



## Executive Summary

### Last week:

- US 1Q23 GDP final figure revised upwards to 2.0% q/q
- US May headline PCE price index retreated from 4.3% y/y to 3.8% while core decreased slightly to 4.6%
- Euro Area prelim. June headline CPI dropped to 5.5% y/y while core rose slightly to 5.4%

### Week ahead:

- June manufacturing & services PMIs from the US, Euro Area, the UK
- June non-farm payrolls and FOMC minutes from the US
- Retail sales and ECB president Lagarde speech from Euro Area

### Commentary: equities finish 1H23 strong

Overall, the 1<sup>st</sup> half of 2023 has been rewarding for global equity markets. The US and Europe delivered considerable gains, with S&P 500 gaining 16.4%, while MSCI Europe rose 9.6%. In contrast, due to soaring inflation and a consequent monetary response in the UK, FTSE 100 and FTSE 250 have declined by -0.3% and -3.7%, respectively. Emerging markets have also underperformed, with China's declining growth prospects being the primary reason.

In the US, the large-cap growth stocks led the rally, with market-cap weighted S&P 500 outperforming its equal weight peer by 10.3 percentage points. This was partly due to a recent rally of large-cap tech stocks in the face of AI-related success.

Notably, these results come in contrast to the 2022 year-end expectations, as most investment banks forecasted a rather timid growth in equities. The surprise is largely attributed to a better-than-expected macroeconomic developments in DMs, including retreating inflation levels and reduction in energy prices.

As of now, investors should stay diversified and focus on quality stocks with strong balance sheets and promising earnings outlooks. The risks for 3Q23 include declining forward earnings expectations and more potential tightening from the Fed and the ECB.

### Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,450	2.3	5.8	16.4
Nasdaq 100	13,787	2.2	5.9	32.7
Dow Jones 30	34,407	2.0	4.1	3.8
Russell 2000	1,888	3.7	6.9	7.9
FTSE 100 (£)	7,531	0.9	0.1	-0.3
FTSE 250 (£)	18,416	2.0	-2.1	-3.7
STOXX 600 (€)	461.9	1.9	1.2	6.4
MSCI Europe	52.6	2.5	0.4	9.6
Nikkei 225 (¥)	33,189	1.2	5.9	27.2
MSCI China	44.7	1.3	3.0	-8.9
MSCI EAFE	72.5	2.2	1.5	9.5
MSCI EM	39.6	1.0	2.6	3.5
MSCI World	124.5	2.2	4.2	14.1

Source: Bloomberg

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

### Major global equity indices 1 year indexed price returns



Source: Bloomberg

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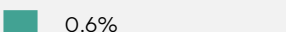

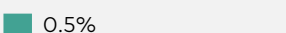
## Sector performance highlights: 1H23

**Technology was the best performing sector in 1H23, with respective ETF gaining 41.1% YTD.**

92 out of 100 largest stocks gained the ground during the period. From top 20, only Sony (SONY, -4.4%) lost the ground. Best performers from the list were NVIDIA (NVDA, +201.4%), Advanced Micro Devices (AMD, +82.1%), Salesforce (CRM, +64.4%), Broadcom (AVGO, +59.2%), and Apple (AAPL, +53.9%).

**Communications was the second best performing sector, with the associated ETF gaining 33.9% YTD.** 69 out of 100 largest sector stocks closed the half-year in green. From top 20, 12 companies managed to gain the ground. Best performers from the list were Meta Platforms (META, +148.2%), Spotify (SPOT, +109.6%), Netflix (NFLX, +59.1%), Warner Brothers Discovery (WBD, +41.4%), and Alphabet (GOOGL, +39.9%).

## 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>443.3</b>	 2.3%	<b>16.8</b>	<b>443.3</b>	<b>353.6</b>	<b>Neutral</b>
Real Estate	XLRE	37.7	 5.1%	1.7	44.8	33.4	Neutral
Energy	XLE	81.2	 4.9%	-3.8	93.1	66.1	Positive
Materials	XLB	82.9	 4.0%	6.8	85.2	66.9	Neutral
Industrials	XLI	107.3	 3.9%	9.0	107.3	82.4	Negative
Technology	XLK	173.9	 3.1%	41.1	174.6	116.2	Negative
Financials	XLF	33.7	 3.0%	-1.8	37.0	30.1	Neutral
Discretionary	XLY	169.8	 2.6%	32.3	32.3	126.3	Negative
Communications	XLC	65.1	 1.6%	33.9	65.3	45.3	Positive
Utilities	XLU	65.4	 0.6%	-7.2	77.0	61.0	Neutral
Health Care	XLV	132.7	 0.6%	-2.0	139.5	120.6	Positive
Staples	XLP	74.2	 0.5%	-0.1	77.5	66.0	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	<b>CCL</b>	Carnival Corporation	18.8	<b>19.2</b>	65.5	136.3	18.8	6.4	17.7	<b>-5.8</b>
2	<b>AVGO</b>	Broadcom	867.4	<b>5.5</b>	8.0	56.7	886.2	423.6	863.9	<b>-0.4</b>
3	<b>JPM</b>	JPMorgan Chase & Co.	145.4	<b>4.7</b>	5.8	8.4	145.4	101.2	161.4	<b>10.9</b>
4	<b>AAPL</b>	Apple	194.0	<b>3.9</b>	9.4	55.3	194.0	124.8	193.4	<b>-0.3</b>
5	<b>NFLX</b>	Netflix	440.5	<b>3.9</b>	12.1	49.3	445.3	174.4	407.1	<b>-7.6</b>
6	<b>MA</b>	Mastercard	393.3	<b>3.6</b>	7.0	13.6	393.3	282.9	436.0	<b>10.9</b>
7	<b>AMD</b>	Advanced Devices	113.9	<b>3.5</b>	-9.1	77.9	129.2	55.9	133.9	<b>17.6</b>
8	<b>V</b>	Visa	237.5	<b>3.5</b>	7.1	14.7	237.5	176.9	270.4	<b>13.9</b>
9	<b>LLY</b>	Eli Lilly and Company	469.0	<b>2.2</b>	9.8	28.9	469.0	294.7	454.2	<b>-3.2</b>
10	<b>TSLA</b>	Tesla	261.8	<b>2.0</b>	30.1	142.2	309.3	108.1	214.6	<b>-18.0</b>
11	<b>MSFT</b>	Microsoft	340.5	<b>1.6</b>	2.8	42.5	348.1	213.1	347.6	<b>2.1</b>
12	<b>ADBE</b>	Adobe	489.0	<b>0.9</b>	17.2	45.1	495.2	275.2	537.8	<b>10.0</b>
13	<b>AMZN</b>	Amazon.com	130.4	<b>0.8</b>	7.2	51.9	144.8	81.8	141.6	<b>8.6</b>
14	<b>NKE</b>	NIKE	110.4	<b>0.8</b>	4.0	-7.1	129.5	82.9	130.4	<b>18.2</b>
15	<b>UNH</b>	UnitedHealth Group	480.6	<b>0.8</b>	0.2	-7.3	553.4	458.0	589.8	<b>22.7</b>
16	<b>ORCL</b>	Oracle	119.1	<b>0.4</b>	13.3	42.8	126.6	60.5	127.8	<b>7.3</b>
17	<b>NVDA</b>	NVIDIA	423.0	<b>0.2</b>	5.5	195.5	438.1	112.2	466.1	<b>10.2</b>
18	<b>META</b>	Meta Platforms	287.0	<b>-0.6</b>	9.3	130.1	288.7	88.9	295.1	<b>2.8</b>
19	<b>GOOGL</b>	Alphabet	119.7	<b>-2.2</b>	-3.2	34.3	127.3	83.4	132.8	<b>11.0</b>
20	<b>MU</b>	Micron Technology	63.1	<b>-3.3</b>	-12.0	25.3	73.9	48.7	77.1	<b>22.2</b>

Source: Bloomberg, Capital IQ

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



## Week ahead calendar

### Macroeconomic releases

	Time (GMT +4)	Country	Event
<b>Monday</b> 3 July	12:00	Euro Area	Manufacturing PMI (Jun)
	12:30	UK	Manufacturing PMI (Jun)
	18:00	US	Manufacturing PMI (Jun)
<b>Tuesday</b> 4 July	10:00	Germany	Balance of Trade (May)
<b>Wednesday</b> 5 July	12:00	Euro Area	Services PMI (Jun)
	12:30	UK	Services PMI (Jun)
	22:00	US	FOMC Minutes
<b>Thursday</b> 6 July	13:00	Euro Area	Retail Sales (May)
	16:30	US	Jobless Claims (Jun/24)
	18:00	US	Services PMI (Jun)
<b>Friday</b> 7 July	16:30	US	Non-Farm Payrolls (Jun)
	16:30	Canada	Employment Change (Jun)
	20:45	Euro Area	ECB President Lagarde Speech

### Company earnings

Company	Ticker	Time	Forecast EPS \$
Daktronics	DAKT	N/A	0.11
Sainsbury	JSAIY	Premarket	N/A
Chr Hansen	CHYHY	Premarket	0.13
Levi Strauss	LEVI	After Market	0.03
Ryohin Keukaku	RYKKY	N/A	0.17
AZZ	AZZ	After Market	1.20

Source: Bloomberg, NASDAQ

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