



## Executive Summary

### Last week:

- US 1Q23 GDP growth came in at 1.1% q/q vs 2.0% forecast
- US PCE price index came in at 4.6% y/y vs 4.5% forecast
- Euro Area 1Q23 prel. GDP growth came in at 0.1% q/q vs 0.2% forecast

### Week ahead:

- Fed & ECB interest rate decisions
- US April non-farm payrolls
- Euro Area April prel. inflation
- Earnings: Apple (AAPL), BP (BP), Shell (SHEL), Pfizer (PFE), AMD (AMD), Uber Technologies (UBER), and others

### Commentary: FOMC meeting ahead

On Wednesday, the US Federal Reserve will meet to make May's interest rate decision. As of now, the Fed funds rate range is 4.75%-5.0%. Markets are now pricing an 85% probability of 25bps hike and a 15% probability of no rate change. In mid-March the probability of hike stood at 21%.

Federal Reserve has a two-fold problem to solve. On the one side, it has to tame inflation which, despite retreating in recent months, is still far from the target level of 2%. On the other side, the Fed has to make sure that the economic activity does not weaken to an extent that the US enters a recession (i.e., a hard-landing scenario).

While the cracks are observed in the US economy, overall, it has displayed resiliency. Last week, the 1Q23 GDP came in below expectations but still grew by 1.1% q/q. Moreover, while housing market continues to weaken and business investment shows significant slowdown, American consumers exhibit strong willingness to spend, as consumption grew by impressive 3.7% q/q. This is partly explained by a strong labor market which is yet to be impacted by the tightened monetary conditions. In past 12 months, the monthly non-farm payrolls averaged a quite strong c.320,000. Importantly, the April figure, which is due Friday this week, is expected to stand at a more modest level of 180,000.

Overall, for the Fed to begin rate cuts either inflation has to show further deceleration or economic conditions need to deteriorate significantly. With headline (core) inflation at 5.0% y/y (5.6% y/y) and resilient economic activity, Fed pivot is unlikely for now.

### Performance of major equity indices

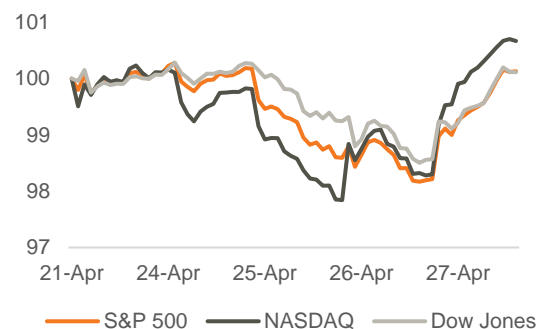
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,169	0.9	1.1	9.0
Nasdaq 100	13,246	1.9	0.7	21.9
Dow Jones 30	34,098	0.9	1.5	2.9
Russell 2000	1,769	-1.3	-1.9	1.0
FTSE 100 (£)	7,870	-0.5	2.6	4.2
FTSE 250 (£)	19,425	0.8	2.9	1.5
STOXX 600 (€)	466.6	-0.5	1.9	7.5
MSCI Europe	54.6	0.0	3.5	13.6
Nikkei 225 (¥)	28,856	1.0	3.3	10.6
MSCI China	47.7	-0.6	-4.3	-2.8
MSCI EAFE	73.6	0.0	2.1	11.2
MSCI EM	39.1	0.3	-1.0	2.4
MSCI World	119.8	0.5	1.3	9.8

Source: Bloomberg

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

### Major US equity indices

#### Weekly indexed price returns (21 April = 100)



Source: Bloomberg

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## Sector performance highlights

**Communications was the best performing sector last week, with the associated ETF gaining 3.8% w/w.** The rally was not broad-based, as 49 out of 100 largest sector companies lost ground during the week. Out of top 20, only 12 companies closed the week in green. Best performers from the list were Meta Platforms (META, +12.9%), Charter Communications (CHTR, +10.8%), Comcast Corporation (CMCSA, +9.6%), Vodafone (VOD, +7.0%), and Verizon Communications (VZ, +4.1%). Worst performers from top 20 were Activision Blizzard (ATVI, -9.1%), Baidu (BIDU, -3.5%), and AT&T (T, -3.0%).

**Utilities was the weakest performing sector, with respective ETF losing 0.9% w/w.** Performance was less broad-based in the sector, with 27 out of 100 largest stocks managing to close the week in green. From top 20, 14 companies lost the ground. Worst performers from the list were NextEra Energy (NEE, -3.0%), FirstEnergy Corp (FE, -2.0%), Exelon Corporation (EXC, -1.8%), American Water Works Company (AWK, -1.8%), and American Electric Power Company (AEP, -1.6%). Meanwhile, best performers were PG&E (PCG, +1.3%), Constellation Energy (CEG, +1.1%), and Edison International (EIX, +0.9%).

## 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 upside, %
<b>S&amp;P 500</b>	<b>SPY</b>	<b>415.9</b>	 0.9%	<b>9.6</b>	<b>424.4</b>	<b>353.6</b>	<b>Neutral</b>
Communications	XLC	59.9	 3.8%	23.2	62.5	45.3	Positive
Technology	XLK	150.8	 2.1%	22.4	151.0	116.2	Negative
Real Estate	XLRE	37.8	 1.5%	1.8	47.6	33.4	Neutral
Staples	XLP	77.4	 1.1%	4.3	78.1	66.0	Negative
Discretionary	XLY	147.9	 0.3%	15.2	172.1	126.3	Positive
Energy	XLE	85.1	 0.2%	0.9	93.1	66.1	Positive
Financials	XLF	33.2	-0.2% 	37.0	-3.4	30.1	Neutral
Materials	XLB	80.6	-0.2% 	3.8	86.8	66.9	Neutral
Health Care	XLV	133.5	-0.6% 	-1.4	139.5	118.4	Neutral
Industrials	XLI	100.0	-0.6% 	1.6	103.7	82.4	Neutral
Utilities	XLU	69.0	-0.9% 	-2.2	77.0	61.0	Negative

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, %	YTD, %	52-week high, \$	52-week low, \$	12M price target, \$	12M upside potential, %
1	<b>META</b>	Meta Platforms	240.3	12.9	92.7	240.3	88.9	274.5	14.2
2	<b>MSFT</b>	Microsoft	307.3	7.5	28.6	307.3	213.1	328.5	6.9
3	<b>AAPL</b>	Apple	169.7	2.8	35.9	174.0	124.8	172.8	1.9
4	<b>LLY</b>	Eli Lilly	395.9	2.8	8.8	395.9	282.1	397.7	0.5
5	<b>INTC</b>	Intel	31.1	2.5	17.6	44.8	24.4	30.7	-1.3
6	<b>NVDA</b>	NVIDIA	277.5	2.3	93.8	279.6	112.2	288.9	4.1
7	<b>XOM</b>	Exxon Mobil	118.3	2.0	12.0	118.3	81.1	130.9	10.6
8	<b>GOOGL</b>	Alphabet	107.3	1.8	20.4	122.3	83.4	129.7	20.8
9	<b>AMD</b>	Advanced Micro Devices	89.4	1.1	39.6	108.6	55.9	99.1	10.9
10	<b>NFLX</b>	Netflix	329.9	0.6	11.9	368.0	166.4	361.2	9.5
11	<b>HD</b>	Home Depot	300.5	0.2	-4.9	339.8	265.0	339.1	12.8
12	<b>CVX</b>	Chevron	168.6	-0.3	-2.3	186.1	132.5	189.6	12.4
13	<b>TSLA</b>	Tesla	164.3	-0.5	52.0	317.5	108.1	207.5	26.3
14	<b>V</b>	Visa	232.7	-0.6	12.4	234.6	176.9	272.3	17.0
15	<b>AMZN</b>	Amazon.com	105.4	-1.4	22.9	144.8	81.8	139.6	32.4
16	<b>TMUS</b>	T-Mobile	143.9	-1.6	3.5	152.4	121.7	183.7	27.6
17	<b>JPM</b>	JPMorgan Chase & Co.	138.2	-1.6	3.1	143.8	101.2	161.5	16.9
18	<b>BAC</b>	Bank of America	29.3	-2.0	-12.6	38.2	27.0	36.8	25.6
19	<b>BABA</b>	Alibaba Group Holding	84.7	-5.0	-7.9	122.4	63.2	147.9	74.6
20	<b>PINS</b>	Pinterest	23.0	-16.0	0.5	29.1	17.2	28.7	24.9

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 1 May	18:00	US	ISM Manufacturing PMI (Apr)	Stryker	SYK	After Market	2.01
	18:00	US	Construction Spending (Mar)	Vertex	VRTX	After Market	3.03
				British American Tobacco	BTI	N/A	N/A
Tuesday 2 May	10:00	Germany	Retail Sales (Mar)	Pfizer	PFE	Premarket	0.98
	12:00	Euro Area	Manufacturing PMI (Apr)	HSBC	HSBC	Premarket	1.25
	12:30	UK	Manufacturing PMI (Apr)	BP	BP	Premarket	1.38
	13:00	Euro Area	Inflation prel. (Apr)	Uber Technologies	UBER	Premarket	-0.09
	18:00	US	Factory Orders (Mar)	Advanced Micro Devices	AMD	After Market	0.56
				Starbucks	SBUX	After Market	0.65
Wednesday 3 May	13:00	Euro Area	Unemployment (Mar)	CVS Health	CVS	Premarket	2.10
	18:00	US	Services PMI (Apr)	Estee Lauder	EL	Premarket	0.51
	22:00	US	Fed Interest Rate Decision	Qualcomm	QCOM	After Market	2.15
Thursday 4 May	12:00	Euro Area	Services PMIs (Apr)	Novo Nordisk	NVO	Premarket	1.25
	12:00	UK	Services PMI (Apr)	Shell	SHEL	Premarket	2.09
	16:45	Euro Area	ECB Interest Rate Decision	Anheuser Busch	BUD	Premarket	0.58
	16:30	US	Balance of Trade (Mar)	Apple	AAPL	After Market	1.43
				Booking	BKNG	After Market	10.67
Friday 5 May	13:00	Euro Area	Retail Sales (Mar)	Enbridge	ENB	Premarket	0.84
	16:30	US	Non-Farm Payrolls (Apr)	Cigna	CI	Premarket	5.28
	23:00	US	Consumer Credit (Mar)	Warner Bros Discovery	WBD	Premarket	-0.10

Source: Bloomberg, NASDAQ

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