



**CIO OFFICE: Equity Market Update 22<sup>nd</sup> April 2020**

**Developed Markets**

- ✓ Markets gave back some recent gains with the S&P 500 declining over 3% yesterday. Small caps outperformed large cap and more defensive sectors were the relative performers. Investors shrugged off a deal reached by the White House and congressional leaders on fresh spending to combat the impact of the coronavirus pandemic
- ✓ Oil markets continued to be in the headlight as the June WTI contracts were under pressure. Pres. Trump said his administration is working on a plan to make money available to the oil industry to prevent the loss of jobs.
- ✓ Technology, which has been a leadership sector, led U.S. stocks lower.

**Emerging Markets**

- ✓ Asia equities declined yesterday but are trading up today. China continues to outperform with businesses now back to 80% of earlier levels and India continues lockdowns face the expected economic impact on industry.

**GCC**

- ✓ GCC equities are up this morning after falling yesterday (expected with the rout in oil prices)
- ✓ The UAE Central Bank announced that lenders used 30% of the Dh 50 bn COVID-19 support fund to help businesses and individuals through the novel virus outbreak
- ✓ Saudi Telecom Com (STC) delays USD 2.4 bn Vodafone Egypt deal to buy Vodafone Group's 55% stake

**Company News & Earnings**

- ✓ In line with our recent note on changing consumer trends we quote: **Coca Cola (-17% YTD)** CEO on earnings call: there's an "upsurge in e-commerce across the globe. There is an expectation that some of these "seismic" changes in purchasing behavior will change, including e-commerce purchases. Coca-Cola is building a long-term strategy with this in mind." Also Q1 was good due to stockpiling but April sales have declined 25% globally.
- ✓ **Netflix (+34% YTD)** added nearly twice as many subscribers as forecast (15.8 mn) in Q1. Total 182.9 mn paying customers. Expect this trend to deaccelerate as stay at home numbers decrease. Netflix has \$5.2 bn in cash at end Q1. First quarter of positive cashflow. States content for 2020 ready and will not suffer from production delays.
- ✓ **Ericsson:** Q1 margin above estimates, with strong demand in the US. Unchanged financial targets for 2020 and 2022. Sees slower 5G rollout in Europe as phone carriers postpone upgrades.
- ✓ **Facebook (-17% YTD)** invests \$ 5.7 bn for 9.9% of India's Jio platform (part of Reliance Industries Limited). Jio has 388 mn users. This will also give it access to JioMart.
- ✓ Microsoft 365 is now available worldwide, designed to replace existing Office 365, adding AI-powered tools and looking to make more of an impact with 365's family safety, learning, and finance features
- ✓ Google, Apple, Amazon, and Facebook are among the U.S. tech giants facing hundreds of millions of euros in European digital taxes in nations like the U.K., France, and Italy. These companies are unlikely to receive foreign tax benefits if the U.S. government continues to treat digital taxes as a trade issue
- ✓ **Nintendo** asked its suppliers to boost Switch production to state a surge in global demand during the pandemic, but a lack of key components such as memory may halt efforts to increase output

### Global Equity Indices

Region	Index	Last Price	%1D	%5D	YTD	2019	P/E	P/B	Div. Yield	ROE
<b>Developed Markets</b>							<b>1FY</b>			
U.S.	S&P 500 INDEX	2737	-3.1%	-3.8%	-14.8%	31.5%	20.54	2.89	2.2%	15.4%
U.S.	DOW JONES INDUS. AVG	23019	-2.7%	-3.9%	-18.8%	25.3%	19.79	3.28	2.8%	20.4%
U.S.	NASDAQ COMPOSITE INDEX	8263	-3.5%	-3.0%	-7.6%	36.7%	28.21	4.15	1.2%	32.6%
U.S.	RUSSELL 2000 INDEX	1185	-2.3%	-4.2%	-28.7%	25.5%	38.89	1.42	2.1%	195.2%
Europe	STXE 600 (EUR) Pr	324	-3.4%	-2.9%	-21.3%	27.9%	16.38	1.45	3.9%	6.5%
U.K.	FTSE 100 INDEX	5641	-3.0%	-2.6%	-24.4%	17.2%	14.40	1.33	5.4%	5.8%
Hong Kong	HANG SENG INDEX	23824	0.1%	-1.3%	-15.3%	13.0%	10.31	0.96	4.0%	10.7%
Japan	NIKKEI 225	19078	-1.1%	-2.4%	-18.6%	20.7%	15.58	1.35	2.4%	8.0%
DM	MSCI DM TR USD	5692	-3.1%	-1.4%	-17.6%	27.7%	18.41	2.02	2.7%	8.9%
<b>Emerging Markets</b>										
China	CSI 300 INDEX	3827	0.5%	0.8%	-6.6%	39.2%	11.65	1.53	2.7%	11.1%
India	S&P BSE SENSEX INDEX	31052	1.4%	2.2%	-24.5%	15.7%	15.81	2.14	2.0%	13.9%
UAE	DFM GENERAL INDEX	1826	-3.3%	-3.8%	-31.4%	14.2%	6.76	0.54	5.9%	8.3%
UAE	ADX GENERAL INDEX	3860	-2.7%	-6.5%	-20.2%	8.4%	11.71	1.13	5.6%	12.0%
KSA	TADAWUL ALL SHARE INDEX	6497	-1.6%	-5.5%	-21.4%	10.9%	16.60	1.63	4.0%	23.0%
EM	MSCI EM TR USD	418	-2.3%	-1.1%	-20.8%	18.4%	12.84	1.26	3.1%	11.2%
<b>World Sectors</b>										
	MSCI ACWI/FINANCE	89	-3.3%	-2.3%	-32.0%	24.1%	10.30	0.81	4.5%	10.8%
	MSCI ACWI/INF TECH	284	-4.0%	-2.5%	-9.4%	47.5%	21.08	4.39	1.6%	23.3%
	MSCI ACWI/HLTH CARE	269	-2.6%	1.1%	-3.5%	23.3%	17.93	3.73	2.0%	23.0%
	MSCI ACWI/CONS DIS	238	-2.8%	-0.3%	-14.5%	28.2%	25.68	2.65	1.6%	9.3%
	MSCI ACWI/INDUSTRIL	196	-2.8%	-1.3%	-25.4%	27.2%	17.59	2.02	2.6%	9.8%
	MSCI ACWI/COMM SVC	72	-2.9%	-1.7%	-12.3%	25.1%	18.38	2.20	2.0%	10.2%
	MSCI ACWI/CON STPL	226	-2.5%	-1.5%	-10.1%	22.4%	19.43	3.57	3.0%	19.9%
	MSCI ACWI/ENERGY	119	-2.9%	-1.3%	-42.7%	13.9%	38.01	0.82	7.2%	3.5%
	MSCI ACWI/MATERIAL	212	-3.0%	-1.7%	-23.1%	20.8%	16.24	1.34	3.6%	7.7%
	MSCI ACWI /UTILITY	129	-1.9%	-2.2%	-13.6%	22.3%	15.40	1.50	4.1%	11.3%
	MSCI ACWI/REAL EST	885	-2.1%	-2.9%	-21.0%	24.0%	17.65	1.25	4.4%	9.7%

Source: Bloomberg: 10:10 am 22<sup>nd</sup> April 2020

### Wealth Management CIO Office Equity Strategy Team

**Anita Gupta**  
Head of Equity Strategy  
[AnitaG@EmiratesNBD.com](mailto:AnitaG@EmiratesNBD.com)  
Contact: +971 (0)4 609 3564

**Nawaf AlNaqbi**  
Equity Strategist  
[NawafAlNa@emiratesnbd.com](mailto:NawafAlNa@emiratesnbd.com)  
Tel: +971(0)4 609 3838

**Rashed Bindrai**  
Equity Analyst  
[RashedBI@emiratesnbd.com](mailto:RashedBI@emiratesnbd.com)  
Tel: +971(0)4 609 3829

**Kaltham Alhashimi**  
Equity Analyst  
[KalthamS@emiratesnbd.com](mailto:KalthamS@emiratesnbd.com)  
Tel: +971(0)4 609 3783

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