



Executive Summary

Last week:

- Hawkish FOMC minutes led markets to price in a 1/3 probability of two more 25bps Fed hikes in 2023
- US June non-farm payrolls came in below expectations (209,000 vs 225,000 forecast)

Week ahead:

- US inflation (CPI & PPI) and Michigan consumer confidence
- UK GDP and unemployment
- Euro Area industrial production and economic sentiment
- Earnings from Pepsico (PEP), JPMorgan (JPM), BlackRock (BLK), Citigroup (C), and others

Commentary: DM equities lose the ground

Developed market (DM) equities declined during last week, with Europe largely underperforming. In the US, the better-than-expected results from Tesla and Rivian Automotive managed to boost the equity market slightly, however, discouraging news from AstraZeneca's new cancer drug weighed heavily on health care stocks.

In terms of macroeconomics, the hawkish tone in FOMC minutes was last week's major negative catalyst. The highlight of minutes was Dallas Fed President Lorie Logan's anticipation of two more rate hikes in 2023. As a result, markets are now pricing a 90% probability of 25bps hike in July, while the likelihood of another hike during the year stands roughly at 1/3.

On a positive note, the US non-farm payrolls came in below expectations with only 209,000 newly employed in June (vs 225,000 forecast and down from May's 306,000). Importantly, the June figure is the lowest since December 2020. On the flipside, the unemployment ticked downwards from 3.7% to 3.6%, while average hourly earnings grew by more than expected rate of 4.4% y/y (vs 4.2% forecast). Given the contrasting information from the US labor market, the overall impact on equities was negligible.

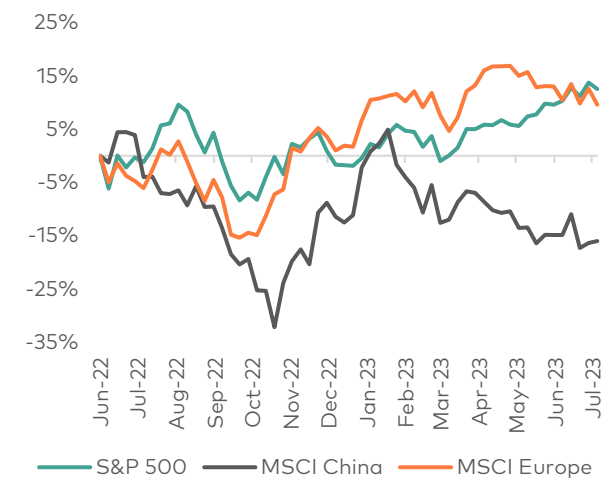
Performance of benchmark equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,399	-1.2	3.1	15.0
Nasdaq 100	13,660	-0.9	4.2	31.5
Dow Jones 30	33,734	-2.0	0.2	1.8
Russell 2000	1,864	-1.3	-1.3	6.5
FTSE 100 (£)	7,256	-3.6	-4.8	-3.9
FTSE 250 (£)	18,004	-2.2	-6.0	-5.9
STOXX 600 (€)	447.6	-3.1	-2.9	3.1
MSCI Europe	51.2	-2.7	-1.2	6.6
Nikkei 225 (¥)	32,388	-2.4	1.5	24.1
MSCI China	44.9	0.4	-0.2	-8.5
MSCI EAFE	70.9	-2.2	0.0	7.1
MSCI EM	39.4	-0.4	0.0	3.1
MSCI World	122.9	-1.3	2.3	12.6

Source: Bloomberg

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

Major global equity indices 1-year indexed price return



Source: Bloomberg

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Sector performance highlights

Health Care was the worst performing sector last week, with respective ETF falling by 2.8%

w/w. 76 out of 100 largest stocks closed the week in red. From top 20, only AbbVie (ABBV, +1.7%) managed to gain the ground. Worst performers from the list were AstraZeneca (AZN, -8.5%), Novartis (NVS, -4.7%), Merck & Co (MRK, -4.0%), Sanofi (SNY, -3.2%), and UnitedHealth Group (UNH, -3.1%).

Basic Materials was the second weakest performing sector, with the associated ETF losing 2.0% w/w.

57 out of 100 largest stocks declined during the week. From top 20, only Nutrien (NTR, +3.1%) gained the ground. Meanwhile, the worst performers from the list were Linde (LIN, -3.9%), Vulcan Materials Company (VMC, -3.3%), BHP (BHP, -2.9%), Air Products and Chemicals (APD, -2.7%), and CRH (CRH, -2.5%).

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, %
S&P 500	SPY	438.5	-1.1% 	15.6	443.8	353.6	Neutral
Real Estate	XLRE	37.8	0.3% 	1.9	44.8	33.4	Positive
Communications	XLC	65.1	0.0% 	33.8	65.8	45.3	Positive
Utilities	XLU	65.4	-0.1% 	-7.2	77.0	61.0	Neutral
Discretionary	XLY	169.4	-0.3% 	31.9	172.1	126.3	Negative
Financials	XLF	33.6	-0.4% 	-2.1	37.0	30.1	Neutral
Energy	XLE	80.8	-0.5% 	-4.3	93.1	66.1	Positive
Staples	XLP	73.5	-1.0% 	77.5	-1.1	66.0	Neutral
Industrials	XLI	106.2	-1.0% 	7.9	107.3	82.4	Negative
Technology	XLK	171.2	-1.5% 	38.9	174.6	116.2	Negative
Materials	XLB	81.2	-2.0% 	4.7	85.2	66.9	Neutral
Health Care	XLV	129.0	-2.8% 	-4.8	139.5	120.6	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	RIVN	Rivian Automotive	24.7	48.3	78.7	42.4	40.1	12.0	23.6	-4.5
2	BABA	Alibaba Group	90.6	8.6	6.2	-1.6	122.4	63.2	143.6	58.6
3	TSLA	Tesla	274.4	4.8	22.2	153.9	309.3	108.1	235.7	-14.1
4	META	Meta Platforms	290.5	1.2	10.2	132.9	294.4	88.9	303.6	4.5
5	NVDA	NVIDIA	425.0	0.5	13.4	196.9	438.1	112.2	475.6	11.9
6	GOOGL	Alphabet	119.5	-0.2	-2.5	34.1	127.3	83.4	133.1	11.4
7	V	Visa	236.4	-0.4	5.0	14.2	239.4	176.9	270.4	14.4
8	AMZN	Amazon.com	129.8	-0.4	7.1	51.2	144.8	81.8	141.6	9.1
9	NFLX	Netflix	438.1	-0.5	9.6	48.5	445.9	174.4	414.8	-5.3
10	AMD	Advanced Micro Devices	113.2	-0.6	-4.0	76.8	129.2	55.9	136.7	20.8
11	JPM	JPMorgan Chase & Co.	144.3	-0.8	2.6	7.6	145.6	101.2	162.1	12.3
12	MSFT	Microsoft	337.2	-1.0	4.3	41.1	348.1	213.1	350.5	3.9
13	AAPL	Apple	190.7	-1.7	7.2	52.7	194.0	124.8	193.4	1.4
14	PG	Procter & Gamble	148.8	-1.9	2.8	-1.2	156.6	122.1	167.3	12.5
15	AVGO	Broadcom	846.8	-2.4	6.8	53.0	886.2	423.6	863.9	2.0
16	COST	Costco Wholesale	525.0	-2.5	2.7	16.0	559.0	449.4	565.9	7.8
17	LLY	Eli Lilly and Company	452.1	-3.6	3.6	24.3	469.0	294.7	454.2	0.5
18	XOM	Exxon Mobil	103.2	-3.8	-4.9	-2.4	118.3	81.1	131.6	27.5
19	UNH	UnitedHealth Group	461.6	-4.0	-4.3	-11.0	553.4	458.0	581.8	26.1
20	MRK	Merck & Co	109.0	-5.5	0.4	-1.9	118.4	84.0	120.7	10.7

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 10 July	05:30	China	Inflation (Jun)
	18:00	US	Wholesale inventories (May)
	23:00	US	Consumer credit (May)
Tuesday 11 July	10:00	Germany	Inflation (Jun)
	10:00	UK	Unemployment (May)
	13:00	Euro Area	Economic sentiment index (Jul)
Wednesday 12 July	10:00	UK	Financial stability report
	16:30	US	Inflation (Jun)
	18:00	Canada	BoC interest rate decision
Thursday 13 July	10:00	UK	GDP (May)
	13:00	Euro Area	Industrial production (May)
	15:30	Euro Area	ECB monetary policy meeting accounts
	16:30	US	Producer Price Index (Jun)
Friday 14 July	18:00	US	Michigan consumer sentiment prel. (Jul)

Company earnings

Company	Ticker	Time	Forecast EPS \$
Helen of Troy	HELE	Premarket	1.68
WD-40	WDFC	After Market	1.22
PriceSmart	PSMT	After Market	0.85
Nordic Semiconductor	EXG	Premarket	0.02
Commer Intl Bank	CMGGF	N/A	0.05
DNB Bank	DNBBY	Premarket	0.54
Aeon	AONNY	N/A	0.05
PepsiCo	PEP	Premarket	1.96
Delta Airlines	DAL	Premarket	2.35
Cintas	CTAS	Premarket	3.19
Progressive	PGR	N/A	0.89
UnitedHealth Group	UNH	Premarket	6.06
JPMorgan	JPM	Premarket	3.96
Wells Fargo&Co	WFC	Premarket	1.18
BlackRock	BLK	Premarket	8.43
Citigroup	C	Premarket	1.37

Source: Bloomberg, NASDAQ

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