



بنك الإمارات دبي الوطني
Emirates NBD

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Equity Weekly

Global Equities

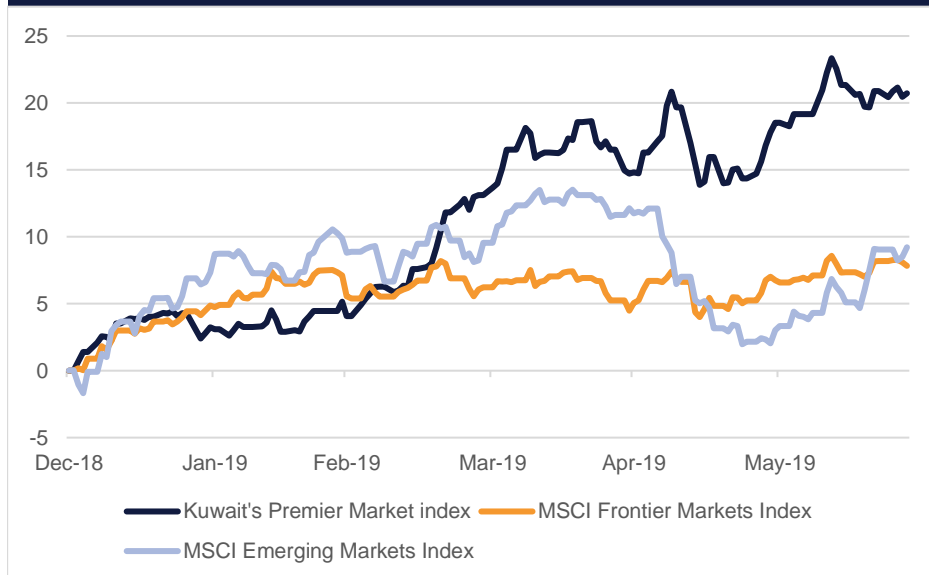
It was a relatively quiet week of trading for global equities as investors remained in a holding pattern ahead of the G-20 meeting. The lack of escalation in geopolitical tensions and mixed economic data also played their part in stock price movements. Overall, the MSCI All Country index closed flat with most sub-indices showing limited movements. The MSCI G7 index, the MSCI EM index and the MSCI FM index ended the week -0.1% 5d, +0.2% 5d and +0.2% 5d respectively. Volatility continues to remain surprisingly subdued. The VIX index and the V2X index dropped -2.1% 5d and gained +2.6% 5d respectively.

With the G-20 meeting over the weekend turning out to be relatively positive in terms of developments on the trade front, it will not be surprising to see a renewal in risk appetite. The agreement between Russia and Saudi Arabia on extending oil output cuts for another nine months will also be seen as incrementally positive by financial markets.

Chart of the week

The decision of MSCI to include Kuwait in its emerging market index had no positive follow through in stock prices. It could primarily be a function of the fact that this decision was widely expected and that in anticipation of this decision, Kuwaiti stocks had already rallied. In fact, the KWSE PM index is the best performing stock index in the region and has also outperformed the broader MSCI EM index and the MSCI FM index.

Chart of the week – Kuwaiti stocks outperform broader EM and FM indices



Source: Bloomberg, Emirates NBD Research

MENA Markets

Regional markets closed lower amid a weak global backdrop and continued worries over geopolitical developments. The S&P Pan Arab Composite index dropped -1.1% w-o-w.

UAE bourses closed lower with the DFM index and the ADX index losing -1.2% and -1.1% respectively. Shuaa Capital was a notable outperformer with gains of +7.2% 5d after the company confirmed its merger with ADFG. The company will issue 1.47bn new shares to Abu Dhabi Capital Management in return for the entire issued share capital of ADFG. The agreed price reflected a premium of more than 60% to Shuaa Capital's share price on 21 March 2019. The combined entity will have USD 12.8bn of assets under management. DP World underperformed with losses of -4.1% 5d following global worries about the impact of trade tensions between the US and other countries. In fact, the stock closed lower for a fourth consecutive week.

The KWSE PM index dropped -0.1% 5d even as MSCI confirmed that will be add Kuwaiti stocks to its EM index. The change will be implemented in June 2020. It must be noted here that Kuwaiti stocks were already part of some other EM indices. In terms of valuations, the KWSE PM index is trading at a 12m forward PE multiple of 11.5x. This is relative to the MSCI EM index which is trading at a 12m forward PE multiple of 12.8x and the MSCI Arabian Markets Combined Index which is trading at 9.1x 12m forward earnings.

Developed Markets

Developed market equities closed mixed in a week that was defined by small moves as investors remained wary ahead of the talks between the US President and the Chinese President Xi Jinping. While the Nikkei index and the Euro Stoxx 600 index closed flat, the S&P 500 index dropped -0.3% 5d. Despite cautiousness last week, developed market equities had their best first half of the year in decades. Yet, in terms of fund flows, European and US equity funds saw outflows of USD 71bn and USD 41bn respectively.

Over the weekend, the talk between the two Presidents resulted in a decision to resume trade negotiations. As part of a fresh effort to reach a deal, US President Donald Trump said that he would not put new duties on China for the 'time being' and that he will allow Huawei Technologies to buy some products from US suppliers.

Emerging Markets

Emerging market equities marginally outperformed the broader market. The MSCI EM index added +0.2% 5d compared to the MSCI World index which closed flat.

India's Nifty index added +0.6% 5d as investors positioned themselves ahead of the first budget of the new government. It is widely expected that measures will be announced in the budget to boost consumption and revive investments. But questions remain whether those will be done at the expense of fiscal consolidation which the government has assiduously followed in its previous term. In the first half of 2019, Indian equities have underperformed global peers as worries grew about economic growth. The Nifty index added +8.5% in H1 2019 compared to gains of +15.6% in the MSCI World index and +9.2% in the MSCI EM index over the same period.

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	2,626	-1.2%	42.4	6.9	1.0	4.6	48.65
ADX	4,992	-1.1%	50.1	12.7	1.6	5.0	41.67
Tadawul	8,797	-0.8%	1,072.0	16.6	2.0	3.3	48.39
ISE 100	96,485	1.6%	1,060.9	6.7	0.9	3.9	47.00
EGX 30	14,101	0.4%	33.6	9.8	1.8	2.5	44.83
Kuwait Premier	6,359	-0.1%	120.3	11.5	1.4	3.2	87.50
Bahrain	1,468	0.9%	4.7	9.1	1.2	5.1	50.00
MSM	3,891	-0.9%	11.6	6.6	0.6	7.1	36.67
Qatar Exchange	10,444	-2.3%	59.2	14.1	1.7	4.2	60.00
MADEX	9,183	-1.0%	79.7	17.4	2.4	3.9	48.98
TUSISE	7,149	-0.5%	1.3	23.0	-	2.0	30.23

Developed Market Indices

Dow Jones	26,600	-0.4%	10,806.6	16.6	3.8	2.4	86.21
S&P 500	2,942	-0.3%	50,096.9	17.7	3.2	2.0	73.44
Nasdaq	8,006	-0.3%	35,278.5	23.9	4.5	1.1	45.84
FTSE 100	7,426	0.2%	4,475.2	13.0	1.7	4.7	72.28
Dax	12,399	0.5%	3,837.4	13.6	1.5	3.3	51.72
Cac 40	5,539	0.2%	3,614.0	14.5	1.6	3.4	85.00
Swiss	9,898	-0.2%	2,452.4	16.8	2.4	3.3	84.21
Nikkei	21,276	0.1%	9,521.8	15.3	1.5	2.1	29.33
Australia	6,619	-0.5%	3,976.8	17.3	2.1	4.5	63.64
Stoxx 600	385	0.0%	25,480.8	14.4	1.7	3.8	70.18

Emerging Market Indices

Hong Kong	28,543	0.2%	3,389.0	11.3	1.2	3.4	70.00
Shanghai	2,979	-0.8%	29,525.5	11.6	1.3	2.3	62.92
Korea	2,131	0.2%	3,747.5	12.7	0.9	2.0	46.30
Sensex	39,395	0.5%	76.1	19.8	2.8	1.2	61.29
Nifty	11,789	0.6%	2,303.1	18.7	2.7	1.3	58.00
Karachi	33,902	-3.5%	26.1	6.4	1.0	6.2	8.70
Taiwan	10,731	-0.7%	2,930.0	15.9	1.7	4.2	63.50
Bovespa	100,967	-1.0%	2,944.8	12.6	1.9	2.9	81.82
Jo'burg	58,204	-1.3%	1,099.7	13.9	1.4	3.9	44.38
Vietnam	950	-1.0%	110.5	15.8	2.5	1.8	48.47
Jakarta	6,359	0.7%	467.4	15.7	2.3	2.4	50.10

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	2,178	0.0%	6.5%	15.6%	16.34	2.30	2.48
MSCI G7	1,985	-0.1%	6.5%	15.7%	16.41	2.37	2.31
MSCI EM	1,055	0.2%	5.7%	9.2%	13.03	1.50	2.75
MSCI FM	560	0.2%	1.7%	8.4%	5.96	1.42	4.29
S&P Pan Arab	794	-1.1%	3.1%	8.9%	9.22	1.59	3.80
DUAE INDEX	3,134	-1.3%	2.6%	2.2%	9.89	1.32	4.98
DKUW INDEX	4,531	-0.2%	3.3%	20.7%	-	-	-
DQAT INDEX	6,889	-3.2%	6.2%	-1.4%	13.75	2.08	3.78
DKUS INDEX	3,489	0.2%	5.0%	16.7%	8.99	1.09	3.14
DQAS INDEX	7,845	-2.3%	3.6%	-3.7%	15.45	1.94	4.51

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-25.6%	-40.3%	21.6%	Bahrain	-1.4%	-26.9%	35.2%
ADX	37.3%	0.4%	31.8%	MSM	-28.0%	-60.5%	85.8%
Tadawul	80.3%	24.6%	-13.0%	Qatar	53.2%	3.6%	9.8%
Kuwait Premier	24.7%	-12.8%	-16.8%	TUSISE	149.5%	-	-46.5%

Relative to MSCI G7 Index

Dow Jones	0.9%	60.7%	2.1%	Cac 40	-11.3%	-33.6%	45.8%
S&P 500	8.1%	36.1%	-14.7%	Swiss	2.5%	1.5%	42.4%
Nasdaq	45.9%	87.6%	-50.7%	Nikkei	-6.5%	-35.8%	-8.3%
FTSE 100	-20.9%	-28.5%	105.1%	Australia	5.7%	-11.4%	94.8%
Dax	-17.1%	-36.8%	44.5%	Stoxx 600	-12.0%	-27.0%	62.3%

Relative to MSCI Emerging Market Index

Hong Kong	-13.5%	-17.3%	24.7%	Jo'burg	7.0%	-8.6%	43.2%
Shanghai	-11.2%	-10.5%	-15.1%	Vietnam	21.4%	68.9%	-33.3%
Korea	-2.1%	-40.1%	-27.5%	Jakarta	20.5%	52.1%	-10.8%
Sensex	52.0%	87.2%	-57.4%				
Nifty	43.8%	79.2%	-53.5%				
Karachi	-50.6%	-31.6%	125.2%				
Taiwan	21.9%	12.8%	53.8%				
Bovespa	-3.1%	29.0%	4.1%				

Source: Bloomberg, BEst – Bloomberg Estimate

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