



Executive Summary

Last week:

- US Manufacturing & Services PMIs fell more than expected in March (at 46.3 and 51.2, respectively)
- US Non-Farm Payrolls came in roughly as expected in March (236,000)

Week ahead:

- US CPI & PPI
- US, UK, Euro Area Retail Sales
- FOMC Minutes

Commentary – Signs of Slowing US Economy

Last week's economic data from the US mostly surprised on the downside, hinting on heightened odds of economic slowdown. Both manufacturing and services PMIs declined by more than expected, reaching 46.3 and 51.2, respectively (vs 47.5 and 54.5 forecasts). While manufacturing PMI stands at the post-Covid low, services PMI had the second-worst reading since the pandemic, yet remaining in a positive territory above the 50-point threshold. These worsened conditions are explained by reduced new orders and weakened business activity. Decline in consumers' willingness to spend is demonstrated by weakening consumer credit which increased by significantly lower-than-usual amount in February. Meanwhile, factory orders data showed a steeper-than-expected contraction of -0.7% m/m in February (vs -0.5% forecast).

Non-farm payrolls roughly matched expectations in March, coming in at a modest level of 236,000. Notably, the figure stands well below the 2022 average. Coupled with the activity data discussed above, the cooling of US economy is now apparent. This is likely to pressure Fed during the upcoming monetary policy meetings. Importantly, the market-implied probability of another 25bps hike in May stands at 66%, while that of no change in policy rate is at 34%.

Markets now seem as concerned about the recession risks as they are regarding the Fed's hiking cycle. Over the past months, investors have chased large cap equities that tend to weather economic downturns better than their smaller-sized peers do. This is demonstrated by Russell 2000 (benchmark index of US small-caps) gaining only 3.7% in past 6 months while S&P 500 and Nasdaq 100 have rallied 13.6% and 19.5%, respectively in the same period.

Performance of major global equity indices

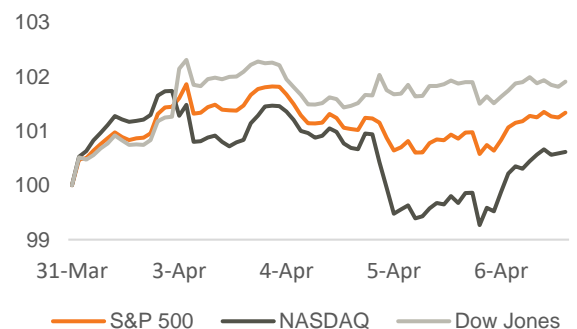
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,105	1.3	1.4	7.3
Nasdaq 100	12,088	0.6	3.5	16.4
Dow Jones 30	33,485	1.9	0.2	1.1
Russell 2000	1,754	-0.8	-7.6	0.2
FTSE 100 (£)	7,742	1.6	-2.4	2.5
FTSE 250 (£)	18,797	-0.6	-6.3	-1.8
STOXX 600 (€)	459	0.9	-1.1	5.7
MSCI Europe	52.9	1.3	5.3	10.1
Nikkei 225 (¥)	27,473	-1.1	-2.7	5.3
MSCI China	49.7	-1.3	-0.2	1.3
MSCI EAFE	71.9	1.1	1.8	8.6
MSCI EM	39.4	-0.3	0.0	3.1
MSCI World	117.7	1.2	1.3	7.9

Source: Bloomberg

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

Major US equity indices

Weekly indexed price returns (31-Mar-2023 = 100)



Source: Bloomberg

Eva Bochorishvili - Head of Research

| evabochorishvili@gt.ge | +995 32 2401 111 ext. 8036

Bachana Shengelia - Head of Sector Research

| bshengelia@gt.ge | +995 32 2401 111 ext. 7562

Giorgi Tskitishvili – Equity Markets Analyst












| g.tskitishvili@gt.ge | +995 32 2401 111 ext. 8967

Sector performance highlights

Health Care was the best performing sector last week, with the associated ETF gaining 4.2% w/w. The rally was rather symmetric in the sector, with 88 out of 100 largest stocks closing the week in green. Meanwhile, only Danaher Corporation lost the ground from top 20 (DHR, -1.1%). Top performers from the list in terms of weekly gains were UnitedHealth Group (UNH, 9.1%), Eli Lilly (LLY, 8.1%), Johnson & Johnson (JNJ, 7.6%), Merck & Co (MRK, 6.1%), and Abbott Laboratories (ABT, 5.9%).

Industrials was the worst performing sector, with respective ETF losing 2.1% w/w. Notably, despite general downward trend, 24 out of 100 largest stocks managed to close the week in green. Best performers from top 20 were Lockheed Martin (LMT, 3.6%), Northrop Grumman (NOC, 2.0%), Canadian National Railway (CNI, 1.9%), RELX (RELX, 1.5%), and Thomson Reuters (TRI, 1.2%). Meanwhile, worst performers were Deere & Company (DE, -8.4%), Eaton (ETN, -7.6%), Caterpillar (CAT, -6.9%), Illinois Tool Works (ITW, -5.1%), and ABB (ABB, -1.9%).

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
S&P 500	SPY	409.2	 1.4	7.9	441.3	353.6	Neutral
of which:							
Health Care	XLV	133.5	 4.2	-1.4	141.1	118.4	Neutral
Utilities	XLU	69.8	 3.9	-1.0	77.0	61.0	Negative
Communications	XLC	58.9	 3.6	21.2	68.5	45.3	Positive
Energy	XLE	85.0	 3.3	0.7	93.1	66.1	Positive
Staples	XLP	75.4	 1.7	1.5	78.9	66.0	Negative
Real Estate	XLRE	37.1	 1.4	0.1	49.2	33.4	Neutral
Financials	XLF	32.0	 0.6	-6.8	37.3	30.1	Neutral
Materials	XLB	79.6	 0.3	2.6	88.8	66.9	Neutral
Technology	XLK	149.1	 0.1	20.9	153.3	116.2	Negative
Discretionary	XLY	144.9	-0.5 	12.9	182.8	126.3	Positive
Industrials	XLI	97.8	-2.1 	-0.7	108.7	82.4	Neutral

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	UNH	UnitedHealth Group	512.8	9.1	6.7	-1.1	553.4	449.3	606.0	18.2
2	LLY	Eli Lilly	368.3	8.1	15.5	1.2	373.6	275.2	387.1	5.1
3	JNJ	Johnson & Johnson	165.1	7.6	6.2	-6.7	181.1	151.1	178.1	7.9
4	GOOGL	Alphabet	108.4	7.5	14.0	21.7	136.5	83.4	129.8	19.8
5	XOM	Exxon Mobil	115.1	5.1	1.1	8.8	118.3	79.4	129.5	12.6
6	META	Meta Platforms	216.1	4.0	16.9	73.2	223.4	88.9	237.2	9.8
7	MSFT	Microsoft	291.6	2.7	13.5	22.0	298.4	213.1	300.0	2.9
8	AAPL	Apple	164.7	1.4	7.0	31.9	174.0	124.8	168.1	2.1
9	NFLX	Netflix	339.3	0.3	8.7	15.0	368.4	166.4	349.2	2.9
10	AMZN	Amazon.com	102.1	0.1	8.9	18.9	158.8	81.8	138.1	35.3
11	BABA	Alibaba Group Holdings	102.7	-0.6	14.6	11.7	122.4	63.2	155.8	51.6
12	COST	Costco Wholesale	486.0	-1.1	0.6	7.4	603.9	414.2	550.6	13.3
13	NVDA	NVIDIA	270.4	-1.3	14.8	88.9	279.6	112.2	286.3	5.9
14	BAC	Bank of America	27.8	-1.6	-18.3	-16.9	39.0	27.0	38.4	37.8
15	CRM	Salesforce	192.6	-2.1	4.8	42.9	200.8	128.3	222.2	15.4
16	TSLA	Tesla	185.1	-5.2	-4.5	71.2	352.4	108.1	228.0	23.2
17	AMD	Advanced Micro Devices	92.5	-5.5	13.9	44.4	108.6	55.9	96.3	4.1
18	SCHW	Charles Schwab	49.3	-5.9	-35.6	-39.6	85.4	48.9	77.2	56.5
19	MU	Micron Technology	58.6	-7.2	3.0	16.3	74.9	48.7	68.5	17.0
20	ABNB	Airbnb	109.7	-10.3	-13.2	29.2	171.9	82.5	141.7	29.2

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 10	09:00	Japan	Consumer Confidence (Mar)	PriceSmart	PSMT	After Market	0.88
	18:00	US	Wholesale Inventories (Feb)	CK Infrastructure	CKISY	N/A	N/A
				Freedom	FRHC	N/A	1.10
Tuesday April 11	03:00	UK	Retail Sales (Mar)	Albertsons	ACI	Premarket	0.68
	05:30	China	Inflation (Mar)	CarMax	KMX	Premarket	0.20
	13:00	Euro Area	Retail Sales (Feb)				
Wednesday April 12	16:30	US	Inflation (Mar)	Louis Vuitton	LVMUY	N/A	N/A
	18:00	Canada	BoC Interest Rate Decision	Aeon	AONNY	N/A	0.35
	22:00	US	FOMC minutes	Shaw B	SJR	N/A	0.36
Thursday April 13	10:00	Germany	Inflation (Mar)	Progressive	PGR	Premarket	1.39
	10:00	UK	GDP (Feb)	Infosys	INFY	Premarket	0.19
	13:00	Euro Area	Industrial Production (Feb)	Tesco	TSCDY	Premarket	N/A
	16:30	US	Producer Price Index (Mar)	Delta Air Lines	DAL	Premarket	0.32
Friday April 14	10:45	France	Inflation (Mar)	UnitedHealth Group	UNH	Premarket	6.17
	11:00	China	Foreign Direct Investment (Mar)	JPMorgan Chase	JPM	Premarket	3.41
	16:30	US	Retail Sales (Mar)	Hermes International	HESAY	Premarket	3.41
	17:15	US	Industrial Production	Wells Fargo	WFC	Premarket	1.12
	18:00	US	Michigan Consumer Sentiment prelim. (Apr)	Blackrock	BLK	Premarket	7.75
				Citigroup	C	Premarket	1.70

Source: Bloomberg, NASDAQ

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Galt & Taggart

Address: 3 A. Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge