



CIO OFFICE: Equity Market Update 29th April 2020

Developed Markets

- ✓ U.S. indices finished mostly lower yesterday. Tech underperformed the broader S&P 500 Index
- ✓ European stocks rallied with the Stoxx Europe 600 Index +1.5%, led by the banking sector, which rallied, post good results from UBS' wealth management arm

Emerging Markets

- ✓ Asian indices are up this morning, in spite of Samsung's Q2 profit warning and HSBC's disappointing results (a large charge for bad debt). Japan is closed today
- ✓ Asian indices are broadly up in April indicating domestic demand, with outflows seen from foreign investors

GCC

- ✓ As the economies open up, KSA and UAE markets rally
- ✓ SAMA's net foreign assets fell by USD 26.8bn in March to reach USD 465.1bn, a nine-year low. The drop was mainly in the holdings of foreign securities. The KSA continues to diversify away from oil and the Saudi Arabia's Public Investment Fund (PIF) purchased a stake in Live Nation entertainment in a deal valued at c. USD 500 mn

Company News

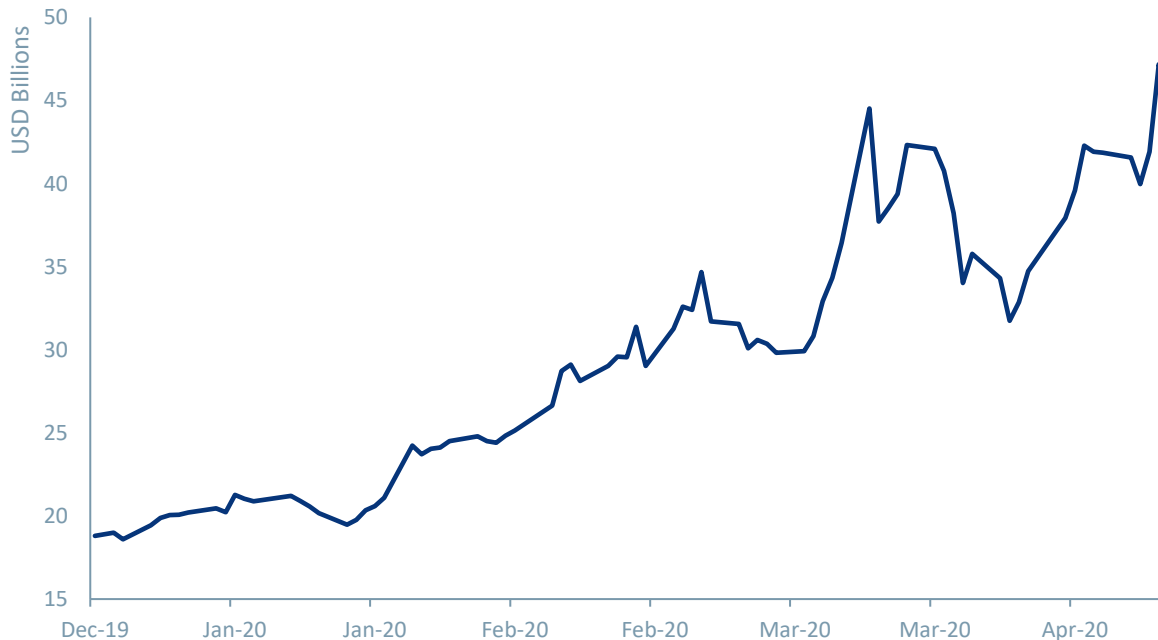
- ✓ **Alphabet** up post-market with Q1 revenue of USD 33.7 bn +14% y/y and as cloud and YouTube businesses grew. Main ad business suffered but the shift to other services is helping diversify earnings
- ✓ **Starbucks** sees the same store sales in China fall 15 to 25% in this fiscal year
- ✓ **Pfizer** Q1 2020 earnings, declined 5% y/y in line with revenues falling 8.3% y/y. Confirmed 2020 guidance, which sees revenues in the region of USD 40.7 bn to USD 42.3 bn, and adjusted earnings in the range of USD 2.25 to USD 2.35 per share. CEO stated focus on vaccines and their ability to produce them in the millions
- ✓ **UBS** reported a 40% increase in profit for Q1 2020 y/y. Return on tangible equity was at 12.8%, compared with 9.8% a year ago
- ✓ **Novartis** reported positive Q1 2020 net income, driven by higher sales, benefiting from COVID-19 forward purchasing and gross margin improvement. Maintained 2020 guidance
- ✓ **PepsiCo** home snacking and breakfast eating led to strong sales last quarter. Withdrew 2020 forecast but plans to return USD 7.5 bn cash to shareholders in 2020 -repurchase USD 2 bn in shares and spend USD 5.5 bn on dividends. Spoke of a strong balance sheet and doesn't need to draw on its credit line
- ✓ **Caterpillar** posted Q1 2020 earnings down 42.5% y/y. Group revenue fell 21% from last year, missing analysts' estimates. The group said it would temporarily suspend its share buyback program, but remains committed to returning a 'substantial' amount of its free cash flow to shareholders. Declined to provide a 2020 profit guidance and cautioned the coronavirus pandemic would continue to impact its operations for the remainder of the year
- ✓ **BP** posted first-quarter underlying replacement cost profit, used as a proxy for net profit, of USD 628 mn, compared with USD 2.1 bn in the first quarter of 2019, reflecting a fall of 67%. Maintains dividends by cutting costs and planned cap ex. Net debt up by USD 6 bn to USD 51 bn

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	2863	-0.5%	4.6%	-10.8%	31.5%	21.91	3.05	2.1%	15.3%
U.S.	DOW JONES INDUS. AVG	24102	-0.1%	4.7%	-14.9%	25.3%	21.30	3.46	2.6%	20.1%
U.S.	NASDAQ COMPOSITE INDEX	8608	-1.4%	4.2%	-3.7%	36.7%	29.82	4.42	1.1%	32.5%
U.S.	RUSSELL 2000 INDEX	1298	1.3%	9.5%	-21.9%	25.5%	49.42	1.57	1.9%	194.5%
Europe	STXE 600 (EUR) Pr	341	1.7%	3.3%	-17.1%	27.9%	17.68	1.52	3.6%	5.9%
U.K.	FTSE 100 INDEX	5959	1.9%	3.3%	-20.0%	17.2%	16.08	1.42	4.7%	5.1%
Hong Kong	HANG SENG INDEX	24605	0.1%	3.0%	-12.5%	13.0%	10.91	0.99	3.6%	10.7%
Japan	NIKKEI 225	19771	-0.1%	2.5%	-15.6%	20.7%	16.50	1.41	2.3%	7.9%
DM	MSCI DM TR USD	5963	0.0%	2.8%	-13.7%	27.7%	19.69	2.12	2.6%	8.6%
Emerging Markets										
China	CSI 300 INDEX	3858	0.2%	0.5%	-5.8%	39.2%	11.90	1.54	2.6%	11.0%
India	S&P BSE SENSEX INDEX	32502	1.2%	3.6%	-21.0%	15.7%	16.87	2.24	1.9%	13.7%
UAE	DFM GENERAL INDEX	2011	0.7%	8.0%	-24.0%	14.2%	8.05	0.69	5.4%	7.9%
UAE	ADX GENERAL INDEX	4237	0.4%	6.3%	-12.4%	8.4%	13.02	1.23	5.1%	11.9%
KSA	TADAWUL ALL SHARE INDEX	6885	0.8%	5.2%	-16.5%	10.9%	18.01	1.80	3.8%	21.4%
EM	MSCI EM TR USD	429	0.8%	1.6%	-18.6%	18.4%	13.48	1.27	3.0%	11.0%
World Sectors										
	MSCI ACWI/FINANCE	94	1.8%	5.3%	-27.8%	24.1%	11.28	0.87	4.1%	10.6%
	MSCI ACWI/INF TECH	297	-1.0%	1.2%	-5.4%	47.5%	22.16	4.37	1.5%	23.3%
	MSCI ACWI/HLTH CARE	277	-1.5%	1.5%	-0.6%	23.3%	18.45	3.84	1.9%	23.0%
	MSCI ACWI/CONS DIS	248	0.1%	2.6%	-11.0%	28.2%	28.29	2.75	1.6%	8.9%
	MSCI ACWI/INDUSTRL	208	1.7%	4.9%	-20.8%	27.2%	19.30	2.14	2.4%	9.7%
	MSCI ACWI/COMM SVC	74	-1.0%	1.1%	-9.5%	25.1%	18.87	2.29	1.9%	10.2%
	MSCI ACWI/CON STPL	231	0.6%	1.0%	-8.0%	22.4%	19.98	3.64	2.9%	20.5%
	MSCI ACWI/ENERGY	131	2.2%	5.9%	-37.0%	13.9%	53.06	0.92	6.5%	3.1%
	MSCI ACWI/MATERIAL	227	1.2%	4.9%	-17.8%	20.8%	17.64	1.42	3.3%	7.6%
	MSCI ACWI /UTILITY	133	0.6%	1.2%	-10.4%	22.3%	16.01	1.56	4.0%	11.2%
	MSCI ACWI/REAL EST	919	0.4%	2.7%	-18.0%	24.0%	18.41	1.30	4.2%	9.6%

Source: Bloomberg; 11:10 am 29th April 2020

Exhibit: Soaring Valuation: Zoom has added about USD 25 bn in market value this year



Source: Bloomberg 26th April 2020

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