



**CIO OFFICE: Equity Market Update 6<sup>th</sup> May 2020**

**Developed Markets**

- ✓ U.S. stocks closed higher despite a late-day swoon as optimism that more economies are moving toward easing their coronavirus lockdowns outweighed cautionary comments from Federal Reserve Officials. The S&P 500 rose for a second day, climbing by +0.90%. Gains were led by healthcare, utilities and information technology companies
- ✓ European stocks gained, the Stoxx 600 rose by 2.15%
- ✓ Friday brings the U.S. jobs report for April, expected to show a severe impact from the pandemic

**Emerging Markets**

- ✓ The MSCI EM Index rose 9% in April, after a 16% drop in March
- ✓ Markets were closed in China, South Korea and Japan

**GCC**

- ✓ Stocks in Dubai climbed 14% in April, partially recovering from a 32% slump in March. Dubai's Expo 2020 world's fair will be postponed to October 1st 2021 due to the coronavirus pandemic
- ✓ The Tadawul index gained 1.74%, the most in the Gulf, with major banks and Saudi Aramco boosting the benchmark as Brent Crude jumps on signs that the worst of the supply glut may be over

**Company News**

- ✓ **BNP Paribas** reported a net income of USD 1.42 bn for the first three months of the year, down 33% a year ago. The ongoing pandemic has put pressure on the bank's performance. While first quarter profit and revenue met analyst estimates, the bank took more than USD 1.0 bn in charges and write-downs, including USD 547 mn for future bad credit
- ✓ **Disney's** second-quarter profit plunged by more than half as it was bludgeoned on all sides. The worst performance came from the theme-park division, where shuttered parks caused operating income to tumble to USD 639 mn from USD 1.51 bn last year. The film studio, which hasn't been able to show movies in theaters since mid-March, dropped 8%. Disney+ was a bright spot as expected, with subscribers jumping 33.5 million, a 26% increase
- ✓ **Gilead** is in talks with manufacturers to expand the output of remdesivir after it was cleared for emergency use
- ✓ **Pfizer** has begun administering its experimental vaccines, and Sanofi is also eyeing early-stage vaccine trials
- ✓ The first patients have been dosed with **Mesoblast's** remestemcel-L for those with moderate to severe acute respiratory distress
- ✓ **Regeneron** said its experimental antibody treatment may be available by the fall
- ✓ **BMW** lowered its profit outlook for the year and now sees an Ebit margin for its automotive segment of between 0% and 3%, from 2% to 4% earlier. Car sales won't return to normal in the coming weeks, the automaker said, and business will worsen in the second quarter
- ✓ **GM** is talking to banks about a new USD 2 bn loan to increase liquidity

### 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           | 2868       | 0.9%  | 0.2%  | -10.6% | 31.5% | 22.44 | 3.15 | 2.1%       | 14.8%  |
| U.S.                     | DOW JONES INDUS. AVG    | 23883      | 0.6%  | -0.9% | -15.7% | 25.3% | 21.52 | 3.42 | 2.6%       | 19.8%  |
| U.S.                     | NASDAQ COMPOSITE INDEX  | 8809       | 1.1%  | 2.3%  | -1.5%  | 36.7% | 31.32 | 4.70 | 1.1%       | 32.2%  |
| U.S.                     | RUSSELL 2000 INDEX      | 1274       | 0.8%  | -1.9% | -23.3% | 25.5% | 52.52 | 1.58 | 1.9%       | 195.9% |
| Europe                   | STXE 600 (EUR) Pr       | 335        | -0.2% | -3.5% | -18.5% | 27.9% | 17.94 | 1.50 | 3.6%       | 4.6%   |
| U.K.                     | FTSE 100 INDEX          | 5842       | -0.1% | -4.5% | -21.6% | 17.2% | 16.45 | 1.38 | 4.5%       | 3.3%   |
| Hong Kong                | HANG SENG INDEX         | 24184      | 1.3%  | -0.4% | -14.0% | 13.0% | 10.97 | 0.97 | 3.6%       | 10.7%  |
| Japan                    | NIKKEI 225              | 19619      | -2.8% | 1.0%  | -16.3% | 20.7% | 16.38 | 1.40 | 2.3%       | 8.0%   |
| DM                       | MSCI DM TR USD          | 5950       | 1.0%  | -2.5% | -13.9% | 27.7% | 20.05 | 2.14 | 2.5%       | 7.8%   |
| <b>Emerging Markets</b>  |                         |            |       |       |        |       |       |      |            |        |
| China                    | CSI 300 INDEX           | 3936       | 0.6%  | 3.7%  | -3.9%  | 39.2% | 12.29 | 1.57 | 2.5%       | 11.0%  |
| India                    | S&P BSE SENSEX INDEX    | 31878      | 1.4%  | -0.7% | -22.5% | 15.7% | 16.80 | 2.17 | 1.9%       | 13.3%  |
| UAE                      | DFM GENERAL INDEX       | 1922       | -0.5% | -4.1% | -27.4% | 14.2% | 7.91  | 0.66 | 5.3%       | 7.9%   |
| UAE                      | ADX GENERAL INDEX       | 4048       | -1.4% | -4.1% | -15.8% | 8.4%  | 12.70 | 1.18 | 5.0%       | 11.9%  |
| KSA                      | TADAWUL ALL SHARE INDEX | 6802       | 1.4%  | -2.6% | -17.5% | 10.9% | 18.78 | 1.80 | 3.7%       | 19.2%  |
| EM                       | MSCI EM TR USD          | 426        | 0.9%  | -2.6% | -19.2% | 18.4% | 13.55 | 1.24 | 3.0%       | 10.9%  |
| <b>World Sectors</b>     |                         |            |       |       |        |       |       |      |            |        |
|                          | MSCI ACWI/FINANCE       | 92         | 0.4%  | -5.6% | -29.6% | 24.1% | 11.41 | 0.86 | 4.1%       | 10.4%  |
|                          | MSCI ACWI/INF TECH      | 305        | 1.4%  | -0.7% | -2.7%  | 47.5% | 22.84 | 4.50 | 1.5%       | 23.0%  |
|                          | MSCI ACWI/HLTH CARE     | 276        | 1.8%  | -0.5% | -0.8%  | 23.3% | 18.45 | 3.82 | 1.9%       | 23.1%  |
|                          | MSCI ACWI/CONS DIS      | 245        | 0.8%  | -3.3% | -12.0% | 28.2% | 29.49 | 2.85 | 1.6%       | 8.2%   |
|                          | MSCI ACWI/INDUSTRY      | 203        | 0.9%  | -4.1% | -22.6% | 27.2% | 19.46 | 2.09 | 2.4%       | 8.9%   |
|                          | MSCI ACWI/COMM SVC      | 76         | 0.7%  | -1.2% | -7.3%  | 25.1% | 19.57 | 2.25 | 1.9%       | 10.1%  |
|                          | MSCI ACWI/CON STPL      | 225        | 0.2%  | -2.3% | -10.1% | 22.4% | 19.69 | 3.56 | 3.0%       | 20.0%  |
|                          | MSCI ACWI/ENERGY        | 133        | 2.1%  | -3.9% | -36.0% | 13.9% | 55.06 | 0.95 | 5.9%       | 2.8%   |
|                          | MSCI ACWI/MATERIAL      | 225        | 0.9%  | -3.2% | -18.5% | 20.8% | 17.82 | 1.42 | 3.3%       | 7.5%   |
|                          | MSCI ACWI /UTILITY      | 130        | 0.9%  | -2.8% | -12.7% | 22.3% | 15.62 | 1.52 | 4.1%       | 11.0%  |
|                          | MSCI ACWI/REAL EST      | 902        | 0.9%  | -2.9% | -19.5% | 24.0% | 18.22 | 1.27 | 4.2%       | 9.6%   |

Source: Bloomberg; 11:25 am 6<sup>th</sup> May 2020

### Exhibit: European stocks have underperformed the U.S. in the recent market recovery



Source: Bloomberg 4<sup>th</sup> May 2020

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