



Executive Summary: Central Banks in Focus

Stronger-than-expected US GDP data cheer the markets, demonstrating that recession prospects have become a major worry for investors. In 4Q22, the US GDP grew by 2.9% y/y (vs 2.6% consensus forecast and down from previous quarter's 3.2%). In addition, the durable goods orders* grew by stunning 5.6% m/m in December (vs 2.5% forecast and up from November's -1.7%). These strong activity data prints produced a positive sentiment in the market, leading to a 2.5% weekly rally in S&P 500 as well as significant gains in most global equity indices.

An important observation has to be made here. Throughout 2022, positive economic news mostly implied negative price movements in the markets, as they foreshadowed more hawkish Fed in a near future. In contrast, in 2023, markets had positive reaction to the latest macroeconomic releases, which demonstrates that it is recession odds that investors now fear the most. This is another reminder that despite a strong start to the year, downside risks to Western economies remain elevated and could potentially translate into short-to-medium term market losses.

This week is expected to be highly volatile, with major central banks making interest rate decisions and many of the largest US companies reporting earnings. The FOMC meeting will take place on Wednesday, with the US Federal Reserve expected to slow the hiking pace to 25bps, reaching the base rate range of 4.75%-5.0%. Importantly, it is highly possible that the monetary policy decision will be accompanied by a hawkish speech, as to compensate for smaller sized rate hike. The recent stronger-than-expected US GDP data underlies this view. Meanwhile, Bank of England (BoE) and European Central Bank (ECB) will meet on Thursday, both expected to hike by 50 bps, reaching the policy rates of 4.0% and 3.0%, respectively. Lastly, some of the most renowned US companies will be reporting their quarterly results, including Apple, Meta Platforms, Alphabet, Amazon.com, and AMD.

*Note: Durable goods orders is one of the most closely watched macroeconomic statistics, as it closely portrays producers' expectations on mid-term demand in the economy.

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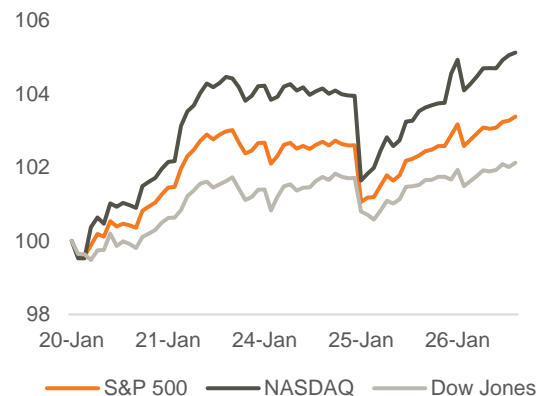
Performance of major equity indices

Index	W/W, %	M/M, %	YTD, %
S&P 500	2.5	6.3	6.0
NASDAQ	4.3	12.3	11.0
Dow Jones	1.8	2.2	2.5
Russell 2000	2.4	9.3	8.5
FTSE 100 (£)	-0.2	4.2	2.8
FTSE 250 (£)	1.7	6.4	6.3
STOXX 600 (€)	0.7	6.3	7.1
Nikkei 225 (¥)	3.1	3.5	4.9
MSCI China	2.5	18.0	14.2
MSCI EAFE	0.8	9.1	8.1
MSCI EM	1.4	9.6	9.9
MSCI World	4.5	10.5	11.2

Source: Bloomberg

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

Major US equity indices Indexed price returns (20-Jan-2023 = 100)















Source: Bloomberg

Weekly sector performance highlights

Consumer discretionary was the top performing sector last week, with the associated ETF up 6.4% w/w. The main driver of rally was a 33.3% surge in Tesla stock, the second largest company from consumer discretionary sector. Out of remaining 15 largest companies, top performers were General Motors (GM 7.4%), Ford Motor Company (F, 7.0%), Amazon.com (AMZN, 5.1%), Booking Holdings (BKNG, 5.1%), Starbucks (SBUX, 3.8%), Marriott International (MAR, 4.5%), and Target (TGT, 3.9%). Modest growth was also observed in TJX Companies (TJX, 3.0%), Dollar General (DG, 2.4%), (MCD, 1.4%), Nike (NKE, 0.7%), and Home Depot (HD, 0.5%). Lastly, Lowe's Companies (LOW, -1.0%) and O'Reilly Automotive (ORLY, -2.8%) lost the ground.

Health Care was the worst performer, with respective ETF down 0.8%. All 12 largest health care companies closed the week in red, with the list of the largest losers including Merck & Co (MRK, -4.2%), Pfizer (PFE, -2.9%), Thermo Fisher Scientific (TMO, -3.4%), Danaher (DHR, -3.1%), Amgen (AMGN, -3.6%). In contrast, the three smallest companies from the sector's top 15 gained the ground: Elevance (ELV, 2.7%), Medtronic (MDT, 2.1%), and Gilead Sciences (GILD, 0.9%).

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	 2.5	405.7	380.3	21.8	6.1
of which:						
Cons. Discret.	XLY	 6.4	147.9	14.5	22.3	14.5
Communication	XLC	 4.1	55.3	9.4	18.9	15.2
Technology	XLK	 4.1	136.7	41.0	27.2	9.9
Real Estate	XLRE	 2.9	40.4	5.4	24.8	9.3
Financials	XLF	 2.5	36.3	33.1	14.3	6.0
Industrials	XLI	 2.2	101.1	13.6	20.5	3.0
Energy	XLE	 0.8	91.2	42.8	7.5	4.3
Materials	XLB	 0.7	83.4	6.2	10.0	7.4
Cons. Staples	XLP	 0.3	72.9	17.0	24.4	-2.3
Utilities	XLU	-0.5 	68.9	15.9	22.9	-2.3
Health Care	XLV	-0.8 	132.9	40.8	24.5	-2.2

Source: Bloomberg, Capital IQ

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	TSLA	Tesla	177.9	33.3	44.4	45.1	193.5	8.8
2	NVDA	NVIDIA	203.7	14.2	39.4	52.6	210.5	3.4
3	AXP	American Express	172.3	13.7	16.6	15.8	163.3	-5.2
4	META	Meta Platforms	151.7	8.9	26.1	21.0	158.8	4.7
5	CRM	Salesforce	164.5	8.8	24.1	29.4	191.5	16.4
6	AMD	Advanced Micro Devices	75.4	7.6	16.4	24.1	85.1	12.9
7	DIS	Walt Disney	109.5	5.9	26.1	26.4	120.9	10.4
8	AAPL	Apple	145.9	5.8	12.3	23.8	172.8	18.4
9	NFLX	Netflix	360.8	5.3	22.3	31.6	346.0	-4.1
10	AMZN	Amazon.com	102.2	5.1	21.7	77.2	134.3	31.4
11	AVGO	Broadcom Inc	591.0	3.5	5.7	14.5	660.8	11.8
12	MSFT	Microsoft	248.2	3.3	3.5	25.1	270.8	9.1
13	V	Visa	231.4	3.2	11.4	26.7	258.1	11.5
14	BA	The Boeing Company	211.2	2.1	10.9	N/A	240.5	13.9
15	XOM	Exxon Mobil	115.6	2.0	4.8	9.9	124.2	7.4
16	GOOGL	Alphabet	99.4	1.4	12.6	20.4	128.0	28.8
17	UNH	UnitedHealth Group	486.1	-0.1	-8.3	19.5	605.4	24.6
18	CVX	Chevron	179.5	-0.8	0.0	11.5	194.5	8.4
19	SCHW	Charles Schwab	74.7	-3.0	-10.3	16.5	93.3	24.9
20	INTC	Intel	28.2	-3.6	6.5	56.1	27.3	-3.1

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 January 30	12:00	Germany	GDP prel. (4Q22)	Ryanair	RYAAY	Premarket	1.13
	14:00	Europe	Consumer Confidence (Jan)	NXP	NXPI	After market	3.64
	14:00	Europe	Economic Sentiment (Jan)	Principal Financial	PFPG	After market	1.54
Tuesday January 31	05:30	China	Manufacturing PMI (Jan)	Exxon Mobil	XOM	Premarket	3.29
	11:45	France	Inflation prel. (Jan)	Pfizer	PFE	Premarket	1.07
	12:55	Germany	Employment (Jan)	McDonald's	MCD	Premarket	2.45
	14:00	Europe	GDP prel. (4Q22)	United Parcel Service	UPS	Premarket	3.59
	17:00	Germany	Inflation prel. (Jan)	Amgen	AMGN	After market	4.09
	19:00	US	Consumer Confidence	AMD	AMD	After market	0.67
Wednesday February 1	13:00	Europe	Manufacturing PMIs (Jan)	Novo Nordisk	NVO	Premarket	0.83
	14:00	Europe	Inflation (Jan)	Thermo Fisher Scientific	TMO	Premarket	5.22
	19:00	US	Manufacturing PMI (Jan)	Meta Platforms	META	After market	2.26
	23:00	US	Fed Interest Rate Decision	Alibaba	BABA	N/A	16.63
Thursday February 2	16:00	UK	BoE Interest Rate Decision	Eli Lilly	LLY	Premarket	1.80
	17:15	Europe	ECB Interest Rate Decision	Apple	AAPL	After market	1.94
	19:00	US	Factory Orders (Dec)	Alphabet	GOOGL	After market	1.18
				Amazon.com	AMZN	After market	0.17
Friday February 3	13:00	Europe	Services PMIs (Jan)	Cigna	CI	Premarket	4.87
	17:00	US	Employment (Payrolls) (Jan)	Regeneron Pharma	REGN	Premarket	10.2
	19:00	US	Services PMI (Jan)	Aon	AON	Premarket	3.67

Source: Bloomberg, Financial Times

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