



## Weekly Markets Overview

### Last week

- ECB left the base rate unchanged at 4.50%
- US non-farm payrolls came in higher than expected at 275,000, while unemployment increased to 3.9%

### Week ahead

- US CPI and PPI inflation, retail sales, and consumer sentiment
- Earnings from Oracle (ORCL), PDD Holdings (PDD), Adobe (ADBE), and others

\*For exact dates please check page 4 of this document

## Commentary: Central Banks in Spotlight

**As widely anticipated, European Central Bank kept the base rate unchanged at 4.50%.** ECB also revised its macroeconomic forecasts for Eurozone, with 2024 GDP growth now expected at 0.6% and year-end inflation at 2.3%. Despite both figures being revised downwards, ECB is still not expected to start cutting rates at the next (April) meeting, as central bankers still have to look at the wage data for signals. Generally in line with market consensus, Goldman Sachs expects ECB to start cutting rates in June and deliver a total of 100bps cuts throughout 2024.

**During last week's press conference, Chairman Powell said the Fed is "not far" from easing monetary policy.** Similarly to ECB, the US Federal Reserve is expected to start cutting rates in June, with markets pricing in a near 100bps worth of cuts this year. Importantly, there is a c.25% chance for the first cut to take place on the May meeting. However, it must be noted that markets are now expecting significantly less rate cuts compared to earlier this year. In January, markets were foreseeing 5.5 25bps cuts in 2024, which is down to only 3.7 as of Friday last week (see the chart on the right). The shift in expectations has been closely mirrored by US Treasury markets as demonstrated by elevated yields.

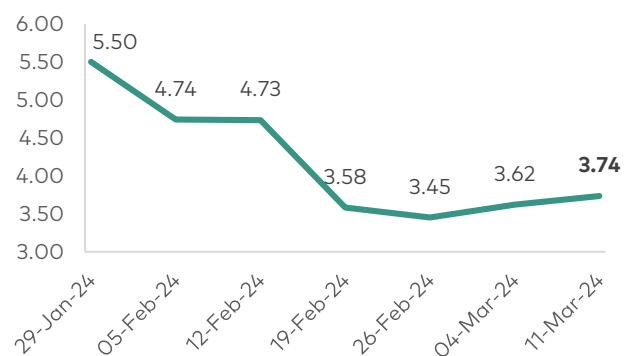
This week the US February inflation will be reported. While headline CPI is forecasted to decline from 3.9% to 3.7%, the core figure is forecasted to remain at 3.1%.

EQUITIES	Level	1W % change	1M % change	YTD % change
<b>United States</b>				
S&P 500	5,124	-0.3	2.5	7.4
Nasdaq 100	18,018	-1.6	1.3	7.1
Dow Jones 30	38,723	-0.9	0.0	2.7
Russell 2000	2,083	0.3	5.2	2.7
<b>Global</b>				
S&P Europe	2,045	1.1	3.6	5.2
S&P China	321	-1.6	3.9	-4.2
S&P Japan	2,180	4.5	8.5	6.5
S&P Global	3,457	0.8	4.3	19.9

FIXED INCOME	Yield (%)	1-week ago	1-month ago	1-Jan-2024
<b>United States</b>				
2y US Treasury	4.49	4.53	4.46	4.25
10y US Treasury	4.09	4.18	4.17	3.88
US IG Credit	5.29	5.40	5.32	5.22
US HY Credit	7.75	7.85	7.84	7.80
<b>Europe</b>				
2y German Bund	2.74	2.88	2.67	2.41
10y German Bund	2.27	2.41	2.36	2.02
Europe IG Credit	3.80	3.93	3.88	3.67
Europe HY Credit	6.01	6.05	6.16	6.06

\*For detailed information on listed indices and securities please check page 5 of this document

### Number of 25bps Fed cuts expected by markets for 2024 year-end



Source: Galt & Taggart, Bloomberg

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## S&P 500 Sector Highlights

**Utilities was the best performing sector last week, with the associated ETF (XLU) gaining 3.3% w/w.** 79 out of 100 largest sector companies rallied during the week. From top 20, the only stocks to decline were American Electric Power (AEP, -1.4%), American Water Works (AWK, -1.0%), and PG&E (PCG, -0.2%). Meanwhile, the best performers from the list were Vistra (VST, +11.0%), Dominion Energy (D, +7.2%), Duke Energy (DUK, +4.5%), and DTE Energy (DTE, +4.4%).

**Consumer Discretionary was the weakest performing sector, with respective ETF (XLY) losing -2.5% w/w.** 55 out of 100 largest sector companies declined during the week. From top 20, 15 stocks lost the ground. Airbnb (ABNB, +3.3%) and Stellantis (STLA, +3.1%) were the best performers. Meanwhile, the weakest performers were Tesla (TSLA, -13.5%), PDD Holdings (PDD, -13.0%), and MercadoLibre (MELI, -6.2%).

\*For detailed information on sectors please check page 6 of this document

### S&P 500 sector review: last week performance

Sector	ETF Ticker	Price, \$	W/W return	YTD, %	52-week low, \$	52-week high, \$	12 month outlook
S&P 500	SPY	511.7	-0.2 	2.7	383.9	514.8	Positive
Utilities	XLU	63.8	 3.3	6.2	56.2	70.0	Positive
Real Estate	XLRE	40.2	 1.6	4.9	32.2	40.5	Neutral
Materials	XLB	89.3	 1.6	7.7	74.5	89.9	Negative
Energy	XLE	88.2	 1.2	4.2	76.6	93.4	Positive
Staples	XLP	75.2	 0.9	1.9	66.2	77.5	Neutral
Financials	XLF	40.6	 0.8	4.2	31.0	40.6	Neutral
Industrials	XLI	122.3	 0.6	4.7	96.4	122.6	Negative
Health Care	XLV	146.4	 0.1	1.6	123.1	147.9	Neutral
Communications	XLC	79.6	-0.5 	0.6	52.3	80.2	Positive
Technology	XLK	207.4	-1.6 	1.1	135.8	210.8	Neutral
Discretionary	XLY	180.3	-2.5 	0.9	138.2	185.0	Positive

Source: Galt & Taggart Research, Bloomberg, Tipranks

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

## Performance of last week's most traded stocks

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week high, \$	52-week low, \$	12M price target, \$*	12M upside potential, %
1	RIVN	Rivian Automotive	12.8	12.6	-20.7	-37.1	10.1	27.6	20.6	61.4
2	TSM	Taiwan Semiconductor	146.4	9.3	9.5	46.1	82.3	149.2	141.6	-3.3
3	NVO	Novo Nordisk	133.1	7.1	12.4	28.4	87.8	199.5	109.6	-17.6
4	NVDA	NVIDIA	875.3	6.4	25.7	84.0	229.6	926.7	891.7	1.9
5	QCOM	Qualcomm	170.6	4.6	15.1	24.0	103.0	175.7	162.4	-4.8
6	BAC	Bank of America	35.6	3.6	7.5	6.2	25.2	35.6	37.7	6.0
7	MU	Micron	97.6	2.6	15.0	18.7	53.9	99.0	100.0	2.5
8	XOM	Exxon Mobil	108.4	2.4	4.2	5.0	96.8	120.2	126.9	17.1
9	AMD	AMD	207.4	2.3	22.5	53.3	81.6	211.4	201.3	-3.0
10	META	Meta Platforms	506.0	0.7	7.6	46.9	179.5	512.2	529.0	4.6
11	INTC	Intel	44.0	0.4	3.5	-6.5	26.0	50.8	47.0	6.7
12	BA	Boeing	198.5	-0.8	-5.1	-18.6	177.7	264.3	262.3	32.1
13	GOOGL	Alphabet	135.4	-1.3	-7.2	-2.5	90.6	153.5	164.6	21.5
14	BABA	Alibaba	73.6	-1.4	3.9	-4.0	68.1	103.4	109.7	49.1
15	AMZN	Amazon.com	175.4	-1.6	3.2	18.1	90.7	178.2	209.2	19.3
16	UBER	Uber Tech	78.7	-2.9	9.9	35.1	29.6	81.4	87.0	10.6
17	AAPL	Apple	170.7	-5.0	-9.2	-7.3	148.5	198.1	202.2	18.5
18	DELL	Dell Tech	116.3	-6.7	37.1	51.8	36.6	124.6	113.5	-2.4
19	PDD	PDD Holdings	110.3	-13.0	-12.9	-25.9	60.0	151.3	215.0	94.9
20	TSLA	Tesla	175.3	-13.5	-7.5	-26.5	153.8	293.3	238.0	35.7

\*Price targets represent the average price forecasts made during past three months by the highest ranked analysts (primarily from Wall Street). A positive 12 month return target implies an overall "Buy" recommendation by analysts

Source: Bloomberg, Tipranks



## Week ahead calendar

### Macroeconomic releases

### Company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time
Monday 11 March	03:50	Japan	GDP (4Q23)	Legend Bio	LEGN	Premarket
Tuesday 12 March	11:00	Germany	Inflation (Feb)	Oracle	ORCL	After market
	11:00	UK	Employment change (Jan)	Caseys	CASY	After market
	16:30	US	Inflation (Feb)	Assicurazioni Generali	ARZGY	Premarket
Wednesday 13 March	11:00	UK	GDP (Jan)	Volkswagen	VWAGY	Premarket
				Adidas	ADDYY	Premarket
Thursday 14 March	16:30	US	Producer Price Index (Feb)	Lennar	LEN	After market
	16:30	US	Retail sales (Feb)	PDD Holdings	PDD	N/A
Friday 15 March	18:00	US	Michigan Consumer Sentiment prel. (Mar)	Dollar General	DG	Premarket
				Adobe	ADBE	After market
				AIA Group	AAIGF	N/A

Source: DailyFX, S&P Capital IQ

## Definitions: Sectors

<b>Communications</b>	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.
<b>Technology</b>	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.
<b>Discretionary</b>	Includes companies that produce non-essential or luxury goods and services (aka 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.
<b>Staples</b>	Includes companies that produce goods essential to life (aka 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.
<b>Health Care</b>	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.
<b>Financials</b>	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.
<b>Industrials</b>	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.
<b>Materials</b>	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.
<b>Energy</b>	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.
<b>Utilities</b>	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.
<b>Real Estate</b>	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.

Source: S&P Capital IQ, Corporate Finance Institute

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