



بنك الإمارات دبي الوطني  
Emirates NBD

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# Equity Weekly

## Global Equities

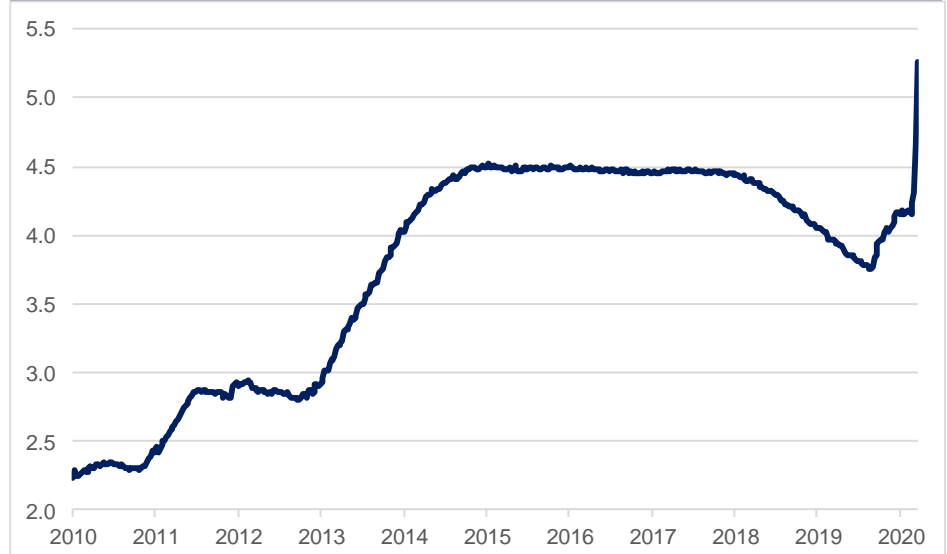
Global equities closed higher, for the first time in three weeks, as rafts of measures announced by various central banks and governments assured investors that 'whatever it takes' is finally kicking in. The MSCI All Country World index added +9.9% 5d on the back of strength across its sub-indices. Having said that, there were enough signs which showed that uncertainty over the length and depth of the viral outbreak remains a dominant concern for investors. Volatility remained elevated despite the rally in stocks with the VIX index remaining above 60 levels throughout the trading week.

The focus this week will remain on various governmental efforts to fight the physical and economic impact of coronavirus. Investors will also be keeping an eye on economic data to gauge the intensity of damage to the global economy.

## Chart of the week

The Federal Reserve has led global central banks in taking proactive steps to ensure market stability and liquidity. The extent of support became evident when the Fed's balance sheet surpassed USD 5tn for the first time. The central bank added as much as USD 586bn worth of assets in the week ended March 25, 2020.

### Chart of the week – US Federal Reserve Balance Sheet surpasses USD 5tn for first time (USD tn)



Source: Bloomberg

## MENA Markets

Regional markets closed mixed as positive global backdrop was offset by a sustained decline in oil prices. The increased restrictions in economic activities due to coronavirus also weighed on investor sentiment. The S&P Pan Arab Composite index added +1.4% w-o-w.

UAE bourses closed mixed with the DFM index losing -0.6% 5d and the ADX index adding +2.3% 5d respectively. Market heavyweights outperformed broader indices with Emaar Properties adding +3.1% 5d and First Abu Dhabi Bank rallying +4.3% 5d. The government continues to work towards providing additional stimulus to support the economy. Following announcements from earlier in the month, Dubai announced an economic incentive package for its free zones last week. The measures included postponing rent payments and cancellation of fines.

Egyptian equities outperformed their peers with the EGX 30 index adding +7.7% 5d. The rally was on the back of announcements of investments in equity markets by the government and state-owned banks. While Banque Misr and National Bank of Egypt said they will invest as much as EGP 3bn, the government allocated EGP 20bn to support equity markets.

## **Developed Markets**

The combination of continued measures by central banks notably the US Federal Reserve and fiscal stimulus from governments ignited risk sentiment. The announcements also allayed fears of dithering by governments. The fiscal USD 2tn stimulus bill passed by the US Congress was the key catalyst last week. Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +10.3% 5d, +6.1% 5d and +17.1% 5d respectively.

The rally last week can be classified as a relief rally as market participants continue to grapple with questions over the impact of current economic environment on corporate earnings. While earnings downgrades have begun, the consensus view is to wait for more clarity to emerge. So far this month, the 1y forward EPS estimates for US equities have dropped about USD 10 per share or c.5.5%. This is much lower than m/m reduction in EPS estimates in previous such instances notably the 2008 global financial crisis.

## **Emerging Markets**

Emerging market equities rallied but underperformed relative to broader markets. The MSCI EM index added +4.9% 5d compared to gains of +10.7% 5d in the MSCI World index. Gains in emerging market currencies also supported strength in equities.

Policymakers in emerging markets joined their developed market counterparts in announcing initiatives to support the economy. South Korea doubled its emergency funds to around KRW 100tn while the Indian government unveiled an initial stimulus plan of INR 1.7tn. Further, the Reserve Bank of India, in an emergency meeting, cut interest rates by 75 bps and announced steps to boost liquidity by cutting the cash reserve ratio by 100 bps and initiating TLTROs.

## 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	1,809	-0.6%	61.3	5.4	0.6	6.7	18.92
ADX	3,771	2.3%	46.5	9.6	1.1	6.3	23.33
Tadawul	6,327	0.9%	1,164.1	14.5	1.5	4.2	8.72
ISE 100	88,125	6.7%	1,646.9	4.9	0.7	4.2	23.00
EGX 30	9,913	7.7%	42.2	6.6	1.1	3.1	-
Kuwait Premier	5,281	7.7%	151.4	12.7	0.1	4.4	-
Bahrain	1,389	-1.4%	2.5	-	-	5.7	25.00
MSM	3,539	-0.8%	4.0	5.6	0.5	7.6	30.00
Qatar Exchange	8,479	-1.1%	73.4	11.6	1.3	4.7	5.00
MADEX	7,909	2.0%	21.7	14.7	2.1	4.4	2.04
TUSISE	6,412	4.6%	0.5	21.4	-	2.3	23.53

### Developed Market Indices

Dow Jones	21,637	12.8%	20,039.3	15.2	3.1	3.0	3.33
S&P 500	2,541	10.3%	75,402.9	15.9	2.7	2.5	6.18
Nasdaq	7,502	9.1%	54,563.9	22.1	3.9	1.3	10.52
FTSE 100	5,510	6.2%	7,207.0	11.4	1.3	6.3	9.09
Dax	9,633	7.9%	6,862.0	11.6	1.1	4.1	-
Cac 40	4,351	7.5%	6,049.4	12.4	1.2	4.4	-
Swiss	8,996	4.3%	6,412.8	14.7	2.0	3.8	20.00
Nikkei	19,389	17.1%	20,923.6	15.8	1.4	2.3	12.44
Australia	4,842	0.5%	5,654.7	13.7	1.5	5.4	7.65
Stoxx 600	311	6.1%	43,485.4	12.8	1.4	4.6	8.59

### Emerging Market Indices

Hong Kong	23,484	3.0%	6,895.1	9.7	0.9	4.3	8.00
Shanghai	2,772	1.0%	36,141.8	10.4	1.2	2.4	31.94
Korea	1,718	9.7%	9,168.8	10.1	0.7	2.7	5.57
Sensex	29,816	-0.3%	716.8	16.2	2.3	1.7	10.00
Nifty	8,660	-1.0%	3,814.9	15.3	2.0	1.9	8.00
Karachi	28,110	-8.3%	30.4	4.6	0.8	7.6	8.05
Taiwan	9,699	5.0%	4,706.8	13.8	1.5	4.7	7.64
Bovespa	73,429	9.5%	3,994.6	10.0	1.2	4.8	2.78
Jo'burg	42,947	6.6%	1,778.8	8.8	0.8	5.0	6.71
Vietnam	696	-1.9%	125.9	10.2	1.6	2.7	11.08
Jakarta	4,546	8.4%	518.0	10.6	1.4	3.5	8.98

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	1,827	10.7%	-14.7%	-22.5%	14.81	1.91	3.00
MSCI G7	1,679	11.2%	-14.4%	-22.3%	14.92	1.97	2.84
MSCI EM	843	4.9%	-16.2%	-24.4%	11.35	1.08	3.31
MSCI FM	431	2.8%	-21.8%	-26.5%	7.80	0.97	5.15
S&P Pan Arab	593	1.4%	-18.5%	-24.8%	10.84	1.18	4.94
DUAE INDEX	2,186	2.3%	-26.7%	-30.0%	7.00	0.81	6.62
DKUW INDEX	3,774	8.6%	-22.0%	-25.6%	-	-	-
DQAT INDEX	5,892	-3.0%	-8.5%	-16.4%	12.04	1.68	4.24
DKUS INDEX	2,953	12.2%	-19.9%	-23.1%	6.07	0.10	3.55
DQAS INDEX	6,973	2.5%	-7.0%	-11.7%	12.75	1.62	5.18

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

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-50.2%	-48.6%	36.6%	Bahrain	-	-	16.1%
ADX	-11.7%	-7.3%	28.5%	MSM	-48.7%	-54.6%	53.3%
Tadawul	33.5%	27.3%	-14.8%	Qatar	7.3%	11.5%	-4.4%
Kuwait Premier	17.5%	-90.4%	-10.0%	TUSISE	97.5%	-	-53.5%

### Relative to MSCI G7 Index

Dow Jones	1.7%	56.9%	4.0%	Cac 40	-16.7%	-37.8%	53.4%
S&P 500	6.7%	34.9%	-13.6%	Swiss	-1.4%	2.6%	35.0%
Nasdaq	48.2%	97.2%	-54.5%	Nikkei	6.1%	-28.3%	-18.2%
FTSE 100	-23.5%	-35.3%	120.7%	Australia	-8.1%	-25.2%	90.0%
Dax	-22.6%	-43.6%	46.0%	Stoxx 600	-14.2%	-30.0%	60.4%

### Relative to MSCI Emerging Market Index

Hong Kong	-14.6%	-12.5%	30.2%	Jo'burg	-22.7%	-23.1%	50.6%
Shanghai	-8.6%	7.9%	-27.7%	Vietnam	-10.2%	49.0%	-19.0%
Korea	-11.1%	-34.8%	-19.3%	Jakarta	-6.2%	31.6%	5.8%
Sensex	42.9%	107.7%	-48.1%				
Nifty	34.4%	88.2%	-43.7%				
Karachi	-59.1%	-30.3%	129.6%				
Taiwan	21.2%	40.6%	42.2%				
Bovespa	-12.1%	11.5%	45.1%				

Source: Bloomberg, BEst – Bloomberg Estimate

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