



## Executive Summary

### Last week:

- US core PCE at 4.6% y/y in February (vs 4.7% forecast and down from January's 4.7%)
- US consumer confidence improved to 104.2 in March (vs 101.0 forecast and up from February's 103.4)
- Euro area core CPI at 5.7% y/y in March (vs 5.7% forecast and up from February's 5.6%)

### Week ahead:

- US non-farm payrolls and unemployment
- US and Euro Area manufacturing PMIs

## Commentary – 1Q23 Summary

Overall, the first quarter of 2023 has been highly volatile for equity markets, yet delivering sizeable gains for stocks of most sizes, styles, and geographies. Among the major asset classes, developed market (DM) equities were the best performers, followed by the US large caps and emerging market (EM) equities. Broadly speaking, high-risk assets outperformed, as demonstrated by the sector performance distribution in S&P 500: the cyclical sectors of Technology, Communications, and Consumer Discretionary rallied 21.5%, 17.2%, and 15.0% YTD, respectively. Meanwhile, defensive sectors of Utilities and Health Care lost 2.8% and 2.3% YTD. Success of risky equities is also illustrated by the 21.4% quarterly rally in tech-heavy Nasdaq 100, which has now officially entered the bull market territory. Lastly, fixed income has also delivered modest capital gains, with Global High Yield and US Aggregate Fixed Income indices climbing 3.1% and 3.0%, respectively.

In terms of geography, developed markets (DM) outperformed emerging markets (EM) considerably. S&P 500, Nikkei 225, and MSCI EAFE (US, Japan, and DM Aggregate benchmarks) have delivered impressive quarterly returns of 7.5%, 7.5%, and 8.0%, respectively. Europe lagged the DM peers, with its benchmark equity index, Stoxx 600, gaining 5.4% in the same period. Meanwhile, the EM equities have struggled to keep up. After an impressive start to the year due to the prospects of China's reopening, investor optimism cooled and the rebound was hindered. The relatively poor performance of EM equities can also be explained by regions' higher exposure to financial sector that saw considerable headwinds in past month.

### Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,109	3.5	3.5	7.5
Nasdaq 100	13,181	3.3	7.3	21.4
Dow Jones 30	33,274	3.2	-0.4	0.4
Russell 2000	1,802	3.9	-5.0	3.0
FTSE 100 (£)	7,631	3.1	-4.0	1.0
FTSE 250 (£)	18,928	2.3	-4.9	-1.1
STOXX 600 (€)	458	4.0	-0.7	5.4
MSCI Europe	52.4	4.6	0.3	5.4
Nikkei 225 (¥)	28,041	2.4	2.2	7.5
MSCI China	48.9	2.3	-1.2	1.6
MSCI EAFE	71.5	3.9	0.9	8.0
MSCI EM	990	1.9	2.7	3.2
MSCI World	117.7	3.8	1.2	7.9

Source: Bloomberg

Note: All data is denominated in USD unless specified otherwise.

### Major global equity indices

#### Weekly indexed price returns (24-Mar-2023 = 100)



Source: Bloomberg

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## Sector performance highlights










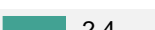


**Energy was the best performing sector last week, with the associated ETF gaining 6.3% w/w.**

The rally was underlined by a surge in crude oil price after OPEC+ countries announced surprise production cuts, totaling approximately 1mn barrels per day. The rally was extremely symmetric across the sector, with all but one of the 100 largest companies gaining ground last week. Best performers from the 20 largest stocks were Schlumberger (SLB, 10.2%), EOG Resources (EOG, 8.7%), Phillips 66 (PSX, 8.2%), Marathon Petroleum (MPC, 8.1%) and Valero Energy (VLO, 8.0).

**Health Care was the worst performing sector last week, with respective ETF gaining 1.7%.**

Similarly to other defensive sectors, health care underperformed S&P 500 during the market rally. The growth was moderately symmetric, with 11 out of 100 largest stocks closing the week in green. From top 20, only the sector's largest player, UnitedHealth Group, lost the ground. The best performers from the list were Novartis (NVS, 10.1%), Novo Nordisk (NVO, 4.2%), Gilead Sciences (GILD, 3.7%), Sanofi (SNY, 3.4%), and Thermo Fisher Scientific (TMO, 3.2%).

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

Sector	ETF Ticker	Close Price, \$	W/W ETF Change %	YTD, %	52-week high, \$	52-week low, \$	12M Outlook
<b>S&amp;P 500</b>	<b>SPY</b>	409.4	 3.4	7.9	449.2	353.6	<b>Neutral</b>
of which:							
Energy	XLE	82.8	 6.3	-1.9	93.1	66.1	Very Positive
Discretionary	XLY	149.5	 5.6	16.5	188.0	126.3	Positive
Real Estate	XLRE	37.4	 5.3	0.8	49.2	33.4	Positive
Materials	XLB	80.7	 5.0	3.9	88.8	66.9	Neutral
Industrials	XLI	101.2	 4.4	2.8	103.7	82.4	Neutral
Financials	XLF	32.2	 3.7	-6.3	37.7	30.1	Neutral
Technology	XLK	151.0	 3.5	22.5	160.2	116.2	Negative
Utilities	XLU	67.7	 3.0	-4.0	77.0	61.0	Neutral
Staples	XLP	74.7	 2.4	0.6	78.9	66.0	Neutral
Communications	XLC	58.0	 2.3	19.3	70.7	45.3	Positive
Health Care	XLV	129.5	 1.7	-4.4	141.1	118.4	Positive

Source: Galt & Taggart Research, Bloomberg, S&P Capital IQ  
 \* Percentage price changes given in parentheses indicate w/w changes



## Performance of last week's most traded US stocks (top 20 by value)

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week high, \$	52-week low, \$	12M price target, \$	12M upside potential, %
1	BABA	Alibaba Group Holding	102.2	17.6	16.4	11.1	122.4	63.2	153.1	49.8
2	INTC	Intel	32.7	11.3	31.0	23.7	47.5	24.4	27.5	-15.8
3	TSLA	Tesla	207.5	9.0	0.9	91.9	381.8	108.1	219.7	5.9
4	XOM	Exxon Mobil	109.7	5.9	-0.2	3.7	118.3	79.4	130.0	18.5
5	BAC	Bank of America	28.6	5.4	-16.1	-14.7	40.5	27.0	38.6	34.8
6	AMZN	Amazon.com	103.3	5.3	9.6	20.4	168.3	81.8	138.3	33.9
7	NFLX	Netflix	345.5	5.2	7.2	17.1	391.5	166.4	349.6	1.2
8	JPM	JPMorgan Chase & Co.	130.3	4.3	-9.1	-2.8	143.8	101.2	155.5	19.3
9	HD	Home Depot	295.1	4.3	0.2	-6.6	339.8	265.0	328.4	11.3
10	NVDA	NVIDIA	277.8	3.7	19.7	94.0	277.8	112.2	286.3	3.1
11	AAPL	Apple	164.9	2.9	11.9	32.0	177.4	124.8	169.1	2.5
12	META	Meta Platforms	211.9	2.9	21.2	69.9	233.9	88.9	237.6	12.1
13	MSFT	Microsoft	288.3	2.8	15.6	20.6	311.9	213.1	297.8	3.3
14	V	Visa	225.5	2.0	2.5	8.9	231.0	176.9	258.9	14.8
15	JNJ	Johnson & Johnson	155.0	1.5	1.1	-12.4	181.1	151.1	179.0	15.5
16	AMD	Advanced Micro Devices	98.0	0.1	24.7	53.1	110.5	55.9	96.3	-1.8
17	UNH	UnitedHealth Group	472.6	-0.7	-0.7	-8.9	553.4	449.3	607.4	28.5
18	MU	Micron Technology	60.3	-1.3	4.4	19.8	77.3	48.7	68.5	13.5
19	GOOGL	Alphabet	103.7	-1.6	15.2	16.4	143.0	83.4	130.8	26.1
20	SCHW	Charles Schwab	52.4	-1.7	-32.8	-35.9	85.4	51.9	80.3	53.2

Source: Bloomberg, Capital IQ

Note: Positive 12 month return targets imply an overall "Buy" recommendation by analysts



## Week ahead calendar

### Macroeconomic releases

### Company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time	Forecast EPS \$
Monday April 3	12:00	Euro Area	Manufacturing PMIs (Mar)	Targa Resources	TRGP	Premarket	1.38
	12:30	UK	Manufacturing PMI (Mar)	Science Applications	SAIC	Premarket	1.66
	18:00	US	Manufacturing PMI (Mar)				
Tuesday April 4	08:30	Australia	RBA Interest Rate Decision	Acuity Brands	AYI	Premarket	2.73
	12:00	Euro Area	ECB Consumer Expectations Survey	Dlocal	DLO	After Market	0.11
	18:00	US	Factory Orders (Feb)				
Wednesday April 5	12:00	Euro Area	Services PMIs (Mar)	ConAgra Foods	CAG	Premarket	0.64
	12:30	UK	Services PMI (Mar)	Simply Good Foods	SMPL	Premarket	0.29
	16:30	US	Balance of Trade (Feb)	Ermenegildo Zegna	ZGN	N/A	0.10
	18:00	US	Service/Non-Manufacturing PMIs (Mar)				
Thursday April 6	05:45	China	Composite & Services PMIs (Mar)	Constellation Brands	STZ	Premarket	1.84
	11:30	Germany	Construction PMI (Mar)	RPM	RPM	Premarket	0.31
	12:30	UK	Construction PMI (Mar)	Levi Strauss	LEVI	After Market	0.32
	16:30	US	Jobless Claims (Apr/01)	Seven	SVNDY	N/A	0.21
Friday April 7	03:30	Japan	Household Spending (Feb)	CK Infrastructure	CKISY	N/A	N/A
	16:30	US	Non-Farm Payrolls (Mar)				
	23:00	US	Consumer Credit Change (Feb)				

Source: Bloomberg, NASDAQ

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