



Weekly market overview

Week ahead

- Analysts consider large financials stocks undervalued, namely AIG (AIG), Citigroup (C), and Wells Fargo (WFC)
- Micron (MU), Accenture (ACN), and Costco (COST) will release earnings this week
- EU, UK, and US will report preliminary PMI for September. US will publish Q2 GDP, and Japan will report September CPI.

*For exact dates please check page 5 of the document

Commentary

US and European markets experienced mixed reactions following a Federal Reserve rate cut, reflecting both optimism and caution.

In the US, stock indexes, including the S&P 500 and Dow Jones, surged to record highs after the Fed's decision to reduce rates by 50 basis points. This marked the beginning of what many expect to be an extended period of rate cuts, the first since March 2020. While the initial response to the cut was muted, investor sentiment improved midweek, leading to broad market gains. Positive economic data also buoyed confidence, with retail sales exceeding expectations and jobless claims declining. However, concerns lingered over the housing market, where existing home sales fell, though building permits rose.

Bond markets reacted similarly, with modest increases in US Treasury yields following the Fed's decision. The corporate bond market saw tighter spreads and strong demand, especially in high-yield sectors, which rebounded after the rate cut.

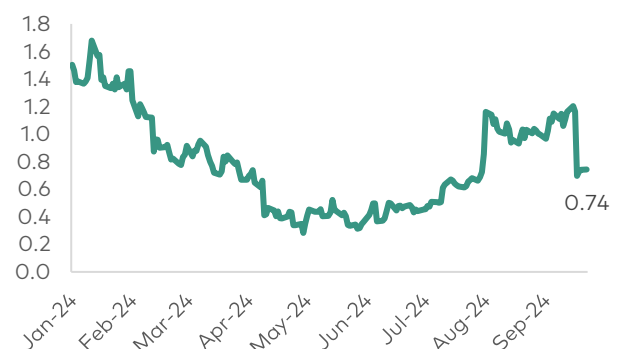
In Europe, the European STOXX 600 Index ended the week slightly down. Major European indexes like Italy's FTSE MIB and France's CAC 40 saw modest gains, but the UK's FTSE 100 declined. The Bank of England held its key rate at 5.0%, amid steady inflation and rising service prices. The European Central Bank (ECB) remained cautious, with officials emphasizing a gradual approach to policy easing due to persistent inflationary pressures.

| EQUITIES | Level | W/W % change | M/M % change | YTD % change |
|----------------------|--------|--------------|--------------|--------------|
| United States | | | | |
| S&P 500 | 5,703 | 1.4 | 1.9 | 19.6 |
| Nasdaq 100 | 19,791 | 1.4 | 0.4 | 17.6 |
| Dow Jones 30 | 42,063 | 1.6 | 3.0 | 11.6 |
| Russell 2000 | 2,228 | 2.1 | 4.0 | 9.9 |
| Global | | | | |
| S&P Europe | 2,086 | -0.3 | 0.2 | 7.4 |
| S&P China | 2,418 | 3.0 | -1.4 | 10.1 |
| S&P Japan | 2,474 | 2.8 | -1.1 | 12.2 |
| S&P Global | 4,043 | 1.2 | 1.5 | 16.1 |

| FIXED INCOME | Yield, % | 1-week ago | 1-month ago | 1-Jan-2024 |
|----------------------|----------|------------|-------------|------------|
| United States | | | | |
| 2y US Treasury | 3.57 | 3.69 | 4.00 | 4.25 |
| 10y US Treasury | 3.73 | 3.94 | 3.82 | 3.88 |
| US IG Credit | 4.74 | 5.22 | 4.99 | 5.22 |
| US HY Credit | 7.19 | 7.89 | 7.53 | 7.80 |
| Europe | | | | |
| 2y German Bund | 2.25 | 2.52 | 2.41 | 2.41 |
| 10y German Bund | 2.22 | 2.18 | 2.21 | 2.02 |
| Europe IG Credit | 3.44 | 3.76 | 3.56 | 3.67 |
| Europe HY Credit | 5.56 | 6.09 | 5.84 | 6.06 |

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

Expected change in Fed rate by the end of 2024



Source: Bloomberg

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S&P 500 sector highlights













Analysts expect Materials and Financial sectors to outperform market in the following twelve months. Meanwhile, Consumer Discretionary is expected to underperform the broader market.

In Materials, The Mosaic Company (MOS), Albemarle (ALB) and Nucor Corporation (NUE) are expected to deliver the best results. In Financials, American International Group (AIG), Citigroup (C), and Wells Fargo (WFC) are considered potential outperformers.

In Consumer Discretionary, the worst performance is expected from Tesla (TSLA), eBay (EBAY), and Packaging (PKG).

*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, % | YTD, % | 52-week low, \$ | 52-week high, \$ | 12 months outlook |
|--------------------|------------|--------------|--|-------------|-----------------|------------------|-------------------|
| S&P 500 | SPY | 568.3 |  1.1 | 19.6 | 409.2 | 572.9 | Positive |
| Energy | XLE | 88.8 |  3.7 | 5.9 | 79.0 | 99.0 | Neutral |
| Financials | XLF | 45.7 |  2.6 | 21.4 | 31.4 | 45.9 | Positive |
| Communications | XLC | 88.9 |  2.3 | 22.4 | 62.8 | 89.5 | Neutral |
| Discretionary | XLY | 196.7 |  2.2 | 10.0 | 147.8 | 197.6 | Negative |
| Industrials | XLI | 133.2 |  2.0 | 16.8 | 96.1 | 134.4 | Neutral |
| Utilities | XLU | 80.1 |  2.0 | 26.4 | 54.8 | 80.3 | Neutral |
| Materials | XLB | 94.1 |  1.5 | 10.0 | 74.3 | 95.1 | Positive |
| Technology | XLK | 222.5 |  0.9 | 15.6 | 159.5 | 238.1 | Neutral |
| Health Care | XLV | 155.3 | -0.6  | 13.9 | 122.6 | 159.6 | Neutral |
| Staples | XLP | 83.1 | -1.0  | 15.3 | 65.2 | 84.5 | Neutral |
| Real Estate | XLRE | 44.7 | -1.2  | 11.5 | 32.0 | 45.6 | Neutral |

Source: Galt & Taggart Research, Bloomberg, Tipranks, Charles Schwab
 *Percentage price changes given in parentheses indicate w/w changes

Global equities

Last week's strongest performers in S&P 500

| # | Ticker | Name | Price, \$ | W/W, % | M/M, % | YTD, % | 52-week low, \$ | 52-week high, \$ | 12M price target, \$* | 12M upside potential, % |
|---|--------|----------------------|-----------|--------|--------|--------|-----------------|------------------|-----------------------|-------------------------|
| 1 | CEG | Constellation Energy | 255.0 | 30.1 | 33.7 | 118.1 | 102.4 | 255.2 | 222.8 | -12.6 |
| 2 | VST | Vistra Corp. | 107.9 | 26.1 | 35.5 | 180.1 | 31.2 | 108.3 | 111.4 | 3.3 |
| 3 | CRWD | CrowdStrike | 299.9 | 15.7 | 12.5 | 17.4 | 157.6 | 398.3 | 325.0 | 8.4 |
| 4 | ABNB | Airbnb, Inc. | 131.2 | 11.4 | 11.8 | -3.6 | 110.4 | 170.1 | 126.8 | -3.3 |
| 5 | INTC | Intel Corporation | 21.8 | 11.1 | 4.0 | -56.5 | 18.5 | 51.3 | 26.7 | 22.3 |

Last week's weakest performers in S&P 500

| # | Ticker | Name | Price, \$ | W/W, % | M/M, % | YTD, % | 52-week low, \$ | 52-week high, \$ | 12M price target, \$* | 12M upside potential, %* |
|---|--------|--------------------------------|-----------|--------|--------|--------|-----------------|------------------|-----------------------|--------------------------|
| 1 | FDX | FedEx Corporation | 254.6 | -11.1 | -11.7 | 0.7 | 224.7 | 313.8 | 309.1 | 21.4 |
| 2 | AJG | Arthur J. Gallagher & Co. | 276.1 | -7.2 | -4.2 | 22.8 | 218.6 | 301.0 | 289.1 | 4.7 |
| 3 | WBA | Walgreens Boots Alliance, Inc. | 8.7 | -5.4 | -18.8 | -66.6 | 8.5 | 27.1 | 12.4 | 42.7 |
| 4 | QRVO | Qorvo, Inc. | 102.3 | -5.0 | -8.1 | -9.2 | 80.6 | 131.0 | 125.6 | 22.8 |
| 5 | COR | Cencora, Inc. | 228.1 | -4.9 | -4.3 | 11.1 | 178.2 | 247.7 | 259.9 | 13.9 |

Last week's 10 most traded stocks globally

| # | Ticker | Name | Price, \$ | W/W, % | M/M, % | YTD, % | 52-week low, \$ | 52-week high, \$ | 12M price target, \$* | 12M upside potential, % |
|----|--------|-----------------------|-----------|--------|--------|--------|-----------------|------------------|-----------------------|-------------------------|
| 1 | NVDA | NVIDIA | 116.0 | -2.6 | -8.8 | 134.2 | 39.2 | 140.8 | 148.8 | 28.3 |
| 2 | AAPL | Apple Inc. | 228.2 | 2.6 | 0.7 | 18.5 | 164.1 | 237.2 | 238.7 | 4.6 |
| 3 | INTC | Intel Corporation | 21.8 | 11.1 | 4.0 | -56.5 | 18.5 | 51.3 | 26.7 | 22.3 |
| 4 | AMZN | Amazon.com, Inc. | 191.6 | 2.7 | 7.1 | 26.1 | 118.4 | 201.2 | 219.7 | 14.6 |
| 5 | TSLA | Tesla, Inc. | 238.3 | 3.5 | 7.8 | -4.1 | 138.8 | 271.0 | 208.9 | -12.3 |
| 6 | AVGO | Broadcom Inc. | 171.1 | 2.0 | 3.1 | 53.3 | 80.4 | 185.2 | 190.5 | 11.4 |
| 7 | BAC | Bank of America | 40.3 | 4.2 | 4.1 | 19.6 | 25.0 | 44.4 | 45.5 | 13.1 |
| 8 | MSFT | Microsoft | 435.3 | 1.1 | 2.5 | 15.8 | 309.5 | 468.4 | 501.8 | 15.3 |
| 9 | NKE | NIKE, Inc. | 86.5 | 9.5 | 3.5 | -20.3 | 70.8 | 123.4 | 92.1 | 6.5 |
| 10 | KO | The Coca-Cola Company | 71.6 | 0.3 | 3.3 | 21.6 | 51.6 | 73.5 | 71.6 | 0.0 |

*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

*Upside potentials for stocks with negative short-term performance may be biased. This is because analysts may take time to reflect in their forecasts any unfavorable information regarding the stock.

Source: Bloomberg, Tipranks

Georgian corporate bonds

| Issuer | Currency | Amount, mn | Coupon | Issue date | Maturity date | Ratings (Fitch/S&P/Moody/Scope) | Mid price | Mid yield, % |
|-------------------------------|----------|------------|--------|------------|---------------|---------------------------------|-----------|--------------|
| USD | | | | | | | | |
| Bakhvi Hydro Power | USD | 1.2 | 9.40% | Nov-17 | Nov-27 | -/-/-/- | n/a | n/a |
| Lisi Lake Development | USD | 12 | 6.50% | Dec-21 | Dec-24 | -/-/-/BB+ | n/a | 6.75% |
| Georgia Real Estate | USD | 35 | 8.50% | Oct-22 | Oct-24 | -/-/-/- | 99.97 | 8.50% |
| Geo. Renewable Power Oper. | USD | 80 | 7.00% | Oct-22 | Oct-27 | -/-/-/- | 100.00 | 7.00% |
| Lisi Lake Development | USD | 10 | 8.50% | Dec-22 | Dec-24 | -/-/-/BB+ | 99.99 | 8.50% |
| Geosteel | USD | 15 | 9.00% | Apr-23 | Apr-25 | -/-/-/- | 99.99 | 9.00% |
| Silk Real Estate | USD | 20 | 9.00% | Apr-23 | Apr-26 | -/-/-/- | 99.99 | 9.00% |
| Tegeta Motors | USD | 20 | 8.50% | Apr-23 | Apr-25 | -/-/-/BB- | 99.77 | 8.75% |
| Energy Development Georgia | USD | 10 | 8.50% | Jun-23 | Jun-25 | -/-/-/- | n/a | n/a |
| Georgia Capital | USD | 150 | 8.50% | Aug-23 | Aug-28 | -/BB-/-- | 101.08 | 8.40% |
| Silk Real Estate | USD | 20 | 9.25% | Sep-23 | Sep-26 | -/-/-/- | 100.91 | 8.63% |
| Prime Concrete | USD | 7.5 | 10.50% | Sep-23 | Sep-27 | -/-/-/- | n/a | n/a |
| Austrian-Georgian Development | USD | 15 | 9.00% | Oct-23 | Oct-25 | -/-/-/- | n/a | n/a |
| MFO EuroCredit | USD | 10 | 9.50% | Dec-23 | Dec-27 | -/-/-/- | n/a | n/a |
| Geosteel | USD | 5 | 8.50% | Dec-23 | Dec-25 | -/-/-/- | 99.63 | 8.75% |
| IG Development | USD | 20 | 8.50% | Dec-23 | Dec-25 | -/-/-/- | 99.61 | 8.75% |
| Tegeta Motors | USD | 5 | 8.50% | Jun-24 | Jun-26 | -/-/-/BB- | n/a | 8.63% |
| Tegeta Motors | USD | 3.3 | 8.50% | Jun-24 | Jun-26 | -/-/-/BB- | n/a | 8.63% |
| IG Development | USD | 19.5 | 8.50% | Jul-24 | Jul-26 | -/-/-/- | n/a | 8.63% |
| Tegeta Motors | USD | 5 | 8.50% | Jul-24 | Jul-26 | -/-/-/BB- | n/a | n/a |
| MP Development | USD | 5 | 8.75% | Jul-24 | Jul-26 | -/-/-/- | n/a | 8.75% |
| JSC BasisBank | USD | 20 | 7.00% | Aug-24 | Aug-27 | -/-/-/- | n/a | 7.00% |
| Georgia Real Estate | USD | 25 | 8.50% | Aug-24 | Aug-26 | -/-/-/- | n/a | 8.50% |
| Chavchavadze 64B | USD | 10 | 8.75% | Aug-24 | Aug-26 | -/-/-/- | n/a | 8.75% |

■ Galt & Taggart-led and/or co-managed deals
 Source: Bloomberg, Galt & Taggart

Georgian corporate bonds

| Issuer | Currency | Amount, mn | Coupon | Issue date | Maturity date | Ratings (Fitch/S&P/Moody/Scope) | Mid price | Mid yield, % |
|------------------|----------|------------|----------------|------------|---------------|---------------------------------|-----------|--------------|
| EUR | | | | | | | | |
| Tegeta Motors | EUR | 5 | 7.00% | Apr-23 | Apr-25 | -/-/BB- | 99.77 | 7.00% |
| Tegeta Motors | EUR | 4 | 7.00% | Dec-23 | Dec-25 | -/-/BB- | 99.63 | 7.00% |
| Tegeta Motors | EUR | 7 | 6.75% | Dec-23 | Dec-25 | -/-/BB- | 100.37 | 6.75% |
| IG Development | EUR | 5 | 7.00% | Jan-24 | Jan-26 | -/-/- | 99.60 | 7.00% |
| Tegeta Motors | EUR | 10 | 6.75% | May-24 | May-26 | -/-/BB- | n/a | n/a |
| MP Development | EUR | 3 | 7.75% | Jul-24 | Jul-26 | -/-/- | n/a | 7.75% |
| Silk Real Estate | EUR | 7 | 7.00% | Aug-24 | Aug-25 | -/-/- | n/a | 7.00% |
| Chavchavadze 64B | EUR | 3 | 7.75% | Aug-24 | Aug-26 | -/-/- | n/a | 7.75% |
| GEL | | | | | | | | |
| Nikora Trade | GEL | 35 | TIBR3M + 3.50% | Nov-21 | Nov-24 | -/-/BB- | n/a | n/a |
| Nikora | GEL | 35 | TIBR3M + 3.50% | Nov-22 | Nov-25 | -/-/BB- | 100.00 | 11.58% |
| MFO MBC | GEL | 15 | TIBR3M + 4.50% | Dec-22 | Dec-24 | -/-/B | 100.00 | 12.83% |
| Tegeta Motors | GEL | 150 | TIBR3M + 3.50% | Dec-22 | Dec-25 | -/-/BB- | n/a | n/a |
| MFO Crystal | GEL | 25 | TIBR6M + 4.75% | Dec-22 | Feb-25 | B-/-/- | 100.00 | 13.22% |
| MFO Rico Express | GEL | 130 | TIBR1D + 2.00% | Mar-23 | Mar-26 | -/-/B+ | n/a | n/a |
| TBC Leasing | GEL | 100 | TIBR3M + 3.00% | Mar-23 | Mar-26 | BB/-/- | n/a | n/a |
| TBC Leasing | GEL | 15 | TIBR3M + 2.75% | Jun-23 | Jun-26 | BB/-/- | n/a | n/a |
| Tegeta Motors | GEL | 20 | TIBR6M + 3.50% | Jun-23 | Dec-25 | -/-/BB- | n/a | n/a |
| Tegeta Motors | GEL | 20 | 14.5% | Dec-23 | Dec-25 | -/-/BB- | n/a | n/a |
| Cellfie | GEL | 65 | TIBR6M + 3.50% | Dec-23 | Dec-25 | -/-/BB- | 100.00 | 12.33% |
| Tegeta Motors | GEL | 10 | 13.50% | Jul-24 | Jul-26 | -/-/BB- | n/a | n/a |
| Tegeta Motors | GEL | 15 | 13.50% | Aug-24 | Aug-26 | -/-/BB- | 100.00 | 13.50% |

■ Galt & Taggart-led and/or co-managed deals

Source: Bloomberg, Galt & Taggart



Week ahead calendar

Macroeconomic releases

Company earnings

| Macroeconomic releases | | | Company earnings | | | |
|---------------------------|------------------|---------|----------------------------|-------------------|--------|--------------|
| | Time (GMT +4) | Country | Event | Company | Ticker | Time |
| Monday 23 September | 12:00 | EU | Preliminary PMI (Sept) | | | |
| | 12:30 | UK | Preliminary PMI (Sept) | | | |
| | 17:45 | US | Preliminary PMI (Sept) | | | |
| Tuesday 24 September | 17:00 | US | Housing price index (Jul) | AutoZone | AZO | Premarket |
| | 18:00 | US | Consumer confidence (Sept) | | | |
| Wednesday 25 September | 18:00 | US | New home sales (Aug) | Micron Technology | MU | After market |
| Thursday 26 September | 16:30 | US | GDP (Q2) | Accenture | ACN | Premarket |
| | 17:20 | US | Jerome Powell speech | Costco | COST | After market |
| | 17:30 | EU | Christine Lagarde speech | BlackBerry | BB | After market |
| Friday 27 September | 03:30 | JP | CPI (Sept) | | | |

1. Central bank interest rates have significant impact on equity valuations. Higher rates result in lower discounted values of future earnings, which naturally bring down the stock prices.
2. Inflation is currently a very closely watched macroeconomic statistic, as central banks respond to high inflation by raising interest rates. Generally, developed economies target a 2% annual inflation rate, which is less than current inflation levels in both the US and Eurozone.

Descriptions of key 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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