



CIO OFFICE: Equity Market Update 2nd June 2020

Developed Markets

- ✓ Global stocks had a good day, gaining 1.1% with EM outperforming. U.S. Treasury yields were unchanged. PMI numbers released in Europe and in the U.S. yesterday suggest that the bottom is behind us, which is to some extent already priced-in to markets.
- ✓ Economic data released yesterday showed while manufacturing data did improve for the month of May in the U.S., it remains in contraction; ISM Manufacturing results for May were 43.1, above April's post of 41.5. Other economic data released was Construction Spending, -2.9% for April but above the -6.3% estimate. The U.S. labor market report on Friday will probably show American unemployment soared to 19.6% in May, the highest since the 1930s.
- ✓ U.S. markets held steady, as investors focused on signs of economic recovery amid further tension with China, lackluster virus drug-test results, and spreading protests. Chinese officials have paused the purchase of some U.S. farm goods, threatening a hard-won trade deal. The Nasdaq Composite +0.7% yesterday, outperformed the broader market and is now +7% year to date.
- ✓ Europe's Stoxx 600 index was up +1.10% as investors see signs of recovery for the continent's manufacturers (auto, machinery and food). The ECB is expected to top up its rescue program with an additional 500 bn euros of asset purchases at a meeting on Thursday. The German DAX leads as Chancellor Angela Merkel seeks to broker a compromise today on a second stimulus package to help the country's economy.

Emerging Markets

- ✓ China markets were up as was the Hang Seng and India. China's May factory activity data indicated expansion. The Shanghai Shenzhen index closed +2.70% higher.
- ✓ Moody's reduced the long-term foreign-currency credit rating of India to Baa3 from Baa2. The action brings its rating in line with the BBB- assessment from S&P Global Ratings and Fitch Ratings Ltd. The Sensex has gained 10% in the last 5 days with the virus lockdowns easing, but India's cases are on the rise as it was hit later by the pandemic.

GCC

- ✓ GCC markets are well supported as Brent trades above USD 38 ahead of the OPEC + expected this week. Easing of restrictions and higher oil prices will continue to push the TASI beyond the 7200 mark. In the UAE, markets should follow oil higher, but trading volumes are a concern.
- ✓ The Saudi Arabian Monetary Authority unveiled a USD 13.3bn stimulus package to protect banks against an expected drop in profits and rise in bad loans as they confront the double whammy of the coronavirus shock and lower oil prices.

Company News

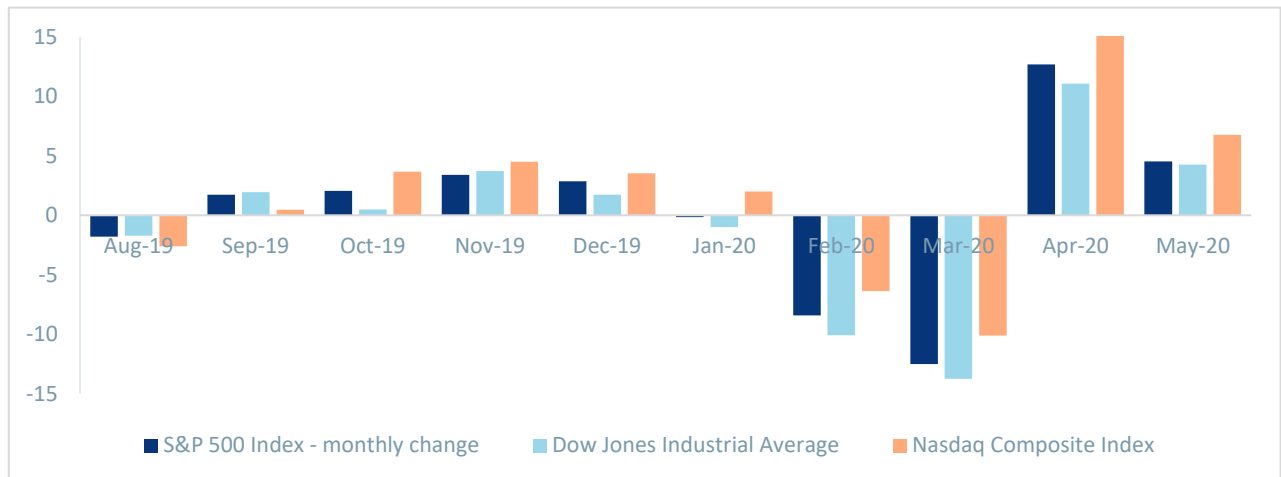
- ✓ **Gilead Sciences** fell after its drug Remdesivir showed only a limited benefit in a large trial. The stock price declined by -3.43%.
- ✓ **Zynga's** CEO said the company has agreed to buy Turkish mobile-game maker Peak for USD 1.8bn, marking its biggest acquisition yet. The deal is said to will boost Zynga's margins, revenue, and users. As a favored stay at home stock, it has gained 53.5% year to date.

Global Equity Indices

Country	Index	Last Price	%1D	%5D	YTD	2019	P/E	P/B	Div. Yield	ROE
Developed Markets										
US	S&P 500 INDEX	3056	0.4%	3.4%	-4.6%	31.5%	24.39	3.34	1.9%	14.5%
US	DOW JONES INDUS. AVG	25475	0.4%	4.1%	-9.7%	25.3%	23.30	3.66	2.5%	20.2%
US	NASDAQ COMPOSITE INDEX	9552	0.7%	2.4%	7.0%	36.7%	35.05	4.98	0.9%	31.9%
US	RUSSELL 2000 INDEX	1405	0.8%	3.7%	-15.3%	25.5%	75.10	1.82	1.2%	205.1%
Europe	STXE 600 (EUR) Pr	359	1.3%	2.9%	-12.3%	27.9%	20.28	1.62	3.2%	4.6%
UK	FTSE 100 INDEX	6208	0.7%	2.3%	-16.4%	17.2%	18.65	1.47	4.0%	3.5%
Hong Kong	HANG SENG INDEX	23996	1.1%	2.6%	-14.1%	13.0%	11.34	0.97	3.6%	10.5%
Japan	NIKKEI 225	22326	1.2%	5.0%	-4.7%	20.7%	20.19	1.59	2.0%	7.5%
DM	MSCI DM TR USD	6391	0.7%	2.4%	-7.5%	27.7%	22.30	2.33	2.3%	7.7%
Emerging Markets										
China	CSI 300 INDEX	3984	0.3%	2.9%	-2.4%	39.2%	12.62	1.59	2.5%	10.9%
India	S&P BSE SENSEX INDEX	33764	1.4%	10.3%	-17.8%	15.7%	18.56	2.33	1.7%	12.5%
UAE	DFM GENERAL INDEX	1977	0.2%	2.0%	-25.3%	14.2%	9.18	0.68	3.5%	7.0%
UAE	ADX GENERAL INDEX	4237	1.6%	3.0%	-11.9%	8.4%	16.61	1.25	4.0%	#VALUE!
KSA	TADAWUL ALL SHARE INDEX	7313	0.3%	3.7%	-11.1%	10.9%	21.52	1.92	3.2%	17.2%
EM	MSCI EM TR USD	454	2.3%	2.7%	-14.0%	18.4%	15.25	1.37	2.7%	10.0%
World Sectors										
	MSCI ACWI/FINANCE	98	1.8%	3.1%	-24.3%	24.1%	12.95	0.92	3.7%	9.6%
	MSCI ACWI/INF TECH	329	0.5%	1.9%	5.0%	47.5%	25.24	5.33	1.4%	22.9%
	MSCI ACWI/HLTH CARE	286	-0.4%	2.2%	2.8%	23.3%	19.51	4.01	1.9%	21.2%
	MSCI ACWI/CONS DIS	271	1.2%	2.5%	-2.6%	28.2%	36.24	3.19	1.2%	7.7%
	MSCI ACWI/INDUSTRAL	223	0.7%	1.9%	-14.7%	27.2%	22.55	2.37	2.2%	8.5%
	MSCI ACWI/COMM SVC	81	1.4%	1.6%	-0.6%	25.1%	21.40	2.39	1.7%	10.0%
	MSCI ACWI/CON STPL	236	0.8%	3.1%	-5.9%	22.4%	20.79	3.66	2.8%	19.6%
	MSCI ACWI/ENERGY	140	2.0%	0.9%	-32.2%	13.9%	62.82	1.00	5.5%	1.8%
	MSCI ACWI/MATERIAL	246	1.5%	2.8%	-10.6%	20.8%	20.24	1.56	3.0%	7.5%
	MSCI ACWI/UTILITY	138	1.2%	5.1%	-6.8%	22.3%	16.56	1.62	3.8%	10.9%
	MSCI ACWI/REAL EST	952	2.3%	3.5%	-14.8%	24.0%	19.80	1.35	3.8%	9.5%
Key Levels										
Gold	XAU-USD X-RATE	1738	0.0%	1.5%	1.5%	31.6%				
10 Year Yield	US Generic Govt 10 Yr	0.66	0.7%	-4.7%	-4.7%	-68.7%				
2 Year Yield	US Generic Govt 2 Yr	0.16	0.0%	-8.9%	-8.9%	-91.9%				
Brent	Generic 1st 'CO' Future	39.0	1.8%	7.8%	7.8%	-39.5%				

Source: Bloomberg: 12:37 pm 2nd June 2020

Exhibit: Major U.S. equity benchmarks advance for second straight month



Source: Bloomberg 1st June 2020

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