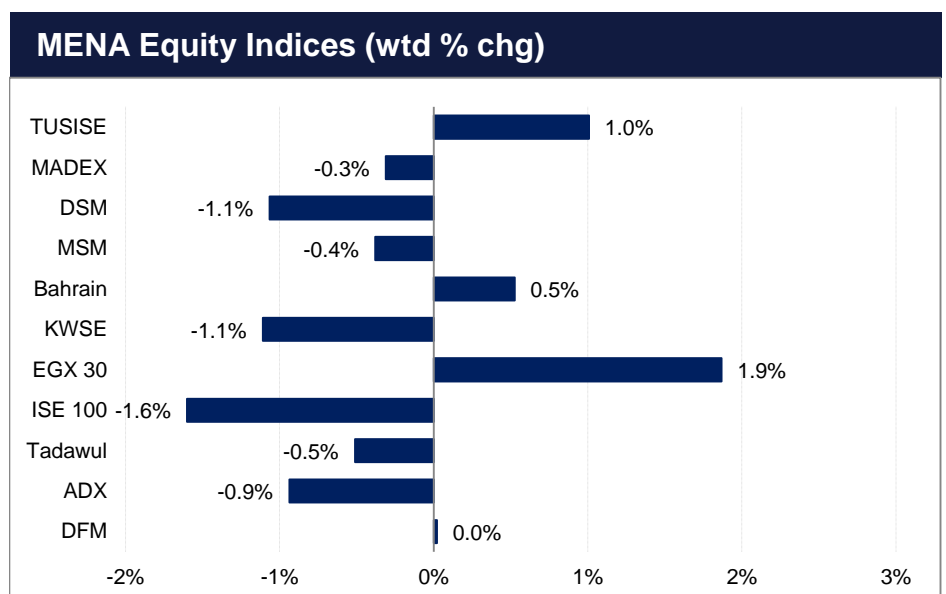
As we head into the year end, the focus will firmly remain on the state of the tax bill in the US. More so given the predictability of monetary policy in major economies. Regionally, it is likely to be a subdued week of trading in light of impending holidays towards the end of the week.

MENA Markets

Regional equities continued to underperform the wider region. In fact, five GCC equity indices are among the ten worst performing equity markets year to date. The sharp rally in oil prices and toning down of geopolitical tensions did little to assuage investor sentiment. The S&P Pan Arab Composite index dropped -0.5% 5d.

UAE bourses closed mixed with the DFM index ending the week flat and the ADX index losing -0.9% 5d. The focus remained on the listing of Emaar Development. It was a lackluster opening with the stock ending the first day -4.3% lower and the week -4.5% lower compared to the issue price of AED 6.03. The FTSE announced that the stock will be included in the EM index as at close of 29 November 2017. However, it appears that the inclusion in the MSCI EM index will take longer to materialize. Emaar Properties ended the week flat as investors' await the quantum of the special dividend.

With action in secondary markets seemingly dull, the focus is likely to remain on primary market issuances. Abu Dhabi National Oil Company made further progress on its planned offering of its fuel retailing unit after announcing the price range of AED 2.35 to AED 2.95 per share. The company plans to offer 1.25bn to 2.5bn shares, potentially raising as much as USD 2bn. If the company does raise that much then it would be the biggest IPO in the UAE in 10 years. The unit reported profit of AED 1.31bn for the first nine months of 2017.



Source: Bloomberg

The Tadawul seemed to have found some support around 6,800 levels following greater clarity on the progress of the corruption probe. In an interview to New York Times, the Crown Prince of Saudi Arabia said that 95% of cases were settled quickly with cash or shares being handed over, 4% want to go to court and the remaining 1% were able to prove their innocence. Over the weekend, the CMA further relaxed the QFI regulations with AuM requirement dropped to SAR 1.875bn from SAR 3.75bn. Additionally, the CMA approval of the registration application is no longer required and the mandatory list of documents has been replaced by a guidance list.

Elsewhere, the Qatar Exchange closed the week -1.1% lower. The MSCI said that they have initiated a discussion with investors on using the offshore QAR rate rather than onshore rate. The decision is likely to be taken around 5 December 2017. If they decide to use the offshore rate then the weightage of Qatari stocks in the MSCI EM index could drop slightly. The Central Bank of Qatar responded by saying that they are committed to onshore rate for all investors. If nothing, this discussion over onshore rate and an offshore rate over a pegged currency adds another overhang to an already depressed equity market.

Developed Markets

It was a shortened week of trading for developed markets. Most indices closed higher as economic data continued to remain strong and noise over geopolitics quietened down. However, it does appear that the market currently is lacking catalysts for a sustained move in either direction. The S&P 500 index added +0.7% 5d, the Euro Stoxx 600 index +0.7% 5d and the Nikkei index +0.9% 5d.

Emerging Markets

Emerging markets outperformed wider equity markets amid decline in the USD. The MSCI EM index added +1.6% 5d compared to a gain of +1.3% in the MSCI World index.

The notable exception to the sharp rally in the EM universe was the decline in the Shanghai Composite index (-0.9% 5d). While there was no apparent trigger for the decline, rising bond yields and tougher government regulations could have pushed investors to take some money off the table. While lack of government support exaggerated the decline, it must be noted that there has been no sustained follow through to the sell-off.

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	3,461	0.0%	87.6	11.4	1.2	4.1	33.33
ADX	4,287	-0.9%	34.5	10.8	1.3	4.7	35.59
Tadawul	6,878	-0.5%	690.5	13.9	1.5	3.5	27.91
ISE 100	104,539	-1.1%	1,558.1	8.4	1.3	2.8	49.49
EGX 30	14,106	1.9%	39.8	10.9	2.0	2.8	76.67
KWSE	6,239	-1.1%	37.8	-	-	5.5	23.30
Bahrain	1,277	0.5%	1.6	-	-	6.1	50.00
MSM	5,086	-0.4%	11.5	11.3	1.0	5.1	23.33
Qatar Exchange	7,742	-1.1%	43.1	11.8	1.4	5.1	-
MADEX	10,271	-0.4%	10.6	19.0	2.9	4.6	82.22
TUSISE	6,188	0.8%	0.9	20.8	4.1	2.3	55.00

Developed Market Indices

Dow Jones	23,558	0.9%	5,839.1	18.8	3.7	2.2	83.33
S&P 500	2,602	0.9%	30,339.5	19.5	3.1	1.9	71.23
Nasdaq	6,889	1.6%	20,711.6	24.5	4.1	1.0	61.75
FTSE 100	7,410	0.4%	4,849.1	15.0	1.9	4.2	61.39
Dax	13,060	0.5%	4,099.9	14.8	1.8	2.8	72.41
Cac 40	5,390	1.3%	3,293.2	15.8	1.6	3.1	72.50
Swiss	9,326	1.5%	2,582.5	19.1	2.5	3.3	80.00
Nikkei	22,551	0.7%	13,700.5	19.1	1.9	1.7	82.22
Australia	5,983	0.4%	3,212.9	16.3	2.0	4.3	71.00
Stoxx 600	387	0.7%	26,162.2	16.2	1.9	3.4	64.72

Emerging Market Indices

Hong Kong	29,866	2.3%	6,945.6	13.4	1.4	3.4	82.00
Shanghai	3,354	-0.9%	37,263.1	14.8	1.7	1.9	25.08
Korea	2,544	0.4%	5,418.1	11.0	1.2	1.4	45.95
Sensex	33,679	1.0%	72.1	22.0	2.9	1.2	77.42
Nifty	10,390	1.0%	1,391.8	21.1	3.0	1.3	80.00
Karachi	40,248	-1.5%	38.9	9.3	1.5	5.9	15.56
Taiwan	10,854	1.4%	4,079.0	15.3	1.9	3.7	65.31
Bovespa	74,157	1.0%	1,793.6	14.2	1.6	2.4	74.14
Micex	2,161	1.4%	591.7	7.4	0.8	4.7	61.22
Jo'burg	60,324	0.3%	1,752.8	16.3	1.9	2.8	49.69
Vietnam	936	5.0%	202.7	19.5	3.1	2.4	53.90
Jakarta	6,067	0.3%	346.4	17.9	2.6	2.0	43.75

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	2,060	1.3%	1.2%	17.6%	18.03	2.34	2.37
MSCI G7	1,860	1.2%	1.2%	17.2%	18.15	2.41	2.21
MSCI EM	1,154	1.6%	4.0%	33.9%	14.27	1.75	2.24
MSCI FM	617	1.1%	0.1%	23.6%	13.68	1.78	3.15
S&P Pan Arab	660	-0.5%	-2.0%	-3.4%	8.31	1.45	3.91
DUAE INDEX	3,312	-0.6%	-5.7%	0.5%	10.94	1.31	4.08
DKUW INDEX	3,320	-2.1%	-9.2%	9.7%	-	-	-
DQAT INDEX	4,835	-2.3%	-3.8%	-21.1%	12.27	1.51	3.83
DKUS INDEX	2,689	-1.1%	-9.0%	10.8%	15.84	1.76	2.54
DQAS INDEX	6,435	-1.0%	-4.5%	-20.1%	12.79	1.64	5.45

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	37.2%	-18.5%	5.4%	Bahrain	-	-	57.2%
ADX	30.5%	-9.9%	20.0%	MSM	35.5%	-29.6%	31.2%
Tadawul	67.5%	2.9%	-11.7%	Qatar	41.7%	-4.6%	29.8%
KWSE	-	-	41.8%	TUSISE	150.1%	181.73%	-42.1%

Relative to MSCI G7 Index

Dow Jones	3.5%	53.2%	1.3%	Cac 40	-12.7%	-32.8%	39.3%
S&P 500	7.4%	28.6%	-13.6%	Swiss	5.3%	2.9%	47.0%
Nasdaq	35.1%	71.5%	-53.9%	Nikkei	5.5%	-22.8%	-23.1%
FTSE 100	-17.3%	-21.5%	88.6%	Australia	-9.9%	-18.0%	94.5%
Dax	-18.6%	-26.4%	26.6%	Stoxx 600	-10.9%	-22.1%	51.5%

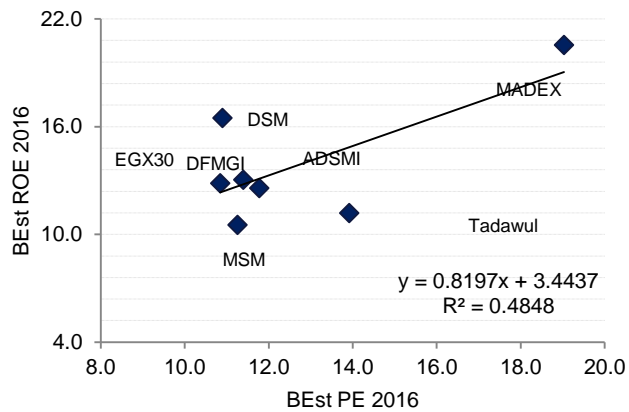
Relative to MSCI Emerging Market Index

Hong Kong	-5.9%	-19.8%	51.3%	Jo'burg	14.5%	11.4%	23.1%
Shanghai	3.9%	-5.6%	-17.1%	Vietnam	36.8%	74.7%	9.0%
Korea	-23.1%	-33.9%	-38.7%	Jakarta	25.3%	49.5%	-10.0%
Sensex	54.1%	68.3%	-48.1%				
Nifty	47.8%	69.6%	-42.2%				
Karachi	-34.8%	-15.6%	164.3%				
Taiwan	7.2%	9.1%	65.0%				
Bovespa	-0.3%	-7.0%	8.4%				
Micex	-48.3%	-56.1%	110.5%				

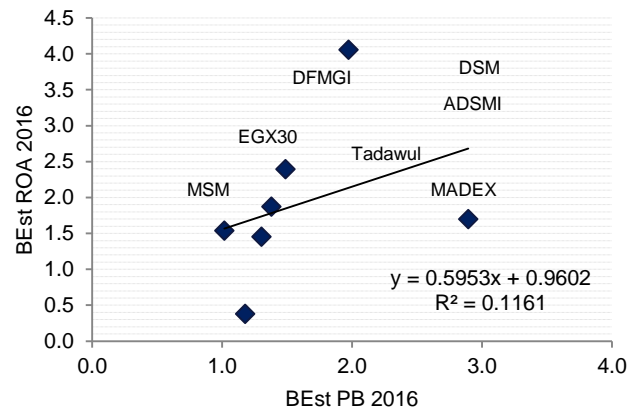
Source: Bloomberg, BEst – Bloomberg Estimate

Relative Valuations

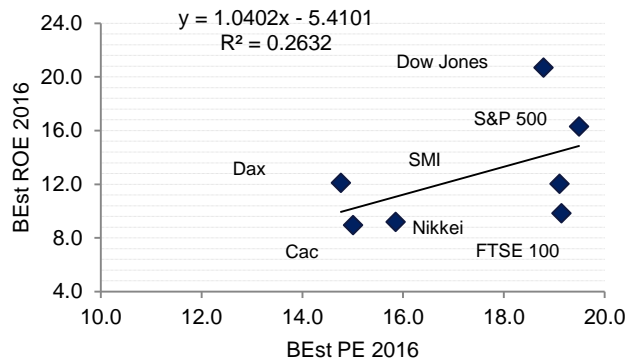
MENA Equity Indices PE/ROE 2016



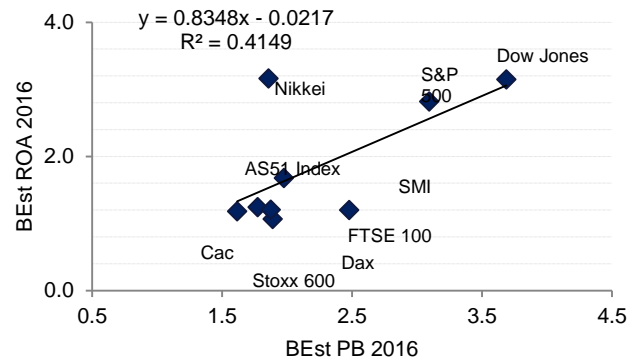
MENA Equity Indices PB/ROA 2016



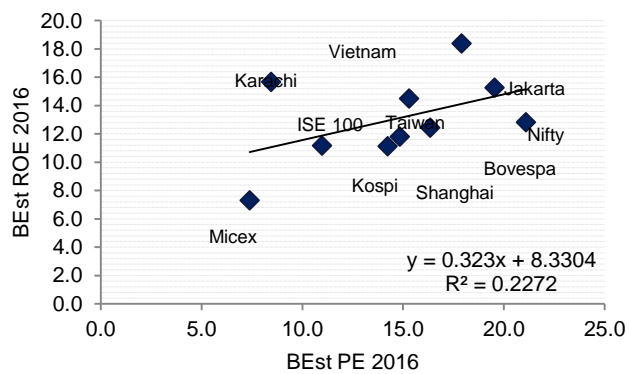
D. Market Equity Indices PE/ROE 2016



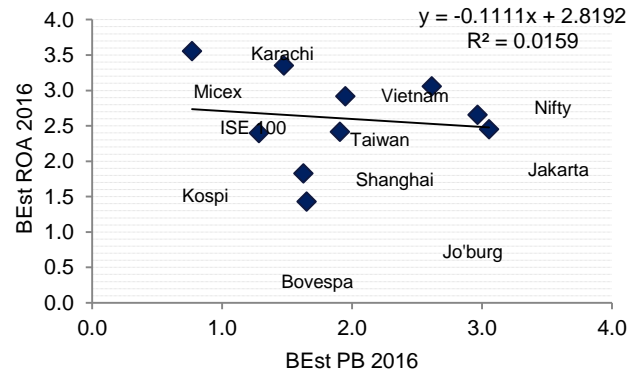
D. Market Equity Indices PB/ROA 2016



E. Market Equity Indices PE/ROE 2016



E. Market Equity Indices PB/ROA 2016



Source: Bloomberg

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