



Week in review: earnings disappoint slightly

US equities registered their biggest weekly loss YTD in response to mixed corporate earnings. While most blue chip and mid-cap companies beat both top and bottom line forecasts, many smaller companies failed to deliver a positive surprise. In effect, small-caps were the weakest performers, declining in 3.2%-3.4% range w/w. Meanwhile, average declines in large and mid-caps were approximately twice as small. Notably, it was consumer focused companies that underperformed expectations the most (Lyft, Chipotle, and Mattel are some of the examples). Moreover, the US consumer credit in December fell by a staggering 59.0% m/m, coming in less than half the amount forecasted (\$11.6bn vs \$25.0bn estimate), thus hitting the 1-year low. These two observations hint on deteriorating consumer purchasing power, typical to latter stages of economic downturns.

Europe delivered a series of negative macroeconomic releases. Firstly, Euro area retail sales kept declining in December. The latest figure of -2.8% y/y is slightly worse than markets expected and represents the seventh consecutive monthly decline (excluding September's slight rise of 0.1%).

Meanwhile, though surprising on the upside, the UK activity data are showing further contraction. In December, monthly GDP shrank for the first time in more than a year, coming in at -0.1% y/y. Industrial and manufacturing production shrank by 4.0% and 5.7%, respectively (vs -5.3% and -6.1% forecasts).

Week ahead: US CPI & activity in focus

The US inflation data for January is to be reported on Tuesday. The headline CPI is expected to decline for the 9th consecutive month to 6.2% y/y from December's 6.5%, while the core figure is expected to fall to 5.5% y/y from December's 5.7%. Importantly, however, many analysts are revising their forecasts upwards in the face of the fresh price data. An unexpected rise in used car prices is the major reason underlying revisions. The Producer Price Index (PPI) will be reported on Thursday and is expected to rise to 0.4% m/m from December's half a percent deflation.

Lastly, the US retail sales and industrial production data will come in on Wednesday, while the Philadelphia Fed Manufacturing Index will be read on Thursday. As recession fears have worsened in past weeks, negative surprise from these metrics is likely to be met with selloffs in markets (given CPI reading earlier this week matches estimates).

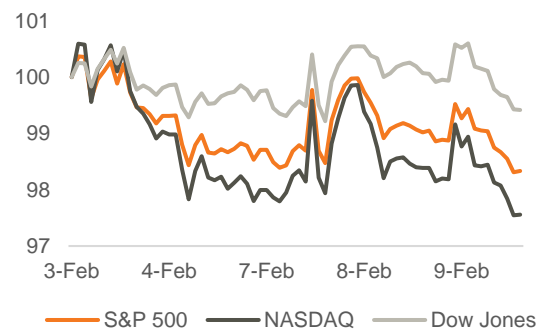
Performance of major equity indices

Index	W/W, %	M/M, %	YTD, %
S&P 500	-1.1	4.4	6.5
NASDAQ	-2.4	9.1	12.0
Dow Jones	-0.2	0.5	2.2
Russell 2000	-3.4	5.3	8.9
FTSE 100 (£)	0.1	0.8	4.7
FTSE 250 (£)	-2.7	3.3	6.2
STOXX 600 (€)	-0.6	2.7	7.8
Nikkei 225 (¥)	0.6	5.7	6.0
MSCI China	-2.4	-4.8	4.5
MSCI EAFE	-1.1	0.2	6.7
MSCI EM	-2.4	0.0	6.0
MSCI World	-1.1	1.8	7.1

Source: Bloomberg

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

Major US equity indices Indexed price returns (3-Feb-2023 = 100)



Source: Bloomberg

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


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Weekly sector performance highlights

Energy sector was the only gainer last week, with the associated ETF rising 4.9% w/w. All of the 20 largest sector companies closed the week in green, with such a uniform rally attributed to Russia announcing an oil production cut (lower supply of oil implies higher price and, therefore, larger profits for related companies). Last week's best performing stocks from the list were BP (BP, 15.7%*), Equinor (EQNR, 13.5%), Phillips 66 (PSX, 8.7%), Marathon Petroleum (MPC, 7.3%), Occidental Petroleum (OXY, 7.2%), and Schlumberger (SLB, 7.1%).

Communication services was the weakest performer, with respective ETF losing 5.6% w/w. 19 out of 20 largest stocks lost the ground last week, with Activision Blizzard (ATVI, 0.3%) being the only gainer due to beating both top and bottom line forecasts. Meanwhile, the weakest performers from the list were Alphabet (GOOGL, -9.7%), Warner Brothers Discovery (WBD, -7.8%), Meta Platforms (META, -6.6%), Netflix (NFLX, -5.1%), Comcast (-4.0%), AT&T (T, -3.8%), and Verizon (VZ, -3.6%).

S&P 500 sector review: last week performance

Sector	ETF Ticker	Weekly ETF Change %	Close Price, \$	Market Cap, \$bn	P/E	YTD, %
S&P 500	SPY	-1.0 	408.0	376.7	21.9	6.7
of which:						
Energy	XLE	 4.9	90.2	41.7	7.4	3.1
Health Care	XLV	-0.2 	132.5	40.4	25.5	-2.5
Financials	XLF	-0.3 	36.5	34.3	14.5	6.7
Utilities	XLU	-0.3 	67.7	15.4	22.2	-4.0
Cons. Staples	XLP	-0.6 	73.0	16.6	24.8	-2.1
Industrials	XLI	-0.7 	102.1	13.7	20.6	4.0
Technology	XLK	-1.0 	140.4	41.9	28.7	12.8
Materials	XLB	-1.7 	82.0	6.1	9.8	5.6
Real Estate	XLRE	-2.1 	40.1	5.4	25.0	8.6
Cons. Discret.	XLY	-2.1 	148.2	14.6	23.3	14.7
Communication	XLC	-5.6 	55.0	9.3	19.8	14.5

Source: Bloomberg, Capital IQ

* Percentage price changes given in parentheses indicate w/w changes

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

#	Ticker	Name	Close Price, \$	W/W, %	YTD, %	P/E	12M Price Target, \$	12M Return Target, %
1	XOM	Exxon Mobil	119.2	6.5	8.0	10.9	126.3	6.0
2	ABBV	AbbVie	152.1	4.7	-5.9	13.6	167.3	10.0
3	UNH	UnitedHealth Group	494.3	4.7	-6.8	19.8	604.3	22.3
4	TSLA	Tesla	196.9	3.6	59.8	49.6	205.7	4.5
5	MSFT	Microsoft	263.1	1.8	9.7	26.6	293.2	11.4
6	CVX	Chevron	172.0	1.5	-4.2	11.2	190.4	10.7
7	NVDA	NVIDIA	212.7	0.8	45.5	55.0	212.1	-0.3
8	BRK.B	Berkshire Hathaway	309.9	0.4	0.3	0.0	362.0	16.8
9	AVGO	Broadcom	593.3	-0.7	6.1	14.6	660.8	11.4
10	AAPL	Apple	151.0	-2.3	16.2	24.7	173.9	15.2
11	CRM	Salesforce	167.0	-2.3	26.0	29.8	191.1	14.4
12	DIS	Walt Disney	108.1	-2.4	24.4	24.1	131.3	21.5
13	BKNG	Booking Holdings	2348.4	-4.3	16.5	19.4	2596.0	10.5
14	ENPH	Enphase Energy	212.1	-4.9	-20.0	38.7	318.8	50.3
15	NFLX	Netflix	347.4	-5.1	17.8	30.4	345.3	-0.6
16	AMD	Advanced Micro Devices	81.5	-5.4	25.8	26.7	92.5	13.5
17	PYPL	PayPal Holdings	80.8	-5.5	13.5	16.6	103.6	28.2
18	AMZN	Amazon.com	97.6	-5.6	16.2	64.5	138.5	41.9
19	META	Meta Platforms	174.2	-6.6	44.7	19.1	219.1	25.8
20	GOOGL	Alphabet	94.6	-9.7	7.2	18.5	130.2	37.7

Source: Bloomberg, Capital IQ

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



Week ahead calendar

Key macroeconomic releases

Key company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time	Forecast EPS \$
Monday February 13	04:00	Euro Area	Eurogroup Meeting	DBS Group	DBSDY	After market	2.55
				Cadence Design	CDNS	After market	0.92
				Arista Networks	ANET	After market	1.21
Tuesday February 14	03:50	Japan	GDP est. (4Q22)	Coca-Cola	KO	Premarket	0.45
	11:00	UK	Employment (Nov)	Marriott	MAR	Premarket	1.82
	14:00	Euro Area	GDP est. (4Q22)	Airbnb	ABNB	After market	0.25
	17:30	US	Inflation (Jan)	Devon Energy	DVN	After market	1.77
Wednesday February 15	11:00	UK	Inflation (Jan)	Glencore	GLCNF	Premarket	0.63
	14:00	Euro Area	Industrial Production (Dec)	Kraft Heinz	KHC	Premarket	0.78
	17:30	US	Retail Sales (Jan)	Cisco	CSCO	After market	0.56
	18:15	US	Industrial Production (Jan)	AIG	AIG	After market	1.29
				Shopify	SHOP	After market	-0.01
Thursday February 16	17:30	US	Producer Price Index (Jan)	Nestle	NSRGY	Premarket	N/A
	17:30	US	Building Permits (Jan)	Applied Materials	AMAT	After market	1.93
	17:30	US	Philadelphia Fed Manufacturing Index (Feb)	Vale	VALE	After market	0.59
Friday February 17	11:00	UK	Retail Sales (Jan)	Hermes International	HESAY	Premarket	N/A
	11:45	France	Inflation (Jan)	Daimler	DDAIF	Premarket	3.48
				Deere & Company	DE	N/A	5.53

Source: Bloomberg, NASDAQ

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