بنك الإمارات دبي الوطني
Emirates NBD

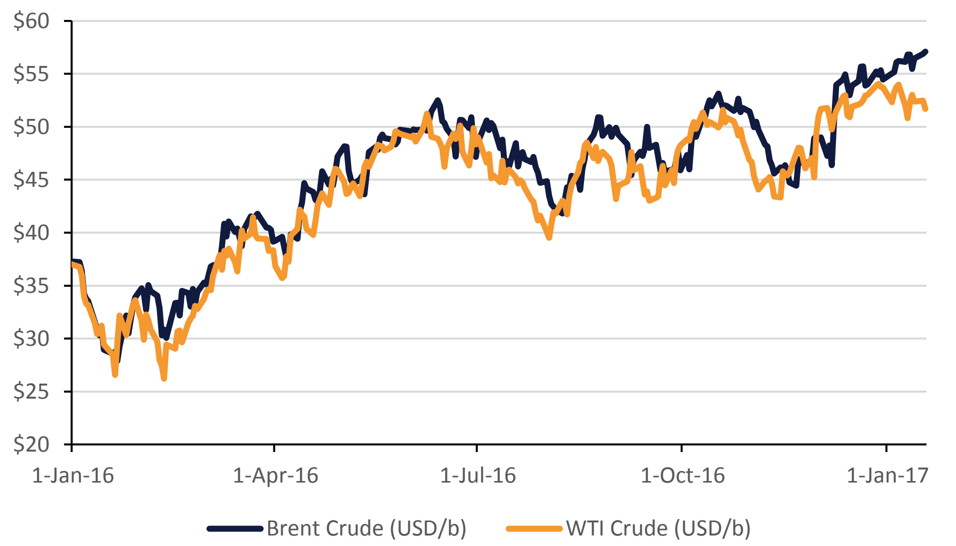
Monthly
18 January 2017

# Monthly Insights

**The year begins with investors pondering the effect that President Trump will have on markets around the world as well as on regions and key international relationships. So far the start to the year has been relatively positive, certainly compared to last year when oil prices and Chinese markets were in the headlights.**

- **Global macro:** Financial markets have kicked off 2017 on a more positive note than they started 2016: the S&P500 hit a new record high and the Dow Jones Industrial Average continued to flirt with 20,000. Despite correections in the dollar and US interest rates the trend is probably still positive for both.
- **GCC macro:** Planned cuts to output in H1 2017 will prove a headwind to growth, but we think non-oil growth prospects are looking better this year. Higher oil prices should reduce the need for further spending cuts and lower borrowing requirements. Increased infrastructure investment will support growth in the UAE and Qatar.
- **MENA macro**: In North Africa and the Levant, the start of 2017 holds some promise that economic conditions are finally set to improve across the region.
- **Fixed Income:** The year has begun well for fixed income investors with global sovereign and corporate bonds recording positive returns during the month and retracing some of the losses that ensued from material increase in yields post the surprise outcome of the US election late last year.
- **Currencies:** Both the dollar and sterling are likely to have lively a year, with the main themes of 2017 being related to the impact of Donald Trump on the US economy and the wider world, and Brexit which could cause further losses for the pound before it eventually moves higher.
- **Equities:** The exuberance since the election of Donald Trump as US President has given way to caution at the start of 2017. While the change in risk appetite is more visible in other asset classes, global equities have so far remained steady.
- **Commodities:** Oil markets have started 2017 on a more positive footing thanks to OPEC's decision to cut production by 1.2m b/d. It will be several more weeks before clear data is available on how effective the cuts have been at helping to tighten up oil markets. Gold has moved a step lower since the US election and we some more downside ahead.

**Oil starts 2017 on firmer footing**




*Source: Bloomberg, Emirates NBD Research*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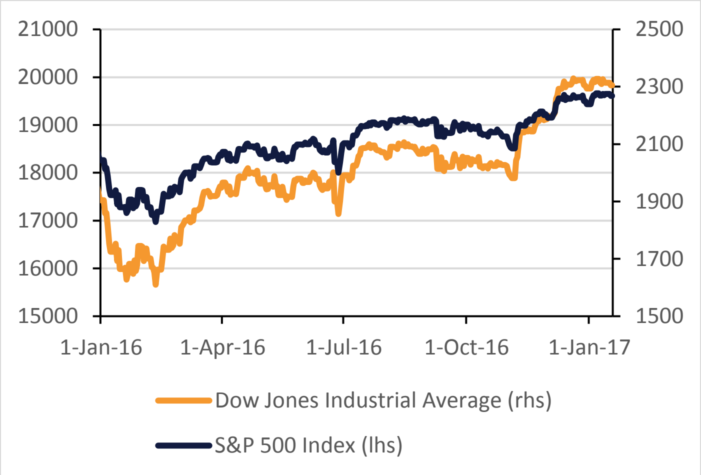
# Content

# Global Macro

**Financial markets have kicked off 2017 on a more positive note than they started 2016: the S&P500 hit a new record high and the Dow Jones Industrial Average continued to flirt with 20,000. Despite correections in the dollar and US interest rates the trend is probably still positive for both.**

More relevant for our region, oil prices are trading in the mid-50's (USS per barrel) compared with around USD30 per barrel a year ago. We know that the OPEC agreement in November to cut oil production in H1 2017 is one of the main reasons for the firmer oil price, but the strong performance of global equities even in the face of significant geopolitical uncertainty can be attributed in part to better than expected economic data over the last few weeks as well as greater optimism about the outlook.

**Financial markets do well in early 2017**




*Source: Bloomberg, Emirates NBD Research*

## Global economic activity beating expectations

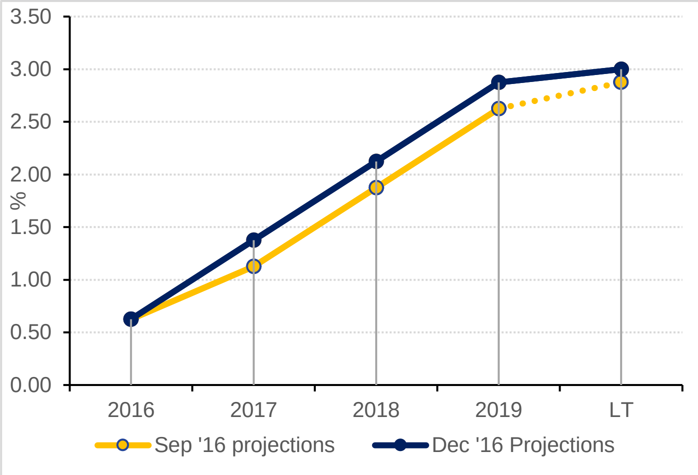
Globally, measures of economic activity have consistently beat expectations so far in January. Various purchasing managers' indices (PMI) in China, Eurozone, UK and the US came in higher than forecast for December suggesting that economic activity in both manufacturing and services sectors is robust. Other measures of activity in the US, such as the ISM surveys, have also been stronger than expected. All of this bodes well for economic growth, particularly in the US.

In the GCC too, the Emirates NBD PMI surveys showed that economic activity gained momentum at the end of 2016. The UAE PMI rose to a five-month high in December, as did the Dubai Economy Tracker. While the headline index readings look solid, they mask a couple of less encouraging trends: the growth in business activity last year did not create many new jobs, and firms margins have been squeezed as they have reduced selling prices in order to secure work. 2016 was undoubtedly challenging for businesses in the region, with cuts to government spending in the largest economy (Saudi Arabia) having a ripple effect across the GCC, low oil prices and a strong US dollar all proving headwinds to growth.

The outlook for this year appears better, with oil prices expected to average US$55 per barrel compared with US$ 45 per barrel in 2016. This should boost government revenues and reduce the need for further cuts to public spending. For the UAE, and Dubai in particular, preparations for Expo 2020 are expected to move up a gear, which means higher spending on infrastructure projects, which should underpin broader economic growth.

However, challenges and uncertainties remain. The US Federal Reserve is expected to accelerate the pace of monetary policy tightening this year, with the Fed's own projections suggesting 3 rate hikes are on the cards. This means US dollar strength will probably continue to erode competitiveness in the GCC and remain a headwind to growth.

**Fed dot plot implies three hikes in 2017**




*Source: Bloomberg, Emirates NBD Research*

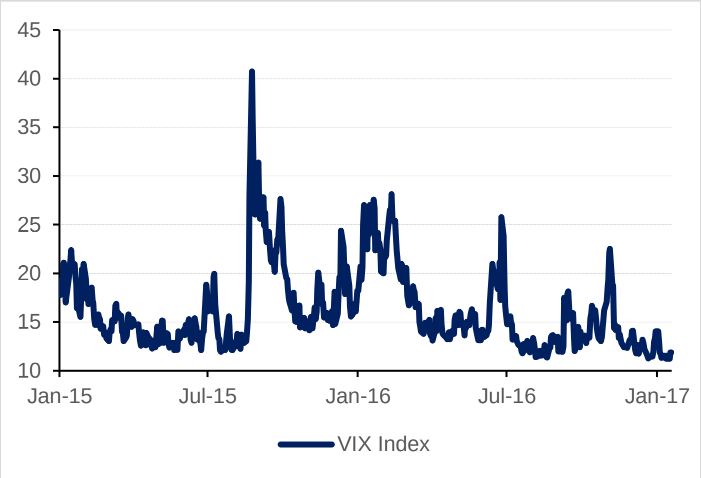
## Political uncertainty remains a theme

Political uncertainty in developed economies is likely to remain high in 2017, and will probably be reflected in increased financial market volatility. The incoming US administration will be putting the finishing touches on a range of executive orders and other measures which President-elect Trump is expected to implement after his inauguration, outlining his top policy priorities. These are expected to include tax reforms, rolling back of regulations around health insurance and financial services and increased spending on infrastructure. However, the President-elect has offered very little detail on what these reforms will look like, and there is a risk that markets have been too optimistic in regards to what will actually be delivered. This view was corroborated by our research trip to the US in December, when the view was frequently heard that stimulus steps will take time to be implemented and that their impact on growth is unlikely to be immediate. In fact one of the main takeaways from our trip was a perceived disconnect between the markets pricing an aggressive Trump fiscal stimulus and what the reality is likely to be, especially in terms of its likely impact on the economy and on interest rates.

## Markets expect sizeable Trump stimulus

The main feature of the Trump fiscal plan is for a stimulus worth between USD5 trillion and USD8 trillion over 10 years, broken down between tax cuts of USD4-6 trillion and spending increases of USD 1 trillion. Trump wants to repatriate corporate profits (there are thought to be USD3 trillion of corporate profits held abroad) with the proceeds of that repatriation likely to be used to cut the corporate tax rate from 35% to 15%. Personal taxes are also to be trimmed from seven tax brackets to just three. USD550bn of infrastructure spending is also expected annually for 10 years. Deregulation is also anticipated to be pro-growth.

**Volatility remains low in the US**




*Source: Bloomberg, Emirates NBD Research*

The consensus view is for H1 to see a slowing in growth after a firm H216, with any pick-up in activity related to tax cuts only likely to be seen in H216. The IMF has just raised its US growth forecast for this year only fractionally, from 2.2% to 2.3%, with the greater impact coming in 2018 with growth estimated at 2.5%. However there are a wide range of uncertainties surrounding the possible outcomes, especially with protectionist trade policies also likely to provide countervailing headwinds. The same applies to interest rates, with the consensus expectation looking for two rate hikes in 2017, but with the risks fairly balanced on either side of this. After all the more that fiscal policy is expanded the more likely it will be that monetary policy is tightened with the two canceling each other out, especially if the dollar rises as a result of interest rate rises which we expect.

Certainly the markets have begun to exhibit a bit more caution about how quickly such policies will be implemented and about what their effects are likely to be, closing the gap to a certain extent between disconnect highlighted above. Also Trump's tendency for making random and often contradictory statements have added to such concerns, and suggest that unpredictability could be the hallmark of his Presidency at least in the first few months.

## Uncertainty surrounding Brexit remains

Across the Atlantic in Europe, uncertainty around Brexit is likely to rise as the UK prepares to trigger Article 50 and start formal negotiations with the rest of the EU by the end of March. PM May has indicated that the UK is prepared to leave the single market but will seek to negotiate a new free trade deal with the EU to facilitate as much freedom of movement for goods & services as possible. The Bank of England has been the latest institution to admit that doom mongering ahead of the Brexit referendum was wrong, with even the IMF upgrading its UK growth outlook for 2017 from the position it took only a few months ago.

As this year gets underway it appears as if the challenges facing the Eurozone are likely to be at least as large as those facing the UK. For one thing the UK looks likely to receive a beneficial early trade deal with the United States, with relations between it and the new Trump administration likely to begin on a relatively good footing. At the same time the Eurozone will probably have greater difficulty negotiating the new geopolitical landscape given some of Trump's critical views of the bloc, likely to be made more difficult by the number of local elections that are taking place. Several EU nations are gearing up for elections, including the Netherlands (March), France (May) and Germany (September/October). Growth is gradually improving in the single currency area, in common with other parts of the world, but trend growth is lower than it is elsewhere and the popularity of populist political movements is likely to cause difficulties for the established political parties.

In Asia meanwhile, tensions are also on the rise between China and Taiwan, as well as with Singapore, and China also faces a year of transition with its 19th National Congress of the Communist Party due in the autumn. Again, however, relations with the US will obviously be the critical dynamic in all of this, which could contribute to renewed volatility especially if the US labels China as a currency manipulator in the early days of the Trump Presidency which seems likely. Chinese growth is already expected to remain on a slowing path in 2017 which sets the stage for greater rivalry with the US as both countries seek to protect their international trade sectors, potentially having repercussions way beyond their own borders.

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# GCC Macro

**Planned cuts to output in H1 2017 will prove a headwind to growth, but we think non-oil growth prospects are looking better this year. Higher oil prices should reduce the need for further spending cuts and lower borrowing requirements. Increased infrastructure investment will support growth in the UAE and Qatar.**

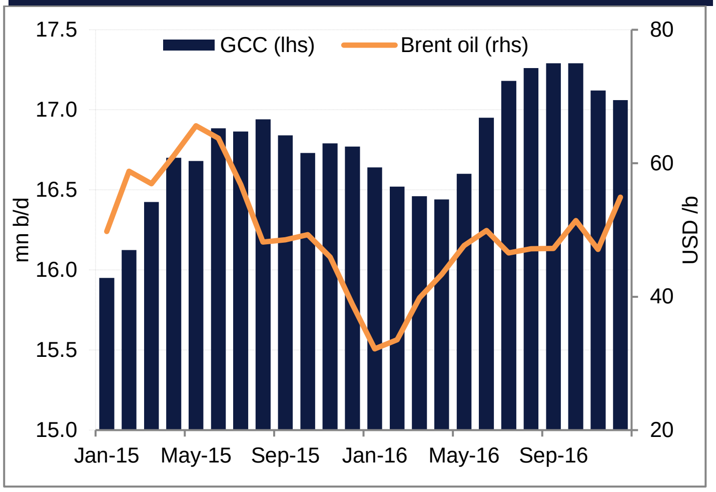
## Oil output supported 2016 growth…

2016 was a challenging year for most GCC economies, which grappled with widening fiscal deficits, tighter liquidity conditions and budgetary reform. Non-oil sector growth slowed as government's reined in spending and imposed higher taxes and fees. However, this was offset to a large extent by substantial rises in oil production last year, which helped deliver solid overall GDP growth. Despite efforts to diversify economies away from oil, the hydrocarbon sectors still account for 30-50% of total GDP in GCC countries.

According to Bloomberg estimates, the UAE increased oil production by 2.7% in 2016, while Saudi Arabia's oil output rose 1.7% y/y. Qatar's oil production declined by nearly 3% last year while Kuwait increased output by just under 1%. Overall, oil production from OPEC's four GCC exporters increased by 1.6% y/y in 2016.

According to the official GDP estimates in Saudi Arabia's 2017 budget statement, headline GDP growth in the Kingdom last year was almost entirely due to the expansion in the hydrocarbon sector, with non-oil growth at less than 1%. Real GDP growth came in at 1.4% in Saudi Arabia, exactly in line with our forecast. In the UAE, the Minister of Economy has indicated that growth last year was around 3%, in line with our forecast, although official data is unlikely to be available until mid-2017.

**GCC* oil production rose in 2016**




**Excludes Oman and Bahrain*

*Source: Bloomberg, Emirates NBD Research*

## …but likely to be a headwind in 2017

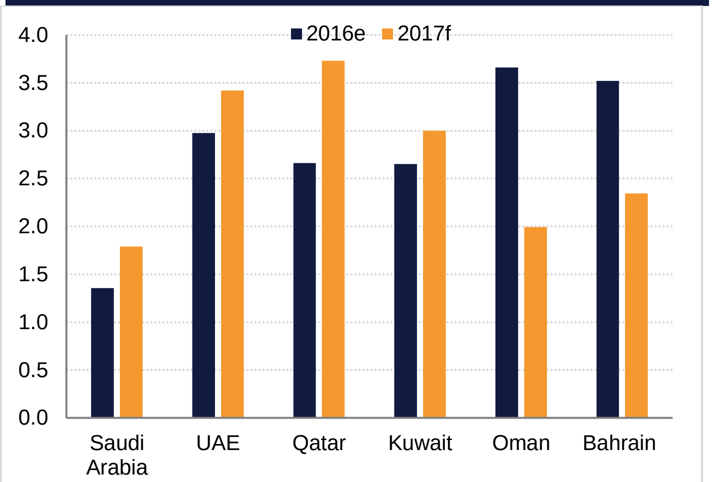
Where higher oil production offset slower non-oil growth in 2016, the OPEC agreement to cut output in H1 2017 means that the oil sector is likely to be headwind to growth this year. However, we expect non-oil growth to recover this year for several reasons. Oil prices are forecast to be 20% higher in 2017 which should provide substantial relief for GCC budgets. While we don't foresee any significant rise in government spending, higher revenues should reduce the need for additional substantial spending cuts this year. Lower borrowing requirements on the part of GCC sovereigns should also contribute to "easier" liquidity conditions in regional banking sectors, notwithstanding the expected rise in US rates.

## Infrastructure to underpin UAE, Qatar growth

Increased infrastructure investment, particularly in the UAE and Qatar, should further support the recovery in non-oil activity this year. Both countries have firm deadlines by which they need to deliver world class events that require substantial new infrastructure. Dubai's 2017 budget makes provision for a 24% increase in infrastructure spending, while Qatar's 2017 budget has allocated nearly 47% of total spending on major projects. Qatar has announced that QAR 46.1bn worth of new projects will be signed this year, of which QAR 33.5bn relate to infrastructure, transport and the World Cup.

We expect growth in Qatar to accelerate to 3.7% this year from an estimated 2.7% in 2016, while the UAE's real GDP growth should rise to 3.4% in 2017 from 3.0% last year.

**Growth forecasts by country**




*Source: Haver Analytics, Emirates NBD Research*

## Saudi Arabia and Kuwait: slightly faster growth

In Saudi Arabia, we expect growth to accelerate modestly to 1.8% this year from 1.4% in 2016. The government has budgeted expenditure of SAR 890bn this year, down from SAR 930bn (cash spent) in 2016. We expect total expenditure to overshoot the budget to reach SAR 950bn, even as the budget deficit falls to below 10% of GDP. This is of course on the assumption that oil prices average USD 55pb; should there be a sharp drop in oil prices similar to Q1

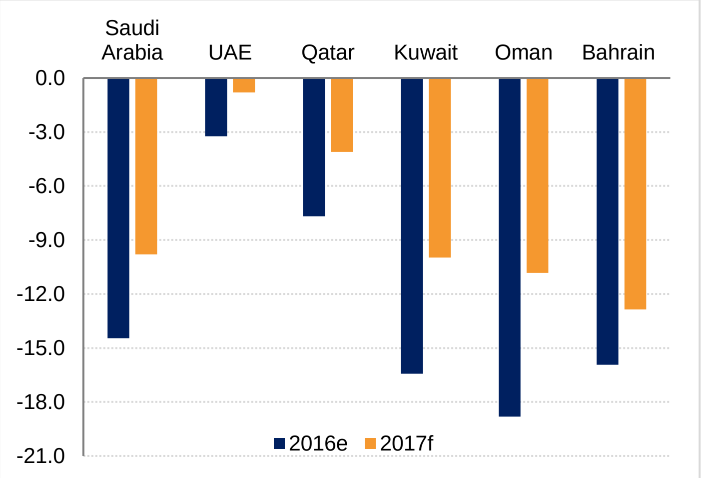
2016, then fiscal policy will likely be tightened, and the downside risks to growth would increase.

The outlook for Kuwait is relatively benign; we expect growth accelerated to 2.7% in 2016 but is likely to slow to 2.3% this year on slower hydrocarbon growth. Parliamentary elections in November returned a parliament with one-third of new MPs. Finance Minister Anas Al Saleh, who has spearheaded the fiscal reforms to date, was returned to the cabinet as Finance Minister, suggesting that the leadership remains committed to continue with the reform program. However, it remains to be seen whether the new parliament will oppose further measures to cut subsidies and reduce expenditure while raising non-oil budget revenues; or whether political developments will slow the reform process and implementation of the economic development program further.

## Oman, Bahrain stand out on fiscal, external balances

Oman and Bahrain remain outliers in terms of the size of their budget and current account deficits and the relatively low level of their accumulated fiscal reserves compared to other GCC countries. While budget deficits are expected to narrow in 2017 on higher oil prices, they remain among the highest in the region at -12.9% (Bahrain) and -10.8% (Oman). Without the sizeable sovereign wealth funds enjoyed by Saudi Arabia, UAE, Kuwait and Qatar, Bahrain and Oman will continue to rely heavily on borrowing to finance budget deficits.

**Budget deficits by country**




*Source: Haver Analytics, Emirates NBD Research*

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# Non-GCC Macro

**In North Africa and the Levant, the start of 2017 holds some promise that economic conditions are finally set to improve across the region. The past several years have been defined by below trend growth, elevated unemployment, and slow progress on structural reforms. While we are not expecting a dramatic improvement in domestic consumption or investment patterns, there is nevertheless more cause for optimism now than has been the case in a number of years.**

## Egypt starts its recovery

Egypt is a case in point, with recent reforms and success at securing bilateral and multilateral aid helping to lay the foundations for the economy's recovery. The devaluation of the EGP in early November was the most important step in this regard, and although the export sector is relatively small, we still expect this part of the economy to be the first to show signs of improvement over the coming months. Other reforms such as the introduction of a VAT and hikes to domestic energy prices have also been implemented, and should help prevent a further deterioration to Egypt's public finances.

The near-term economic impact of such policies will, however, result in higher inflation and slower growth. Nevertheless, these reforms have been long-awaited, and are necessary to help revive short-term portfolio investment, in addition to making the economy more attractive for longer-term FDI. In this sense, 2017 marks the start of what should be a multi-year economic recovery.

**Egyptian Pound**

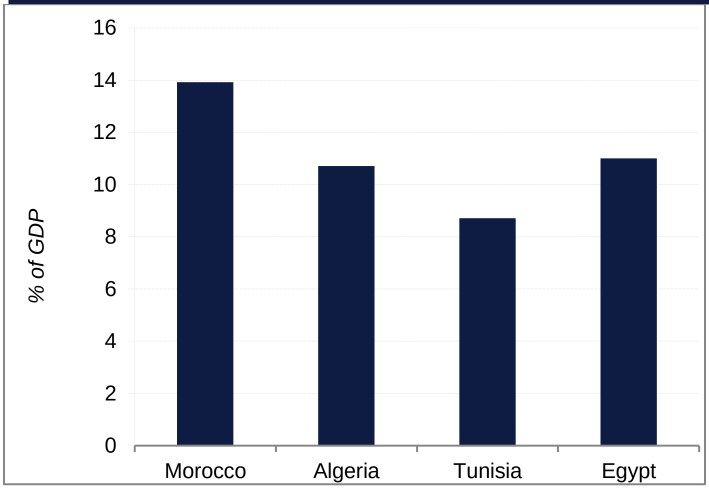

*Source: Bloomberg, Emirates NBD Research*

## Lebanese politics stabilizes

The outlook for the Lebanese economy is also brighter now than it has been in several years. The formation of government led by Prime Minister Saad Hariri theoretically ends an extended period of political uncertainty, and should at the least result in a near-term boost to business and consumer confidence. Of course, the degree to which any government in Lebanon can help fully reverse the economy's weak performance is questionable, particularly in light of the ongoing conflict in neighboring Syria, and the country's elevated public debt levels.

One area of hope is the offshore oil and gas sector, the development of which has been delayed for several years due to the political situation. However in early January the energy ministry announced it was finally restarting its oil and gas licensing round, and would soon auction rights to five offshore areas. The development of these energy resources will take several years, yet their eventual exploitation will provide a much needed source of long-term revenue, and could go a long way towards bolstering the economy's structurally weak balance of payments position.

**Agricultural Sector**




*Source: UN, Emirates NBD Research*

## Agricultural sector rebound in North Africa

For economies in North Africa, there is some optimism that a return of normal rainfall patterns will help boost production in the volatile agricultural sector. The importance of this industry to the wider economic backdrop in MENA is often overlooked. Indeed, it is still a crucial source of employment, accounting for up to 40% of jobs in Morocco, but also a still elevated 28% in Egypt and 18% in Tunisia, according to World Bank data.

The contribution to GDP is also significant, and ranges from 9% in Tunisia to 14% in Morocco, and even 11% in Algeria. Thus, a bad year of rainfall (as was the case in Morocco in particular last year) can have a large impact on household consumption and broader GDP growth. Assuming the return of a normal harvest in the current growing season, the agricultural sector should therefore act as a key source of growth in 2017.

## Libya returns to the spotlight

Finally, there is also optimism for the outlook on Libya. Certainly, the political situation remains volatile, and security risks do not appear likely to diminish in the near term. That, however, has not prevented a resurgence in oil production in recent months, which has jumped to 700k b/d according to the national oil company (the highest levels since October 2014), from only 260k in August. In late December, oil exports were reported to have left the port of Es Sider for the first time in two years.

The chairman of the NOC, Mustafa Sanalla, has also recently said that he expects output to reach 1.2mn b/d by the end of 2017 (Libya is exempt from any OPEC production cuts). We have seen this scenario unfold before however, with a swift return of oil output followed shortly thereafter by another collapse in production. Nevertheless, at the start of the year the outlook is brighter than it has been in a long time.

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# Fixed Income

**The year has begun well for fixed income investors with global sovereign and corporate bonds recording positive returns during the month and retracing some of the losses that ensued from the increase in yields that followed the surprise US US election outcome late last year.**

## Global Bonds

The last month has seen fixed income investors retrace some of the losses that ensued from material increases in sovereign bond yields following Donald Trump's electoral victory in November. Global Aggregate Sovereigns and Global Aggregate Corporate bonds indices reflect a quarter of negative returns. However, on a monthly basis, bond portfolios are well in the green, registering gains of circa 2.02% and 1.76% respectively.

US treasury bonds had a constructive month with yields on 10 yr UST narrowing by circa 24bps to 2.35%. That said, on a quarterly basis, UST yields have risen across the curve with 2yr and 10 yr yields standing circa 36bps and 56bps wider than where they were prior to the 25bps hike in Fed rates in December last year. With the US economy doing well on all fronts (higher GDP growth, lower unemployment levels, rising inflation, improving business sentiment) and a hawkish central bank, it appears that UST rates can only go higher.

Markets already seems to have priced in two to three Fed rate hikes this year. We remain cautious on some participants predicting more aggressive rate hikes than this given the uncertainties surrounding a) impact of stronger dollar on US growth b) impact of tighter credit conditions and higher yields on credit growth; c) executability of Trump's ambitious policy about fiscal expansion; d) impact of disruption in trade deals etc. Also in the recent past, market participants have consistently overestimated US growth at the beginning of the year than what actually transpired through the year. We expect 10 year treasury yields to remain below 3% and would not be surprised to actually see them close the year at 2.5% if growth does not increase materially and inflation remains tamed.

### 10Yr Government Bond Yields

| | Yield % | 1M chg | 3M chg | 12M chg |
|---|---|---|---|---|
| US | 2.349 | -24.3 | +61.1 | +31.4 |
| UK | 1.304 | -13.0 | +22.6 | -38.5 |
| Germany | 0.318 | +0.8 | +28.5 | -21.7 |
| Russia | 4.225 | -32.6 | +24.1 | - |
| Brazil | 4.844 | -70.3 | +25.7 | -210.0 |
| Japan | 0.052 | -1.6 | +11.0 | -15.2 |

*Source: Bloomberg*

Yield compression was recorded in the Eurozone sovereign bond market as well, however, the magnitude was much lower. While ECB is still committed to doing whatever it takes, talks are now more centred around QE tapering than about further monetary easing as deflation risk falls and economic recovery gains firmer footing.

The BoJ's continued efforts towards achieving at least 0% on 10 yr JGB yields have borne fruit. Eventhough JGB yields declined 3bps last month in tandem with its other safe haven currency counterparts, overall yields on 10yr have remained above zero at 0.03%

### Global Corporate Bond OAS (bps)

| | OAS | 1M chg | 3M chg | 12M chg |
|---|---|---|---|---|
| US IG Corp | 122 | -2 | -8 | -61 |
| US HY Corp | 393 | -14 | -72 | -360 |
| EUR IG Agg | 61 | - | +8 | +2 |
| EUR HY Corp | 363 | -22 | -34 | -162 |
| USD EM Agg | 289 | -11 | -27 | -169 |

*Source: Bloomberg*

In the emerging market space, ongoing issues in China - from asset bubbles to currency management- remain unresolved. However its growth projection was recently revised upward to 6.5% (from 6.2%) by the IMF in its January report. This in turn has abated fears about a hard landing in China and investor focus has thus shifted to other EM economies.

Economic contraction in Brazil and Russia appears to be ending, aided by higher commodity prices. Consensus estimate for economic growth in Brazil is 0.8% in 2017 vs -3.8% last year and that in Russia is 1.1% in 2017 vs -3% in 2016. Both Brazilian and Russian sovereign bonds gave outsized total returns for the brave investor.

Recent demonetisation in India is hampering the country's growth and has dampened investors sentiment on the country. The IMF recently downgraded India's growth expectations to 6.6% from 7.6%. However heightened expectations of rate cuts has supported the local bond market. USD denominated bonds of Indian corporates have also had a good run as many of them belong to the high yield category which generally benefited not only from falling benchmark yields but also tightening credit spreads.

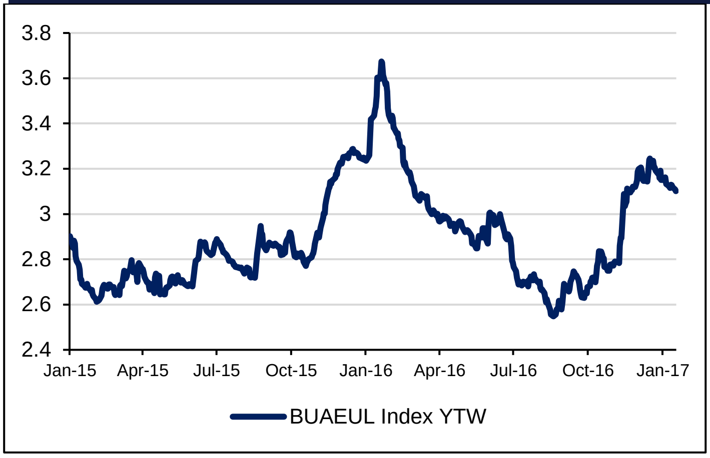
## GCC Bonds – Secondary market

The bull market in 'Rates' is set to end this year as fiscal stimulus under the Trump presidency charts a clear path of rate hikes in the US. However, we think the fears of US rate hikes dragging down the entire emerging world are overblown. Improved global growth outlook should generally be supportive of higher oil prices and increasing fiscal discipline in the GCC region should support the sentiment on GCC bonds.

We note that valuation on GCC bonds is not cheap and is above their five year average despite the fact that average credit ratings have fallen and duration has increased. That said, for a region with GDP of over USD 1.5tn, bank assets of circa USD 2.0tn, population of circa 50 million, the total size of the bond market (fixed rate USD bond universe is only about $200 billion) is very small which inherently provides solid support from a sticky strong local bid.

On a monthly basis Barclays GCC bond index recorded total return of 0.77% as tighter benchmark yields counter balanced the 3bps widening in credit spreads to 144bps. In contrast, UAE liquid bonds index that only contains investment grade bonds from the UAE, had a lower total return of 0.58% and unchanged credit spreads at 147bps

**BUAEUL Index – YTW history**




*Source: Bloomberg*

At circa 37% of the total outstanding, sovereign bonds represents the largest segment in the GCC bond universe. In addition, another 28% of the universe is made of corporates that are either directly or indirectly guaranteed by the government or are at least 70% owned and controlled by the government. The banking sector that represents 37% of the universe also has many banks which are majority owned by their respective governments. All-in-all circa two-thirds of GCC bond universe is government related and therefore, not surprisingly, focus on sovereign budget announcements is quite high. Estimates of 2017 GCC budgets reflect deficits totalling in the range of USD 80 – 100 billion for the year which in turn will see continued new supply of government paper in the region. Given that higher debt levels are already priced in the GCC credit ratings, further decline in credit ratings may not eventuate in the coming months, however new supply pipeline will keep a lid on bond prices.

With a limited universe of non-government related independent corporates in the region, the scope for material price movements on individual bonds on the back of idiosyncratic developments is also small. Most bond prices moved in line with macro events. Much in sync with the shift in the UST yield curve, longer dated bonds such as KSA 46s, Qatar 46s, DPWDU 37s etc recorded five to seven points increase in price. In contrast, shorter dated bonds, including the perpetuals that have call dates in the next three to four years, fell in price.

High yield bonds generally outperformed as bond prices followed benchmark yield tightening. In contrast, investors were reluctant to raise prices higher for the relatively rich investment grade bonds and therefore tightening benchmark yields were actually counter balanced by widening in Z-spreads. This created an interesting conundrum whereby likes of SHARSK 21s (rated A/A3) had 10bps widening in Z-spread to 104bps during the month while Z-spread on BHRAIN 21s (rated BB-/Ba2) tightened half a bp to 284bps.

## GCC Bonds - Primary Market

The primary market is yet to pick up pace. Though January will see redemption of USD 4.1 billion worth of bonds, new issues are yet to surface. Lower pace of activity in the primary market can partly be blamed on the continued completion from the bank market. In the first few weeks of this year, we have seen potential issuers such as QNB, Fly Dubai, Majid Al Futtaim etc negotiating in the loan market instead.

The only deal of note from a GCC issuer was the USD 885 million zero coupon bond issued by NBAD, that too in the Taiwanese market.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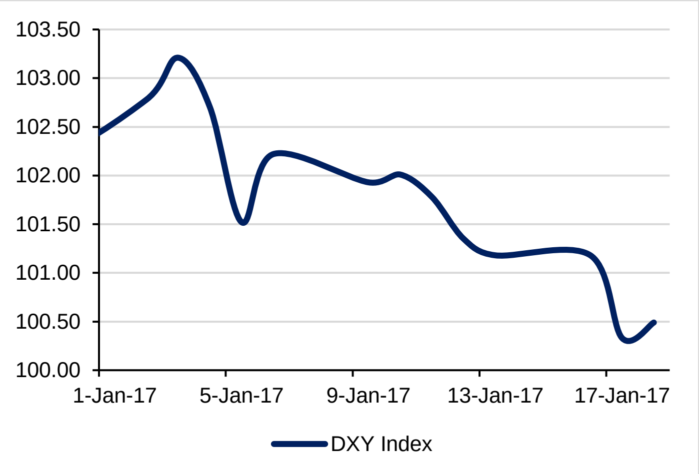
# Currencies

**Although the USD has strengthened uniformly since our last edition in November, with the Fed having raised interest rates in December and with optimism rising about the likely beneficial effects of the Trump stimulus plan, the early days of January have seen it give back ground as the inauguration draws near. The exception to this has been against sterling which has fallen further against it. Both the dollar and sterling are likely to have lively years, with the main themes of 2017 being related to the impact of Donald Trump on the US economy and the wider world, and Brexit which could cause further losses for the pound before it moves higher.**

## Dollar softens following its firm start…..

The USD started the year very strongly continuing the trend seen since the US election in early November. This was matched by a continuation of firm economic data in the US, with employment growth holding up in December, and wages rising quite strongly to 2.9% y/y. Vehicle sales were responsible for boosting retail sales growth to 0.6% m/m in December, compared with 0.1% growth in November, and the recent recoveries in hydrocarbon prices are putting additional upward pressure on inflation, with producer prices growing 0.3% m/m in December, a level sufficient enough to boost annualized PPI growth from 1.3% to 1.6%. In addition, the underperforming manufacturing sector appears to have rebounded with improvements in the headline PMIs, and in the employment sub-components and new orders.

**Dollar declines 2.1% YTD**




*Source: Bloomberg*

However, despite this the USD has lost some of its early year momentum, as uncertainty about the new Trump administration has begun to rise ahead of the inauguration ceremony later this week. Having reached a 14 year high of 103.82 on the 3rd of January 2017, the Dollar Index has retreated 2.6% to 101.040, below its 50 day MA (101.56) for the first time since September 30th 2017. Not helping the dollar its interest rates have eased back as the markets have begun to question whether the new administration will be able to live up to its pledges to cut taxes, deregulate and boost spending, at least as quickly as was factored in towards the end of last year. This disconnect between what the markets anticipated in December and the speed with which things were likely to happen was always going to pose a risk to the USD's end-year rally. For one thing the absence of detail from Trump's economic team has been concerning, and for the most part the Fed has remained on the fence about how quickly it will match fiscal stimulus steps with countervailing monetary policy restraint. Janet Yellen has even appeared doubtful about whether the US even needs a fiscal stimulus. Furthermore unpredictable comments from President-elect Trump have also served to unnerve investors about the US' likely relations with the rest of the world, in particular China, Russia and the Eurozone.

## ….but this is unlikely to continue over the year

We expect some of these concerns to stabilize once the inauguration is out of the way, however, as the new cabinet finally gets down to the business of government. We suspect that there will quickly be a plethora of new initiatives and announcements about policy details and timelines which will go some way to satisfying some of the recent doubts. With the US economy already in good shape it will not be long before Fed officials will remind the markets about the three interest rate increases implied for this year in its December FOMC dot-plot. We currently see only two rate hikes for 2017, but the risk is probably to the upside given where the Fed is starting from with the labour market already at full-employment and prices pressures finally beginning to be seen. These factors should limit any further correction in libor which should in turn help the USD to find a base.

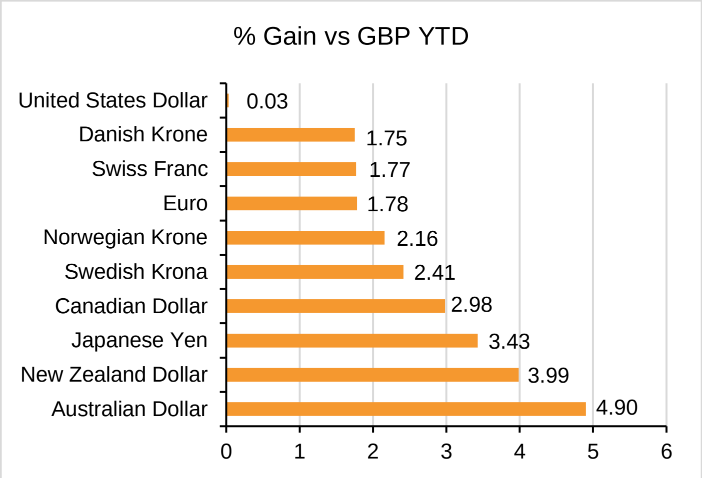
## Euro bullish short term, bearish long term

From a technical view, the EURUSD still looks bullish in the short term, having sustained a break of the 50 day MA of 1.0587 on 16th January 2017 and with a 14 day RSI (Relative Strength Index) of 56.79 indicating there is more momentum behind this rally. It has also broken above its 23.6% Fibonacci retracement (1.0642) without encountering significant resistance. The next levels to watch out for is the zone between the 100 day moving average of 1.0848 and the 38.2% Fibonacci retracement level of 1.0828. These levels are still some way off but only if they were to break would we consider changing our underlying bearish view.

## GBP - weaker before stronger

Despite the dollar's relative softness so far this year it is sterling has been the weakest major currency overall, losing 0.11% against against the US currency and realizing declines against other major currencies. This has happened even as most UK data has been encouraging, with the UK being the fastest growing major economy in 2016, highlighting how political concerns are still weighing on the pound's performance. The last week has been a case in point with sterling falling at one point to its lowest level since October 2016, dipping below 1.20 to 1.1986. Concerns about a so-called 'hard Brexit', where the UK leaves the EU single market completely, returned to the fore as PM May indicated that the UK will leave the single market in order that it can get back powers to ontrol immigration, be able to negotiate its own trade deals and not be subject to the European Court of Justice.

### Sterling underperforms YTD




*Source: Bloomberg*

It is striking, however, that confirmation of the government's 'Hard' Brexit position actually saw the pound rally sharply, as it benefited from the lifting of uncertainty over the government's approach.

While we still see the risks for the pound being towards the downside in the coming quarter ahead of the deadline at the end-March to trigger Article 50, we are more optimistic about it further out. While the UK economy may well be buffeted by Brexit when it finally happens, it will become harder to isolate the Brexit effect amongst the assortment of other factors that are likely to be in play. For one thing the US appears to be willing to strike an early free trade deal with the UK following President-elect Trump's inauguration, which will go some way to softening the blow of Brexit, whilst the EU on the other hand is unlikely to receive such a boost. Secondly, monetary policy risks appear to be moving towards the Bank of England being the central bank next most likely to begin normalizing monetary policy after the Fed. The Bank has recently done a U-turn and acknowledged that its Brexit assessment was wrong, and Governor Mark Carney has even hinted at a possible reversal in the monetary loosening implemented last summer saying that the Bank will only have a limited amount of tolerance for higher prices. With UK inflation spiking to a new cycle high of 1.6% y/y in the headline CPI reading for December, and with core CPI also rising to 1.6% y/y from 1.2%, the point at which the markets will have to consider higher UK interest rates is clearly getting closer. The rise in the core figure shows that positive base effects from higher oil prices is not the only reflationary factor at play, with weakness in sterling also partly responsible. PPI input data showed a 15.8% y/y rise, up from 13.3% in November, and PPI output prices lifted to 2.7% y/y from 2.4%. While downside GBP risks may remain with us for a while yet, over the year as whole we see GBPUSD bouncing back to 1.35 more consistent with where relative interest rate differentials suggest it should be (see page 19).

### Correlation of daily currency movements over the last one month

| PAIR | EUR/USD | EUR/GPB | EUR/JPY | GBP/USD | USD/JPY | USD/CAD | AUD/USD | NZD/USD |
|---|---|---|---|---|---|---|---|---|
| EUR/USD | | -0.165 | 0.051 | 0.717 | -0.725 | -0.645 | 0.697 | 0.743 |
| EUR/GBP | -0.165 | | -0.028 | -0.799 | 0.112 | 0.469 | -0.279 | -0.286 |
| EUR/JPY | 0.051 | -0.028 | | 0.063 | 0.6499 | -0.167 | -0.033 | -0.221 |
| GBP/USD | 0.717 | -0.799 | 0.063 | | -0.504 | -0.716 | 0.612 | 0.630 |
| USD/JPY | -0.725 | 0.112 | 0.650 | -0.504 | | 0.377 | -0.553 | -0.719 |
| USD/CAD | -0.645 | 0.469 | -0.167 | -0.716 | 0.377 | | -0.829 | -0.728 |
| AUD/USD | 0.697 | -0.279 | -0.033 | 0.612 | -0.553 | -0.829 | | 0.872 |
| NZD/USD | 0.743 | -0.286 | -0.221 | 0.630 | -0.719 | -0.728 | 0.872 | |

*Source: Bloomberg, Emirates NBD Research*

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# Equities

**The exuberance since the election of Donald Trump as US President has given way to caution at the start of 2017. While the change in risk appetite is more visible in other asset classes, global equities have so far remained steady. This can be attributed to strong corporate earnings and upbeat economic data. Having said that, stretched valuations and continued vagueness of Trump's economic policies do pose a risk, in the short term, if the earnings season does not end as it has started.**

Early in 2017, equity markets have consolidated their gains of Q4 2016. The MSCI World index has rallied +1.8% ytd and contrary to broad expectations gains were led by emerging markets. The MSCI Emerging Markets index has added +3.8% ytd compared to +1.6% ytd increase in the MSCI G7 index. Amid developed markets, the S&P 500 index has outperformed with gains of +1.3% ytd. MENA equities, too, have started the year on a positive note with the exception of Saudi Arabia. The Tadawul has declined -4.7% ytd. The underperformance comes in the backdrop of a +26% rally in the last three months and could partly be explained by a rather weak start to the earnings season.

Notwithstanding a more sanguine start to the year, equities are expected to retain traction in 2017. Much of the strength is likely to come from the tilt in stimulus from monetary to fiscal policy, a solid pace of economic growth and a relatively stable commodity price outlook. The rotation of funds from fixed income into equities, seen in Q4 2016, is likely to gain pace on account of rising global inflation.

While developed market equities are likely to lead global equities, emerging market equities are not expected to lag much behind. However, it will not be surprising to see dispersion in returns within emerging markets. The same can be said of regional equity markets too. Within the region, investors are likely to pay greater attention to the progress in execution of structural reforms and growth of non-oil sector. Both emerging market and regional equities could also draw support from cheap valuations.

## Key Markets

### Europe – Value amid volatility

European equities were the consensus trade of 2016. However, the performance did not match with expectations as political risks came to the fore with Brexit and earnings growth disappointed. The Euro Stoxx index declined -1.20% in 2016 compared to gains of +5.3% in the MSCI World index and +6.7% in the MSCI G7 index. European equity funds saw outflows of USD 113bn in 2016.

In 2017, political risks continue to remain at the top of investors mind with a series of key elections punctuating the year. Given the experience of 2016, it would not be surprising to see these events induce a cautious approach to European equities on account of uncertainty and volatility. However, when seen through the prism of valuations and the economic growth trajectory, these moments of volatility are likely to offer attractive entry points for investors. It also appears that many of the risks attached to these political events are currently priced in and should they pan out favorably then it may well become a positive trigger.

**Asset Class Returns**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| Global Equities | 30.87% | 12.41% | -4.99% | 16.56% | 27.42% | 5.57% | -0.28% | 8.18% |
| DM Equities | 32.63% | 8.34% | -11.68% | 17.96% | 23.43% | -4.32% | -0.28% | 1.59% |
| EM Equities | 78.55% | 19.24% | -18.16% | 18.62% | -2.31% | -1.96% | -14.60% | 11.26% |
| FM Equities | 11.32% | 22.19% | -18.43% | 8.47% | 25.94% | 6.61% | -14.78% | 2.66% |
| GCC Equities | 13.58% | 15.29% | -9.24% | 8.00% | 26.03% | 1.31% | -14.85% | 7.93% |
| Dev Sov Bonds* | - | 6.04% | 6.41% | 1.41% | -4.59% | 0.11% | -2.47% | 1.70% |
| Treasuries* | - | 6.00% | 9.77% | 2.03% | -3.37% | 6.19% | 0.85% | 1.03% |
| HY Corp Bonds* | - | 12.00% | 2.66% | 18.63% | 7.55% | -0.26% | -4.65% | 14.78% |
| UAE USD Bonds* | | | | | | 5.57% | 1.78% | 4.22% |
| Commodities | 18.72% | 16.67% | -13.37% | -1.14% | -9.58% | -17.04% | -24.70% | 11.40% |
| Gold* | 24.73% | 29.48% | 10.06% | 7.14% | -27.97% | -1.34% | -10.20% | 8.56% |
| Oil (Brent)* | 70.94% | 21.58% | 13.33% | 3.47% | -0.28% | -48.26% | -34.97% | 52.41% |
| Global REITs | 28.47% | 31.37% | 5.68% | 21.08% | -2.10% | 33.51% | 0.70% | 6.51% |
| Hedge Funds | 9.15% | 7.34% | -5.15% | 5.04% | 7.37% | 1.43% | 0.61% | 3.59% |

*Source: Bloomberg, Emirates NBD Research*

*Indices used - Global Equities (MXWO index), DM Equities (MXEA Index), EM Equities (MXEF Index), FM Equities (MXFM Index), GCC Equities(SEMGPCPD Index) Dev Sov Bonds (BGSV Index), Tresuries (BUSY Index), HY Corp Bonds (BHYC Index), UAE USD Bonds (BUAEUL Index), Commodities (BCOM Index), Gold and Oil (Spot Prices) Global REITS (ENXG Index), Hedge Funds (BBHFUNDS Index). * shows price change while others show total return.*

The macro story appears strong with the composite PMI exhibiting the strongest economic momentum in the last five years with a reading of 54.4. The consensus forecast for the Eurozone GDP growth for 2017 stands at 1.5%.

The consensus estimates for earnings growth for Euro Stoxx 600 index in 2017 is 13.3%, the highest among developed markets after the United Kingdom. In terms of valuations, the Euro Stoxx 600 index is trading at 14.9x 2017E earnings compared to the S&P 500 index which is trading at 17.5x 2017E earnings and the Topix index which is trading at 13.4x 2017E earnings. Relative to historical 10-year averages, the Euro Stoxx 600 index and the S&P 500 index are trading at +22.1% and +23.5% premium while the Topix is trading at a -10.7% discount. The dividend yield for Euro Stoxx 600 index is much higher at 3.7% when compared to 2.4% for the S&P 500 index and 1.9% for the Topix index.

Additionally, the gap between the price to book ratios of the S&P 500 index and the Euro Stoxx 600 index reflects the attractiveness of European equities. According to Bloomberg, the S&P 500 index is trading at 2.95x P/B while the Euro Stoxx 600 index is trading at 1.86x P/B. The gap between the both is at its widest since 2003.

Apart from political risks emanating from elections, negotiations with the UK over Brexit and probable rhetoric from Donald Trump over several issues including a border tax could act as speed-breakers for European equities.

### India – The contrarian trade

At the start of 2016, India was the most crowded trade. Though the trade performed well for most of 2016, it lost momentum in Q4 2016 following the victory of Donald Trump and the decision of the government to demonetize large value currency notes. India's Nifty index ended 2016 with gains of +3.0% compared to a +8.6% rally in the MSCI EM index. In terms of flows, India received USD 2.9bn from foreign institutional investors.

At the start of 2017, most analysts expect the impact of demonetization to last well into 2017 as anecdotal evidence suggests that consumption has stalled and investments halted. The IMF has lowered its FY 2017 forecast by 100 bps. However, a bullish case can be made for India with assumptions that sufficient remonetization will be completed by March, government uses additional resources to provide further fiscal stimulus and the Reserve Bank of India uses the benign inflation trajectory to cut interest rates further. All these coupled with the fact that the Goods & Services Tax is expected to roll out from July 2017 and that India still remains one of the fastest growing economies does make a strong case for Indian equities especially in H2 2017.

The immediate trigger is likely to be the budget statement scheduled for early February 2017. The government is expected to continue with faster pace of capital spending while sticking to its fiscal targets. The government is also expected to provide an impetus to consumption with tax breaks. Given the recent event of demonetization, a lot is expected from the government and any slip up could be detrimental to investor sentiment.

With the macro jigsaw still to fall in place completely, current valuations relative to historical averages do provide some buffer. The MSCI India index is currently trading at 16.8x 12-month forward earnings compared to 10-year average of 18x. However, when compared to the MSCI EM index, India is trading at a premium of +41.7% in terms of P/E ratio and +93.7% premium in terms of P/B ratio. While India has always enjoyed a premium compared to its peers, the same will be questioned should the domestic macro story take longer to recover than currently anticipated.

Other risks include a sustained outflow of funds from broad emerging markets on the back of rising yields in developed markets and political uncertainty given the number of state elections scheduled for 2017.

### Saudi Arabia – High conviction EM play

Saudi Arabian equities were broadly expected to underperform in 2016 on the back of weak oil prices. However, the market delivered positive returns on the back of structural reforms and regulatory steps towards inclusion in the MSCI EM index. The reform story gathered pace as the year progressed and made a positive impact while the EM play saw incremental gains only. The Tadawul ended 2016 with gains of +4.3% on the back of +28.2% rally in Q4 2016. The agreement between oil producers to cut oil output also helped investor sentiment.

Looking ahead, there is greater conviction about the market's inclusion in the MSCI EM index as the regulator has completed most changes required. The final change regarding T+2 settlement is expected to be implemented by Q2 2017. This should provide enough room for the index provider to confirm a timeline for Saudi's inclusion. If the announcement does happen then it will be positive for Saudi equities. According to market estimates, Saudi Arabia is likely to have a weightage of anywhere between 2.0% to 3.0% and that could translate into passive inflows of as much as USD 4bn. The weight will increase substantially should the Saudi Aramco IPO be completed as scheduled in 2018. It should also be noted here that the period prior to inclusion is generally positive for equity markets given flows from active investors. For the record, Qatar and UAE received fund inflows of USD 2.7bn in the year leading up to their inclusion.

This coupled with increased investor confidence in the structural reform and a relatively stable forecast for oil prices *(see commodity forecast table)* does set up a solid base for Saudi Arabian equities for 2017.

In terms of valuation, the Tadawul is currently trading at 14.0x 12m forward earnings compared to the MSCI Arabian Markets index which is trading at 12.9x and the MSCI EM index which is trading at 11.9x 12m forward earnings. The dividend yield for the Tadawul is 3.73% compared to 2.79% for the MSCI EM index.

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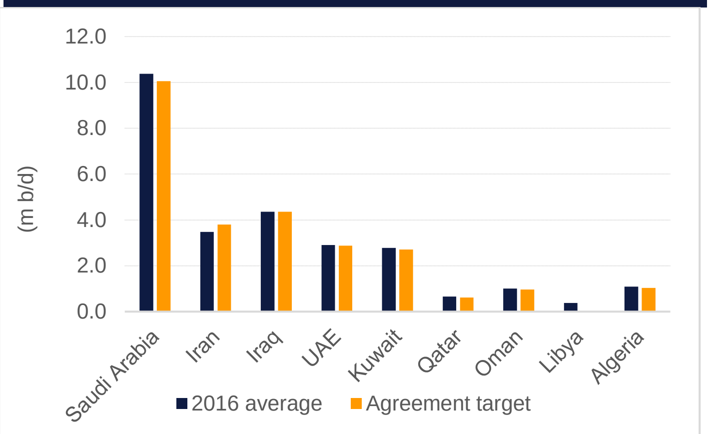
## Commodities

**Oil markets have started 2017 on a much more confident footing with prices hovering at 18-month highs. Compared with the start of 2016, Brent futures have added more than USD 20/b which should be a major relief to oil producers in the MENA region. Prices are benefitting to a large degree from OPEC's agreement to cut production by around 1.2m b/d for total output of 32.5m b/d, beginning from January. However, it will take some time before it becomes clear how effective it has been at removing barrels from the market. By setting itself such a prominent target, OPEC risks disappointing the market it output fails to match promised cuts.**

### MENA begins to cut back on oil output

For their part, nearly all the NOCs from the GCC have announced that they are limiting production either by shutting in wells, preparing customers for lower volumes or carrying out maintenance work. Kuwait has said it would close 90 wells to meet its allocated production cut of 131k b/d while Saudi Aramco has notified its customers that it was removing its operational tolerance of delivering cargoes with a margin of plus or minus 10%. Saudi Arabia's energy minister has also said the country is producing less than 10m b/d, below its mandated target. In the UAE, ADNOC is reportedly planning to put several major producing fields on maintenance in March and April which will help to limit production. ADNOC will also carry out maintenance work on the Ruwais oil refinery around the same time which will help to keep crude export levels steady, if impinging on domestic availability. But in all these countries, 2017 will be a momentary pause and not a long-term change in strategy. Across the GCC, NOCs are targeting higher output to meet long-term export plans and the demands of energy intensive local economies.

**MENA poised to cut by 600k b/d**



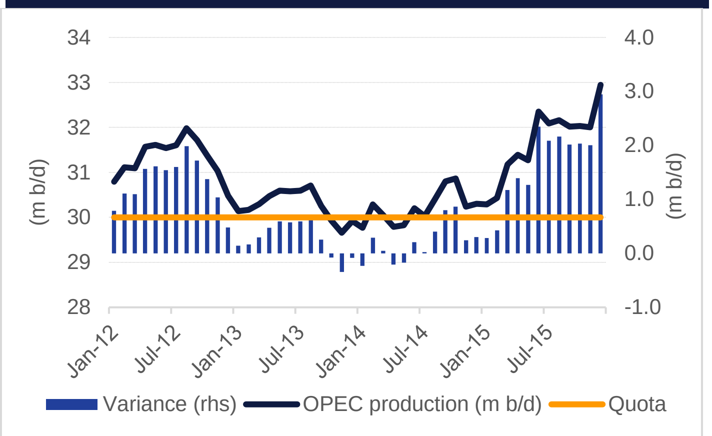

*Source: Emirates NBD Research, OPEC, Bloomberg.*

Outside of the GCC, past commitment to coordinated production cuts has been tenuous but we are not overly concerned that Iran, Iraq or Algeria will increase production substantially. Iran appears to be stretching its current production capacity and in any case has some allowance to actually raise output as part of the deal. The country has signed initial deals with IOCs, mainly European, to come into the country for long-term projects but we don't feel this will impact oil market balances in the short term.

Iraq has said it is making the necessary steps to limit output by its mandated 210k b/d but as the country carries out operations against IS the central government will need as much revenue as possible and may be tempted to keep volumes steady. Moreover, the Kurdistan Regional Government is not party to the OPEC cuts. That said, an inconsistent pattern of paying international partners is likely to limit interest in new projects in the autonomous region and output may not push much higher than current levels close to 600k b/d. Algeria's production cut is small—50k b/d—and could easily be absorbed by allowing some natural decline as output has been falling steadily over the past few years. Upstream investment will carry on for future projects but may focus more on natural gas.

For MENA producers that are not party to the agreement we expect that Oman will follow suit with its GCC peers. The country's oil and gas ministry has announced a cut of 45k b/d (around 4.3% from 2016 levels) which would take Oman back to output around its level in 2015. The biggest regional wildcard for oil output is Libya. After falling to as low as 270k b/d in August, production has recovered quickly, rising to 700k b/d currently according to the national oil company. The country is allowed to raise output as part of the OPEC agreement and past performance suggests Libya can recover quickly: output slumped during the start of the civil war in 2011 but managed to regain lost levels reasonably fast. The political situation in the country, however, remains highly fluid with critical oil infrastructure at risk of attack from tribal groups or militias.

**Quotas were hard to stick to last time**




*Source: Emirates NBD Research, OPEC, Bloomberg.*

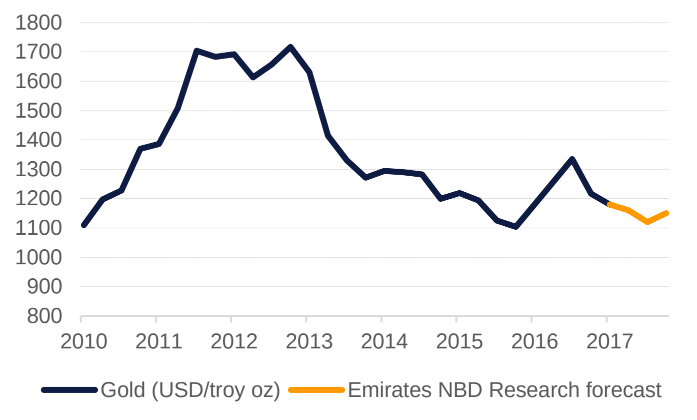
Evidence of whether OPEC producers have indeed cut production will only be available from mid-February and we would expect January's output levels to have some element of wind-down rather than a complete adherence to production limits from January 1st. While we are cautiously optimistic about OPEC compliance with the deal, by setting a target of 32.5m b/d, the producers' bloc leaves the market vulnerable to price swings when data is published. In 2008, OPEC set a target of 30m b/d and the market's fixation on monthly adherence to the target helped prices lurch up and down. This kind of price pattern will make it all the harder for OPEC governments to decide if the cut has been effective.

## Gold tentatively higher for now

Gold has started 2017 with a mixed outlook after managing to snap a three-year losing streak in 2016, ending the year up 8% at USD 1,147/troy oz. The one political risk that was widely expected to support gold even further—the election of Donald Trump as US president—has had the opposite effect and gold moved a step lower in Q4. Considering how it ended 2016 and several of the downside risks we see this year, we have lowered our forecasts for gold in 2017 and now expect the yellow metal to average around USD 1,150/troy oz, a decline of nearly 8% year on year.

On the downside for gold, inflation expectations have increased but price gains are still not at a pace to generate major concerns about negative real returns. If Mr Trump does indeed succeed in launching a major infrastructure spending programme in the US this could be a fillip for gold if the market grows overly concerned about inflation running out of control. But to this point we would highlight that the Fed is poised to raise rates several more times this year and indeed may do so to counter any inflationary pressure. A boost to the USD on the back of Fed moves generally spells short-term trouble for gold although over the longer term the relationship is less linear.

**Emirates NBD Research gold outlook**




*Source: Bloomberg, Emirates NBD Research.*

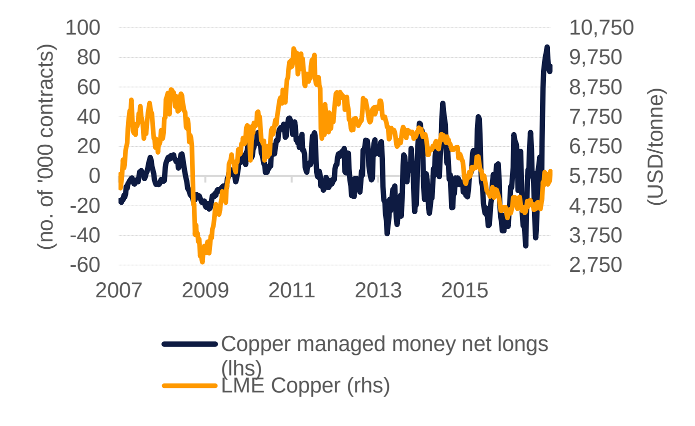
Lastly, gold demand remains in the doldrums. Gold demand in Q3 as assessed by the World Gold Council was down 10% year on year in volume terms as jewelry demand has slumped. The demonetization of the INR 500 and INR 1,000 notes in India has fed through into a slowdown in the Indian economy at the end of the year and may curb gold consumption, at least temporarily. In the Middle East, demand for gold has been unrelentingly bad since the slump in oil prices began in mid-2014. In the UAE, rebates on gold import tariffs are being rolled back, exposing retailers to higher costs which may need to be passed on to customers, further crimping already weak local demand.

## Can copper's rally continue?

After spending most of 2016 hovering around USD 4,700/tonne, copper prices soared in Q4 and ended the year at USD 5,535/tonne, a gain of nearly 18% year on year. Prices look to be on track to hit USD 6,000/tonne, a level they haven't seen since mid-2015, and the current forward curve shows prices gradually rising over the course of the year. Momentum is clearly with the copper bulls; speculative net length is close to 10-year highs and rolling volatility is nearing its highest level since October 2015. Average daily gains in 2017 have been close to 2% so far this year compared with less than 1% in 2016 as a whole.

As a barometer of global economic conditions—the Dr. Copper effect—the metal's rally would mean there is little to fear for markets this year. Industrial metals prices have rallied over 8.5% since the US election, rising on the hopes that an infrastructure spending programme under the Trump administration would suck in more capital inputs, such as copper and aluminium. Metals have also been benefitting from policy uncertainty in major ore producers. Indonesia has recently introduced new rules that require copper miners to set up smelters in the country and enacting new regulation, including potentially an export tax on unprocessed ore.

**Copper poised for a breakout?**




*Source: Bloomberg, Emirates NBD Research.*

We have revised our copper forecasts for 2017 to an average of USD 5,600/tonne for LME copper futures but expect momentum to fade by H2. A stronger USD will help to limit commodity gains this year while we are cautious how ambitious—and metal intensive—any infrastructure programme in the US will be at this stage. Producers are likely to ramp up output to take advantage of the price rally and some metal stored outside the LME may find its way into stockpiles, dampening the potential for major rallies.

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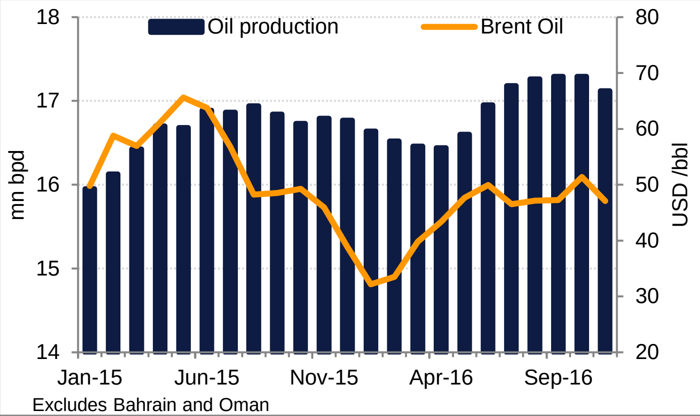
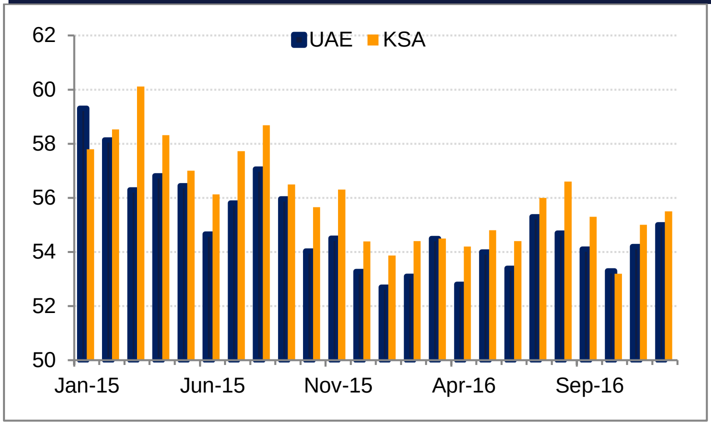
## GCC in Pictures

### GCC Oil Production and Oil Price



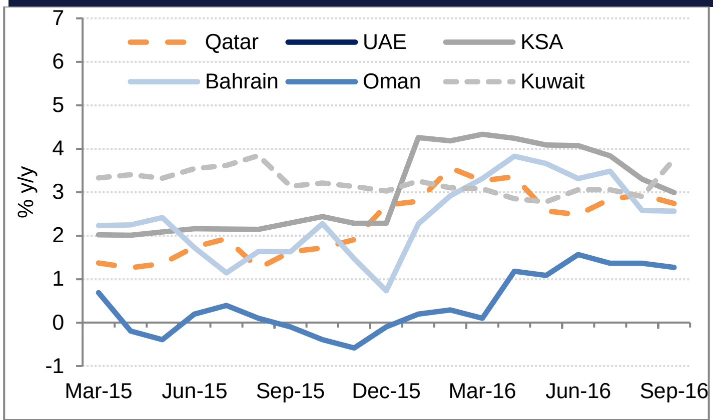

*Source: Bloomberg, Emirates NBD Research*

### Purchasing Managers' Index



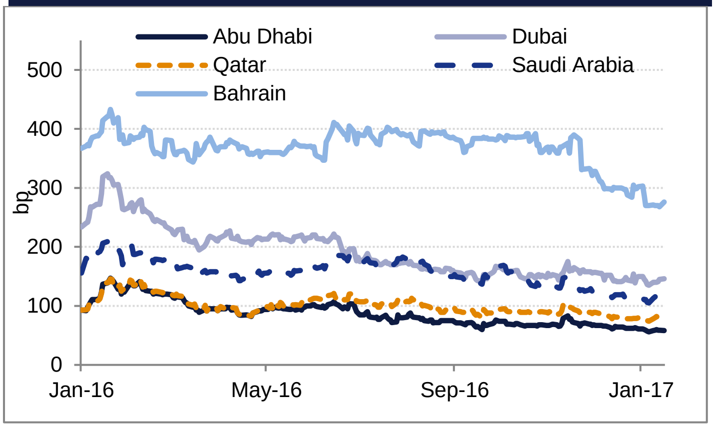

*Source: Markit, Emirates NBD Research*

### Inflation



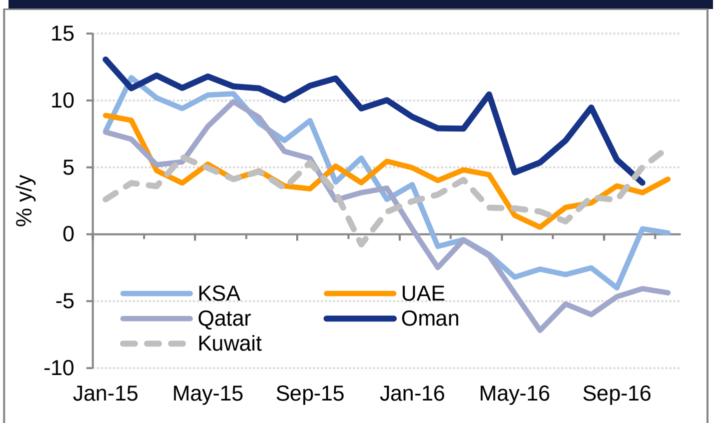

*Source: Haver Analytics, Emirates NBD Research*

### CDS Spreads



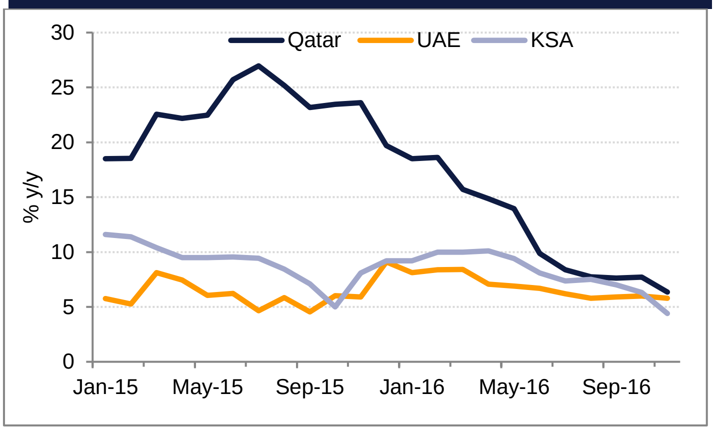

*Source: Bloomberg*

### Money supply (ex Government. deposits)




*Source: Haver Analytics, Emirates NBD Research*

### Private sector credit*



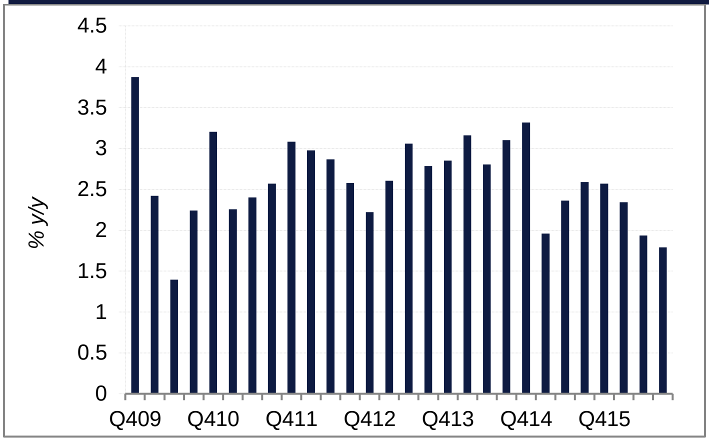

**UAE & Qatar data is bank loan growth to private sector, not total private sector credit. Source: Haver Analytics, Emirates NBD Research*

## MENA in Pictures

### Egypt – Core Inflation

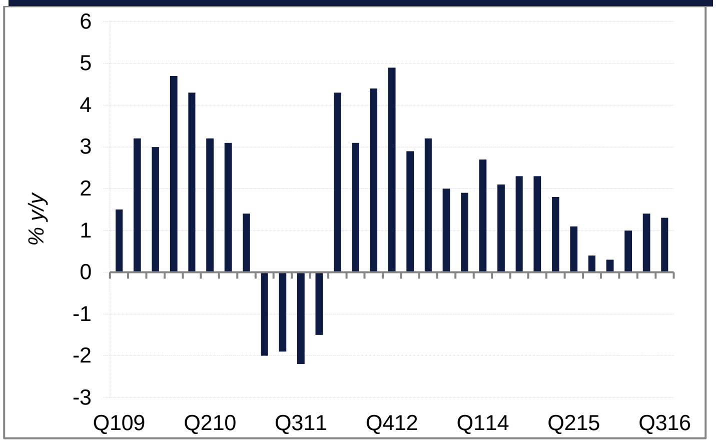

Source: Havers, Emirates NBD Resea

### Jordan – Real GDP Growth



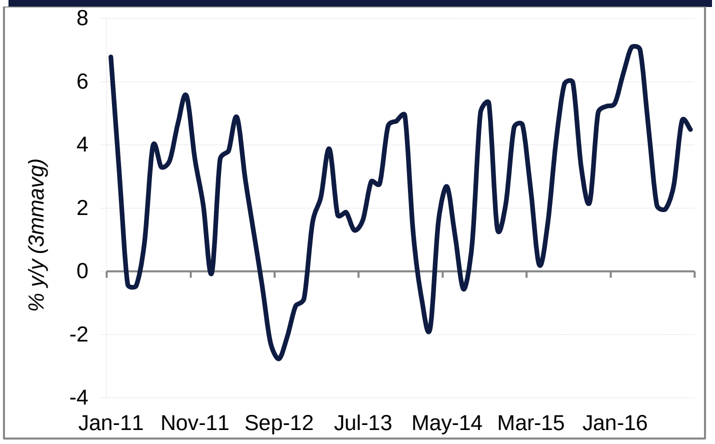

Source: Havers, Emirates NBD Research

### Tunisia – Real GDP Growth



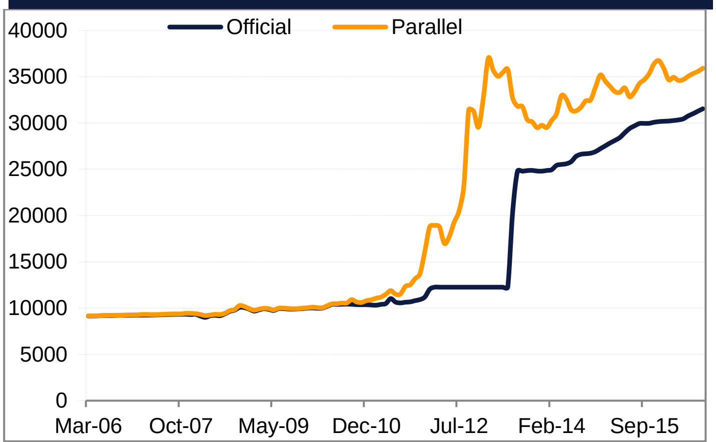

Source: Havers, Emirates NBD Research

### Lebanon Coincident Indicator




Source: Havers, Emirates NBD Research

### Iran – Exchange Rates



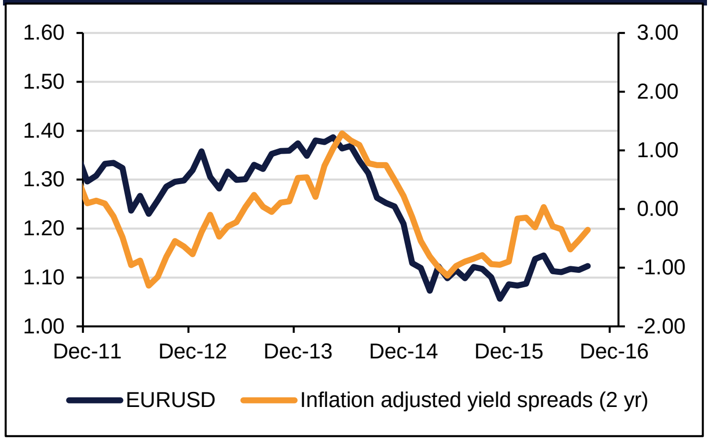

Source: CBI, Emirates NBD Research

### Libya – Oil Production


Source: Bloomberg, Emirates NBD Research

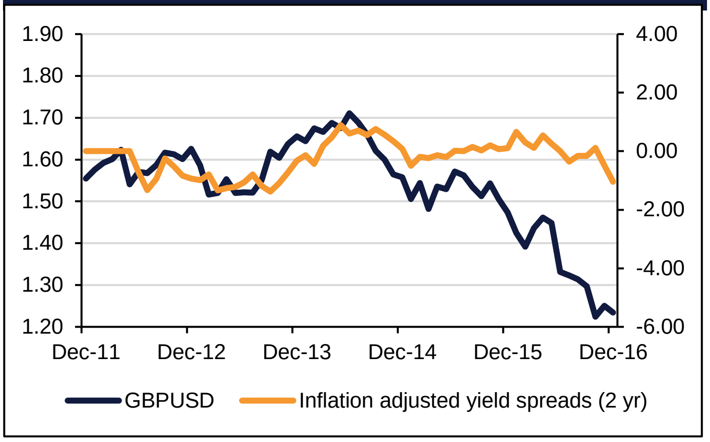
## FX–Major Currency Pairs & Real Interest Rates

### Interest Rate Differentials–EUR



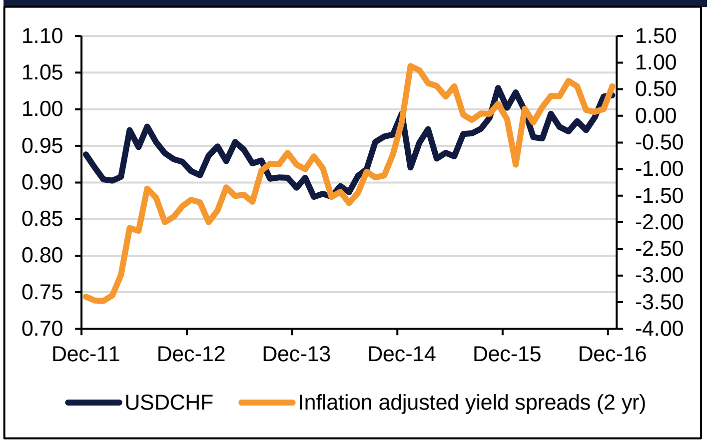

Source: Bloomberg, Emirates NBD Research

### Interest Rate Differentials-GBP



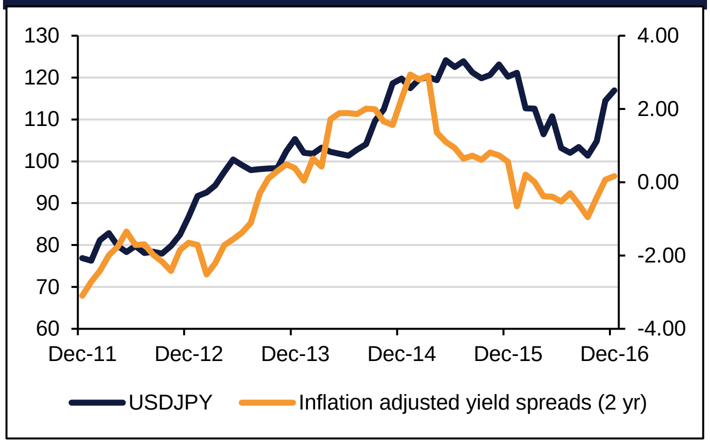

Source: Bloomberg, Emirates NBD Research

### Interest Rate Differentials-CHF



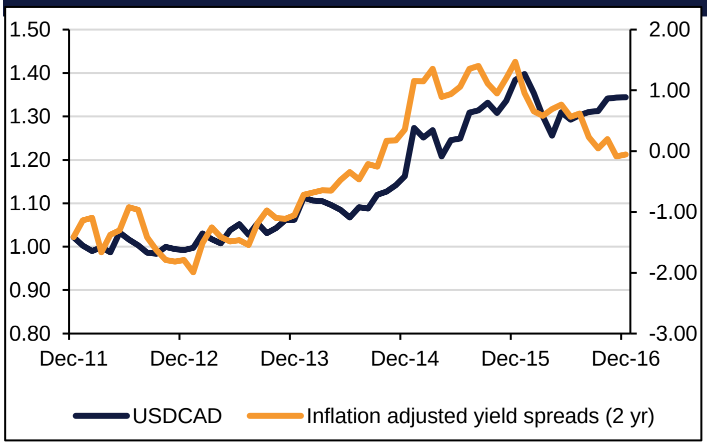

Source: Bloomberg, Emirates NBD Research

### Interest Rate Differentials-JPY



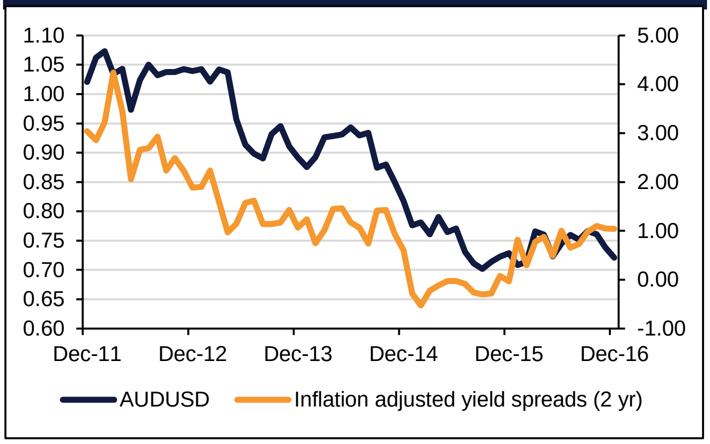

Source: Bloomberg, Emirates NBD Research

### Interest Rate Differentials-CAD




Source: Bloomberg, Emirates NBD Research

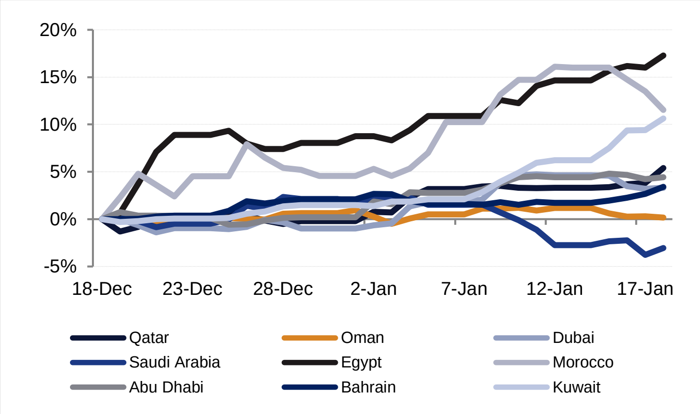
### Interest Rate Differentials-AUD




Source: Bloomberg, Emirates NBD Research

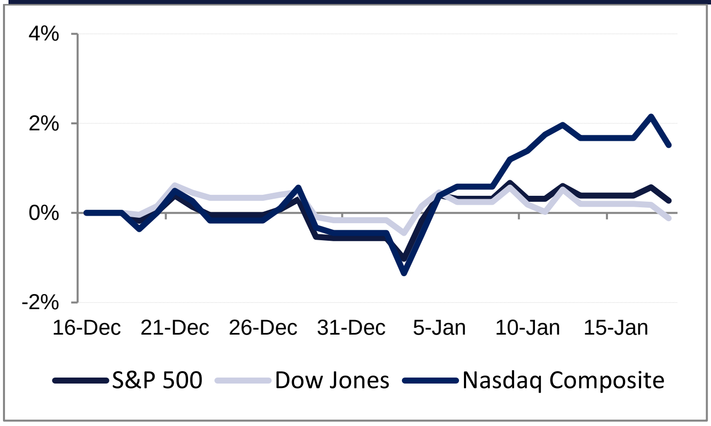
## Major Equity Markets

### MENA Equity Markets



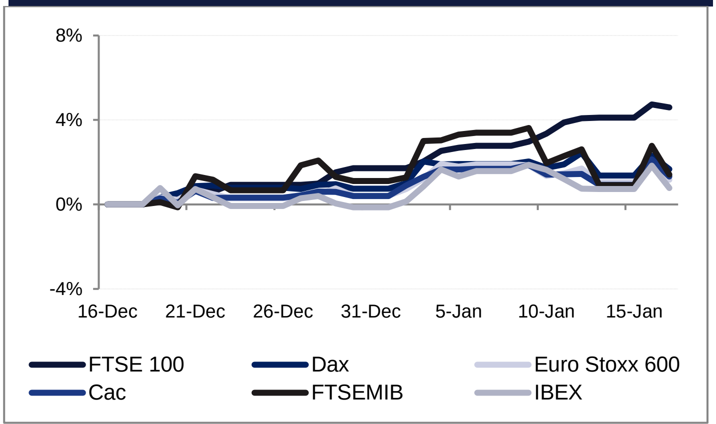

*Source: Bloomberg, Emirates NBD Research*

### US Equity Markets



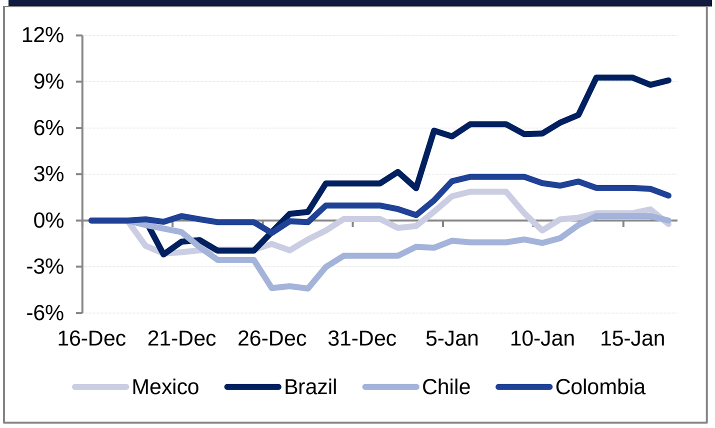

*Source: Bloomberg, Emirates NBD Research*

### European Equity Markets



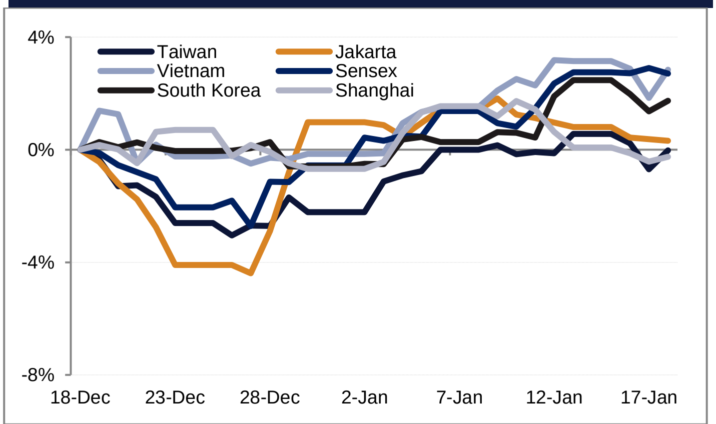

*Source: Bloomberg, Emirates NBD Research*

### Latin American Equity Markets



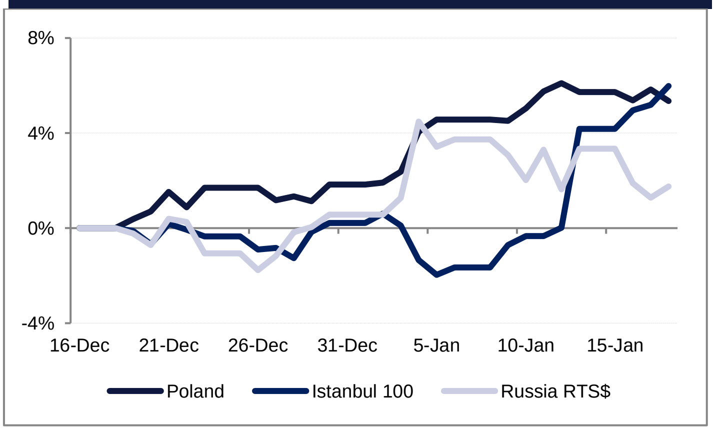

*Source: Bloomberg, Emirates NBD Research*

### Asian Emerging Equity Markets




*Source: Bloomberg, Emirates NBD Research*

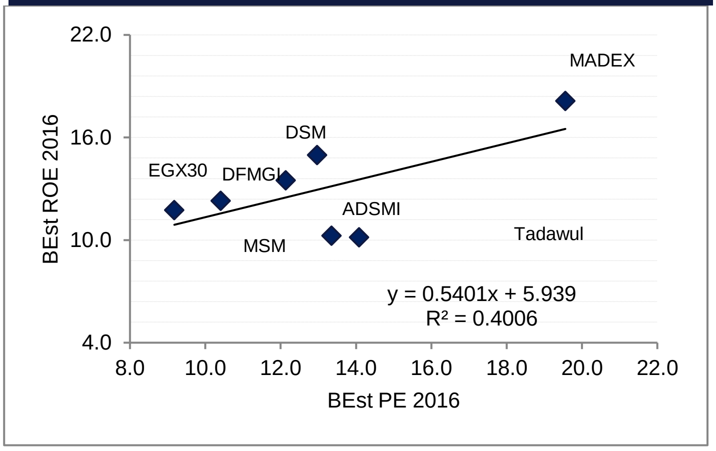
### Emerging Europe Equity Markets




*Source: Bloomberg, Emirates NBD Research*

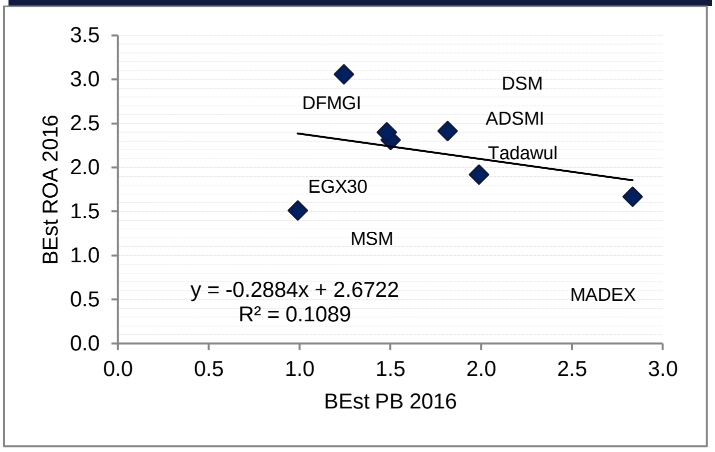
## Major Equity Markets

### MENA Equity Indices PE/ROE 2016E



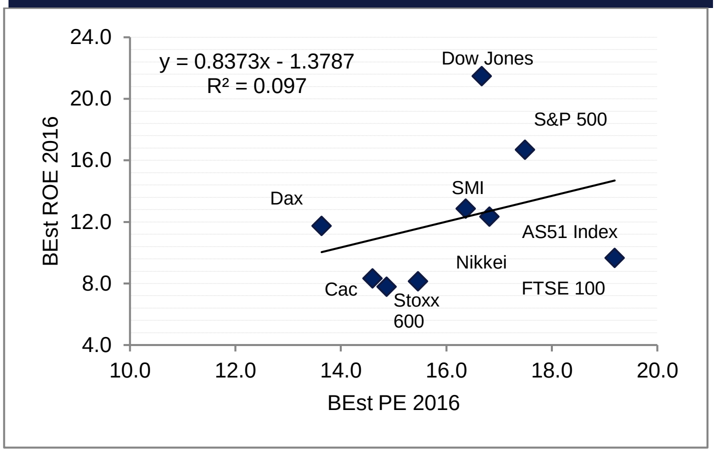

Source: Bloomberg, Emirates NBD Research

### MENA Equity Indices PB/ROA 2016E



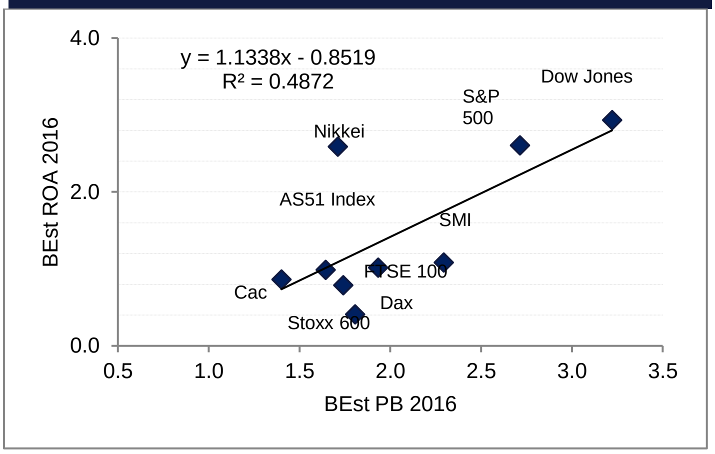

Source: Bloomberg, Emirates NBD Research

### D. Market Equity Indices PE/ROE 2016E



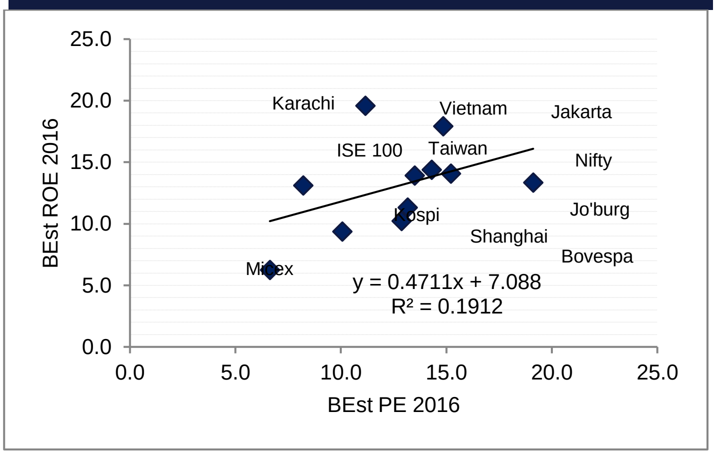

Source: Bloomberg, Emirates NBD Research

### D. Market Equity Indices PB/ROA 2016E



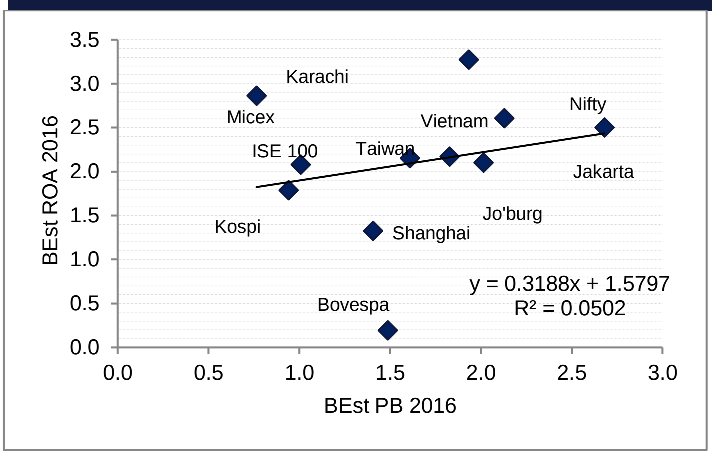

Source: Bloomberg, Emirates NBD Research

### E. Market Equity Indices PE/ROE 2016E




Source: Bloomberg, Emirates NBD Research

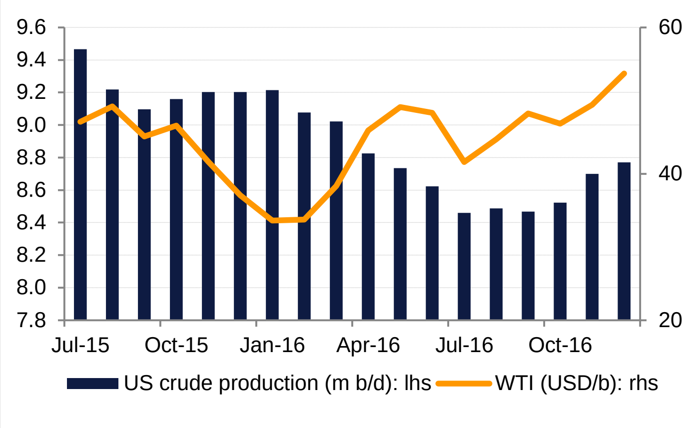
### E. Market Equity Indices PB/ROA 2016E




Source: Bloomberg, Emirates NBD Research

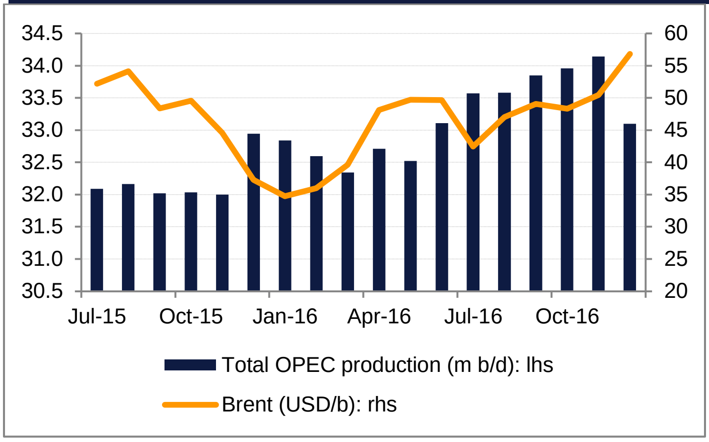
## Major Commodities Markets

### US oil production and price



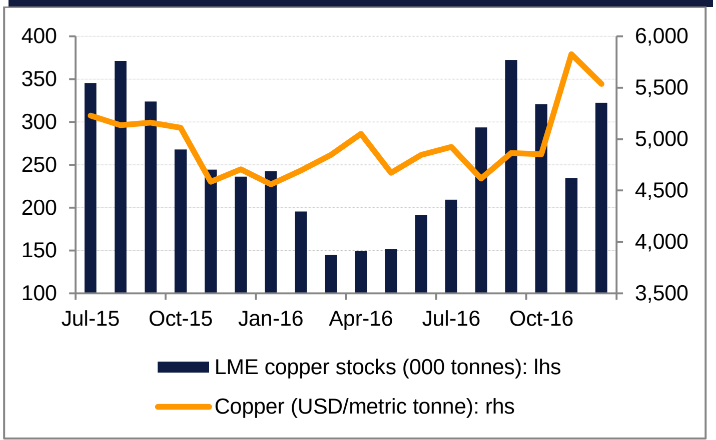

*Source: Bloomberg, Emirates NBD Research*

### International oil production and price



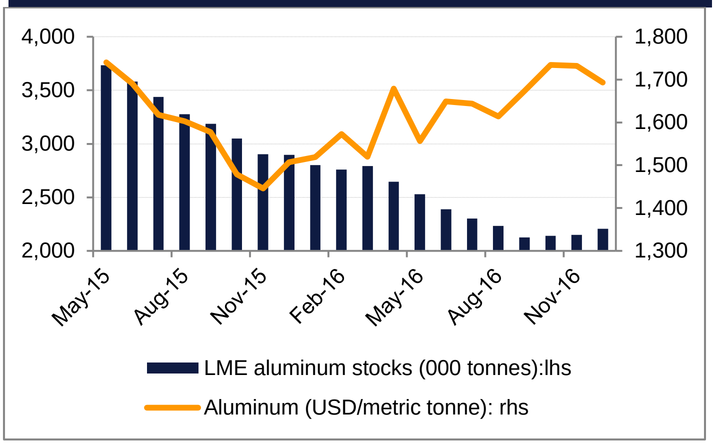

*Source: Bloomberg, Emirates NBD Research*

### Copper stocks and price



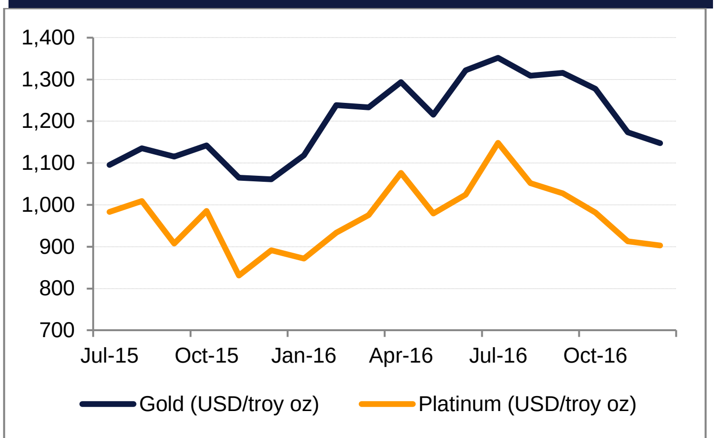

*Source: Bloomberg, Emirates NBD Research*

### Aluminum stocks and price



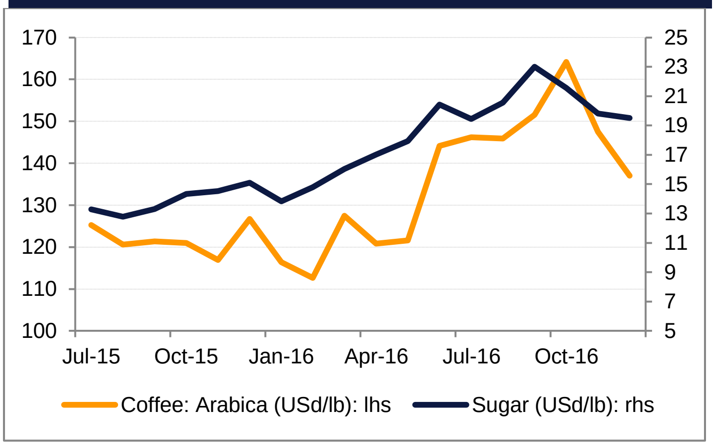

*Source: Bloomberg, Emirates NBD Research*

### Precious metals prices




*Source: Bloomberg, Emirates NBD Research*

### Agriculture prices




*Source: Bloomberg, Emirates NBD Research*

## Key Economic Forecasts - GCC

| United Arab Emirates | 2014 | 2015 | 2016e | 2017f | 2018f |
|---|---|---|---|---|---|
| Nominal GDP $bn | 402.2 | 370.5 | 374.1 | 411.3 | 453.4 |
| Real GDP % | 3.1 | 3.8 | 3.0 | 3.4 | 4.1 |
| Current A/C % GDP | 10.0 | 3.3 | -2.0 | -0.3 | 1.6 |
| Budget Balance % GDP | 5.0 | -2.1 | -3.2 | -0.8 | 1.4 |
| CPI % | 2.3 | 4.1 | 1.8 | 2.5 | 3.5 |
| Saudi Arabia | | | | | |
| Nominal GDP $bn | 753.8 | 653.2 | 637.6 | 696.5 | 760.7 |
| Real GDP % | 3.6 | 3.4 | 1.4 | 1.8 | 2.5 |
| Current A/C % GDP | 9.6 | -9.1 | -14.0 | -11.0 | -5.8 |
| Budget Balance % GDP | -2.3 | -14.9 | -14.5 | -9.8 | -6.1 |
| CPI % | 2.7 | 2.2 | 3.5 | 2.8 | 3.5 |
| Qatar | | | | | |
| Nominal GDP $bn | 210.1 | 166.5 | 166.5 | 189.6 | 213.8 |
| Real GDP % | 5.0 | 3.5 | 2.7 | 3.7 | 4.3 |
| Current A/C % GDP | 25.1 | 8.1 | -2.0 | -0.5 | -0.4 |
| Budget Balance % GDP | 12.1 | 1.2 | -7.7 | -4.1 | -4.2 |
| CPI % | 3.3 | 1.9 | 2.0 | 3.0 | 3.5 |
| Kuwait | | | | | |
| Nominal GDP $bn | 166.3 | 116.9 | 95.9 | 107.3 | 120.3 |
| Real GDP % | 0.5 | 1.8 | 2.7 | 2.3 | 2.9 |
| Current A/C% GDP | 32.6 | 5.1 | -1.7 | 7.0 | 15.4 |
| Budget Balance % GDP | 7.4 | -13.1 | -17.2 | -9.2 | 0.3 |
| CPI % | 2.9 | 3.3 | 3.2 | 3.5 | 3.5 |
| Oman | | | | | |
| Nominal GDP $bn | 80.9 | 69.7 | 72.5 | 79.2 | 87.7 |
| Real GDP % | 2.5 | 5.7 | 3.7 | 2.0 | 2.8 |
| Current A/C % GDP | 5.2 | -15.5 | -17.7 | -11.6 | 3.1 |
| Budget Balance % GDP | -3.4 | -17.2 | -18.5 | -10.0 | -3.8 |
| CPI % | 1.0 | 0.1 | 1.0 | 1.5 | 2.0 |
| Bahrain | | | | | |
| Nominal GDP $bn | 33.4 | 31.1 | 31.9 | 34.0 | 36.3 |
| Real GDP % | 4.4 | 2.9 | 3.5 | 2.3 | 2.8 |
| Current A/C % GDP | 4.6 | -2.4 | -5.2 | -5.3 | -3.7 |
| Budget Balance % GDP | -3.6 | -13.0 | -15.9 | -12.9 | -11.0 |
| CPI % | 2.7 | 1.9 | 2.9 | 3.0 | 3.5 |
| GCC (Nominal GDP weighted avg) | | | | | |
| Nominal GDP $bn | 491.6 | 434.1 | 426.5 | 466.1 | 509.2 |
| Real GDP % | 3.3 | 3.5 | 2.2 | 2.5 | 3.2 |
| Current A/C % GDP | 13.7 | -2.8 | -8.5 | -5.4 | -1.0 |
| Budget Balance % GDP | 2.2 | -9.6 | -11.0 | -6.7 | -3.4 |
| CPI % | 2.6 | 2.6 | 2.7 | 2.7 | 3.4 |

*Source: Haver Analytics, National sources, Emirates NBD Research*

## Key Economic Forecasts – Non-GCC Oil Importers

| Egypt* | 2014 | 2015 | 2016 | 2017f | 2018f |
|---|---|---|---|---|---|
| **Nominal GDP $bn** | 305.4 | 332.6 | 332.2 | 180.9 | 196.1 |
| **Real GDP %** | 2.9 | 4.4 | 4.3 | 3.5 | 4.9 |
| **Current A/C % GDP** | -1.0 | -2.7 | -4.5 | -2.7 | -1.3 |
| **Budget Balance % GDP** | -12.98 | -12.53 | -13.95 | -10.05 | -8.98 |
| **CPI %** | 10.1 | 10.4 | 13.7 | 16.0 | 11.0 |
| **Jordan** | | | | | |
| **Nominal GDP $bn** | 35.8 | 37.5 | 38.9 | 40.3 | 41.7 |
| **Real GDP %** | 3.1 | 2.4 | 2.0 | 2.8 | 3.0 |
| **Current A/C % GDP** | -7.3 | -9.1 | -10.3 | -9.8 | -9.6 |
| **Budget Balance % GDP** | -2.3 | -3.5 | -3.2 | -2.9 | -2.6 |
| **CPI %** | 2.8 | -0.9 | -0.8 | 2.0 | 2.0 |
| **Lebanon** | | | | | |
| **Nominal GDP $bn** | 48.6 | 50.1 | 55.1 | 61.8 | 68.5 |
| **Real GDP %** | 1.8 | 1.5 | 2.4 | 3.1 | 3.3 |
| **Current A/C % GDP** | -23.9 | -16.1 | -16.0 | -15.6 | -15.7 |
| **Budget Balance % GDP** | -6.3 | -7.9 | -7.3 | -7.5 | -7.7 |
| **CPI %** | -8.0 | -3.8 | -1.0 | 3.0 | 4.5 |
| **Tunisia** | | | | | |
| **Nominal GDP $bn** | 47.6 | 41.1 | 41.3 | 41.1 | 45.0 |
| **Real GDP %** | 2.3 | 0.8 | 1.1 | 2.8 | 4.0 |
| **Current A/C% GDP** | -9.0 | -9.4 | -8.3 | -7.4 | -6.5 |
| **Budget Balance % GDP** | -5.1 | -5.1 | -6.8 | -6.4 | -6.0 |
| **CPI %** | 5.5 | 4.9 | 3.7 | 5.0 | 5.0 |
| **Morocco** | | | | | |
| **Nominal GDP $bn** | 109.7 | 100.7 | 116.8 | 125.8 | 135.6 |
| **Real GDP %** | 2.6 | 4.5 | 1.0 | 4.7 | 4.8 |
| **Current A/C % GDP** | -5.7 | -2.1 | -4.1 | -2.9 | -2.1 |
| **Budget Balance % GDP** | -5.2 | -4.7 | -3.8 | -3.1 | -2.5 |
| **CPI %** | 0.4 | 1.6 | 1.6 | 3.0 | 3.0 |
| **Oil Importers (GDP weighted avg)** | | | | | |
| **Nominal GDP $bn** | 203.3 | 224.9 | 222.9 | 123.8 | 134.1 |
| **Real GDP %** | 2.70 | 3.75 | 3.08 | 3.66 | 4.37 |
| **Current A/C % GDP** | -5.0 | -4.7 | -6.2 | -5.6 | -4.7 |
| **Budget Balance % GDP** | -9.4 | -9.6 | -10.1 | -6.8 | -6.2 |
| **CPI %** | 5.7 | 6.4 | 8.2 | 8.3 | 6.5 |

*Source: Haver Analytics, National sources, Emirates NBD Research*
*Egypt data refers to fiscal year (July-June)*

## Key Economic Forecasts – Non-GCC Oil Exporters

| Algeria | 2014 | 2015 | 2016 | 2017f | 2018f |
|---|---|---|---|---|---|
| **Nominal GDP $bn** | 213.5 | 165.3 | 165.4 | 186.1 | 214.3 |
| **Real GDP %** | 2.2 | 2.3 | 3.4 | 3.6 | 4.2 |
| **Current A/C % GDP** | -4.3 | -16.6 | -17.3 | -10.9 | -8.7 |
| **Budget Balance % GDP** | -7.3 | -16.0 | -14.3 | -10.7 | -8.2 |
| **CPI %** | 3.9 | 4.4 | 6.0 | 7.0 | 5.0 |
| Libya | | | | | |
| **Nominal GDP $bn** | 48.1 | 34.4 | 36.2 | 40.1 | 44.7 |
| **Real GDP %** | -24.0 | -10.2 | -0.9 | 10.3 | 11.3 |
| **Current A/C % GDP** | -10.5 | -9.4 | -12.3 | -15.0 | -17.0 |
| **Budget Balance % GDP** | -41.4 | -23.6 | -20.7 | -18.8 | -17.6 |
| **CPI %** | 2.4 | 9.5 | 9.5 | 10.5 | 11.5 |
| Iran | | | | | |
| **Nominal GDP $bn** | 503.6 | 423.7 | 420.1 | 406.6 | 434.1 |
| **Real GDP %** | 5.9 | 3.7 | 7.2 | 4.1 | 5.0 |
| **Current A/C % GDP** | 3.1 | 2.1 | 3.8 | 5.3 | 5.8 |
| **Budget Balance % GDP** | -0.5 | -0.7 | -0.7 | -0.7 | -0.7 |
| **CPI %** | 37.4 | 15.9 | 8.5 | 11.1 | 12.0 |
| Iraq | | | | | |
| **Nominal GDP $bn** | 192.8 | 164.2 | 229.6 | 247.2 | 288.3 |
| **Real GDP %** | -0.6 | -2.4 | 8.7 | 3.5 | 5.1 |
| **Current A/C% GDP** | 12.7 | 2.5 | -5.3 | -5.7 | -5.5 |
| **Budget Balance % GDP** | -6.1 | -13.6 | -10.7 | -6.6 | -4.6 |
| **CPI %** | 3.0 | 1.2 | 1.0 | 4.5 | 6.5 |
| Oil Exporters (GDP weighted avg) | | | | | |
| **Nominal GDP $bn** | 301.3 | 295.9 | 294.5 | 314.9 | 239.4 |
| **Real GDP %** | 1.9 | 1.5 | 6.5 | 4.1 | 5.2 |
| **Current A/C % GDP** | 2.7 | -2.3 | -3.5 | -1.9 | -7.7 |
| **Budget Balance % GDP** | -7.5 | -10.1 | -9.7 | -7.4 | -7.1 |
| **CPI %** | 9.4 | 6.2 | 7.2 | 8.9 | 6.3 |

## Key Economic Forecasts - Global

| US | 2013 | 2014 | 2015 | 2016f | 2017f | 2018f |
|---|---|---|---|---|---|---|
| Real GDP % | 2.2 | 2.4 | 2.4 | 1.8 | 2.5 | 2.5 |
| Current A/C % GDP | -2.3 | -2.3 | -2.6 | -2.7 | -2.7 | -2.9 |
| Budget Balance % GDP | -3.3 | -2.8 | -2.5 | -2.5 | -3.0 | -3.4 |
| CPI % | 1.5 | 1.6 | 0.1 | 1.7 | 2.3 | 2.5 |
| **Eurozone** | | | | | | |
| Real GDP % | -0.3 | 0.9 | 1.5 | 1.5 | 1.7 | 1.5 |
| Current A/C % GDP | 1.8 | 2.4 | 3.0 | 2.7 | 2.6 | 2.8 |
| Budget Balance % GDP | -2.9 | -2.6 | -2.0 | -2.0 | -1.6 | -1.6 |
| CPI % | 1.3 | 0.4 | 0.0 | 0.9 | 1.5 | 1.5 |
| **UK** | | | | | | |
| Real GDP % | 1.7 | 2.9 | 2.4 | 2.0 | 2.3 | 2.0 |
| Current A/C% GDP | -4.5 | -5.1 | -4.5 | -4.0 | -4.0 | -3.3 |
| Budget Balance % GDP | -5.9 | -5.4 | -4.3 | -3.2 | -2.0 | -2.8 |
| CPI % | 2.6 | 1.5 | 0.5 | 1.9 | 2.0 | 2.6 |
| **Japan** | | | | | | |
| Real GDP % | 1.6 | 0.0 | 0.5 | 0.9 | 1.0 | 0.5 |
| Current A/C % GDP | 0.8 | 0.5 | 3.0 | 3.2 | 3.0 | 3.5 |
| Budget Balance % GDP | -7.8 | -7.1 | -6.0 | -6.0 | -5.0 | -4.8 |
| CPI % | 0.3 | 2.7 | 0.8 | 0.8 | 1.5 | 1.0 |
| **China** | | | | | | |
| Real GDP % | 7.7 | 7.3 | 6.9 | 6.5 | 6.3 | 6.1 |
| Current A/C % GDP | 1.5 | 2.1 | 2.7 | 2.8 | 2.5 | 1.9 |
| Budget Balance %GDP | -1.8 | -1.8 | -2.5 | -3.0 | -3.0 | -3.5 |
| CPI% | 2.6 | 2.0 | 1.4 | 1.7 | 2.0 | 2.2 |
| **India*** | | | | | | |
| Real GDP% | 4.7 | 6.9 | 7.4 | 8.0 | 6.6 | 7.8 |
| Current A/C% GDP | -2.6 | -1.4 | -1.5 | -1.5 | -1.0 | -1.0 |
| Budget Balance % GDP | -5.9 | -4.8 | -4.1 | -3.9 | -3.9 | -3.6 |
| CPI % | 10.9 | 6.4 | 7.0 | 5.0 | 4.8 | 5.0 |

*Source: Bloomberg, Emirates NBD Research*
**For India the data refers to fiscal year (April – March)*

## FX Forecasts

| FX Forecasts - Major | | | | | | Forwards | | |
|---|---|---|---|---|---|---|---|---|
| | Spot 18.01 | 1M | 3M | 6M | 12M | 3M | 6M | 12M |
| **EUR/USD** | 1.0696 | 1.0500 | 1.0200 | 1.0000 | 1.0000 | 1.0743 | 1.0795 | 1.0916 |
| **USD/JPY** | 113.16 | 116.00 | 120.00 | 122.00 | 124.00 | 112.69 | 112.16 | 110.93 |
| **USD/CHF** | 1.0018 | 1.0300 | 1.0500 | 1.1000 | 1.1000 | 0.9964 | 0.9905 | 0.9772 |
| **GBP/USD** | 1.2335 | 1.2200 | 1.1800 | 1.2500 | 1.3500 | 1.2363 | 1.2393 | 1.2467 |
| **AUD/USD** | 0.7557 | 0.7300 | 0.7200 | 0.7000 | 0.7000 | 0.7541 | 0.7526 | 0.7500 |
| **USD/CAD** | 1.3054 | 1.3500 | 1.3400 | 1.3200 | 1.3000 | 1.3041 | 1.3027 | 1.2991 |
| **EUR/GBP** | 0.8671 | 0.8607 | 0.8644 | 0.8000 | 0.7407 | 0.8690 | 0.8710 | 0.8756 |
| **EUR/JPY** | 121.03 | 121.80 | 118.32 | 120.00 | 122.00 | 121.03 | 121.03 | 121.03 |
| **EUR/CHF** | 1.0715 | 1.0815 | 1.0710 | 1.1000 | 1.1000 | 1.0704 | 1.0691 | 1.0666 |
| **NZD/USD** | 0.7202 | 0.6900 | 0.6700 | 0.6500 | 0.6700 | 0.7183 | 0.7164 | 0.7126 |
| **FX Forecasts - Emerging** | | | | | | **Forwards** | | |
| | **Spot 18.01** | **1M** | **3M** | **6M** | **12M** | **3M** | **6M** | **12M** |
| **USD/SAR*** | 3.7505 | 3.7500 | 3.7500 | 3.7500 | 3.7500 | -- | 3.7582 | 3.7783 |
| **USD/AED*** | 3.6730 | 3.6700 | 3.6700 | 3.6700 | 3.6700 | 3.6751 | 3.6775 | -- |
| **USD/KWD** | 0.3051 | 0.2900 | 0.2900 | 0.2900 | 0.3000 | 0.3049 | 0.3059 | -- |
| **USD/OMR*** | 0.3850 | 0.3800 | 0.3800 | 0.3800 | 0.3800 | 0.3862 | 0.3885 | 0.3953 |
| **USD/BHD*** | 0.3770 | 0.3760 | 0.3760 | 0.3760 | 0.3760 | 0.3774 | 0.3776 | 0.3785 |
| **USD/QAR*** | 3.6410 | 3.6400 | 3.6400 | 3.6400 | 3.6400 | 3.6459 | 3.6517 | 3.6617 |
| **USD/EGP** | 18.9453 | 18.0000 | 18.5000 | 18.7500 | 19.0000 | 19.0000 | 19.5000 | 20.5000 |
| **USD/INR** | 67.936 | 68.000 | 66.000 | 65.000 | 65.000 | 68.6700 | 69.4300 | 70.9500 |
| **USD/CNY** | 6.8336 | 7.0000 | 7.1000 | 7.2000 | 7.4000 | 6.9425 | 6.9945 | 7.0945 |

*Data as of 18 January 2017*
*Source: Bloomberg, Emirates NBD Research*

## Interest Rate Forecasts

| USD Swaps Forecasts | | | | | Forwards | | |
|---|---|---|---|---|---|---|---|
| | Current | 3M | 6M | 12M | 3M | 6M | 12M |
| **2y** | 1.46 | 1.50 | 1.73 | 2.00 | 1.55 | 1.65 | 1.81 |
| **10y** | 2.22 | 2.32 | 2.55 | 2.72 | 2.23 | 2.27 | 2.34 |
| **2s10s (bp)** | 76 | 82 | 82 | 72 | 68 | 62 | 53 |
| **US Treasurys Forecasts** | | | | | | | |
| **2y** | 1.17 | 1.22 | 1.45 | 1.70 | | | |
| **10y** | 2.34 | 2.45 | 2.75 | 2.85 | | | |
| **2s10s (bp)** | 117 | 120 | 120 | 115 | | | |
| **3M Libor** | | | | | | | |
| **3m** | 1.02 | 1.05 | 1.25 | 1.50 | | | |
| **3M Eibor** | | | | | | | |
| **3m** | 1.39 | 1.45 | 1.70 | 1.95 | | | |
| **Policy Rate Forecasts** | | | | | | | |
| | **Current%** | **3M** | **6M** | **12M** | | | |
| **FED** | 0.50-0.75 | 0.75 | 1.00 | 1.25 | | | |
| **ECB** | 0.00 | 0.00 | 0.00 | 0.00 | | | |
| **BoE** | 0.25 | 0.25 | 0.25 | 0.25 | | | |
| **BoJ** | -0.10 | -0.10 | -0.10 | -0.10 | | | |
| **SNB** | -0.75 | -0.75 | -1.00 | -1.00 | | | |
| **RBA** | 1.50 | 1.50 | 1.25 | 1.25 | | | |
| **RBI (repo)** | 6.25 | 6.00 | 6.00 | 5.75 | | | |
| **SAMA (r repo)** | 0.75 | 0.75 | 1.00 | 1.25 | | | |
| **UAE (1W repo)** | 1.00 | 1.00 | 1.25 | 1.50 | | | |
| **CBK (o/n repo)** | 0.75 | 0.75 | 1.00 | 1.25 | | | |
| **QCB (Repo rate)** | 2.25 | 2.25 | 2.50 | 2.75 | | | |
| **CBB (o/n depo)** | 0.75 | 0.75 | 1.00 | 1.25 | | | |
| **CBO (o/n repo)** | 1.00 | 1.00 | 1.25 | 1.50 | | | |

*Data as of 18 January 2017*
*Source: Bloomberg, Emirates NBD Research*

## Commodity Forecasts

| Global commodity prices | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | 2016 avg | 2017q1 | Q2 | Q3 | Q4 | 2017 avg |
| **Energy** | | | | | | | |
| WTI (USD/b) | 52.67 | 43.32 | 50.00 | 52.50 | 53.00 | 55.00 | 52.63 |
| Brent (USD/b) | 55.70 | 45.04 | 52.00 | 55.00 | 55.00 | 60.00 | 55.50 |
| OPEC Reference (USD / b) | 52.17 | 40.68 | 50.44 | 53.35 | 53.35 | 58.20 | 53.84 |
| **Precious metals** | | | | | | | |
| Gold (USD/troy oz) | 1,215.37 | 1,247.82 | 1,180.00 | 1,160.00 | 1,120.00 | 1,150.00 | 1,152.50 |
| Silver (USD/troy oz) | 17.16 | 17.10 | 16.00 | 15.30 | 15.66 | 16.00 | 15.74 |
| Platinum (USD/troy oz) | 978.99 | 987.79 | 950.00 | 902.50 | 932.00 | 960.00 | 936.13 |
| Palladium (USD/troy oz) | 748.97 | 613.89 | 703.09 | 712.67 | 722.25 | 731.83 | 717.46 |
| **Base metals** | | | | | | | |
| Aluminum (USD/metric tonne) | 1,798.00 | 1,609.83 | 1,685.00 | 1,700.00 | 1,725.00 | 1,750.00 | 1,715.00 |
| Copper (USD/metric tonne) | 5,754.00 | 4,870.75 | 5,750.00 | 5,800.00 | 5,500.00 | 5,350.00 | 5,600.00 |

*Prices as of 18 January 2017. Note: prices are quarterly average unless indicated otherwise.*
*Source: Bloomberg, Emirates NBD Research*

## Global Equities Market Watch

| Index | Last Close | ADV Traded 30d USD mn | Mtd % chg | Ytd % chg | %membera bove 200d MA | BEst PE | BEst PB | BEst Dvd Yld |
|---|---|---|---|---|---|---|---|---|
| Dow Jones Industrial Average Index | 19,827 | 6,567 | 0.3 | 0.3 | 83 | 16.6 | 3.2 | 2.6 |
| S&P 500 Index | 2,268 | 34,176 | 1.3 | 1.3 | 71 | 17.4 | 2.7 | 2.1 |
| Nasdaq Composite Index | 5,539 | 18,687 | 2.9 | 2.9 | 63 | 20.9 | 3.4 | 1.3 |
| FTSE100 Index | 7,220 | 5,051 | 1.1 | 1.1 | 68 | 14.6 | 1.8 | 4.2 |
| DAX Index | 11,540 | 3,317 | 0.5 | 0.5 | 86 | 13.5 | 1.6 | 3.0 |
| CAC 40 Index | 4,860 | 3,271 | -0.1 | -0.1 | 79 | 14.4 | 1.4 | 3.5 |
| Swiss Market Index | 8,304 | 2,684 | 1.0 | 1.0 | 70 | 16.5 | 2.3 | 3.7 |
| Nikkei Index | 18,814 | 13,271 | -1.5 | -1.5 | 92 | 18.7 | 1.7 | 1.8 |
| S&P/ASX 200 Index | 5,699 | 2,979 | 0.2 | 0.2 | 60 | 16.2 | 1.9 | 4.4 |
| Stoxx Europe 600 Index | 362 | 23,931 | 0.3 | 0.3 | 73 | 15.3 | 1.7 | 3.5 |
| Dubai Financial Market General Index | 3,672 | 178 | 4.0 | 4.0 | 67 | 10.5 | 1.2 | 4.2 |
| Abu Dhabi Sec Market General Index | 4,663 | 57 | 2.6 | 2.6 | 66 | 12.1 | 1.5 | 5.0 |
| Tadawul All Share Index | 6,874 | 1,274 | -4.7 | -4.7 | 71 | 14.0 | 1.5 | 3.3 |
| Istanbul SE National 100 Index | 82,363 | 887 | 5.4 | 5.4 | 73 | 8.3 | 1.0 | 3.4 |
| Egyptian Exchange Index | 13,436 | 69 | 8.8 | 8.8 | 97 | 13.3 | 2.0 | 2.6 |
| Kuwait Stock Exchange Index | 6,301 | 83 | 9.6 | 9.6 | 90 | - | - | - |
| Bahrain Bourse All Share Index | 1,229 | 3 | 0.7 | 0.7 | - | - | - | - |
| Muscat Securities Index | 5,737 | 7 | -0.8 | -0.8 | 53 | 9.2 | 1.0 | - |
| Qatar Exchange Index | 10,928 | 59 | 4.7 | 4.7 | 80 | 13.2 | 1.8 | 3.8 |
| MADEX Free Float Index | 10,141 | 43 | 6.2 | 6.2 | 98 | 18.9 | 2.7 | 3.4 |
| Hong Kong Hang Seng Index | 22,841 | 3,002 | 5.1 | 5.1 | 60 | 11.5 | 1.1 | 3.6 |
| Shanghai Composite Index | 3,109 | 27,172 | 0.4 | 0.4 | 45 | 13.2 | 1.4 | 2.0 |
| Korea Stock Exchange Index | 2,072 | 3,066 | 2.3 | 2.3 | 36 | 9.9 | 0.9 | 1.8 |
| BSE Sensex | 27,236 | 69 | 2.9 | 2.9 | 53 | 18.9 | 2.7 | 1.6 |
| Nifty | 8,398 | 995 | 3.2 | 3.2 | 53 | 19.1 | 2.7 | 1.5 |
| Karachi Stock Exchange Index | 48,679 | 138 | 2.4 | 2.4 | 97 | 11.0 | 1.9 | 5.1 |
| Taiwan SE Weighted Index | 9,355 | 1,768 | 0.9 | 0.9 | 64 | 13.4 | 1.6 | 4.1 |
| Bovespa Brasil Sao Paulo SE Index | 64,354 | 1,530 | 6.9 | 6.9 | 83 | 13.0 | 1.5 | 3.2 |
| Micex Index | 2,179 | 577 | -2.4 | -2.4 | 74 | 6.6 | 0.8 | 4.8 |
| FTSE/JSE Africa All Share Index | 52,818 | 1,277 | 4.3 | 4.3 | 60 | 15.0 | 1.8 | 3.1 |
| Vietnam Ho Chi Minh Stock Index | 685 | 82 | 3.3 | 3.3 | 49 | 14.3 | 2.0 | 2.9 |
| Jakarta SE Composite Index | 5,267 | 330 | -0.3 | -0.3 | 55 | 14.8 | 2.1 | 2.2 |
| FTSE Bursa Malaysia KLCI Index | 1,663 | 187 | 1.5 | 1.5 | 63 | 15.7 | 1.6 | 3.3 |
| Mexican Stock Exchange | 46,003 | 307 | 0.8 | 0.8 | 31 | 16.7 | 2.2 | 2.2 |

*Prices as of 17 January 2017*
*Source: Bloomberg, Emirates NBD Research*

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