



Weekly Markets Overview

Last week

- US February inflation came in above forecasts, with headline CPI at 3.2% and core at 3.8%
- US retail sales came in below forecasts at 0.6% m/m growth

Week ahead

- US Fed, Bank of England, and Bank of Japan interest rate decisions; Eurozone and UK CPI inflation
- Earnings from Tesla Nike (NKE), Accenture (ACN), PDD Holdings (PDD), and others

*For exact dates please check page 4 of this document

Commentary:

Yields increased while stocks declined in response to a higher-than-expected US inflation print. In February, the US headline CPI inflation (Consumer Price Index) ticked up from 3.1% to 3.2%, while core declined from 3.9% to 3.8% (both figures above consensus forecasts). Meanwhile, monthly PPI inflation (Producer Price Index) came in at twice the expected rate (0.6% vs 0.3% forecast). Discouraging inflation data pushed the yields higher, with 2 and 10-year treasury yields each rising by more than 20bps. Meanwhile, equity markets saw moderate losses, with large caps outperforming small and medium sized stocks. As a result, Morningstar analysts are now expecting an 11% upside in Russell 2000 (US small-cap benchmark index). It must be noted, however, that the small-cap stocks tend to be very sensitive to monetary policy decisions, and therefore, can be volatile during inflationary periods.

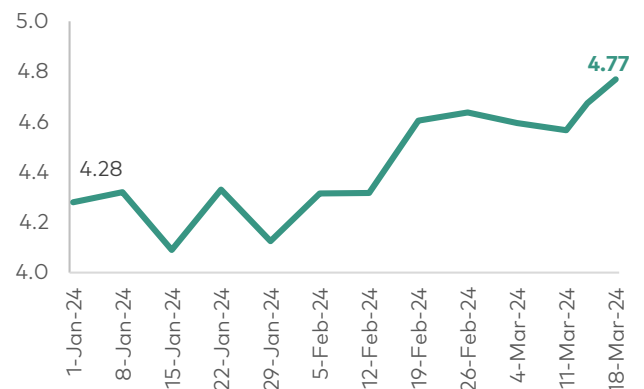
With increasing inflation concerns, markets are now pricing in a slower pace of Fed rate cuts in 2024. At the start of the year, markets were expecting a fast cutting cycle from the Fed, pricing in as much as 5-6 25bps cuts. However, as inflation proved stickier than expected, only 2-3 cuts are currently expected for 2024. Moreover, markets forecast no rate cuts until the June meeting, where only a 25bps cut is expected.

EQUITIES	Level	1W % change	1M % change	YTD % change
United States				
S&P 500	5,117	-0.1	1.7	7.3
Nasdaq 100	17,808	-1.2	-0.2	5.8
Dow Jones 30	38,715	0.0	-0.2	2.7
Russell 2000	2,039	-2.1	-1.1	0.6
Global				
S&P Europe	2,051	0.3	3.3	5.5
S&P China	330	3.0	6.3	-1.3
S&P Japan	2,553	-2.1	3.6	15.3
S&P Global	3,457	0.8	4.3	19.9

FIXED INCOME	Yield (%)	1-week ago	1-month ago	1-Jan-2024
United States				
2y US Treasury	4.72	4.49	4.57	4.25
10y US Treasury	4.30	4.09	4.24	3.88
US IG Credit	5.47	5.29	5.39	5.22
US HY Credit	7.86	7.75	7.90	7.80
Europe				
2y German Bund	2.90	2.74	2.76	2.41
10y German Bund	2.45	2.27	2.35	2.02
Europe IG Credit	3.89	3.80	3.89	3.67
Europe HY Credit	5.93	5.95	6.09	6.06

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

Market implied 2024 year-end Fed rate (upper bound)



Source: Bloomberg

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S&P 500 Sector Highlights

Energy was the best performing sector last week, with the associated ETF (XLE) gaining 3.8% w/w. 74 out of 100 largest sector stocks closed the week in green. From top 20, only Petroleo Brasileiro (PBR, -1.6%), Eni Spa (E, -1.2%), and Enbridge (ENB, -0.9%) declined. Meanwhile, the best performers from the list were Valero Energy (VLO, +9.5%), Marathon Petroleum (MPC, +8.0%), Phillips 66 (PSX, +6.5%), and Conoco Phillips (COP, +6.2%).

Real Estate was the weakest performing sector, with respective ETF (XLRE) losing -2.8% w/w. 84 out of 100 largest sector stocks declined during the week. From top 20, only Costar Group (CSGP, +10.5%) rallied. Meanwhile, the weakest performers from the list were Extra Space Storage (EXR, -7.5%), Equinix (EQIX, -6.6%), Crown Castle (CCI, -6.3%), Public Storage (PSA, -5.5%), and American Tower (AMT, -4.8%).

*For detailed information on sectors please check page 5 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	509.8	-0.1	1.6	387.8	515.2	Positive
Energy	XLE	91.6	 3.8	6.9	76.6	93.4	Positive
Materials	XLB	90.8	 1.6	7.2	74.5	91.2	Negative
Staples	XLP	75.5	 0.5	3.2	66.2	77.5	Neutral
Financials	XLF	40.8	 0.4	2.6	31.0	41.2	Neutral
Industrials	XLI	122.0	-0.2 	2.8	96.4	122.6	Negative
Communications	XLC	79.3	-0.4 	-1.1	54.3	80.3	Positive
Utilities	XLU	63.5	-0.5 	3.5	56.2	70.0	Positive
Health Care	XLV	145.4	-0.7 	0.1	123.1	147.9	Neutral
Technology	XLK	205.6	-0.8 	0.6	139.7	211.0	Positive
Discretionary	XLY	178.1	-1.3 	-1.1	140.6	185.0	Positive
Real Estate	XLRE	39.0	-2.8 	0.7	32.2	40.5	Neutral

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 low, \$	52-week high, \$	12M price target, \$*	12M upside potential, %
1	GOOGL	Alphabet	141.2	4.3	-1.1	1.6	96.1	153.5	164.7	16.7
2	XOM	Exxon Mobil	111.3	2.7	7.3	7.8	96.8	120.2	126.4	13.6
3	MSFT	Microsoft	416.4	2.5	2.4	12.4	265.4	425.2	471.9	13.3
4	KO	Coca-Cola	59.9	1.4	0.8	-0.1	52.4	64.3	66.3	10.6
5	AAPL	Apple	172.6	1.1	-6.1	-6.3	153.0	198.1	202.2	17.2
6	PEP	PepsiCo	164.7	1.0	-1.9	-4.8	158.1	196.1	189.9	15.3
7	CMCSA	Comcast	42.8	0.4	2.3	-1.2	35.9	47.1	53.0	23.9
8	NVDA	NVIDIA	878.4	0.4	20.9	84.7	242.3	926.7	910.3	3.6
9	AMZN	Amazon.com	174.4	-0.5	2.7	17.5	96.2	178.8	209.3	20.0
10	JNJ	Johnson & Johnson	158.2	-0.8	0.9	-1.7	145.6	174.5	175.4	10.9
11	CSCO	Cisco	48.9	-1.2	-0.3	-3.1	45.7	57.8	52.5	7.3
12	QCOM	Qualcomm	167.2	-2.0	7.2	21.5	103.0	175.7	164.3	-1.7
13	INTC	Intel	42.6	-3.1	-3.2	-9.4	27.4	50.8	46.5	9.1
14	UBER	Uber Tech	76.1	-3.3	-6.5	30.6	29.6	81.4	87.6	15.1
15	META	Meta Platforms	484.1	-4.3	0.0	40.5	195.6	512.2	529.0	9.3
16	MU	Micron	93.3	-4.5	14.2	13.4	54.1	99.0	104.8	12.4
17	TSM	Taiwan Semiconductor	137.0	-6.4	6.2	36.7	82.3	149.2	154.0	12.4
18	TSLA	Tesla	163.6	-6.7	-18.4	-31.4	153.8	293.3	238.0	45.5
19	AMD	AMD	191.1	-7.9	8.1	41.2	81.6	211.4	199.1	4.2
20	ADBE	Adobe	492.5	-10.7	-16.6	-13.9	333.6	634.8	610.3	23.9

*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 (top 20 by value)



Week ahead calendar

Macroeconomic releases

Company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time
Monday 18 March	14:00	Eurozone	Inflation (Feb)			
Tuesday 19 March	07:00	Japan	BoJ interest rate decision	Tencent Music	TME	Premarket
	14:00	Eurozone	Economic Sentiment Index (Mar)			
	16:30	US	Building permits (Feb)			
Wednesday 20 March	11:00	UK	Inflation (Feb)	PDD Holdings	PDD	Premarket
	22:00	US	Fed interest rate decision	General Mills	GIS	Premarket
Thursday 21 March				Micron	MU	After market
	12:30	Germany	Manufacturing PMI (Mar)	Accenture	ACN	Premarket
Friday 22 March	16:00	UK	BoE interest rate decision	Nike	NKE	After markets
	04:00	Eurozone	Euro Summit			
	13:00	Germany	Business climate (Mar)			

Source: DailyFX, S&P Capital IQ

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 (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.
Staples	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.
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.

Source: S&P Capital IQ, Corporate Finance Institute

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