



CIO OFFICE: Equity Market Update 20th May 2020

Developed Markets

- ✓ U.S. stocks fell after reports circulated that Moderna Inc.'s vaccine study, which was credited in part for Monday's rally, didn't produce enough critical data to assess its success. The S&P 500 index ended the day -1.05%
- ✓ Moderna is one of the five vaccine companies in the lead for vaccine development and has shown promising results from their Phase I (early) trials on limited samples of people. It is still too early to come to any conclusion and will take time for more rigorous and extended testing and then finally production. At this time, it is difficult to say which company will have the most effective vaccine. Moderna is not on our recommended list, as it is a binary outcome as to the efficacy of its vaccine
- ✓ The Stoxx Europe 600 Index -0.61%, retreated as investors showed little reaction to both news of a USD 546bn recovery fund for the region and a surprise jump in German investor confidence
- ✓ Japan starts opening up prefectures leading to optimism on the markets

Emerging Markets

- ✓ Asian equities rallied, tracking the big gains on Wall Street from a day earlier
- ✓ The China National People's Congress starts their annual meeting on Friday and the market traded sideways awaiting policy news/ announcements

GCC

- ✓ Major GCC markets rose, taking their cue from gains in global equities and on higher oil prices. Dubai's index was up 0.6%. In Abu Dhabi, the index rose 0.3%
- ✓ The KSA index extended its gains for the week, surging 1.8%, boosted mostly by rising banking shares. Al Rajhi Bank was up 1.3%, NCB rose 2.2% and Samba Financial Group, which reported positive first-quarter earnings on Sunday, gained 4.9%

Company News

- ✓ **Walmart** reported strong revenue and earnings growth as coronavirus related stockpiling led to a surge in quarterly sales. The company reported net income of USD 3.99bn, or USD 1.40 per share, from USD 3.84bn, or USD 1.33 per share, a year earlier. Total revenues grew by 8.6% to USD 134.62 bn from USD 123.9bn a year earlier, exceeding consensus
- ✓ **Microsoft** acquired Softomotive, a U.K.-based startup that makes software robots to automate repetitive tasks such as data entry, in order to add those tools to its existing products
- ✓ **SoftBank** is closing in on a deal to sell about USD 20bn of its stock in T-Mobile, accelerating efforts to raise capital after record losses in its investment business
- ✓ **Facebook** focuses on online shopping and commerce launching "Shops" where retailers can upload catalogues to their Facebook or Instagram page

Global Equity Indices

Region	Index	Last Price	%1D	%5D	YTD	2019	P/E	P/B	Div. Yield	ROE
Developed Markets							1FY			
U.S.	S&P 500 INDEX	2923	-1.0%	1.8%	-8.8%	31.5%	23.28	3.18	2.0%	14.4%
U.S.	DOW JONES INDUS. AVG	24207	-1.6%	1.9%	-14.4%	25.3%	22.12	3.48	2.6%	19.9%
U.S.	NASDAQ COMPOSITE INDEX	9185	-0.5%	2.0%	2.9%	36.7%	33.31	5.00	1.0%	32.2%
U.S.	RUSSELL 2000 INDEX	1308	-1.9%	2.5%	-21.2%	25.5%	65.76	1.67	1.8%	204.2%
Europe	STXE 600 (EUR) Pr	339	-0.6%	-0.3%	-17.1%	27.9%	18.76	1.52	3.4%	4.3%
U.K.	FTSE 100 INDEX	6002	-0.8%	0.1%	-19.2%	17.2%	17.39	1.40	4.3%	3.1%
Hong Kong	HANG SENG INDEX	24350	-0.2%	0.7%	-13.1%	13.0%	11.28	0.98	3.5%	10.6%
Japan	NIKKEI 225	20595	0.8%	1.6%	-12.1%	20.7%	18.52	1.46	2.2%	7.8%
DM	MSCI DM TR USD	6085	-0.4%	3.2%	-11.9%	27.7%	21.06	2.19	2.4%	7.5%
Emerging Markets										
China	CSI 300 INDEX	3938	-0.5%	-0.8%	-3.7%	39.2%	12.44	1.58	2.5%	10.9%
India	S&P BSE SENSEX INDEX	30449	0.8%	-4.9%	-26.0%	15.7%	16.42	2.10	1.9%	12.7%
UAE	DFM GENERAL INDEX	1933	0.1%	0.6%	-26.9%	14.2%	8.32	0.66	3.9%	7.7%
UAE	ADX GENERAL INDEX	4082	0.2%	0.6%	-15.1%	8.4%	13.58	1.19	4.8%	11.3%
KSA	TADAWUL ALL SHARE INDEX	7045	1.8%	5.4%	-14.4%	10.9%	20.65	1.87	3.3%	17.2%
EM	MSCI EM TR USD	440	1.4%	1.8%	-16.5%	18.4%	14.34	1.31	2.8%	10.7%
World Sectors										
	MSCI ACWI/FINANCE	91	-0.3%	3.1%	-29.9%	24.1%	11.74	0.84	4.0%	10.1%
	MSCI ACWI/INF TECH	318	0.1%	3.2%	1.6%	47.5%	23.94	5.02	1.4%	23.0%
	MSCI ACWI/HLTH CARE	279	-0.8%	1.1%	0.4%	23.3%	18.70	3.90	1.9%	21.4%
	MSCI ACWI/CONS DIS	259	0.7%	4.7%	-6.9%	28.2%	33.71	3.04	1.3%	7.9%
	MSCI ACWI/INDUSTR	208	0.1%	4.1%	-20.4%	27.2%	20.90	2.16	2.4%	8.6%
	MSCI ACWI/COMM SVC	78	-0.2%	3.0%	-4.4%	25.1%	20.74	2.33	1.8%	10.1%
	MSCI ACWI/CON STPL	226	-0.9%	0.3%	-9.6%	22.4%	20.01	3.56	3.0%	19.8%
	MSCI ACWI/ENERGY	135	-0.7%	4.9%	-34.8%	13.9%	70.37	0.96	5.7%	2.2%
	MSCI ACWI/MATERIAL	235	0.8%	5.7%	-14.7%	20.8%	19.34	1.48	3.1%	7.0%
	MSCI ACWI/UTILITY	129	-0.8%	1.4%	-13.1%	22.3%	15.53	1.51	4.1%	10.9%
	MSCI ACWI/REAL EST	886	-0.2%	2.2%	-20.8%	24.0%	18.19	1.25	4.2%	9.4%

Source: Bloomberg: 10:15 am 20th May 2020

Exhibit: The FANG Index has erased all losses from the March lows



Source: Bloomberg 20th May 2020

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