MARKAZ

January 2019

2019 Global Outlook

What experts say

Prepared by
MARMORE
MENA INTELLIGENCE

www.e-marmore.com
enquiry@e-marmore.com

▶ Table of Contents

Executive Summary

"We remain pro-risk heading into 2019 with a preference for equities, especially in EM where the period of growth moderation is likely behind us. We expect to see more signs of an aging cycle in 2019, which may be challenging to navigate. Yet without clearer signs of deteriorating fundamentals, we think it is too early to position for a downturn in global growth or corporate earnings" **– Goldman Sachs Asset Management**

"After a sharp fall in valuations in 2018, steady economic growth and less dollar strength may provide international equities some room to rebound in 2019. There are significant risks to the outlook for 2019. The Federal Reserve may tighten too much; profit margins may come under pressure sooner than anticipated; trade tensions may escalate or diminish; and geopolitical strife may force oil prices higher" **– J.P Morgan**

"For 2019, we see new shifts in the relative macro narrative overlapping with ongoing shifts in global growth, inflation and policy. The result suggests a challenging year, but also one where key multi-year trends make decisive turns, aided by extreme relative valuations" **- Morgan Stanley**

"The global economy holds the potential to maintain solid momentum in 2019, underpinned by the strength of US fundamentals and demand. We believe the prospects for a US recession are still several quarters away" **– Franklin Templeton Investments**

Optimism is expected to re-enter equity markets as they would likely be the preferred asset class of global investors moving into 2019. Emerging markets look attractive than their developed counterparts as their valuations appear cheap while taking their macroeconomic and corporate fundamentals into consideration. Expectations of a global slowdown in growth have resulted in an excessive beat-down on equities across several markets, setting up the stage for a turnaround in 2019. However, volatility is expected to persist in the equity markets as global and regional risks could sharply derail the upward momentum. Although headwinds such as escalation of trade war, abrupt increase in U.S. interest rates, political risk in European economies, and the end of U.S. growth cycle continue to fluster investor sentiment, the overall outlook on equities remains positive. China is the preferred pick among emerging markets as the impetus provided by government support is expected to revive a sharply corrected market. The U.S. and Japan are the developed markets that warrant a positive outlook as political risks are expected to plague Europe's fortunes in 2019.

How did the forecasts for 2018 play out?

Forecast for stocks in 2018 remained in a narrow band, ranging between moderately bearish to moderately bullish. At the start of 2018, most strategists remained optimistic on U.S equities. On average, analysts estimated the S&P 500 index to close at 2,938 or realise a return of c.10%.

Earlier Forecasts for S&P 500

Firm	S&P 500 Target	Return Expectations
Yardeni Research	3,100	15.9%
J.P Morgan	3,000	12.2%
Credit Suisse	3,000	12.2%
Bank of America	3,000	12.2%
BMO Capital Markets	2,950	10.3%
Deutsche Bank	2,850	6.6%
Goldman Sachs	2,850	6.6%
Morgan Stanley	2,750	2.8%
S&P 500, (2018, Close)	2,507	-6.2% (realized return)

Note: S&P 500 started the year 2018 at a value of 2,674

The ageing bull run was expected to continue on the back of tax cuts and synchronized global growth expectations. The performance of S&P 500 in the first nine months of the year were in line with expectations, gaining 9% for the year at the end of September 2018. However, by the end of year, the gains accumulated during the year diminished, as new events took center stage. Escalating U.S.-China trade tensions, monetary tightening measures, geopolitical events and the fading impact of tax cuts on earnings had a negative impact on the markets.

2018 Performance

Indicators	M. Cap (USD Bn)	2018 (%)	P/E TTM	Div. Yield
MSCI WORLD Index	38,849	-11%	17.5	2.5
U.S. (S&P 500)	21,922	-7%	17.6	2.7
Japan (Nikkei 225)	3,040	-12%	13.4	2.1
U.K (FTSE)	2,308	-12%	11.0	4.8
Germany (DAX)	1,158	-18%	10.8	3.5
MSCI EM Index	4,922	-17%	12.5	2.9
MSCI BRIC Index	2,532	-16%	13.2	2.5
S&P GCC Composite	894	7%	14.8	3.4

Source: Reuters

Developed Stock Market Outlook – 2019

Global Forecast Snapshot - 2019

Country	Positives	Negatives	2019 Recommendation	2018 Market Performance
U.S.	• Economic growth remains strong • Fed's tightening expected to slowdown	• Effects of tax stimulus might fade • Escalation of trade tensions would affect growth	Neutral	Neutral (-6.2%)
Europe	• Healthcare and Defensive sectors look fundamentally strong	• Political risks in several economies • Euro appreciation	Bearish	Underperformed (-17.3%)*
Japan	• Stable domestic policy environment • Valuations attractive	• External risks like Trade war could trigger slowdown • Hike in VAT could impact corporate earnings	Neutral	Underperformed (-12.1%)
China	• Government stimulus • Strong corporate earnings growth • Attractive valuations	• Trade war effects • High debt-to-GDP	Bullish	Underperformed (-24.6%)
India	• Fastest growing major economy in 2019 • Strong domestic fund inflows	• An unfavourable election outcome • Subdued growth in corporate earnings	Neutral	Neutral (+5.9%)

*Source: Various; *- MSCI Europe Index*

United States of America

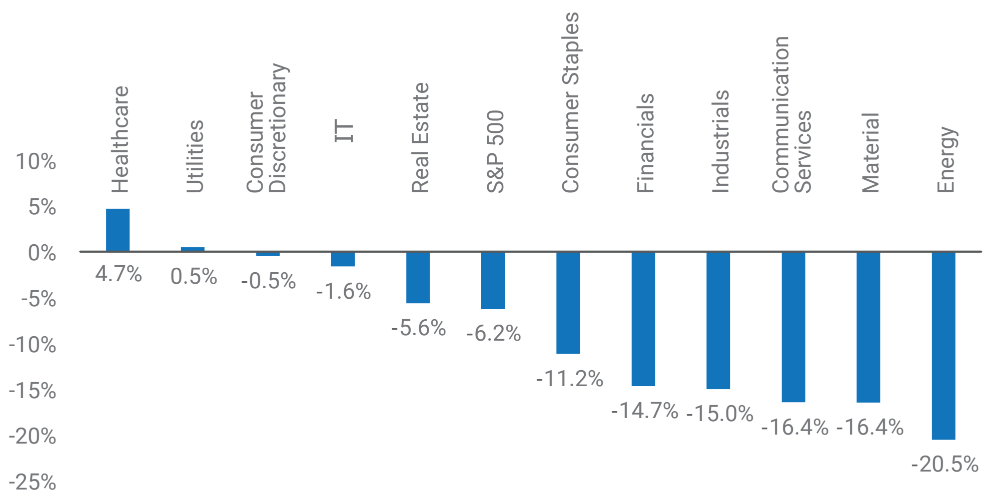
Global equity markets exhibited considerable volatility during 2018, disrupted primarily by the concerns surrounding the U.S.-China Trade War. All major equity indices in the U.S. including the S&P 500 ended the year on a negative, receding by up to 30% from their highs during the year. The S&P 500 closed the year at 2,507, which was 7% lower than where it closed at the end of 2017 and 15.2% lower than the highs of 2018.

S&P 500 Historical Performance, 2008-2018

Source: Reuters

The market witnessed its worst decline since 2011, ending downwards in 2018. Prior to 2018, S&P 500 index gained 19.4% in 2017 and 9.5% in 2016. Analysts expect S&P 500 to increase by 10% on average in 2019 with volatility staying similar to the levels witnessed in 2018. If a favorable agreement is reached between the U.S. and China during the year, investor sentiment is expected to be positive, supporting high valuations.

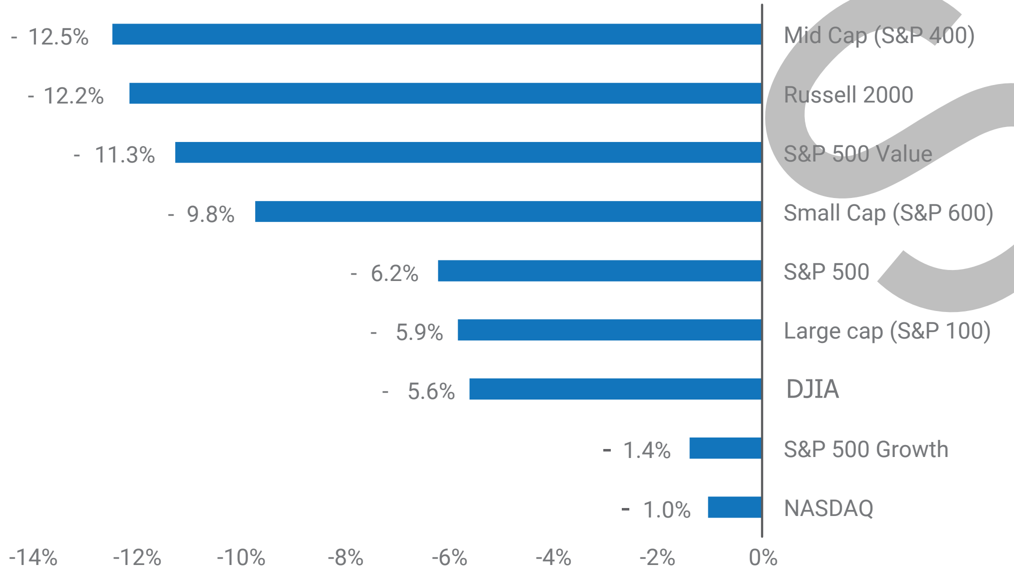
S&P 500 sector-wise Performance, 2018 (in %)



Source: Reuters

Large caps have become the prefered choice amongst brokerage houses for 2019. Sectorally, healthcare, financials, IT and consumer discretionary were the top picks for investments. These sectors are the ones that will benefit the most from strong consumer and business spending and steady economic growth both locally and overseas. IT stocks, specificaly for their huge profit margins and strong balance sheets. Financials will benefit from rising interest rates that would help them by widening the net interest margin. Improving U.S. economic prospectus could stimulate loan growth which is also positive for financials. Higher rates could however dampen the prospects of the traditionally defensive sectors such as utilities, consumer-staples and telecom services.

Major U.S. Indices Performance in 2018 (in %)



Source: Reuters

The EPS growth of S&P 500's constituents is expected to slow down on a YoY basis from 23% witnessed in 2018 to a consensus estimate of 7% in 2019 due to the fading effect of the fiscal stimus on earnings. A lesser than expected economic growth could further dampen the bullish expectations for the U.S. market. Many strategists have suggested to increase the cash holdings and limit the equity expousre until uncertainty in the market clears out or any decisive levels are breached. Although the current bearish trend hasn't been observed in quite a few years, there is little to no likelihood of the trend continuing like in the case of 2008 or 2000 according to many brokerage firms.

2019 S&P 500 forecast

Brokerage	Target	Upside Potential*	EPS ($)
Credit Suisse	3,350	21.4%	174
Deutsche Bank	3,250	17.7%	175
UBS	3,200	15.9%	175
BMO	3,150	14.1%	174
JP Morgan	3,100	12.3%	178
Citi Group	3,100	12.3%	172
Barclays	3,000	8.7%	176
Goldman Sachs	3,000	8.7%	173
CFRA	2,975	7.8%	170
Wells Fargo	2,960	7.2%	177
Bank of America	2,900	5.1%	170
RBC	2,900	5.1%	171
Evercore ISI	2,900	5.1%	170
Morgan Stanley	2,750	-0.4%	171
Average	**3,038**	**10.1%**	**173**

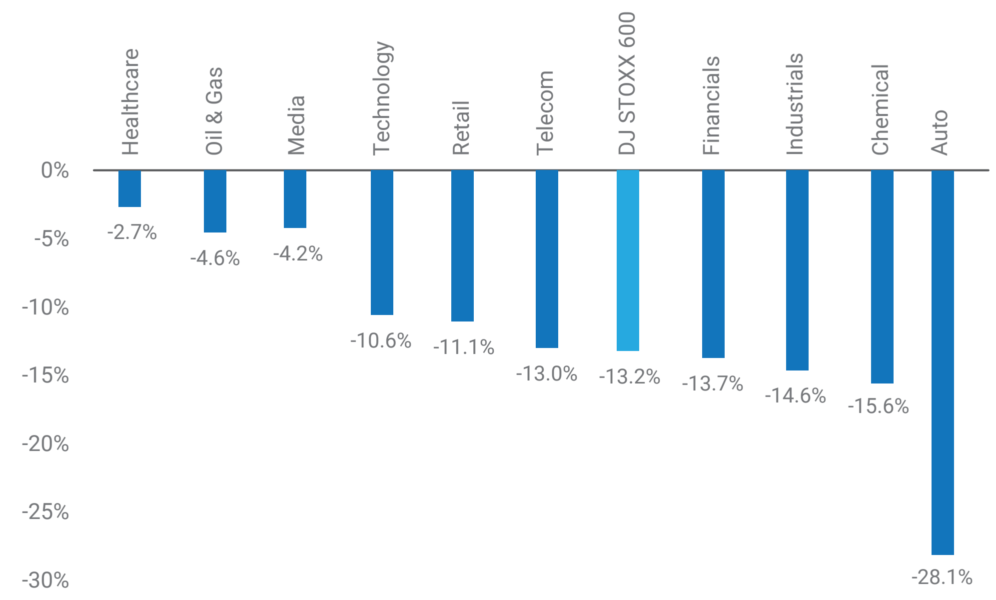
*Source: Respective Outlook Reports | *% change from 2760.17 level to projected target in 2019*

Europe

2018 was bearish for majority of the European markets. United Kingdom's FTSE 100 index for instance fell to a two year low as it declined by 12.5% during the year. The volatility that was witnessed since October has seen capital flowing out from the European markets that have a significant share of global investors. Investors are increasingly gravitating towards safe heaven assets such as cash and gold to safeguard their investments from increased volatility. According to a survey by Interactive Investor, almost 30% of investors expect the FTSE 100 to close next year between the range of 7,000 and 7,500, while a further 13% think it will reach 7,500 to 8,000. A bullish 8% of those surveyed think the U.K stock market will break the 8,000 mark in 2019.

Given the political risks in Europe surrounding Brexit and Italy coupled with withdrawal of liquidity by central banks, a majority of strategists are wary of the regional markets. Furthermore, the sensitive economy seems to be vulnerable to downward economic pressure resulting in an impact on financials.

Europe sector-wise performance 2018 (in %)

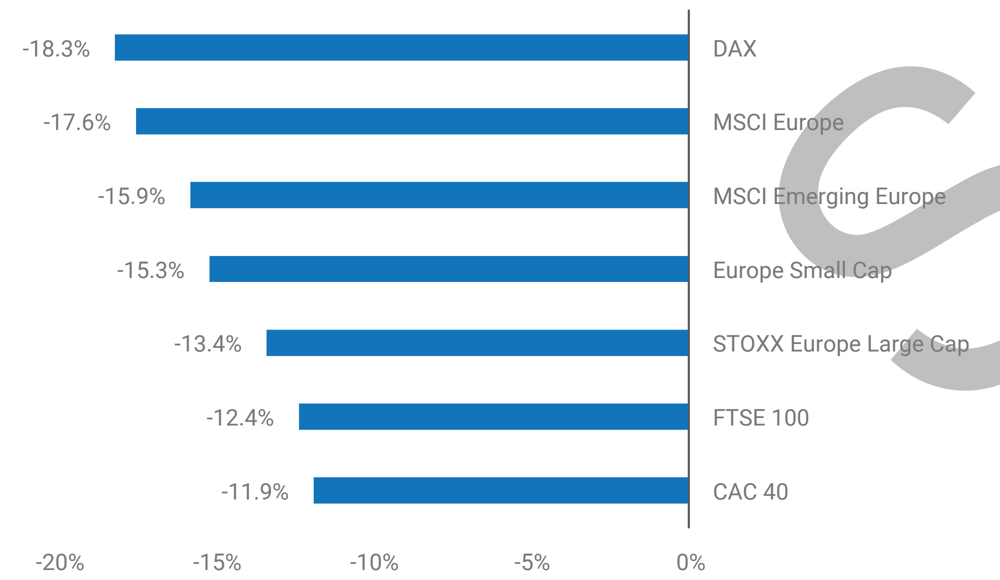


Source: Reuters

Brokerages expect above average performance in Healthcare, IT and Telecom sectors and have advised to go over weighted on them in their recommendation. On the other hand, sectors such as Energy, Industrials, Consumer Discretionary and Consumer Staples were given a neutral rating.

Goldman Sachs particularly remains bearish on the auto sector as it expects the negative impact of the change in environment rules to extend into 2019. According to Blackrock, healthcare is among the few sectors that are fundamentally strong. Historically, the sector has shown low sensitivity to global growth, exhibiting resilience even during a slow growth environment. Favorable demographics, innovation trends and a fairly strong earnings outlook among defensive sectors support the optimism surrounding the healthcare sector.

Major Europe Indices Performance 2018 (in %)



Source: Reuters

Strategists have mixed opinion on the European markets. Some strategists believe that earnings in the European markets(excluding defensive sectors) are expected to remain under pressure due to a weaker economic outlook and political risks. On the other hand, there are also expectations that European earnings will grow by 10% in 2019, similar to the rest of the developed world.

European Equities Outlook, 2019 year end

Brokerage	Index	Target	Upside Potential*
Charles Stanley	FTSE 100	7,100	5.5%
Reuters survey	FTSE 100	7,500	11.5%
AJ Bell	FTSE 100	8,000	18.9%
Tilney Asset Management	FTSE 100	7,350	9.2%
Citi	FTSE 100	8,400	24.8%
Reuters survey	Stoxx Europe 600	373	10.5%
Citi	Stoxx Europe 600	450	33.3%

*Source: Respective Outlook Reports | * % change from 2018 year end to target*

Upcoming general elections in Portugal, Greece, Spain, Finland and Poland could be a potential risk for the European stock markets. As it is widely believed that a clear majority would not emerge in some of these elections, investors are not very optimistic on the European markets.

Japan

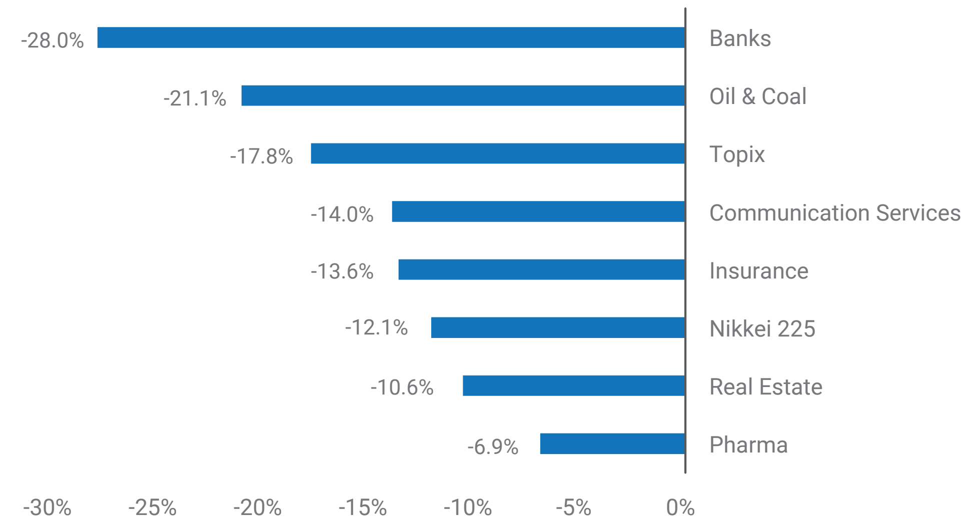
In line with other developed markets, the Japanese equity market was volatile during 2018, as sell-off in futures by foreign investors' and their quick short-covering pushed the market to oscillate sideways. The Japanese market has been affected more by global concerns such as U.S.-China trade war, political uncertainty in Europe and sluggish growth in the Chinese economy. Majority of the analysts tracking the Japanese markets believe that stock prices will rise in 2019, as attractive valuations will tempt investors into buying undervalued stocks.

Nikkei 225 Index performance (2000-2018)

Source: Reuters

In 2019, the VAT hike from 8% to 10% will put pressure on earnings particularly in the fourth quarter of the year. On the other hand, a large-scale fiscal stimulus package, comprising of spending on public works in expected to be announced in 2019 to support the economy.

Japan sector-wise performance 2018 (in %)



Source: Reuters

Strong fundamentals and cheap valuations will provide support but the likelihood of market outperforming its peers in developed markets remain low, as factors for sustained performance are scarce. According to BlackRock, shareholder-friendly corporate behavior, central bank stock buying and political stability will be some of the factors that will provide the positive momentum to domestic markets. The TOPIX index Earnings yield (12-month forward) is close to 8% at the end of 2018, falling outside of the trading range of 6.25%-7.7% of previous years. While quite a few market strategists expect the equities market to see a positive momentum in 2019, stability in the global economy will play a crucial role in determining the extent of the upside potential.

Japan Equities Outlook, 2019

Firm	Index	Target	Potential Upside
Citigroup	Topix	1,788	20%
Amundi Japan	Nikkei 225	22,800	14%
Mitsubishi UFJ Morgan Stanley Securities	Nikkei 225	23,500	17%

Source: Reuters

Emerging Stock Market Outlook – 2019

The emerging markets have lived through an unforgiving 2018, which has taken even the ardent bears by surprise, as they witnessed one of the worsts routs across asset classes since the global financial crisis. Their underperformance could primarily be pinned down to the relative weakness in growth of the emerging market economies when compared to that of the U.S. The U.S. Fed's tightening, a strong U.S. dollar, rally in crude prices and the U.S.-China trade standoff did not help the markets either as volatility heightened and investor sentiment deteriorated. However, all is not doom and gloom for the emerging markets moving into 2019 as sharp corrections often give rise to fresh buying opportunities. Emerging market equities, which have been beaten down in 2018, are now available at cheaper valuations and offer better compensation for risks. With the U.S Fed being close to the end of its current tightening cycle, we may see a temporary pause in rate hikes after continued pressure from all fronts. Considering the solid earnings outlook for selective emerging markets and China's focus on economic stabilization, it is widely expected that emerging market equities would get back on track in 2019.

Performance of Key Indices in Emerging Economies

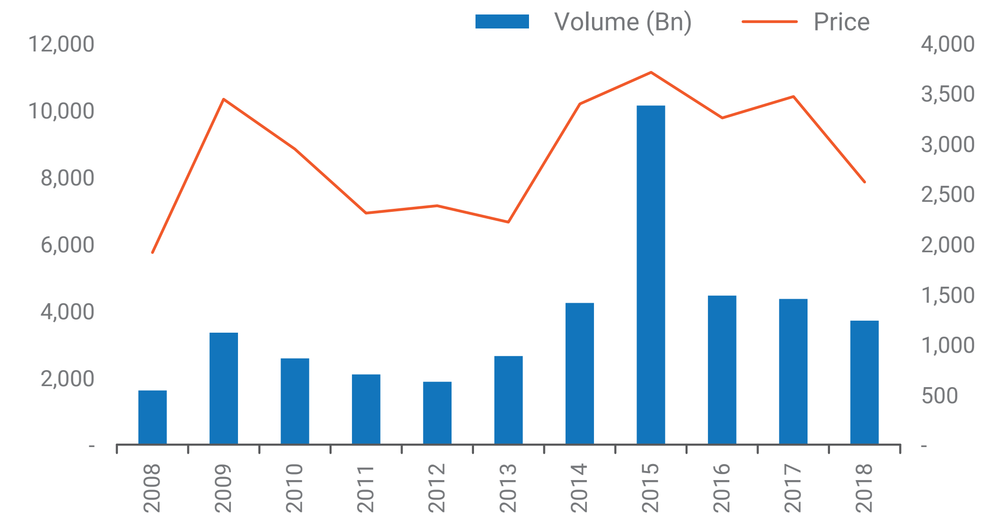
Region/Country	Index	2018 (%)	Market Cap (USD bn)	P/E	Div Yield
Emerging Markets	MSCI EM Index	-17%	4,922	12.5	2.9
BRIC Region	MSCI BRIC Index	-16%	2,532	13.2	2.5
China	Shanghai A Share Index	-25%	3,909	11.0	2.9
India	CNX Nifty	3%	1,122	20.0	1.3
Brazil	Sao Paulo SE Bovespa Index	15%	673	17.1	3.9
South Korea	Korea SE KOSPI Index	-17%	1,085	12.1	1.3
Taiwan	Taiwan SE Weighted Index	-9%	945	11.9	4.5

Source: Reuters

China

China had a forgetful year in 2018 as its equity markets witnessed a sharp selloff. Undoubtedly, the two themes that have plagued the markets were the overall weakness of emerging economies in relation to the U.S. and the U.S.–China trade war. Concerns regarding growth, tighter liquidity and the outcomes of the trade war weighed on the country's equity market, which declined by nearly 25% during the year. The sharp correction in equities resulted in the country's valuation being downgraded far more than other emerging economies. The fall in valuation seems to factor in the slowdown in domestic and global growth and the fact that a resolution between U.S. and China was nowhere close in sight.

Shanghai A share performance



Source: Reuters

Moving into 2019, the key headwind for China's growth is expected to be the trade standoff with the United States. However, China is expected to overcome its effects through economic stimulus initiatives, tax cuts to boost local production, infrastructure spending and easing private sector credit. Consequently, China's real GDP growth is expected to slow down moderately to 6.2% in 2019, lower than 6.6% in 2018. Although a truce between U.S. and China could not be completely ruled out in 2019, some analysts believe that China is well placed either way. If the trade war prolongs, China will intervene with the stimulus to revive growth. On the contrary, if exports start to grow and reach levels prior to the trade war, the government is expected to ease the stimulus.

Another key positive driver would be the expected double digit corporate earnings growth for 2019. Despite concerns over slowdown in global and regional economy, China's monetary and fiscal stimulus are expected to kick in and support the growth of domestic companies. Taking the cheap valuation of Chinese companies into account, there is significant upside potential for Chinese equities moving into 2019.

China Equities Outlook

Firm	Index	Target	Potential Upside*
Goldman Sachs	CSI 300	3,700	23%
Morgan Stanley	CSI 300	3,650	21%
UBS	CSI 300	3,800	26%

*Source: Respective Outlook Reports | * % change from 3010.65 level to projected target in 2019*

India

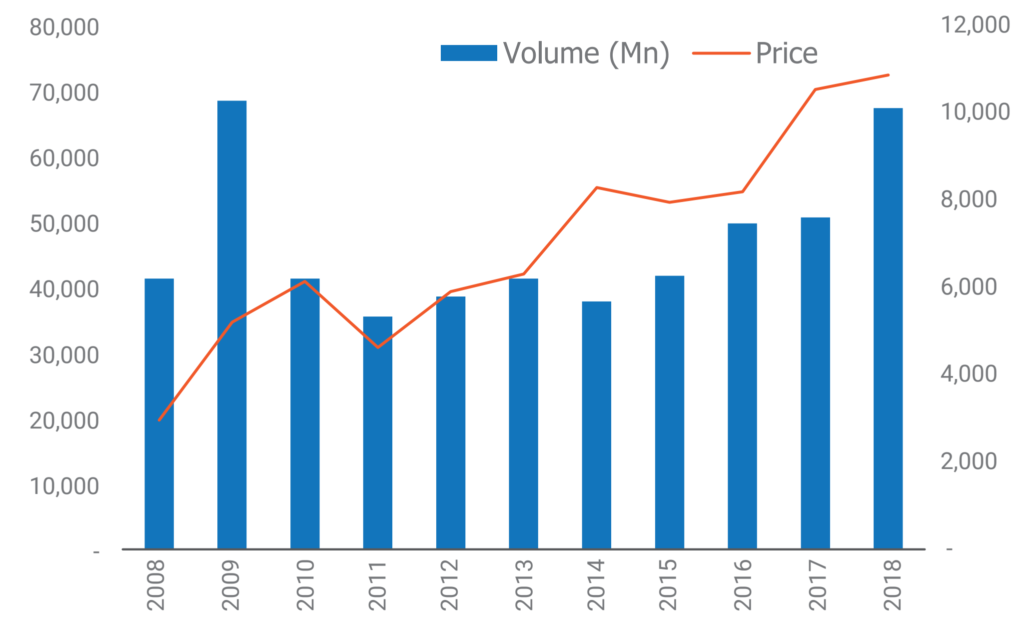
The Indian equity market was among a select few emerging markets that fared relatively better in 2018. The outlook for Indian equity remains neutral as the year 2019 is expected to the see the revival of fortunes for emerging market equities. Heading into 2019, India is expected to emerge as the fastest growing among major economy with an estimated real GDP growth of 7.4% in 2019 according to the IMF. Robust economic growth, driven by populist measures on account of impending election, is expected to aid the revival of earnings growth in 2019, which has been lagging behind for several years. Although valuations have not been very compelling for Indian equity, strong domestic fund inflows, economic growth and drop in crude prices fare well for Indian markets. Alternatively, with no truce emerging between the U.S. and China, India could be a safer bet among emerging markets as the impact of the trade war would be less for India than China. Acknowledging these factors, Indian equities could be poised for better returns in 2019 with the general election result being the major risk factor moving into the year.

Despite multiple headwinds in the form of high crude prices, depreciating rupee and the selloff by foreign investors, Indian equity market continues to trade at a premium when compared to other emerging markets. India's resilience could be attributed to the strong domestic fund inflows that have more than compensated for the outflow of foreign funds. The positive sentiment towards equities is also due to the Indian economy being perceived worldwide as a growth story. According to the IMF, India's real GDP growth forecast for 2019 is the highest among G20 nations at 7.4%. Corporate earnings on the other hand, paints a different picture. In real terms, the average growth rate of corporate earnings stands at -1.9% in the last ten years whilst the economy has been growing at 7% per annum during the same period . Due to this mismatch and the fact that other emerging markets appear more attractive from a valuation perspective, further growth in the equity market should be driven by an increase in corporate earnings.

General election will likely be the key domestic theme playing out in India during 2019. In the run up to the previous general election held in 2014, equity markets grew by 18% during the trailing twelve months (Apr 2013-Apr 2014) in the hope that a stable single-party government would be formed. As opposed to that, considering the current political scenario, the possibility of a coalition government being formed in 2019 remains high. An election verdict that results in a fragmented coalition government could be viewed negatively by the markets as there would be difficulty in pushing through policies and reforms. In addition, fiscal spending is expected to stay expansionary ahead of the elections, putting pressure on the government finances. However, softening of oil prices would mitigate the effect to a reasonable extent.

[1] *The Wire*

CNX Nifty India performance



Source: Reuters Eikon

Sectors that are touted to outshine others in the upcoming year include private banks, consumer discretionary and industrials. Decline in credit costs, increase in M&A activity and rising credit growth are expected to be positive triggers for private banks. Rising real income and solid growth in consumer loans are anticipated to be in favor of the consumer discretionary sector, while a likely rise in capital expenditure would support the industrial sector. Companies focused on the rural sector are also likely to benefit as favorable policies are expected to be set in motion to appease the rural population, which accounts for a very larger share of the vote base. The IT sector is another one which is expected to continue its good run. As the US economy remains strong, Indian IT companies whose clientele are based out of the U.S. are likely to perform similarly.

India Equities Outlook

Firm	Index	Target	Potential Upside*
Goldman Sachs	Nifty	12,000	10%
Citigroup	Sensex	37,300	3%
Morgan Stanley	Sensex	42,000	16%
Nomura Holdings	Nifty	11,270	4%

*Source: Respective Outlook Reports | * % change from 36.68.33 for Sensex and 10862.55 Nifty level to projected target in 2019*

Fixed Income Outlook – 2019

Accelerated economic growth, increased borrowing needs of the U.S. government and balance sheet reduction measures by the U.S. Fed have led to steady rise in bond yields. 10 year U.S treasuries that started the year at a yield of 2.4% breached the psychological mark of 3.0% and settled at a value of 2.7% in 2018-end.

U.S. Fed is expected to raise interest rates twice in 2019, which could push federal funds rate to 2.75% to 3.00% range. However, the professed action by the central bank would be largely guided by economic data points that subsequently emerge. Globally, other central banks are also expected join the U.S. Fed in gradually tightening their monetary policies. European Central Bank (ECB) is expected to finish its asset buying program in early 2019 and could begin raising its rates by mid-2019. Other major central banks such as the Bank of Japan and Bank of England, could also raise the interest rates in 2019.

Quantitative Easing (QE) measures that started during the 2008 global financial crisis had turned out to be an ongoing endeavor. Though it served the purpose of ensuring stability of the financial system, it has contributed to price distortions across asset classes. Bond yields reached record lows, stock markets attained peak values and pushed investors into riskier assets by keeping capital costs artificially low. Unwinding of QE and tightening of central bank balance sheet, thus assumes central importance considering the impact it can wield across asset classes and geographies. Though, it could be construed as a sign of the economy being healthy, a disorderly unwinding remains a risk.

Strategists across the globe, including firms like J.P. Morgan Asset Management recommend investors to reduce the risk exposure of their fixed income portfolios by reducing their duration risk (avoiding longer maturities) and decreasing their allocations to high yields – typically junk bonds and emerging market debt. Considering the limited upside potential in the environment of increasing rates, it would be prudent to reduce credit risk and shift to quality issues (developed markets, sovereigns, blue chips)

Key Calls for Fixed Income

Firm	Outlook
Blackrock	***U.S. Sovereigns:*** Anticipates higher yields; Fed closer to neutral rate, upward rate pressure is limited ***Europe sovereigns:*** yields unattractive and vulnerable to growth uptick ***U.S. Credit:*** Fundamentals remain solid, late-cycle economic concerns pose risk to valuations ***EM Debt:*** Prefer hard currency over local currency debt; stable fundamentals, cheapening valuations and slowing issuance are supportive
J.P Morgan	Switch from yield maximization to downside protection; Trim higher-risk sectors and rotate into sager, higher-quality assets
Franklin Templeton	Rate pressures expected to drive U.S. Treasury yields higher
Morgan Stanley	Bear market for credit (U.S.) has likely already begun; EM fixed assets are cheap and a rebalancing in global capital flows should lead to local currency strength
Goldman Sachs	Constructive on short-duration credit & tactically upbeat on U.S. corporate credit

Source: Respective Outlook Reports

Alternatives Outlook – 2019

Commodities

Commodities, in general, underperformed other asset classes in 2018 on back of rising trade war tensions and concerns of hard landing in China. Industrial metals, in particular, bore the burnt in 2018.

Oil prices fell 19.5% in 2018 due to concerns of oversupply. Recently, OPEC and Russia have been on talks to cut back production, a move that establish a price floor and stabilize the market. On the other hand, slowdown in global economic growth and active lobbying by oil consuming nations could keep the upside capped. Moreover, the prevailing lower oil prices could slow down oil output growth from the U.S. in 2019. Overall, Oil prices are expected to trade within the range of USD 65 to 75/bbl in 2019.

Currencies

In 2019, U.S dollar strength is expected to wane. Given the prevailing valuation levels in U.S. stock markets and the yields at which the U.S. denominated debt trades, scope for further inflows remain limited. This could cap the demand and consequently the appreciation potential of the U.S. Dollar. Alternatively, it could lead to strengthening of Yen & Euro in the coming year.

On the other hand, EM currencies after witnessing a sharp sell-off in 2018 could be back in favor among investors. In the case of Turkey & Argentina, external vulnerabilities and policy missteps led their currencies to fall. EM economies that have robust fundamentals, high reserves and manageable trade deficits such as China, Indonesia and India are better positioned. Relaxation in trade tension could act as a tailwind.

Real Estate

An aging economic cycle and an environment of rising long-term interest rates is expected to act as pain points for real estate market. The signs of maturing economic cycle are emerging in the form of

1) low vacancy rates,
2) Peak occupancy rates, and
3) Slowing growth of net operating income, among REITs.

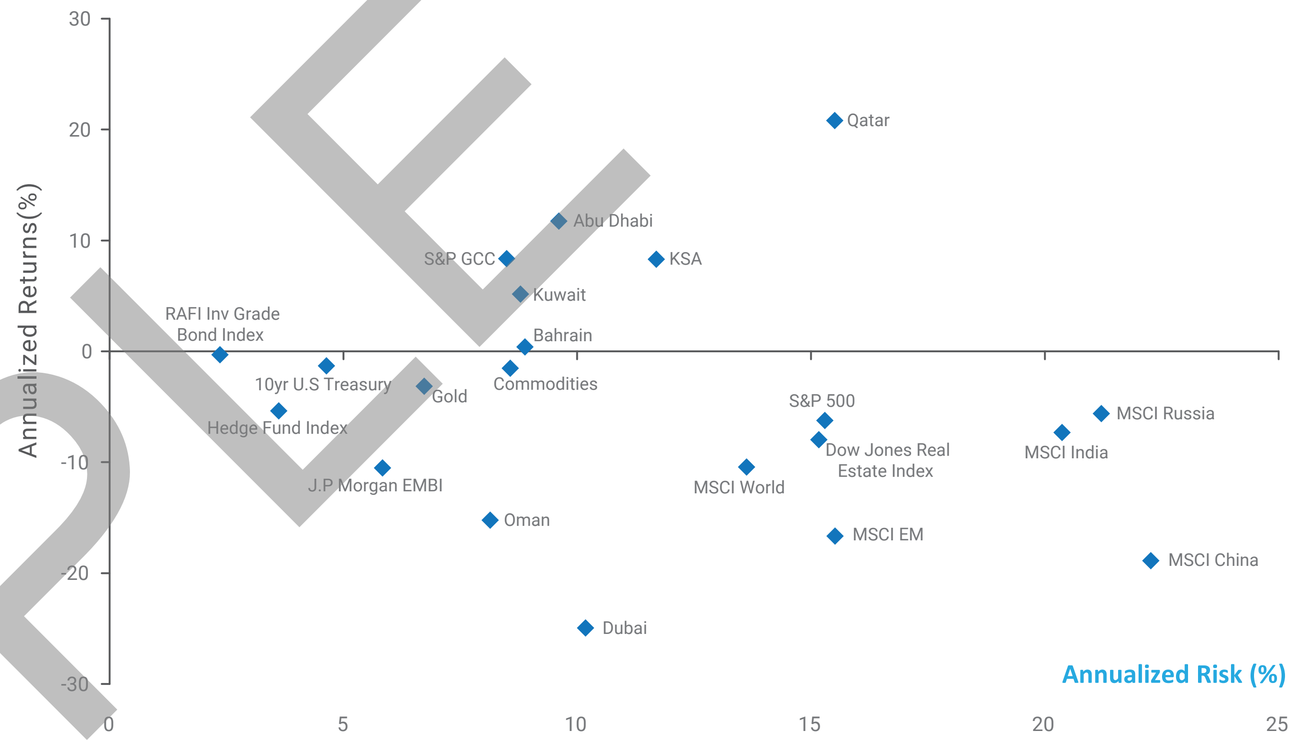
Key Calls for Alternatives

Alternatives	Comments
Oil	*Goldman Sachs:* Prices to be range bound; WTI price range in 2019: USD 50-70/bbl *J.P Morgan:* geopolitical strife may force oil prices higher, oil prices expected to average USD 73/bbl in 2019 *Wells Fargo:* Brent crude price range USD 65 to 75/bbl
Industrial Metals	*Wells Fargo:* expect them to strongly bounce in 2019 *Blackrock:* Diffused trade tensions could signal upside
Currencies	*Goldman Sachs:* Softening of USD, Strengthening of EUR & stronger EM currencies *Morgan Stanley* expects 2019 to be the year of Euro & Yen. *Blackrock:* Neutral on USD, would continue to be safe haven *J.P Morgan:* 'fading of U.S. economic exceptionalism' as U.S. growth eases and rest of the world catches up; USD to weaken against Euro & other DM currencies.
Real Estate	*Goldman Sachs:* Neutral stance on outlook *Wells Fargo:* Expect it to underperform equities in 2019

Source: Respective Outlook Reports

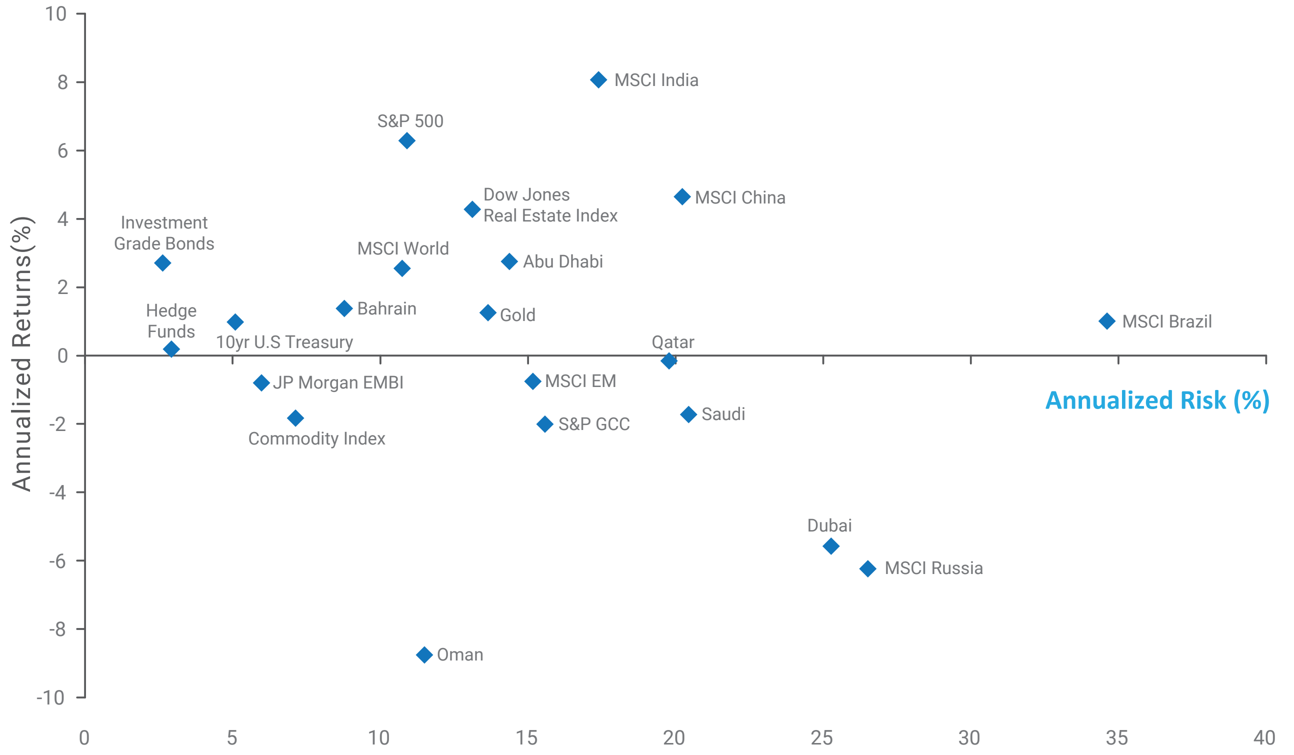
Appendix

Short-term Asset Class performance: Risk-Return Profile, 2018



Source: Reuters Eikon, Markaz Research

Long-term Asset Class performance: Risk-Return Profile, 2014-2018



Source: Reuters Eikon, Markaz Research; The revamped Kuwait index doesn't have historical data and thus has been excluded from the analysis

10 year Global Markets Returns Table (2009-2018)

Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR	Std Dev	$1 invested in 2009
Argentina (Merval)	114%	79%	-36%	5%	114%	83%	60%	22%	96%	-7%	43%	53%	35.81
Indonesia (Jakarta)	87%	46%	3%	13%	-1%	22%	-12%	15%	20%	-3%	16%	29%	4.57
Phillipines (PHS)	63%	38%	4%	33%	1%	23%	-4%	-2%	25%	-13%	15%	24%	3.99
Russia (MOEX)	121%	23%	-17%	5%	2%	-7%	26%	27%	-6%	12%	14%	39%	3.81
India (NIFTY)	76%	18%	-25%	28%	7%	31%	-4%	3%	29%	3%	14%	27%	3.67
Thailand (SET)	63%	41%	-1%	36%	-7%	15%	-14%	20%	14%	-11%	13%	25%	3.48
Turkey (BIST)	97%	25%	-22%	53%	-13%	26%	-16%	9%	48%	-21%	13%	39%	3.40
Hungary (Budapest)	73%	0%	-20%	7%	2%	-10%	44%	34%	23%	-1%	12%	28%	3.20
Egypt (Hermes)	34%	16%	-42%	44%	23%	23%	-24%	73%	32%	-11%	12%	34%	2.99
US (S&P 500)	23%	13%	0%	13%	30%	11%	-1%	10%	19%	-6%	11%	11%	2.78
Peru (Lima)	101%	65%	-17%	6%	-24%	-6%	-33%	58%	28%	-3%	11%	44%	2.75
South Africa (JNB)	29%	16%	0%	23%	18%	8%	2%	0%	17%	-11%	9%	12%	2.45
Brazil (Bovespa)	83%	1%	-18%	7%	-15%	-3%	-13%	39%	27%	15%	9%	31%	2.34
Germany (DAX)	24%	16%	-15%	29%	25%	3%	10%	7%	13%	-18%	8%	16%	2.20
Chile (IPSA)	51%	38%	-15%	3%	-14%	4%	-4%	13%	34%	-8%	8%	23%	2.15
Poland (WIG)	47%	19%	-21%	26%	8%	0%	-10%	11%	23%	-9%	8%	20%	2.12
Taiwan (TAI)	78%	10%	-21%	9%	12%	8%	-10%	11%	15%	-9%	8%	27%	2.12
Abu Dhabi (ADX)	15%	-1%	-12%	10%	63%	6%	-5%	6%	-3%	12%	7%	21%	2.06

Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR	Std Dev	$1 invested in 2009
Malaysia (KLCI)	45%	19%	1%	10%	11%	-6%	-4%	-3%	9%	-6%	7%	16%	1.93
Mexico (IPC)	44%	20%	-4%	18%	-2%	1%	0%	6%	8%	-16%	6%	16%	1.86
Korea (Kospi)	50%	22%	-11%	9%	1%	-5%	2%	3%	22%	-17%	6%	19%	1.82
Qatar (QSI)	1%	25%	1%	-5%	24%	18%	-15%	0%	-18%	21%	4%	16%	1.82
Japan (TOPX)	6%	-1%	-19%	18%	51%	8%	10%	-2%	20%	-18%	6%	20%	1.74
France (CAC)	24%	0%	-16%	16%	20%	1%	9%	5%	11%	-12%	5%	13%	1.64
Saudi Arabia (TASI)	27%	8%	-3%	6%	26%	-2%	-17%	4%	0%	8%	5%	13%	1.63
Dubai (DFMGI)	10%	-10%	-17%	20%	108%	12%	-17%	12%	-5%	-25%	4%	38%	1.55
UK (FTSE)	22%	9%	-6%	6%	14%	-3%	-5%	14%	8%	-12%	4%	11%	1.52
Australia (ASX)	31%	-3%	-15%	15%	15%	1%	-2%	7%	7%	-7%	4%	13%	1.52
Colombia (IGBC)	53%	34%	-18%	16%	-11%	-11%	-27%	18%	14%	-3%	4%	25%	1.47
China (Shanghai)	80%	-14%	-22%	3%	-7%	53%	9%	-12%	7%	-25%	3%	34%	1.37
Czech Republic (Prague)	30%	10%	-26%	14%	-5%	-4%	1%	-4%	17%	-8%	1%	16%	1.15
Morocco (Casablanca)	-5%	21%	-13%	-15%	-3%	6%	-7%	30%	6%	-8%	0%	15%	1.03
Nigeria (NG)	-34%	19%	-16%	35%	47%	-16%	-17%	-6%	42%	-18%	0%	29%	1.00
Oman (Muscat)	17%	6%	-16%	1%	19%	-7%	-15%	7%	-12%	-15%	-2%	13%	0.79
Bahrain (BAX)	-19%	-2%	-20%	-7%	17%	14%	-15%	0%	9%	0%	-3%	13%	0.74

Source: Reuters Eikon; Note: The revamped Kuwait index doesn't have historical data and thus has been excluded from the analysis

Authors

M.R. Raghu CFA, FRM
Head of Research
+965 2224 8280
rmandagolathur@markaz.com

Rajesh Dheenathayalan, CFA
Manager - Research
+965 2224 8000 Ext: 4608
RDheenathayalan@e-marmore.com

Arnav Singh
Analyst – Research
+965 2224 8000 Ext: 4624
ASingh@e-marmore.com

Ajay Samuel
Analyst – Research
+965 2224 8000 Ext: 4625
ASamuel@e-Marmore.com

about marmore

Our vision
To be the first choice for obtaining strategic intelligence on the MENA region.

Our mission
Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making.

Our aim
Advocate intellectual research on MENA economics, businesses and financial markets and provide customized, actionable solutions.

Our foundation
- *A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history*
- *Markaz research activities commenced in 2006*
- *Marmore established in 2010 to intensify the research activities*
- *Publishes research reports and provides consulting services*

published research

Industry research
Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.

Economic research
These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

Infrastructure research
Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

Capital market research
Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

Policy research
Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

Periodic research
Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

Regulatory research
Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.

consulting services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

What type of consulting services we provide?
- *Industry market assessment (market size, competitors, regulations)*
- *White label reports (industry reports, company newsletters, periodic research)*
- *Databases (competitors' information, target clients insights)*
- *Company valuation (buy/sell side advisory)*
- *Due diligence / Business evaluation*
- *Feasibility studies (market and financial)*
- *Business plans*
- *C-Suite support to leaders with intellectual, industry related needs*

How do we execute consulting engagement?
Our seven step process to execute consulting engagements:
- *Step 1: Requirement and scope analysis*
- *Step 2: Proposal submission*
- *Step 3: Project initiation*
- *Step 4: Fieldwork / research*
- *Step 5: Analysis & reporting*
- *Step 6: Review & approval*
- *Step 7: Report submission / presentation*

RESEARCH PROVIDER OF THE YEAR
2018
GLOBAL INVESTOR (EUROMONEY)

KNOWLEDGE PARTNER
SWFI

/marmoremena
@marmoremena
marmore-mena
marmoreMENA

www.e-marmore.com
enquiry@e-marmore.com