



**CIO OFFICE: Equity Market Update 5<sup>th</sup> May 2020**

**Developed Markets**

- ✓ U.S. stocks started the week on a positive note, rallying towards the close after California spoke of reopening the economy. Tensions escalated between the Trump administration and China. The S&P 500 ended Monday +0.42%
- ✓ Energy, information technology and utilities were the biggest gainers in the S&P 500, led by Exxon Mobil and Chevron
- ✓ U.S. airlines were hit hard after Warren Buffet said over the weekend that Berkshire Hathaway had exited the sector
- ✓ In Europe, the Stoxx Europe 600 fell -2.65%, with all industry sectors in the red

**Emerging Markets**

- ✓ Equities in Hong Kong fell on dismal GDP data and also as traders caught up after a long weekend. The HSI Index was down -4.18%
- ✓ India's Sensex too followed global markets falling sharply on the day. China and Japan financial markets were closed

**GCC**

- ✓ **SABIC** posts SAR 950 mn loss for Q1, compared with a net profit of SAR 3.41 bn a year earlier, citing impairment losses on assets and lower demand due to the pandemic

**Company News**

- ✓ **Amazon** reported Q1 earnings on 30<sup>th</sup> April: revenue of USD 75.5 bn, net income of USD 2.5 bn, EPS of USD 5.01. North American sales were up 29% to USD 46.1 bn, while international sales grew 18% to USD 19.1 bn. Amazon Web Services (AWS) is up 33%, subscriptions up 28%, and 'other' up 44%. The largest U.S. online retailer saw profit shrink and said it may incur a loss in the current quarter as it boosts spending to keep logistics operations running smoothly during the coronavirus pandemic
- ✓ **Apple** reported Q2 on 30<sup>th</sup> April, revenue of USD 58.3 bn, adjusted EPS is USD 2.55. USD 13.3 bn in revenue for its Services business is an all-time high, up from USD 11.45 bn in the same quarter last year. The company reported results above estimates, however did not provide guidance for June quarter. Apple's laptop and iPad businesses are benefiting from increased working from home, while the core iPhone unit trends are unclear due to economic uncertainty however should improve when lockdowns end. App Store and digital-services growth looks sustainable.
- ✓ **Microsoft** (29 April) generated USD 35 bn in revenue, up 15% from the year-ago period. USD 13 bn in operating income (+25% y/y), and USD 10.8 bn in net income (+22% YoY). USD 1.40 in EPS. Cloud unit jumps 27% y/y. The software giant reaped the benefit of people working and learning from home due to the ongoing pandemic. In the Productivity and Business Processes and Intelligent Cloud segments, cloud usage increased, particularly in Microsoft 365 including Teams, Azure, Windows Virtual Desktop, advanced security solutions, and Power Platform,
- ✓ **Amgen** reported an adjusted profit of USD 4.17 per share, +17% y/y; The biotechnology company is currently studying psoriasis drug Otezla as a potential treatment for COVID-19
- ✓ **Gilead's** Remdesivir was cleared by the FDA for emergency use in COVID-19 patients, becoming the first medication backed by early clinical data to be made available to fight the novel virus
- ✓ **Roche** was granted emergency FDA approval for a COVID-19 antibody test; the Swiss giant promised a fast scale-up of the tool that policymakers hope will smooth the reopening of economies
- ✓ **Tencent** takes 5% stake in Afterpay, an Australian payment services firm, the latest step to expand outside of China

### Global Equity Indices

Region	Index	Last Price	%1D	%5D	YTD	2019	P/E	P/B	Div. Yield	ROE
<b>Developed Markets</b>										
U.S.	S&P 500 INDEX	2843	0.4%	-1.2%	-11.5%	31.5%	22.09	3.05	2.1%	14.9%
U.S.	DOW JONES INDUS. AVG	23750	0.1%	-1.6%	-16.2%	25.3%	21.33	3.41	2.7%	19.8%
U.S.	NASDAQ COMPOSITE INDEX	8711	1.2%	-0.2%	-2.6%	36.7%	30.82	4.64	1.1%	32.3%
U.S.	RUSSELL 2000 INDEX	1264	0.3%	-1.4%	-23.9%	25.5%	50.85	1.56	1.9%	196.0%
Europe	STXE 600 (EUR) Pr	334	1.7%	-2.1%	-18.7%	27.9%	17.83	1.49	3.6%	4.6%
U.K.	FTSE 100 INDEX	5849	1.7%	-1.8%	-21.5%	17.2%	16.32	1.38	4.5%	3.3%
Hong Kong	HANG SENG INDEX	23855	1.0%	0.1%	-15.2%	13.0%	10.77	0.96	3.7%	10.7%
Japan	NIKKEI 225	19619	-2.8%	1.0%	-16.3%	20.7%	16.37	1.40	2.3%	8.0%
DM	MSCI DM TR USD	5889	-0.3%	-1.2%	-14.8%	27.7%	19.73	2.11	2.6%	7.9%
<b>Emerging Markets</b>										
China	CSI 300 INDEX	3913	1.2%	2.2%	-4.5%	39.2%	12.17	1.56	2.6%	11.0%
India	S&P BSE SENSEX INDEX	31836	0.4%	0.3%	-22.6%	15.7%	16.79	2.17	1.9%	13.4%
UAE	DFM GENERAL INDEX	1950	1.3%	-2.4%	-26.3%	14.2%	8.05	0.67	5.4%	8.2%
UAE	ADX GENERAL INDEX	4082	1.1%	-3.3%	-15.1%	8.4%	12.79	1.18	5.0%	11.9%
KSA	TADAWUL ALL SHARE INDEX	6713	1.8%	-2.5%	-18.6%	10.9%	18.21	1.76	3.8%	19.3%
EM	MSCI EM TR USD	422	-3.1%	-1.6%	-19.9%	18.4%	13.37	1.24	3.0%	10.9%
<b>World Sectors</b>										
	MSCI ACWI/FINANCE	91	-2.1%	-3.1%	-29.9%	24.1%	11.17	0.84	4.2%	10.4%
	MSCI ACWI/INF TECH	301	0.5%	1.4%	-4.1%	47.5%	22.52	4.44	1.5%	23.0%
	MSCI ACWI/HLTH CARE	271	-0.2%	-2.0%	-2.6%	23.3%	18.12	3.76	1.9%	23.1%
	MSCI ACWI/CONS DIS	243	-0.5%	-1.8%	-12.7%	28.2%	29.02	2.82	1.6%	8.2%
	MSCI ACWI/INDUSTR	201	-1.9%	-3.2%	-23.3%	27.2%	19.19	2.07	2.5%	9.0%
	MSCI ACWI/COMM SVC	75	-0.4%	1.7%	-7.9%	25.1%	19.38	2.32	1.9%	10.1%
	MSCI ACWI/CON STPL	225	-1.1%	-2.5%	-10.3%	22.4%	19.59	3.55	3.0%	20.1%
	MSCI ACWI/ENERGY	130	0.4%	-0.5%	-37.3%	13.9%	54.23	0.92	6.1%	2.9%
	MSCI ACWI/MATERIAL	223	-1.1%	-1.6%	-19.2%	20.8%	17.62	1.40	3.4%	7.6%
	MSCI ACWI /UTILITY	129	-0.7%	-3.5%	-13.5%	22.3%	15.45	1.50	4.1%	11.1%
	MSCI ACWI/REAL EST	894	-1.3%	-2.8%	-20.2%	24.0%	18.01	1.25	4.3%	9.6%

Source: Bloomberg; 11:25 am 5<sup>th</sup> May 2020

### Exhibit: Airlines in Distress: Industry's latest knock comes as Buffett dumps stakes in U.S. carriers



Source: Bloomberg 5<sup>th</sup> May 2020; rebased to 0

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