



Weekly Markets Overview

Last week

- US retail sales came in above forecasts at 0.6% m/m growth, while consumer sentiment improved unexpectedly
- China's GDP grew by less-than-expected 5.2% in 4Q23 (up from 3Q23 growth of 4.9%)
- Germany's GDP contracted by -0.3% in 2023
- Eurozone core inflation fell from 3.6% to 3.4%, while headline increased from 2.4% to 2.9% (in line with expectations)
- Eurozone consumer sentiment decreased slightly to 22.7, however, still remaining well above mid-2023 levels

Week ahead

- ECB and Bank of Japan interest rate decisions
- US 4Q23 GDP and PCE price index
- Germany business climate and consumer confidence
- Earnings from Tesla (TSLA), Netflix (NFLX), Visa (V), Intel (INTC), Louis Vuitton (LVMUY), Johnson & Johnson (JNJ), AT&T (T), American Express (AXP), and others

*For exact dates please check page 4 of this document

Commentary: semiconductors carry S&P 500 as market sees less rate cuts in 2024

Since the start of 2024, the US reported macroeconomic data that make quick rate cuts less likely. Firstly, December inflation surprised on the upside, increasing from 3.1% to 3.4%. Secondly, economic activity indicators, such as retail sales, consumer sentiment, and building permits have shown resilience. Strong economic activity implies more inflationary pressures that in turn anticipate more hawkish Fed. As a result, Russell 2000 (US small-cap equity index) and S&P 500 equal weight index have lost -4.1% and -0.9%, respectively, year-to-date. Meanwhile, fixed income yields are up, as 2-year and 10-year US treasuries have gained 15 bps and 24bps, respectively.

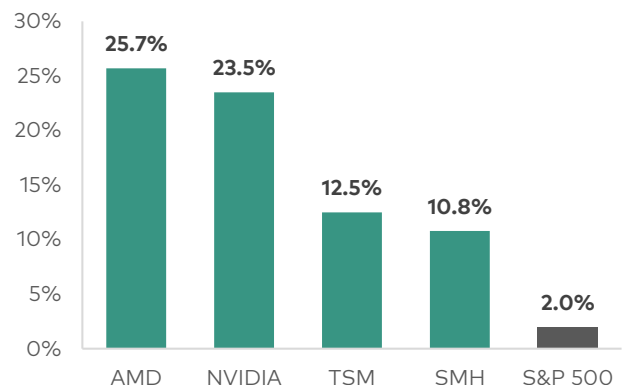
On a positive note, semiconductors stocks have delivered strong returns. In just 13 trading days, Advanced Micro Devices (AMD) and NVIDIA (NVDA) are up near 26% and 24%, respectively, while VanEck Semiconductor ETF (SMH) has gained 11%.

EQUITIES	Level	1W % change	1M % change	YTD % change
United States				
S&P 500	4,840	1.2	1.5	1.5
Nasdaq 100	17,314	2.9	3.0	2.9
Dow Jones 30	37,864	0.7	0.8	0.5
Russell 2000	1,944	-0.3	-3.8	-4.1
Global				
S&P Europe	1,907	-1.5	-1.5	-1.9
S&P China	303	-5.5	-7.7	-9.3
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-2023
United States				
2y US Treasury	4.40	4.14	4.44	4.25
10y US Treasury	4.12	3.94	3.93	3.88
US IG Credit	5.38	5.22	5.30	5.22
US HY Credit	8.06	7.89	7.95	7.80
Europe				
2y German Bund	2.71	2.52	2.52	2.41
10y German Bund	2.34	2.18	2.02	2.02
Europe IG Credit	3.91	3.76	3.70	3.67
Europe HY Credit	6.22	6.07	6.13	6.06

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

YTD performance of leading semiconductor stocks, VanEck Semiconductor ETF (SMH), and S&P 500



Source: Bloomberg

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S&P 500 Sector Highlights

Technology was the best performing sector last week, with the associated ETF (XLK) gaining 4.1% w/w. 86 out of 100 largest sector companies closed the week in green. From top 20, all stocks rallied. The best performers from the list were Advanced Micro Devices (AMD, +16.5%), Taiwan Semiconductor Manufacturing (TSM, 13.0%), Applied Materials (AMAT, +12.7%), Broadcom (AVGO, +9.9%), and ASML Holding (ASML, +8.3%).

Utilities was the weakest performing sector, with respective ETF (XLU) losing -3.7% w/w. 85 out of 100 largest sector stocks declined during the week. From top 20, only Constellation Energy (CEG, +2.2%) rallied. Meanwhile, the worst performers from the list were NextEra Energy (NEE, -5.7%), Edison International (EIX, -4.6%), American Electric Power (AEP, -4.2%), American Water Works (AWK, -3.9%).

*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	482.4	 1.2	1.2	383.9	482.4	Positive
Technology	XLK	200.2	 4.1	4.1	127.9	200.2	Negative
Communications	XLC	74.8	 1.4	1.4	51.5	74.8	Positive
Financials	XLF	37.9	 0.9	0.9	31.0	38.0	Positive
Discretionary	XLY	174.9	 0.5	0.5	135.7	181.4	Positive
Industrials	XLI	112.4	 0.3	0.3	96.4	114.1	Negative
Health Care	XLV	139.5	-0.8 	-0.8	123.1	141.0	Positive
Staples	XLP	72.1	-1.0 	-1.0	66.2	77.5	Neutral
Materials	XLB	82.2	-1.5 	-1.5	74.5	86.2	Positive
Real Estate	XLRE	38.7	-2.1 	-2.1	32.2	41.8	Positive
Energy	XLE	80.2	-3.0 	-3.0	76.6	93.4	Positive
Utilities	XLU	61.0	-3.7 	-3.7	56.2	70.0	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	AMD	AMD	174.2	18.9	24.3	28.8	67.7	174.2	142.0	-18.5
2	TSM	Taiwan Semiconductor	114.2	12.8	9.9	14.0	82.3	114.2	111.7	-2.2
3	NVDA	Nvidia	594.9	8.7	19.9	25.1	167.6	594.9	658.1	10.6
4	QCOM	Qualcomm	152.0	8.4	6.1	10.4	103.0	152.0	146.1	-3.8
5	PYPL	PayPal	65.8	7.9	4.5	12.3	50.4	87.0	71.3	8.3
6	MU	Micron	87.5	6.2	6.5	6.4	53.9	87.5	95.2	8.8
7	AAPL	Apple	191.6	3.0	-2.7	4.0	135.1	198.1	203.9	6.4
8	UBER	Uber Technologies	65.1	3.0	4.8	11.8	29.0	65.1	66.2	1.7
9	DIS	Walt Disney	93.1	3.0	-0.9	1.5	79.3	113.2	106.9	14.9
10	MSFT	Microsoft	398.7	2.6	6.8	7.6	231.4	398.7	427.4	7.2
11	GOOGL	Alphabet	146.4	2.6	7.1	5.4	89.1	146.4	156.1	6.7
12	META	Meta Platforms	383.5	2.4	9.4	11.3	136.1	383.5	398.3	3.9
13	INTC	Intel	48.2	2.2	3.2	2.3	24.9	50.8	44.8	-7.0
14	WFC	Wells Fargo & Co	48.1	1.5	-3.9	-1.2	36.2	50.5	53.4	11.0
15	JPM	Microsoft	170.3	0.7	1.1	0.0	124.9	172.3	184.2	8.2
16	AMZN	Amazon.com	155.3	0.5	1.0	4.6	90.7	155.3	185.6	19.5
17	BAC	Bank of America	32.2	-1.8	-3.8	-3.9	25.2	36.8	36.5	13.2
18	XOM	Exxon Mobil	96.9	-3.0	-5.9	-6.1	96.8	120.2	130.0	34.1
19	TSLA	Tesla	212.2	-3.1	-17.5	-11.0	127.2	293.3	267.9	26.3
20	BABA	Alibaba Holding	69.4	-3.4	-6.7	-9.4	68.1	120.6	126.7	82.5

*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

Macroeconomic releases			Company earnings			
	Time (GMT +4)	Country	Event	Company	Ticker	Time
Monday 22 January	18:00	Eurozone	ECB President Lagarde speech	Brown&Brown	BRO	After market
Tuesday 23 January	07:00	Japan	BoJ interest rate decision	United Airlines Holdings	UAL	After market
	19:00	Eurozone	Consumer confidence prel. (Jan)	Equity Lifestyle	ELS	N/A
Wednesday 24 January	12:30	Germany	Manufacturing & services PMIs prel. (Jan)	Johnson & Johnson	JNJ	Premarket
	13:00	Eurozone	Manufacturing & services PMIs prel. (Jan)	Procter & Gamble	PG	Premarket
	13:30	UK	Manufacturing & services PMIs prel. (Jan)	Verizon	VZ	Premarket
	18:45	US	Manufacturing & services PMIs prel. (Jan)	Netflix	NFLX	After market
Thursday 25 January	13:00	Germany	Business climate (Jan)	ASML	ASML	Premarket
	17:15	Eurozone	ECB interest rate decision	Abbott Labs	ABT	Premarket
	17:30	US	GDP prel. (4Q24)	AT&T	T	Premarket
	17:30	US	Durable goods orders (Dec)	Tesla	TSLA	After market
Friday 26 January	11:00	Germany	Consumer confidence (Feb)	IBM	IBM	After market
	17:30	US	PCE price index (Dec)	Comcast	CMCSA	Premarket
				Visa	V	After market
			Intel	INTC	After market	
			Louis Vuitton	LVMUY	N/A	
			American Express	AXP	Premarket	
			Colgate-Palmolive	CL	Premarket	
			Caterpillar	CAT	After market	

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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