



بنك الإمارات دبي الوطني
Emirates NBD

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Equity Weekly

Global Equities

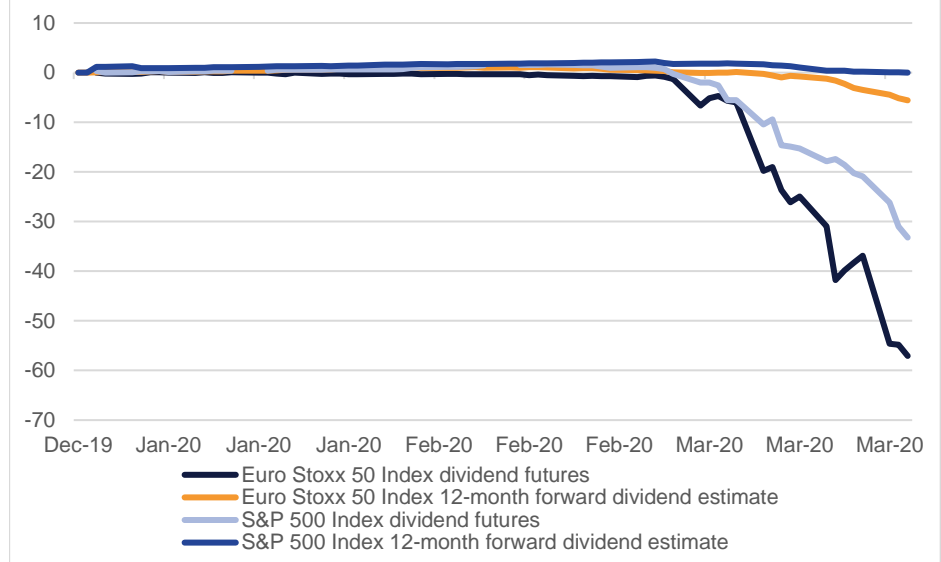
The relief rally in global equities halted last week as the pace of virus spread coupled with economic data painted a rather grim picture for investors. The rally in oil prices following reports of a potential deal to cut output did offer some succor to markets. Overall, the MSCI All Country World index dropped -2.6% 5d on the back of weakness across its sub-indices. The MSCI G7 index, the MSCI EM index and the MSCI FM index dropped -3.1% 5d, -1.3% 5d and -2.3% 5d respectively. Volatility did ease off slightly but remained elevated. The VIX index, the V2X index and the CBOE EM ETF Volatility index dropped -28.6% 5d, -24.8% 5d and -21.8% 5d respectively.

While investors will continue to keep an eye on policymaker's response to the evolving situation across various economies, the greater focus will be on a potential OPEC+ emergency meeting sometime next week. With production cuts already priced in, a disappointment could be another negative catalyst for investor sentiment.

Chart of the week

The dividend yield premium is often cited as a valuation tool. However, in light of a near-halt in economic activity owing to the viral outbreak, we are seeing more corporates announce cancellation or suspension of dividend payments. While analysts are yet to factor that in their models, the dividend futures on the S&P 500 index and the Euro Stoxx 50 index have already slumped 31% and 55% respectively in Q1 2020.

Chart of the week – US and European dividend futures plummet



Source: Bloomberg

MENA Markets

Regional markets closed mixed amid a realignment of portfolios by investors and mixed global cues. The S&P Pan Arab Composite index added +2.0% 5d mainly on the back of strength in Saudi Arabian equities. The spike in oil prices happened after most markets in the region had closed and hence had minimal impact.

UAE bourses closed lower with the DFM index and the ADX index losing -4.8% 5d and -0.3% 5d respectively. Emaar-related shares came under pressure after all the three companies listed on the DFM announced the cancellation of dividend payments for 2019 citing 'current circumstances'. There were also unconfirmed reports that the company has halted work on some of its current projects. Emaar Properties and Emaar Development ended the week with losses of -5.2%, -10.5% while Emaar Malls added +5.6%. Abu Dhabi Commercial Bank (-22.2% 5d) also came under significant pressure after the bank disclosed a USD 981mn exposure to NMC Health. The bank has asked a UK court to put the company into administration as it seeks to protect its interests.

The Tadawul added +6.7% 5d on the back of sustained strength in market heavyweights, notably Saudi Aramco which gained +5.9% 5d. Al Rajhi Bank and Sabc added +3.8% 5d and +10.1% 5d respectively.

Elsewhere, Egyptian equities gave up gains supported by government support as economic factors weighed in. The EGX 30 index ended the week lower by -4.6%. The Egyptian Central Bank, towards the end of the week, left interest rates unchanged as it sought to prevent significant foreign investor outflows.

Developed Markets

As has been the case over the last month, coronavirus and related action by policymakers dominated flows in developed equity markets. The optimism from the previous week was stifled as realism sunk in light of economic data showing the scope of damages to the global economy and the unabated pace of the spread of the viral outbreak. The headline non-farm payroll data showed a decline of 701k and the unemployment rate jumped to 4.4%. The underlying household employment data showed a sharper decline of -2,987k.

Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index lost -2.1% 5d, -0.6% 5d and -8.1% 5d respectively.

Emerging Markets

Emerging market equities closed lower but outperformed the wider market. The MSCI EM index lost -1.3% 5d relative to -2.8% 5d decline in the MSCI World index. Russian equities, understandably, outperformed amid a sharp rebound in oil prices on optimism over a deal to cut global output. The MSCI Russia index added +11.1% 5d.

According to data from the Institute of International Finance, investors pulled out a record USD 83.3bn from emerging market equity and debt markets in March 2020. The outflow was more severe than those during the 2008 financial crisis, the taper tantrum in 2013 and the 2015 CNY devaluation scare.

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	1,723	-4.8%	46.3	5.2	0.6	7.2	18.92
ADX	3,758	-0.3%	43.4	9.6	1.1	6.6	28.33
Tadawul	6,750	6.7%	1,051.0	15.5	1.6	3.9	12.50
ISE 100	89,553	1.6%	1,419.8	5.0	0.7	3.3	33.00
EGX 30	9,455	-4.6%	33.0	6.4	1.1	3.2	-
Kuwait Premier	5,043	-4.5%	78.1	12.6	0.1	4.6	-
Bahrain	1,330	-4.2%	3.7	-	-	6.0	-
MSM	3,384	-4.4%	1.4	5.6	0.5	8.2	23.33
Qatar Exchange	8,458	-0.2%	65.6	11.7	1.3	4.8	10.00
MADEX	7,619	-1.9%	10.0	14.2	2.0	4.6	4.08
TUSISE	6,254	-1.2%	0.4	20.9	-	2.4	8.33

Developed Market Indices

Dow Jones	21,053	-2.7%	14,206.1	15.3	3.0	3.1	10.00
S&P 500	2,489	-2.1%	60,406.9	16.2	2.6	2.5	8.98
Nasdaq	7,373	-1.7%	42,988.5	22.6	3.7	1.3	10.10
FTSE 100	5,416	-1.7%	6,080.4	11.8	1.3	6.1	10.10
Dax	9,526	-1.1%	4,917.9	12.7	1.1	4.0	-
Cac 40	4,155	-4.5%	4,628.4	12.7	1.2	4.4	-
Swiss	9,242	2.7%	4,836.8	15.7	2.1	3.8	20.00
Nikkei	17,820	-8.1%	16,167.7	13.9	1.2	2.6	6.67
Australia	5,067	4.6%	4,942.2	14.7	1.5	5.0	10.71
Stoxx 600	309	-0.6%	42,719.2	13.3	1.4	4.5	11.26

Emerging Market Indices

Hong Kong	23,236	-1.1%	5,126.9	9.8	0.9	4.0	6.00
Shanghai	2,764	-0.3%	30,951.9	10.5	1.2	2.4	29.88
Korea	1,725	0.4%	8,823.2	10.5	0.7	2.4	8.46
Sensex	27,591	-7.5%	400.8	13.1	1.9	1.9	10.00
Nifty	8,084	-6.7%	3,469.1	12.4	1.7	2.0	8.00
Karachi	31,622	12.5%	41.9	5.3	0.8	6.8	24.18
Taiwan	-	-0.4%	4,226.1	13.9	1.5	4.7	-
Bovespa	69,538	-5.3%	3,327.4	9.8	1.2	5.1	2.78
Jo'burg	44,599	3.8%	1,226.0	9.1	0.8	4.8	10.07
Vietnam	702	0.8%	107.2	10.4	1.6	2.6	13.07
Jakarta	4,623	1.7%	324.7	11.1	1.5	3.5	9.22

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	1,777	-2.8%	-17.3%	-24.7%	14.88	1.85	3.02
MSCI G7	1,627	-3.1%	-17.4%	-24.8%	14.93	1.90	2.87
MSCI EM	832	-1.3%	-17.8%	-25.4%	11.36	1.20	3.29
MSCI FM	421	-2.3%	-22.1%	-28.2%	7.61	0.95	5.21
S&P Pan Arab	605	2.0%	-15.4%	-23.3%	11.15	1.20	4.84
DUAE INDEX	2,120	-3.0%	-28.5%	-33.4%	6.92	0.77	6.98
DKUW INDEX	3,525	-6.6%	-24.6%	-30.5%	-	-	-
DQAT INDEX	5,923	0.5%	-5.2%	-16.0%	12.07	1.69	4.23
DKUS INDEX	2,796	-5.3%	-22.3%	-27.2%	5.78	0.09	3.90
DQAS INDEX	6,917	-0.8%	-7.3%	-12.5%	12.81	1.62	5.17

Relative to S&P Pan Arab Composite Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-53.0%	-52.9%	49.5%	Bahrain	-	-	23.4%
ADX	-14.3%	-12.5%	36.0%	MSM	-49.6%	-56.6%	69.5%
Tadawul	39.1%	33.2%	-18.7%	Qatar	4.9%	8.9%	-1.2%
Kuwait Premier	13.4%	-90.7%	-6.0%	TUSISE	87.1%	-	-51.3%

Relative to MSCI G7 Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
Dow Jones	2.2%	57.5%	6.8%	Cac 40	-14.6%	-38.5%	52.7%
S&P 500	8.6%	36.9%	-14.4%	Swiss	5.1%	9.3%	30.5%
Nasdaq	51.3%	96.3%	-56.5%	Nikkei	-6.6%	-34.6%	-8.5%
FTSE 100	-20.9%	-33.6%	110.5%	Australia	-1.5%	-18.8%	72.2%
Dax	-14.8%	-41.5%	40.2%	Stoxx 600	-10.7%	-28.0%	54.8%

Relative to MSCI Emerging Market Index

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
Hong Kong	-14.0%	-21.5%	22.0%	Jo'burg	-19.5%	-29.3%	46.6%
Shanghai	-7.3%	-2.2%	-27.0%	Vietnam	-8.0%	36.9%	-19.9%
Korea	-8.0%	-40.9%	-25.5%	Jakarta	-2.7%	22.3%	5.1%
Sensex	15.4%	55.1%	-43.4%				
Nifty	9.3%	42.9%	-39.2%				
Karachi	-53.6%	-29.1%	107.1%				
Taiwan	22.4%	26.8%	44.0%				
Bovespa	-14.1%	-3.4%	54.3%				

Source: Bloomberg, BEst – Bloomberg Estimate

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