



## Weekly Markets Overview

### Last week

- US 4Q23 GDP came in well above expectations at 3.3% (vs 2.0% forecast)
- European Central Bank and Bank of Japan left interest rates unchanged at 4.5% and -0.1%, respectively
- US PCE inflation came in at 2.6%, in line with expectations

### Week ahead

- US Fed and Bank of England interest rate decisions
- US non farm payrolls and unemployment
- Eurozone 4Q24 GDP and inflation
- Earnings from Apple (AAPL), Microsoft (MSFT), Amazon.com (AMZN), Alphabet (GOOGL), Pfizer (PFE), Boeing (BA), Exxon Mobil (XOM), and others

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

### Commentary: markets expect the US Fed to deliver multiple rate cuts in 2024

Financial markets expect the US Federal Reserve to cut interest rates by a total of 135bps by the end of 2024. Moreover, the implied probability of at least 75bps cut by the year-end is 81%. Importantly, markets expect to see more rate cuts in the second half of the year (58 bps in 1H24 and 77bps in 2H24).

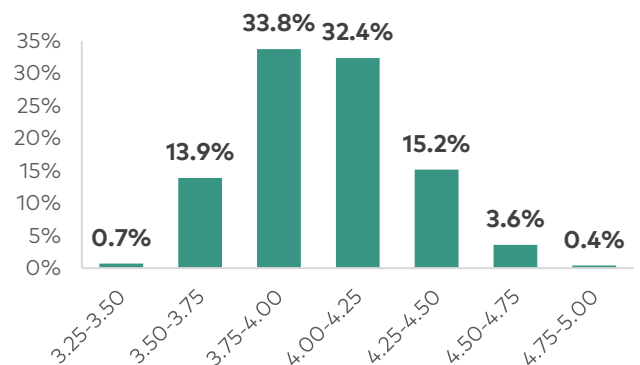
Generally speaking, equities are likely to benefit if the Fed cuts rates more quickly than it is currently expected. In terms of debt markets, however, any rate cut will most likely translate into lower yields for both government and corporate bonds. As such, investors may benefit considerably by locking in the current yields that stand at historically high levels. Lastly, in order to reduce the reinvestment risk, investors can include bonds with different maturities in their portfolio. Focusing solely on short-term debt securities (e.g., 1-year treasuries) means that after maturity is reached the high yield opportunities may no longer be available to reinvest cash.

EQUITIES	Level	1W % change	1M % change	YTD % change
<b>United States</b>				
S&P 500	4,891	1.1	2.4	2.5
Nasdaq 100	17,421	0.6	3.2	3.5
Dow Jones 30	38,109	0.6	1.5	1.1
Russell 2000	1,978	1.7	-3.9	-2.4
<b>Global</b>				
S&P Europe	1,966	3.1	0.0	1.2
S&P China	311	2.7	-2.9	-6.9
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
<b>United States</b>				
2y US Treasury	4.37	4.41	4.25	4.25
10y US Treasury	4.16	4.16	3.87	3.88
US IG Credit	5.27	5.29	5.12	5.19
US HY Credit	7.84	7.92	7.88	7.87
<b>Europe</b>				
2y German Bund	2.63	2.73	2.40	2.41
10y German Bund	2.30	2.31	2.03	2.02
Europe IG Credit	3.79	3.91	3.65	3.67
Europe HY Credit	6.09	6.19	6.06	6.06

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

### Market-implied forecasts for US Fed interest rate by the end of 2024



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 5.1% w/w.** 93 out of 100 largest sector companies closed the week in green. From top 20, only Enbridge (ENB, -0.2%) declined slightly. Meanwhile, the best performers from the list were Phillips 66 (PSX, +8.6%), Petroleo Brasileiro (PBR, +8.3%), Valero Energy (VLO, +7.6%), Schlumberger (SLB, +6.6%), and Pioneer Natural Resources (PXD, +6.3%).

**Consumer Discretionary was the weakest performing sector, with respective ETF (XLY) losing -1.8% w/w.** 44 out of 100 largest sector stocks declined during the week. From top 20, 13 stocks closed the week in red. The weakest performers from the list were Tesla (TSLA, -13.6%), Lowe's Cos (LOW, -3.7%), and McDonald's (MCD, -2.8%). Meanwhile, the best performers were Airbnb (ABNB, +6.9%), Alibaba (BABA, +6.6%), MercadoLibre (MELI, +4.0%).

\*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
<b>S&amp;P 500</b>	<b>SPY</b>	<b>487.4</b>	 <b>1.0</b>	<b>1.0</b>	<b>383.9</b>	<b>488.0</b>	<b>Positive</b>
Energy	XLE	84.3	 5.1	5.1	76.6	93.4	Positive
Communications	XLC	77.7	 3.8	3.8	52.3	77.7	Neutral
Financials	XLF	38.7	 1.9	1.9	31.0	38.7	Positive
Industrials	XLI	113.4	 0.9	0.9	96.4	114.1	Negative
Staples	XLP	72.6	 0.8	0.8	66.2	77.5	Neutral
Technology	XLK	201.8	 0.8	0.8	134.1	204.1	Negative
Utilities	XLU	61.2	 0.4	0.4	56.2	70.0	Negative
Materials	XLB	82.5	 0.3	0.3	74.5	86.2	Neutral
Health Care	XLV	139.3	-0.1 	-0.1	123.1	141.0	Positive
Real Estate	XLRE	38.5	-0.5 	-0.5	32.2	41.8	Neutral
Discretionary	XLY	171.7	-1.8 	-1.8	138.2	181.4	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	<b>NFLX</b>	Netflix	570.4	<b>18.1</b>	16.1	21.3	292.8	570.4	498.5	<b>-12.6</b>
2	<b>IBM</b>	IBM	187.4	<b>9.3</b>	14.8	17.1	120.9	190.4	155.4	<b>-17.1</b>
3	<b>ABNB</b>	Airbnb	149.6	<b>6.9</b>	7.9	12.1	104.4	153.3	138.1	<b>-7.7</b>
4	<b>BABA</b>	Alibaba	74.0	<b>6.6</b>	-2.4	-3.4	68.1	120.6	126.7	<b>71.2</b>
5	<b>XOM</b>	Exxon Mobil	103.0	<b>6.2</b>	0.8	-0.2	96.8	120.2	130.0	<b>26.2</b>
6	<b>GOOGL</b>	Alphabet	152.2	<b>4.0</b>	7.5	9.6	89.1	152.2	156.1	<b>2.6</b>
7	<b>META</b>	Meta Platforms	394.1	<b>2.8</b>	11.1	14.4	147.1	394.1	398.3	<b>1.0</b>
8	<b>TSM</b>	Taiwan Semiconductor	117.3	<b>2.7</b>	12.3	17.1	82.3	117.3	111.7	<b>-4.8</b>
9	<b>NVDA</b>	NVIDIA	610.3	<b>2.6</b>	23.8	28.3	191.6	616.2	658.1	<b>7.8</b>
10	<b>AMZN</b>	Amazon.com	159.1	<b>2.4</b>	3.7	7.2	90.7	159.1	185.6	<b>16.6</b>
11	<b>AMD</b>	AMD	177.3	<b>1.7</b>	23.6	31.0	72.4	180.3	142.0	<b>-19.9</b>
12	<b>MSFT</b>	Microsoft	403.9	<b>1.3</b>	7.8	9.0	242.1	404.9	427.4	<b>5.8</b>
13	<b>AAPL</b>	Apple	192.4	<b>0.4</b>	-0.3	4.4	142.8	198.1	203.9	<b>6.0</b>
14	<b>QCOM</b>	Qualcomm	150.7	<b>-0.8</b>	3.6	9.5	103.0	154.5	146.1	<b>-3.1</b>
15	<b>V</b>	Visa	267.9	<b>-1.1</b>	3.4	3.9	214.5	272.6	286.0	<b>6.7</b>
16	<b>PFE</b>	Pfizer	27.5	<b>-1.4</b>	-3.3	-7.6	26.1	44.3	31.9	<b>16.2</b>
17	<b>TMUS</b>	T-Mobile US	162.2	<b>-1.8</b>	3.4	0.0	126.6	165.2	184.3	<b>13.6</b>
18	<b>PYPL</b>	PayPal	61.8	<b>-6.1</b>	-1.2	5.4	50.4	87.0	71.3	<b>15.4</b>
19	<b>INTC</b>	Intel	43.7	<b>-9.3</b>	-13.6	-7.2	24.9	50.8	44.8	<b>2.6</b>
20	<b>TSLA</b>	Tesla	183.3	<b>-13.6</b>	-28.6	-23.1	153.8	293.3	267.9	<b>46.2</b>

\*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
<b>Monday</b> 29 January				Nucor	NUE	After market
				3i	TGOPY	N/A
				Ryanair	RYAAY	N/A
<b>Tuesday</b> 30 January	13:00	Germany	GDP prel. (4Q23)	Pfizer	PFE	Premarket
	14:00	Eurozone	GDP prel. (4Q23)	Microsoft	MSFT	After market
	19:00	US	CB Consumer sentiment (Jan)	Alphabet	GOOGL	After market
				AMD	AMD	After market
<b>Wednesday</b> 31 January	05:30	China	Manufacturing PMI (Jan)	Novo Nordisk	NVO	Premarket
	11:45	France	Inflation prel. (Jan)	Mastercard	MA	Premarket
	12:55	Germany	Unemployment (Jan)	Themro Fisher Scientific	TMO	Premarket
	17:00	Germany	Inflation prel. (Jan)	Boeing	BA	Premarket
	23:00	US	Fed interest rate decision	Qualcomm	QCOM	After market
<b>Thursday</b> 1 February	14:00	Eurozone	Inflation prel. (Jan)	Merck&Co	MRK	Premarket
	16:00	UK	Bank of England interest rate decision	Shell	SHEL	Premarket
	19:00	US	Manufacturing PMI (Jan)	Apple	AAPL	After market
				Amazon.com	AMZN	After market
<b>Friday</b> 2 February	17:30	US	Non farm payrolls (Jan)	Exxon Mobil	XOM	Premarket
	17:30	US	Unemployment (Jan)	AbbVie	ABBV	Premarket
	19:00	US	Michigan consumer sentiment (Jan)	Chevron	CVX	Premarket

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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