



بنك الإمارات دبي الوطني  
Emirates NBD

Weekly  
9 February 2020

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# Equity Weekly

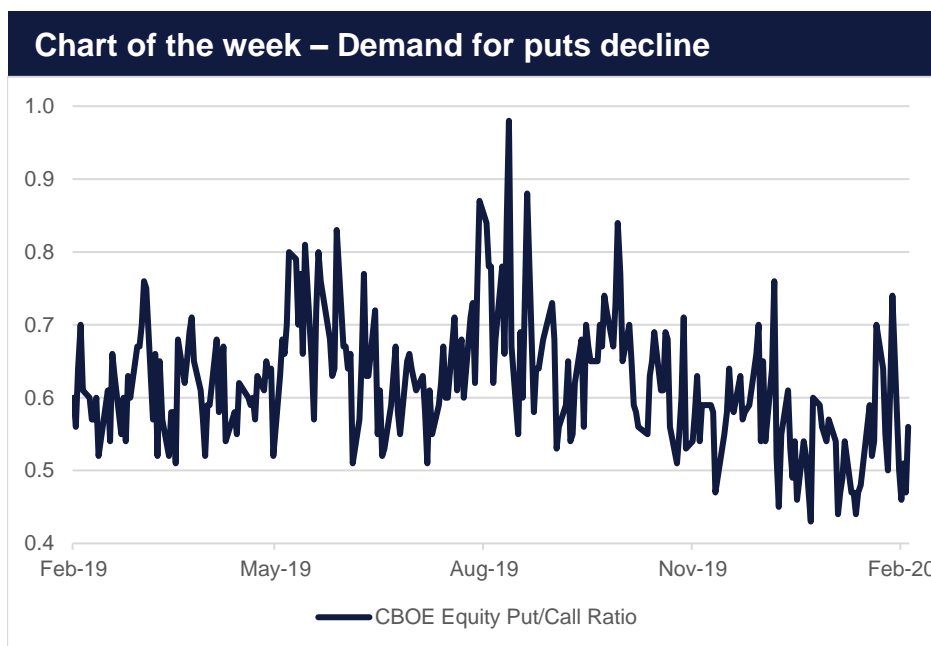
## Global Equities

Global equities rallied as investors' started to take a more sanguine approach to impact from coronavirus and paid more attention to a rather upbeat economic data from developed markets. The JP Morgan Global Composite PMI reading is now at its highest level since March 2019. The MSCI All Country index gained +2.7% 5d on the back of strength across major sub-indices. The MSCI G7 index and the MSCI EM index added +2.7% 5d and +2.8% 5d respectively.

The focus this week will continue to remain on coronavirus and its pace of expansion. Investors' will also keep an eye on the semi-annual testimony of the Federal Reserve Chairman Jerome Powell to the US Congress, economic data and corporate earnings.

## Chart of the week

With developments related to coronavirus continuing to have an outsized impact on market movements, it is worth highlighting that signs from options markets are emerging that investors are paring back their hedge trades. The CBOE Equity Put / Call ratio has now dropped back to levels before the virus dominated headlines.



Source: Bloomberg

## MENA Markets

Regional markets closed lower as a sustained decline in oil prices coupled with mixed corporate earnings weighed on investors' sentiment. The S&P Pan Arab Composite dropped -1.0% 5d while Brent oil declined -6.3% 5d.

UAE bourses saw broad based weakness with the DFM index and the ADX index losing -0.8% 5d and -1.3% 5d. Arabtec (-13.9% 5d) dropped for a seventh consecutive week amid reports that the company's CFO Adel Al Wahedi has left. The company did not confirm the development. Tabreed gained +6.1% 5d following unconfirmed reports that the company is in advanced talks to buy Emaar Properties district cooling business. Emaar Properties dropped -1.0% 5d.

The Tadawul dropped -2.4% 5d on the back of weakness in petrochemical stocks. Saudi Aramco dropped -2.2% 5d to close at its lowest level since the IPO. Sabic and Saudi Kayan dropped -1.4% 5d and -3.1% 5d respectively. The banking sector stocks also came under pressure with the Tadawul Banks index losing -2.9% 5d.

Elsewhere, the EGX30 index was a notable exception with gains of +1.3% 5d. Foreign investors, last week, were net buyers to the tune of EGP 300.7mn. They now represent 25.5% of the value traded in listed stocks.

## Developed Markets

Developed market equities closed higher as investors began to look beyond the short term impact of coronavirus on the global economy. The risk-on trade was also supported by better than expected economic data across developed economies and positive corporate earnings. Overall, the S&P 500 index, the Euro Stoxx 600 index and the Nikkei index added +3.2% 5d, +3.3% 5d and +2.7% 5d respectively.

The Q4 2019 earnings across developed markets have turned out better than expected. In the US, where 57% of companies have reported earnings so far, 75% of those companies have beaten consensus EPS estimates. In Europe, nearly 38% of companies have reported earnings and 64% of those companies have reported EPS ahead of consensus estimates. The number of Japanese companies who have so far reported earnings ahead of forecasts stands at 51%.

## Emerging Markets

Emerging market equities rebounded in line with broader equity markets. The MSCI EM index added +2.8% 5d compared to gains of +2.7% 5d in the MSCI World index. Chinese equities, that started trading after extended holidays, dropped sharply as they caught up with earlier losses in broader markets. The Shanghai Composite index dropped -3.4% 5d.

Indian equities rallied sharply as investors' put behind the initial disappointment from the FY 2021 budget. India's Nifty index added +3.7% 5d. The stock received some boost from the Reserve Bank of India's decision to employ unconventional measures to improve the transmission of lower rates even as it kept rates on hold for a second consecutive meeting. The measures announced included long term repos of one-year and three-year tenors and allowing banks to not set aside mandatory cash reserves while giving new loans to specific sectors.

## 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	2,770	-0.7%	42.3	7.8	0.9	4.2	40.54
ADX	5,087	-1.3%	46.0	12.3	1.5	4.9	48.33
Tadawul	8,053	-2.3%	1,029.3	16.0	1.9	3.4	77.32
ISE 100	121,015	2.6%	2,237.8	6.7	0.9	3.1	98.00
EGX 30	14,106	1.3%	30.1	9.1	1.6	2.2	23.33
Kuwait Premier	6,984	-0.7%	75.6	16.4	0.1	3.2	68.42
Bahrain	1,656	-0.1%	1.8	4.6	-	4.7	62.50
MSM	4,129	1.2%	7.3	6.9	0.7	7.2	53.33
Qatar Exchange	10,205	-2.3%	59.9	13.6	1.5	4.2	35.00
MADEX	9,923	-2.9%	12.4	18.2	2.5	3.5	69.39
TUSISE	7,100	-0.1%	1.0	19.6	-	2.1	40.48

### Developed Market Indices

Dow Jones	29,103	3.0%	11,106.3	18.4	4.2	2.3	70.00
S&P 500	3,328	3.2%	53,095.7	19.1	3.4	1.9	76.00
Nasdaq	9,521	4.0%	45,986.1	25.7	3.8	1.0	53.81
FTSE 100	7,467	2.5%	5,108.9	13.4	1.7	4.7	69.70
Dax	13,514	4.1%	4,348.8	14.6	1.6	3.1	70.00
Cac 40	6,030	3.8%	4,388.5	14.9	1.6	3.3	70.00
Swiss	11,002	3.5%	4,614.4	17.3	2.6	3.1	85.00
Nikkei	23,828	2.7%	13,558.5	18.4	1.7	1.9	65.33
Australia	7,023	0.1%	3,781.1	18.6	2.2	4.0	63.00
Stoxx 600	424	3.3%	33,448.9	15.4	1.8	3.5	74.04

### Emerging Market Indices

Hong Kong	27,404	4.1%	5,525.8	10.5	1.1	3.6	42.00
Shanghai	2,876	-3.4%	44,359.1	10.5	1.2	2.3	28.55
Korea	2,212	4.4%	6,595.6	12.1	0.9	1.6	30.53
Sensex	41,142	1.0%	158.8	22.8	3.1	1.1	73.33
Nifty	12,098	1.1%	3,055.1	21.8	2.8	1.1	60.00
Karachi	40,144	-3.6%	39.5	6.6	1.1	5.1	88.51
Taiwan	11,613	1.0%	4,621.3	15.6	1.8	3.9	43.28
Bovespa	113,770	0.0%	4,504.5	13.5	1.9	3.0	79.45
Jo'burg	57,276	2.1%	1,209.5	12.3	1.8	3.6	40.65
Vietnam	941	0.4%	150.6	13.3	2.2	2.1	33.43
Jakarta	6,000	1.0%	362.7	14.2	2.0	2.5	21.20

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	2,405	2.7%	1.1%	2.0%	17.69	2.46	2.29
MSCI G7	2,207	2.7%	1.2%	2.1%	17.81	2.55	2.16
MSCI EM	1,092	2.8%	-3.7%	-2.1%	13.04	1.54	2.66
MSCI FM	582	-0.6%	-0.9%	-0.7%	12.07	1.29	3.85
S&P Pan Arab	769	-1.8%	-0.6%	-2.4%	13.89	1.50	3.89
DUAE INDEX	3,190	-1.5%	0.9%	0.1%	9.60	1.19	4.60
DKUW INDEX	5,049	-0.7%	1.6%	-0.5%	-	-	-
DQAT INDEX	6,930	-1.2%	-1.3%	-1.7%	13.59	1.92	3.75
DKUS INDEX	3,864	-0.5%	3.8%	0.6%	16.95	0.12	2.81
DQAS INDEX	7,965	-2.2%	1.8%	0.8%	14.67	1.80	4.56

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

Index	PE	PB	Dvd Yield	Index	PE	PB	Dvd Yield
DFM	-43.9%	-36.9%	9.3%	Bahrain	-66.8%	-	20.9%
ADX	-11.2%	1.9%	26.1%	MSM	-50.4%	-55.2%	86.5%
Tadawul	14.9%	25.2%	-12.2%	Qatar	-2.0%	2.2%	8.1%
Kuwait Premier	18.4%	-90.0%	-18.8%	TUSISE	41.2%	-	-46.6%

### Relative to MSCI G7 Index

Dow Jones	3.2%	63.4%	8.2%	Cac 40	-16.1%	-36.0%	53.5%
S&P 500	7.3%	34.7%	-12.6%	Swiss	-3.1%	1.8%	43.8%
Nasdaq	44.5%	50.0%	-51.9%	Nikkei	3.1%	-32.1%	-12.6%
FTSE 100	-24.6%	-33.0%	116.9%	Australia	4.5%	-14.8%	82.7%
Dax	-18.3%	-38.3%	42.0%	Stoxx 600	-13.6%	-28.6%	63.3%

### Relative to MSCI Emerging Market Index

Hong Kong	-19.7%	-28.3%	35.8%	Jo'burg	-5.7%	14.3%	36.4%
Shanghai	-19.4%	-21.3%	-12.6%	Vietnam	1.7%	42.2%	-22.9%
Korea	-7.1%	-41.6%	-39.0%	Jakarta	8.8%	29.5%	-5.7%
Sensex	75.2%	101.6%	-57.9%				
Nifty	67.3%	83.7%	-57.1%				
Karachi	-49.3%	-30.9%	92.4%				
Taiwan	19.5%	17.0%	46.6%				
Bovespa	3.7%	25.0%	12.5%				

Source: Bloomberg, BEst – Bloomberg Estimate

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