



## Executive Summary

### Last week:

- US government credit was downgraded from AAA to AA+
- US July non-farm payrolls came in below forecasts at 187,000, while unemployment fell from 3.6% to 3.5%
- Bank of England hiked by 25bps to 5.25%, as expected
- Euro area July core CPI remained unchanged at 5.5% y/y, while the headline figure declined from 5.5% to 5.3%
- Euro area 2Q23 GDP surprised on the upside and came in at 0.6% y/y (vs 0.5% forecast)

### Week ahead:

- US inflation (CPI), PPI, and consumer sentiment
- UK GDP and retail sales
- China CPI and PPI
- Earnings from Palantir (PLTR), Sony (SONY), Walt Disney (DIS), Alibaba (BABA), and more

## Commentary: US debt downgrade and payrolls

All major global equity indices declined in past week. The major news was a surprise downgrade of US government credit by Fitch Ratings and S&P from AAA to AA+. As noted by the rating agencies, the current "medium term fiscal challenges" were the underlying reason for the downgrade. Importantly Moody's still holds the AAA rating. As a result, the treasury yields have increased. The 10-year US Treasury yield rose from 3.96 to 4.05, while that of 30-year treasury increased from 4.03 to 4.21.

Regarding the US labor market, the reported data had mixed implications. On the one hand, the newly created jobs were reported below forecasts at 187,000, therefore, hinting on slowing demand for labor. On the other hand, the unemployment rate declined from 3.6% to 3.5% and wage growth, contrary to expectations, remained unchanged at 4.4% y/y. Overall, the labor market shows a stable trend of easing, which is a necessary condition for soft landing scenario in the US.

### Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,478.0	-2.3	0.7	17.1
Nasdaq 100	13,909.2	-2.8	0.9	33.9
Dow Jones 30	35,065.6	-1.1	2.3	5.8
Russell 2000	1,957.5	-1.2	4.5	11.8
FTSE 100 (£)	7,564.4	-1.7	1.6	0.1
FTSE 250 (£)	18,934.6	-1.0	2.9	-1.0
STOXX 600 (€)	459.3	-2.4	0.3	5.8
MSCI Europe	459.3	-2.4	0.3	5.8
Nikkei 225 (¥)	32,192.8	-1.7	-3.4	23.4
MSCI China	48.0	-3.1	6.3	-2.4
MSCI EAFE	72.2	-3.1	0.8	9.0
MSCI EM	40.5	-3.3	2.0	6.1
MSCI World	125.2	-2.5	0.9	14.8

Source: Bloomberg

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

### Major global equity indices

#### Weekly indexed price returns (1-Jun-23 = 100)



Source: Bloomberg

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


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## Sector performance highlights

**Energy was the best performing sector last week, with respective ETF gaining 1.2% w/w.** 63 out of 100 largest sector stocks closed the week in green. From top 20, 13 managed to gain the ground. Best performers from the list were Pioneer Natural Resources (PXD, +4.8%), Marathon Petroleum (MPC, +4.6%), Equinor (EQNR, +3.7%), Exxon Mobil (XOM, +3.1%), and Occidental Petroleum (OXY, +2.3%). Meanwhile, the worst performers were Petroleo Brasileiro (PBR, -2.9%), ConocoPhillips (COP, -1.9%), Woodside Energy Group (WDS, -1.8%), and Enbridge (ENB, -1.3%).

**Technology was the second worst performing sector, with the associated ETF down 3.8% w/w.** 79 out of 100 largest sector companies lost the ground in past week. From top 20, 17 stocks declined. Worst performers from the list were Apple (AAPL, -7.1%), Qualcomm (QCOM, -6.2%), ASML Holding (ASML, -5.6%), Texas Instruments (TXN, -5.6%), and Taiwan Semiconductor (TSM, -4.7%). Meanwhile, AMD (AMD, +2.5%), Cisco Systems (CSCO, +1.0%), and IBM (IBM, +0.6%) managed to deliver gains throughout the week.

## 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>446.8</b>	-2.2% 	<b>17.8</b>	<b>457.8</b>	<b>353.6</b>	<b>Neutral</b>
Energy	XLE	86.9	1.2% 	3.0	93.1	68.0	Positive
Discretionary	XLY	171.6	-0.7% 	33.6	177.0	126.3	Neutral
Financials	XLF	34.9	-0.8% 	1.7	37.0	30.1	Neutral
Industrials	XLI	108.2	-1.7% 	10.0	110.8	82.4	Neutral
Staples	XLP	74.7	-1.9% 	0.5	77.5	66.0	Neutral
Materials	XLB	83.6	-2.0% 	7.7	85.7	66.9	Neutral
Health Care	XLV	132.4	-2.1% 	139.5	-2.3	120.6	Positive
Real Estate	XLRE	37.1	-2.2% 	0.0	44.8	33.4	Positive
Communications	XLC	67.1	-2.5% 	38.0	68.8	45.3	Positive
Technology	XLK	171.2	-3.8% 	38.9	180.3	116.2	Neutral
Utilities	XLU	64.0	-4.5% 	-9.2	77.0	61.0	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	<b>AMZN</b>	Amazon.com	139.6	5.6	7.0	62.6	144.8	81.8	171.4	22.8
2	<b>XOM</b>	Exxon Mobil	107.4	3.1	0.5	1.6	118.3	82.7	125.9	17.2
3	<b>AMD</b>	Advanced Micro Devices	115.8	2.5	1.6	80.9	129.2	55.9	144.2	24.5
4	<b>BKNG</b>	Booking Holdings	3,063.2	1.7	14.6	50.7	3,063.2	1,634.6	3,007.6	-1.8
5	<b>V</b>	Visa	239.0	1.4	-0.2	15.5	244.0	176.9	280.5	17.4
6	<b>NFLX</b>	Netflix	431.6	1.4	-3.2	46.3	477.6	214.3	468.3	8.5
7	<b>CVX</b>	Chevron	159.3	0.3	1.9	-7.6	186.1	138.7	188.0	18.0
8	<b>NIO</b>	NIO	14.7	-0.1	44.0	52.9	22.0	7.4	12.9	-12.4
9	<b>ADBE</b>	Adobe	526.9	-0.4	8.1	56.4	549.1	275.2	545.9	3.6
10	<b>AVGO</b>	Broadcom	881.7	-2.0	2.3	59.3	920.0	423.6	877.9	-0.4
11	<b>JNJ</b>	Johnson & Johnson	169.0	-3.1	3.8	-4.5	179.0	151.1	180.1	6.6
12	<b>MSFT</b>	Microsoft	327.8	-3.1	-3.1	37.2	359.5	213.1	389.8	18.9
13	<b>GOOGL</b>	Alphabet	128.1	-3.4	5.2	43.7	132.7	83.4	152.0	18.7
14	<b>BABA</b>	Alibaba Group	96.9	-3.6	14.9	5.3	120.6	63.2	149.0	53.8
15	<b>NVDA</b>	NVIDIA	446.8	-4.4	5.6	212.1	474.9	112.2	502.9	12.5
16	<b>META</b>	Meta Platforms	310.7	-4.5	5.6	149.1	325.5	88.9	381.3	22.7
17	<b>TSLA</b>	Tesla	253.9	-4.7	-10.1	134.8	309.3	108.1	273.9	7.9
18	<b>QCOM</b>	QUALCOMM	121.5	-6.2	3.7	13.3	150.3	103.0	138.7	14.2
19	<b>AAPL</b>	Apple	182.0	-7.1	-4.9	45.7	196.4	124.8	208.2	14.4
20	<b>PYPL</b>	PayPal Holdings	62.8	-15.2	-8.	-15.9	102.1	59.4	87.8	39.9

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
Monday 7 August	03:50	Japan	BoJ summary of opinions
	23:00	US	Consumer credit change (Jun)
Tuesday 8 August	03:00	UK	Retail sales (Jul)
	10:00	Germany	Inflation (Jul)
Wednesday 9 August	05:30	China	Inflation (Jul)
	05:30	China	PPI (Jul)
Thursday 10 August	16:30	US	Inflation (Jul)
	16:30	US	Jobless claims (Jul/29)
Friday 11 August	10:00	UK	GDP (Jun)
	16:30	US	PPI (Jul)
	18:00	US	Consumer sentiment prel. (Aug)

### Company earnings

Company	Ticker	Time	Forecast EPS \$
BioNTech	BNTX	Premarket	-0.83
Palantir	PLTR	After market	0.05
Sony	SONY	N/A	1.02
Eli Lilly	LLY	Premarket	1.98
United Parcel Services	UPS	Premarket	2.50
Li Auto	LI	Premarket	1.72
Walt Disney	DIS	After market	0.99
Trade Desk	TTD	After market	0.26
Nippon	NTTY	N/A	0.71
Honda Motor	HMC	N/A	1.08
Novo Nordisk	NVO	Premarket	1.35
Alibaba	BABA	Premarket	14.59
Siemens	SIEGY	Premarket	1.20
Deutsche Telekom	DTEGY	Premarket	0.43
Constellation Software	CNSWF	After market	14.64
Newcrest Mining	NCMGF	After market	0.56

Source: Bloomberg, NASDAQ



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