

Flow Monitor

Monthly Report | 11 October 2023

Price Performance

In September 2023, GCC equity markets closed lower for a second consecutive month. The MSCI GCC Countries Combined Index lost -2.7% to move deeper into the negative territory for the year with losses of -6.7% ytd.

There remains a wide dispersion in the performance of regional equity markets with only three indices trading in positive territory for the year. The DFM index remains the best-performing equity market in the region with gains of +21.4% ytd. The Tadawul (+1.5% ytd) and the Bahrain Bourse (+2.5% ytd) are the other two indices delivering positive returns for the year. Notwithstanding the rally, the DFM index is trading at 8.7x 1y forward earnings, relative to the MSCI GCC Combined Countries index which is trading at 13.6x 1y forward earnings.

Flows

Emerging Markets

The MSCI EM index dropped -3.8% over the last four weeks. This comes as no surprise as investors pulled out money. According to data from Bloomberg, emerging market ETFs, listed in the US, have seen an outflow of USD 2.9bn over the last four weeks as angst over higher yields weighed on investor sentiment.

GCC Markets

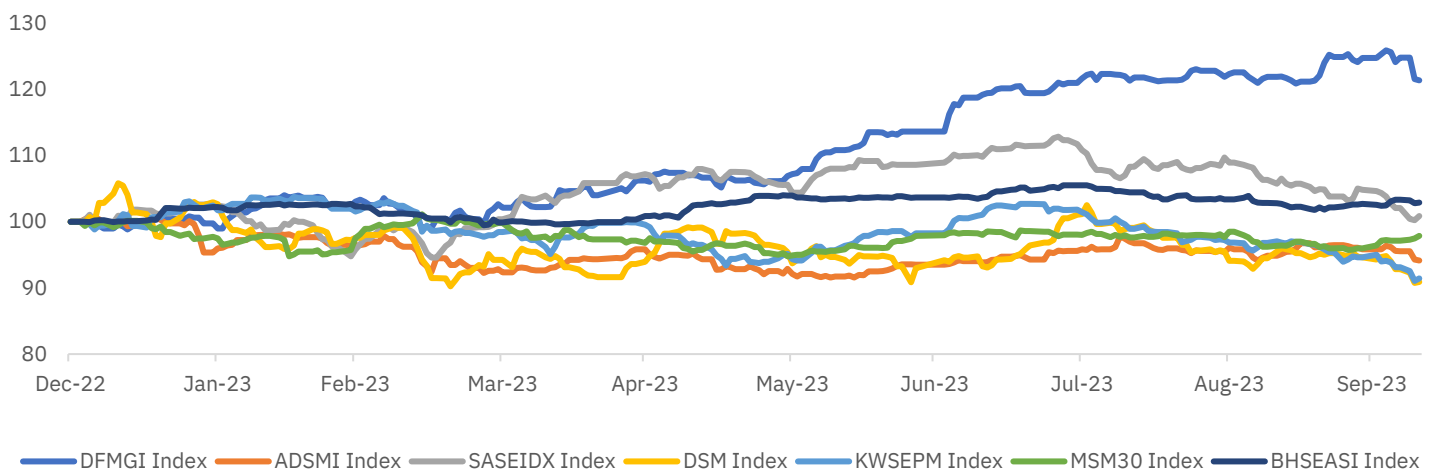
Within the GCC equity market universe, DFM continued to attract interest from foreign investors. In fact, they were net buyers for fourteen consecutive months with net inflows of AED 1.0bn in September 2023. Since the start of the year, foreign investors have bought stocks worth AED 5.4bn (net).

The trend has been a bit mixed on the ADX. While September saw foreign investors buy stocks worth AED 324mn (net), they have been net sellers to the tune of AED 6.7bn in the first nine months of 2023.

According to data compiled by us, sourced from the DFM and ADX websites, foreign investor interest in September was visible in banking sector stocks (Emirates NBD, Abu Dhabi Islamic Bank), real estate developers (Emaar Properties, Aldar), and defensive stocks with high dividend payouts (Salik, TECOM).

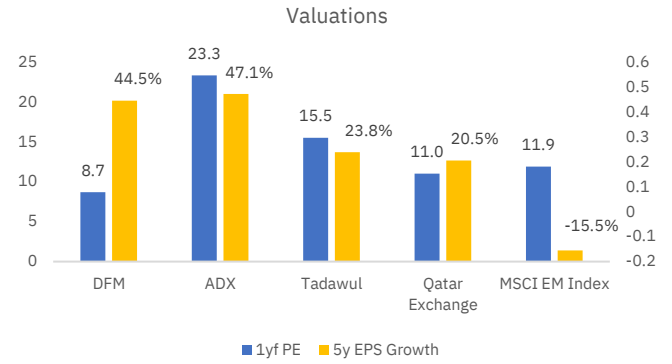
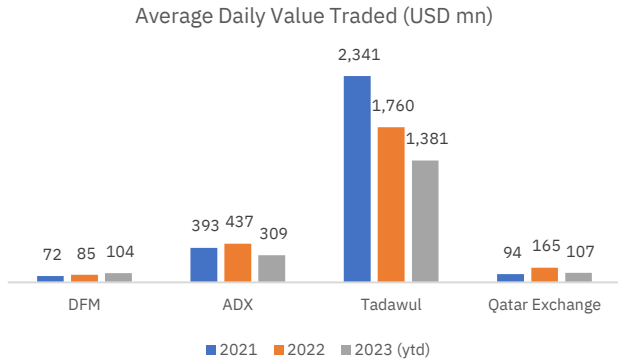
Elsewhere in Saudi Arabia, foreign investors continued to increase their exposure. They were net buyers of stocks in September (SAR 367mn) to take the aggregate inflows since the start of the year to SAR 12.1bn. The Qatar Exchange saw foreign investors add stocks after being net sellers in August 2023 as they bought stocks worth QAR 93mn (net) in September 2023.

GCC equity markets (Rebased to 100, ytd)

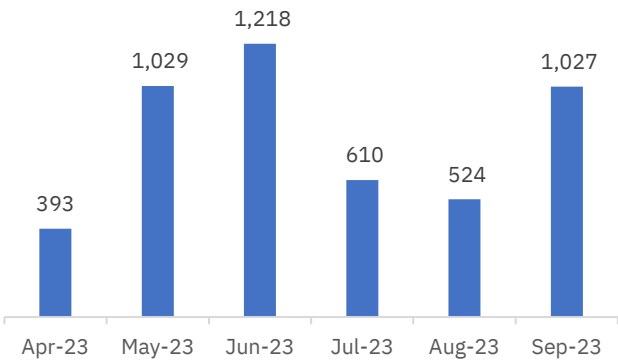


Source: Bloomberg

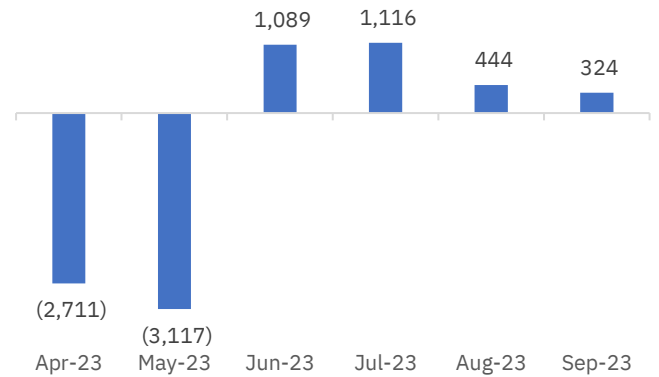
Relative valuations and average trading values



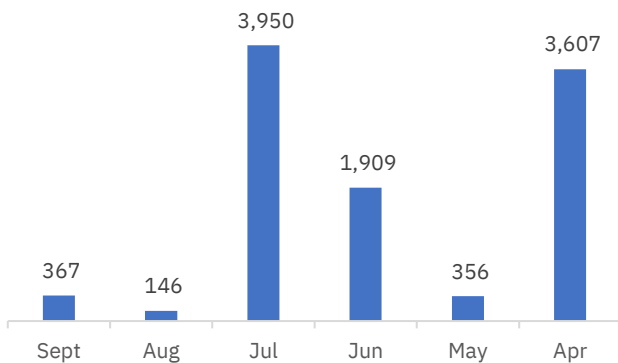
DFM – Net Foreign Investor flows (AED mn)



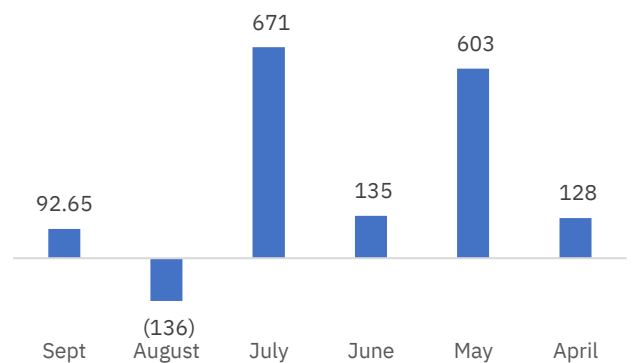
ADX – Net Foreign Investor flows (AED mn)



Tadawul – Net Foreign Investor Flows (SAR mn)



Qatar Exchange - Net Foreign Investor flows (QAR mn)



Source: Emirates NBD Research, Respective stock market websites, Bloomberg

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