



### CIO OFFICE: Equity Market Update 10<sup>th</sup> June 2020

#### Developed Markets

- ✓ U.S. indices finished lower for the session while the Nasdaq traded briefly above the 10,000 level for the first time. The recent tilt towards value reversed, bringing growth back with strength in the mega-cap tech space returning. Energy was the weakest sector despite a positive session for crude.
- ✓ Some profit-taking after the 46% rally from the March lows in the U.S. is logical. The rally had many legs as the Fed took extraordinary steps to reassure investors, unemployment peaked in April, consumer behavior is returning to normal quicker than expected, earnings estimates are no longer being revised down, and credit spreads are not recessionary anymore. Further support came with the cyclical rotation and bond yields increasing. The sustainability of the economic recovery depends on fiscal support measures continuing meaningfully post-July or if a second wave stalls the economy again. But the world is getting prepared as economies re-open. Nearly 300 stocks in the S&P 500 are trading at prices that exceed their consensus 12-month targets.
- ✓ European markets were down yesterday affected by German exports falling in April, the worst in 70 years. Also leading the market down was the Stoxx travel and leisure Index as airlines IAG and Easyjet, which remain under pressure. Banks in Europe have been asked to delay dividend payments till next year, halting the recent European bank rally.
- ✓ The World Bank said on Monday that it expects the global economy to shrink by 5.2%, representing the deepest recession since World War II.
- ✓ Investors will be waiting for the Fed's statement on interest rates today (Wednesday), followed by a press conference led by Chairman Jerome Powell.

#### Emerging Markets

- ✓ Chinese stocks extended their rally on Tuesday, led by gains in the internet and media sectors. The Shanghai Shenzhen CSI 300 index rose by +0.62%. Tourism, hotels and stocks related to cloud games also performed strongly.
- ✓ In early trading in Asia this morning, Japan's Topix is flat, while Hong Kong is slightly positive.

#### GCC

- ✓ Business conditions in Dubai's non-oil private sector deteriorated for the third consecutive month in May, although the rate of decline was less severe than in March and April. The May PMI Index rose to 46.0 from 41.7 in April. Output and new work declined at a slower rate last month as lockdown measures were partially lifted.
- ✓ UAE equity markets gave up some of their recent gains yesterday. Emaar's recent rally has been driven by investors hopeful of an interim dividend being reinstated as proposed on the AGM agenda as no dividend was paid for 2019. DP World, which is delisting, will have its last day of trading on June 17th.
- ✓ In an effort to synergize operations, Meraas Holding LCC, the promoter of major leisure facilities in Dubai, will be brought under Dubai Holding LLC.

#### Company News

- ✓ **Apple** is preparing to announce a shift to its own main processors in Mac computers, replacing chips from Intel Corp., as early as this month at its annual developer conference, according to people familiar with the plans.
- ✓ **Vroom** the online used car seller, saw its shares double on listing.
- ✓ **SoftBank's** Vision Fund is preparing to cut staff by about 15% after reporting record losses last fiscal year.

### Global Equity Indices

Ticker	Country	Index	Last Price	%1D	%5D	YTD	2019	P/E	P/B	Div. Yield	ROE
<b>Developed Markets</b>											
SPX Index	US	S&P 500 INDEX	3209	-0.7%	4.2%	0.2%	31.5%	25.62	3.52	1.8%	14.4%
INDU Index	US	DOW JONES INDUS. AVG	27272	-1.1%	5.9%	-3.3%	25.3%	24.92	3.91	2.3%	20.2%
CCMP Index	US	NASDAQ COMPOSITE INDEX	9954	0.3%	3.6%	11.5%	36.7%	36.64	5.20	0.9%	31.9%
RTY Index	US	RUSSELL 2000 INDEX	1513	-1.6%	6.7%	-8.8%	25.5%	89.58	1.97	1.1%	239.1%
SXXP Index	Europe	STXE 600 (EUR) Pr	370	-1.2%	2.7%	-9.7%	27.9%	21.13	1.68	3.0%	4.5%
UKX Index	UK	FTSE 100 INDEX	6336	-2.1%	1.9%	-14.6%	17.2%	19.35	1.52	3.8%	3.4%
HSI Index	Hong Kong	HANG SENG INDEX	25057	1.1%	4.4%	-10.0%	13.0%	11.66	0.98	3.4%	10.4%
NKY Index	Japan	NIKKEI 225	23091	-0.4%	3.4%	-1.4%	20.7%	21.23	1.65	1.9%	7.5%
NDDUWI Index	DM	MSCI DM TR USD	6759	0.9%	4.6%	-2.2%	27.7%	23.63	2.46	2.2%	7.6%
<b>Emerging Markets</b>											
SHSZ300 Index	China	CSI 300 INDEX	4047	0.6%	1.6%	-0.7%	39.2%	12.84	1.62	2.4%	10.8%
SENSEX Index	India	S&P BSE SENSEX INDEX	33957	-1.2%	0.4%	-17.3%	15.7%	18.88	2.35	1.7%	12.2%
DFMGI Index	UAE	DFM GENERAL INDEX	2125	-1.8%	7.1%	-19.7%	14.2%	9.87	0.73	3.1%	7.0%
ADSMI Index	UAE	ADX GENERAL INDEX	4332	-0.8%	1.3%	-9.9%	8.4%	17.43	1.29	3.7%	#VALUE!
SASEIDX Index	KSA	TADAWUL ALL SHARE INDEX	7329	0.4%	0.6%	-10.8%	10.9%	21.62	1.93	3.2%	17.2%
NDUEEGF Index	EM	MSCI EM TR USD	481	0.5%	4.2%	-8.9%	18.4%	16.00	1.52	2.6%	10.0%
<b>World Sectors</b>											
MXWD0FN Index		MSCI ACWI/FINANCE	110	1.4%	9.8%	-15.2%	24.1%	14.43	1.02	3.3%	9.5%
MXWD0IT Index		MSCI ACWI/INF TECH	342	0.4%	3.2%	9.4%	47.5%	26.25	5.56	1.3%	23.0%
MXWD0HC Index		MSCI ACWI/HLTH CARE	289	0.4%	0.8%	4.1%	23.3%	19.73	4.05	1.8%	21.1%
MXWD0CD Index		MSCI ACWI/CONS DIS	287	0.9%	4.5%	3.1%	28.2%	38.86	3.37	1.1%	7.6%
MXWD0IN Index		MSCI ACWI/INDUSTR	244	1.1%	7.5%	-6.8%	27.2%	24.99	2.58	2.0%	8.5%
MXWD0TC Index		MSCI ACWI/COMM SVC	84	0.9%	2.3%	2.2%	25.1%	21.89	2.78	1.6%	10.0%
MXWD0CS Index		MSCI ACWI/CON STPL	241	0.6%	2.1%	-3.5%	22.4%	21.20	3.73	2.8%	19.6%
MXWD0EN Index		MSCI ACWI/ENERGY	159	2.4%	10.6%	-22.7%	13.9%	72.63	1.14	4.9%	2.2%
MXWD0MT Index		MSCI ACWI/MATERIAL	259	0.3%	3.9%	-5.5%	20.8%	21.27	1.65	2.8%	7.5%
MXWD0UT Index		MSCI ACWI /UTILITY	144	1.8%	3.3%	-2.6%	22.3%	17.21	1.68	3.7%	10.9%
MXWD0RL Index		MSCI ACWI/REAL EST	1021	1.6%	6.0%	-8.6%	24.0%	21.27	1.43	3.5%	9.5%
<b>Key levels</b>											
XAUUSD CMPL Curn Gold		XAU-USD X-RATE	1715	0.0%	1.0%	1.0%	29.2%				
USGG10YR Index	10 Year Yield	US Generic Govt 10 Yr	0.82	-6.1%	20.0%	20.0%	-60.5%				
USGG2YR Index	2 Year Yield	US Generic Govt 2 Yr	0.20	-10.5%	24.7%	24.7%	-89.1%				
CO1 Comdty	Brent	Generic 1st 'CO' Future	41.0	0.5%	3.6%	3.6%	-35.2%				

Source: Bloomberg: 12:05 am 10<sup>th</sup> June 2020

### Exhibit: S&P 500, Stoxx 600, CSI 300 YTD (%) Performance



Source: Bloomberg 10<sup>th</sup> June 2020

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