Executive Summary

Last week:

- European Central Bank left the interest rates unchanged, with main refinancing rate at 4.5%
- The US 3Q23 GDP surprised on the upside, growing by 4.9% (vs 4.3% forecast)
- In line with expectations, the US PCE (Personal Consumption Expenditure) price index fell from 3.8% to 3.7%

Week ahead:

- US Fed, Bank of England, and Bank of Japan interest rate decisions
- US non-farm payrolls
- Euro Area and Germany GDP and inflation
- Earnings from Apple (AAPL), Alibaba (BABA), AMD (AMD), Airbnb (ABNB), and others

Commentary

Global equity markets continued to decline during past week, as mixed corporate earnings, uncertainty around interest rates, and geopolitical headwinds weighed further on investors' sentiment.

In the US, the hotter-than-expected preliminary GDP print fueled fears on persistent inflation and consequently, a "higher-for-longer" interest rate environment. In 3Q23, the US GDP grew by 4.9% - the strongest growth in 2 years. Importantly, however, growth was partly fueled by transitory factors, such as inventory accumulation and defense spending. Moreover, analysts argue that declining stock prices could have a negative wealth effect on richer households, therefore, potentially dampening consumer spending. From this perspective, the impact on inflation may not be as significant as it may seem initially.

On the earnings side, most of the large tech companies, like Microsoft, Alphabet, Meta Platforms, and Amazon surprised on the upside in terms of both revenue and net income. However, most of them declined as investors rather focused on problems, such as rising expenses, slower growth in innovative ventures, and hints on higher uncertainty ahead.

Lastly, the European Central Bank left interest rates unchanged on last week's meeting. Officials stated that current rates could well be restrictive enough to tame inflation, while the ECB President Christine Lagarde called the Euro Area economy "weak", therefore, showing no incentive to rise rates any higher.

Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,117	-2.5	-3.7	7.7
Nasdaq 100	14180	-2.6	-3.9	31.2
Dow Jones 30	32,417	-2.1	-3.4	-2.2
Russsell 2000	1,636	-2.6	-8.0	-6.5
FTSE 100 (£)	7,291	-1.5	-4.0	-3.5
FTSE 250 (£)	16,866	-1.0	-7.4	-11.9
STOXX 600 (€)	429.6	-1.0	-3.9	-1.1
MSCI Europe	47.2	-1.5	-2.2	-0.5
Nikkei 225 (¥)	30,991	-0.9	-4.3	18.8
MSCI China	41.9	2.4	-2.6	-14.6
MSCI EAFE	65.8	-1.1	-4.0	-0.6
MSCI EM	36.5	-0.7	-3.4	-4.4
MSCI World	115.0	-2.2	-3.8	5.4

Source: Bloomberg
Note: All data is denominated in USD unless specified otherwise.

Major global equity indices
Weekly indexed price returns
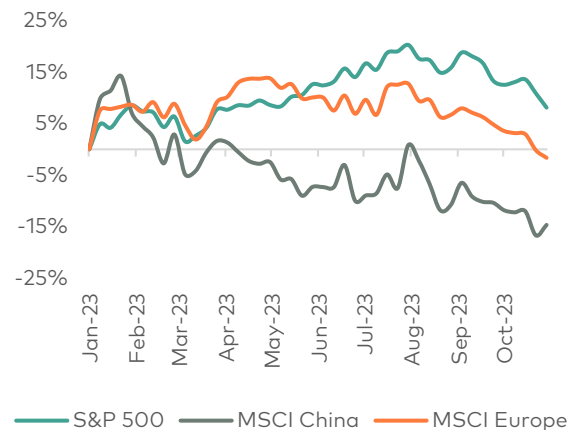
Source: Bloomberg

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Sector performance highlights

Energy was the worst performing sector last week, as respective sector ETF lost 6.2% w/w.
87 out of 100 largest sector stocks closed the week in red. From top 20, only TotalEnergies
(TTE, +1.3%), Eni Spa (E, +1.2%), and Equinor (EQNR, +0.8%) managed to avoid losses. The
worst performers from the list were Hess (HES, -10.9%), Chevron Corp (CVX, -10.0%), SLB
(SLB, -5.5%), EOG Resources (EOG, -5.3%), and Conoco Phillips (COP, -3.6%).

Communications was the second worst performing sector, with sector ETF losing 5.2% w/w.
63 out of 100 largest sector companies declined during the week. From top 20, 11 companies
closed the week in red. The worst performers from the list were Charter Communications
(CHTR, -11.0%), Alphabet (GOOGL, -9.1%), Comcast (CMCSA, -6.5%), DoorDash (DASH, -
4.1%), and Walt Disney (DIS, -4.0%). Meanwhile, the best performers from top 20 were
Verizon Communications (VZ, +9.5%), NetEase (NTES, +7.3%), and Spotify (SPOT, +5.1%).

S&P 500 sector review: last week performance

Sector	ETF Ticker	Close Price, $	W/W ETF Change %	YTD, %	52-week high, $	52-week low, $	12M outlook
S&P 500	**SPY**	**410.7**	-2.5%	**8.3**	**457.8**	**367.9**	**23.7**
Utilities	XLU	58.7	1.2%	-16.7	72.1	56.2	Negative
Materials	XLB	74.9	-0.5%	-3.4	85.7	71.9	Positive
Staples	XLP	66.6	-1.0%	-10.4	77.5	66.2	Negative
Real Estate	XLRE	32.4	-1.2%	-12.4	41.8	32.4	Positive
Discretionary	XLY	149.6	-1.4%	16.5	177.0	126.3	Positive
Technology	XLK	161.1	-1.7%	30.7	180.3	118.5	Neutral
Industrials	XLI	96.4	-2.3%	110.8	-2.0	92.0	Neutral
Financials	XLF	31.5	-2.3%	-8.4	37.0	31.0	Positive
Health Care	XLV	123.1	-3.8%	-9.1	139.5	123.1	Neutral
Communications	XLC	63.1	-5.2%	29.8	68.8	45.3	Positive
Energy	XLE	84.6	-6.2%	0.3	93.4	76.6	Neutral

Source: Galt & Taggart Research, Bloomberg, S&P Capital IQ
Note: percentage price changes given in parentheses indicate w/w changes

Performance of last week's most traded US stocks (top 20 by value)

#	Ticker	Name	Price, $	W/W, %	M/M, %	YTD, %	52-week high, $	52-week low, $	12M price target, $	12M upside potential, %
1	VZ	Verizon Communications	33.4	5.9	5.4	-15.3	42.0	30.7	40.7	21.7
2	BABA	Alibaba Group Holding	82.8	3.6	-3.9	-10.0	120.6	63.6	145.5	75.7
3	AMZN	Amazon.com	127.7	2.1	1.4	48.8	144.9	81.8	175.6	37.4
4	INTC	Intel	35.5	1.8	2.7	34.6	38.9	24.9	37.7	6.2
5	MSFT	Microsoft	329.8	1.0	5.4	38.0	359.5	213.1	408.7	23.9
6	MCD	McDonald's	255.8	-0.9	-3.0	-3.2	298.4	246.2	309.1	20.8
7	NVDA	NVIDIA	405.0	-2.1	-4.6	182.9	493.5	131.7	639.4	57.9
8	TSLA	Tesla	207.3	-2.2	-13.8	91.8	293.3	108.1	260.5	25.7
9	MU	Micron Technology	65.7	-2.3	-3.6	30.3	73.9	49.0	79.3	20.8
10	AAPL	Apple	168.2	-2.7	-1.3	34.7	196.4	124.8	205.0	21.9
11	C	Citigroup	38.2	-3.6	-5.5	-15.6	52.3	38.2	51.6	35.0
12	META	Meta Platforms	296.7	-3.9	-0.3	137.9	327.8	88.9	388.0	30.8
13	UBER	Uber Technologies	41.2	-4.0	-8.7	62.6	49.5	24.4	58.8	42.5
14	BAC	Bank of America	25.2	-4.3	-7.7	-24.9	38.2	25.2	34.8	38.3
15	XOM	Exxon Mobil	105.6	-5.0	-12.2	-0.10	120.2	99.8	129.2	22.4
16	AMD	Advanced Micro Devices	96.4	-5.3	-1.7	50.6	129.2	58.6	137.5	42.5
17	TSM	Taiwan Semiconductor Manufacturing	86.0	-5.8	0.6	16.2	107.0	59.9	110.0	27.9
18	GOOGL	Alphabet	122.2	-9.9	-6.4	37.1	140.6	83.4	154.0	26.0
19	CVX	Chevron	144.4	-13.5	-15.6	-16.3	186.1	144.4	189.5	31.3
20	F	Ford Motor Company	10.0	-14.4	-19.6	-9.4	15.4	10.0	15.4	54.2

Source: Bloomberg, Capital IQ

Note: Positive 12 month return targets imply an overall "Buy" recommendation by analysts

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Week ahead calendar

Macroeconomic releases

	Time (GMT +4)	Country	Event
Monday 30 October	13:00	Germany	GDP prel. (3Q23)
	14:00	Euro area	Consumer confidence (Oct)
	17:00	Germany	Inflation (Oct)
Tuesday 31 October	05:30	China	Manufacturing PMI (Oct)
	07:00	Japan	Bank of Japan interest rate decision
	14:00	Euro area	Inflation prel. (Oct)
	14:00	Euro area	GDP prel. (3Q23)
	18:00	US	Consumer confidence (Oct)
	05:30	China	Manufacturing PMI (Oct)
Wednesday 1 November	18:00	US	Manufacturing PMI (Oct)
	22:00	US	Fed interest rate decision
Thursday 2 November	12:55	Germany	Unemployment (Oct)
	16:00	UK	Bank of England interest rate decision
Friday 3 November	16:30	US	Non-farm payrolls (Oct)
	18:00	US	Services PMI (Oct)

Company earnings

Company	Ticker	Time	Forecast EPS $
McDonald's	MCD	Premarket	3.00
HSBC	HSBC	Premarket	1.52
BYD	BYDDY	Premarket	0.66
Pfizer	PFE	Premarket	-0.08
Amgen	AMGN	Premarket	4.68
Caterpillar	CAT	Premarket	4.80
BP	BP	Premarket	1.41
AMD	AMD	After market	0.68
Airbnb	ABNB	After market	2.12
Toyota Motor	TM	N/A	4.38
Sony	SONY	N/A	1.22
Eli Lilly	LLY	Premarket	-0.2
Novo Nordisk	NVO	Premarket	0.68
Shell	SHEL	Premarket	1.86
Apple	AAPL	After market	1.39
Booking Holdings	BKNG	After market	67.78
Enbridge	ENB	Premarket	0.59
Alibaba	BABA	N/A	15.29
BMW	BMWYY	N/A	1.46

Source: Bloomberg, NASDAQ

Definitions: Equity indices

S&P 500	S&P 500 is a market capitalization weighted index of 500 leading US companies, developed by Standard & Poor's in 1957. As the index is diversified over 11 fundamental sectors of the economy it is widely considered a benchmark for the overall US stock market.
Nasdaq 100	Nasdaq 100 is a market capitalization weighted index of 100 largest companies (mostly US-based) listed on Nasdaq stock exchange. The index includes companies from numerous sectors, but is mostly composed of technology-focused companies. The index excludes companies from financial sector.
Dow Jones 30	Founded in 1882, Dow Jones Industrial Average (DJIA) or Dow Jones 30 is the price weighted index of some of the largest 30 US stocks. While most of the constituent companies are quite old and established, there have been some new additions, such as Salesforce, Amgen, and Honeywell in 2020.
Russell 2000	Russell 2000 is a market capitalization weighted benchmark equity index of 2,000 small-cap (market cap between $300mn and $3bn) US stocks. The index is viewed as a strong indicator for the broader US economic trend, as the constituent companies mostly operate only within the US.
FTSE 100 (£)	FTSE 100 is a market capitalization weighted index of 100 largest companies listed on London Stock Exchange (LSE). As such, the index is similar to S&P 500 and Dow Jones 30 but includes companies mostly from Europe.
FTSE 250 (£)	The index covers 250 companies listed on the LSE that rank from 100 to 350 in terms of market capitalization (therefore, focusing largely on mid-cap companies). FTSE 250 covers stocks mostly from Europe.
STOXX 600 (€)	Stoxx 600 aims to capture the broad European equity market, as it includes companies of all sizes from 17 different countries. The index includes famous European companies, such as Nestle, AstraZeneca, and Moët Hennessy Louis Vuitton.
MSCI Europe	MSCI Europe includes 427 large (market cap above $10bn) and mid-cap (market cap between $2bn and $10bn) companies from 15 European developed economies. As such, the index covers roughly 85% of free-float adjusted market capitalization of the European DM equity universe.
Nikkei 225 (¥)	Nikkei is the price weighted index of 225 blue-chip stocks listed on Tokyo stock exchange (therefore, an equivalent of S&P 500 in the US). Some of the most prominent constituents of the index are Sony, Nissan, and Honda.
MSCI China	MSCI China includes 717 large and mid-cap companies listed on Beijing, Shanghai, and Shenzhen stock exchanges. As such, the index covers roughly 85% of the Chinese equity universe.
MSCI EAFE	MSCI EAFE consists of 900 stocks from developed markets worldwide, excluding the US and Canada (including Japan, the UK, France, Germany, Switzerland, and others). The index covers roughly 85% of free-float adjusted market capitalization of 21 countries of focus.
MSCI EM	MSCI EM includes 1,436 large and mid-cap companies from 24 emerging economies (including China, India, Taiwan, South Korea, Brazil, and others). As such, the index covers roughly 85% of free-float adjusted market capitalization of countries of focus.
MSCI World	MSCI World includes 1,510 large and mid-cap companies from 23 developed economies. As such, it is an extension of MSCI EAFE and includes the US and Canada as well. The index covers roughly 85% of free-float adjusted market capitalization of countries of focus.

Definitions: Sectors

Communications	Includes companies that produce communication technologies and services. Major industries are internet content & information, telecom services, entertainment, electronic gaming & multimedia, advertising agencies, broadcasting, and publishing. Examples of leading companies in this sector are Alphabet, Meta Platforms, Netflix, T-Mobile, and Walt Disney.
Technology	Includes companies that produce technological goods or services. Major industries are software, semiconductors, consumer electronics, IT services, computer hardware, electronic components, and scientific & technical instruments. Examples of leading companies in this sector are Apple, Microsoft, NVIDIA, Cisco, and IBM.
Discretionary	Includes companies that produce non-essential or luxury goods and services (known as Consumer Discretionary or Consumer Cyclical). Major industries are general and internet retail, auto manufacturing & dealership, apparel, restaurants, travel services & resorts, and gambling. Examples of leading companies in this sector are Amazon, Tesla, Nike, Alibaba, and McDonald's.
Staples	Includes companies that produce goods essential to life (known as Consumer Staples or Consumer Defensive). Major industries are discount stores, household & personal products, beverages, tobacco, packaged foods, confectioneries, farm products, and grocery stores. Examples of leading companies in this sector are Walmart, Procter & Gamble, Coca-Cola, Philip Morris, and Costco.
Health Care	Includes companies that produce health-related products and services. Major industries are drug manufacturing, biotechnology, healthcare plans, medical devices, instruments & supplies, diagnostics & research, and medical care facilities. Examples of leading companies in this sector are Eli Lilly, UnitedHealth Group, Johnson & Johnson, AstraZeneca, and Pfizer.
Financials	Includes companies related to finance and investing. Major industries are banks, insurance, credit services, asset management, capital markets, and financial data & stock exchanges. Examples of leading companies in this sector are Berkshire Hathaway, Visa, JPMorgan, Bank of America, and Goldman Sachs.
Industrials	Includes companies that mainly produce capital goods for manufacturing and construction. Major industries are aerospace & defense, industrial machinery, railroads, farm & heavy construction machinery, freight & logistics, and building products & equipment. Examples of leading companies in this sector are Union Pacific, United Parcel Services, FedEx, General Electric, and Boeing.
Materials	Includes companies that produce raw materials mostly for manufacturing purposes. Major industries are chemicals, industrial metals & mining, precious metals & mining, building materials, agricultural inputs, paper & paper products, and lumber & wood products. Examples of leading companies in this sector are Linde, BHP Group, Rio Tinto, and Dow.
Energy	Includes companies relating to oil, gas, and consumable fuels. Major industries of the sector are oil & gas: exploration & production, midstream, equipment & services, refining & marketing, drilling, uranium, and thermal coal. Examples of leading companies in this sector are Exxon Mobil, Chevron, Shell, Occidental Petroleum, and BP.
Utilities	Includes companies that provide basic utilities, such as gas, water, and electricity. Major industries include regulated electric, renewables, regulated gas, regulated water, and independent power producers. Examples of leading companies in this sector are NextEra Energy, Southern Company, and Duke Energy.
Real Estate	Mainly includes Real Estate Investment Trusts (REITs). Major industries are REIT: specialty, industrial, residential, retail, healthcare facilities, diversified, office, mortgage, hotel & motel, and real estate services. Examples of leading companies in this sector are Prologis, American Tower, and Equinix.

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