



## Executive Summary

### Last week:

- Bank of Canada hiked by 25bps to 4.75% after keeping the base rate unchanged for 5 months
- Eurozone entered mild recession as GDP contracted marginally in quarterly terms in both 4Q22 and 1Q23
- US jobless claims came in at 261,000, the highest level since late-2021

### Week ahead:

- Fed and ECB interest rate decisions
- US CPI, PPI, and retail sales (May)
- Euro Area CPI (May)
- Earnings: Oracle (ORCL), Adobe (ADBE), and Kroger (KR)

## Commentary: Central banks in spotlight

Broad-based rally in US equities continued for the second consecutive week, as S&P 500 equal weighted index rose 0.9% last week, outperforming the traditional, market-cap weighted S&P 500 index. Positive performance was seen outside of large-caps too, with S&P mid-cap 400 and S&P small-cap 600 gaining 1.5% and 1.7%, respectively. Most of the sectors also delivered gains, with cyclicals mostly outperforming sensitive and defensive sectors. Generally, such a broad-based rally is a positive signal, indicating that investor appetite for equity markets has improved. Importantly, such reduction in investor risk aversion is usually achieved when the overall economic sentiment improves.

This week's focus will shift towards macroeconomic events, as US and Euro Area will report inflation, while their respective central banks will make interest rate decisions. The Fed rate, which stands in the range of 5.0%-5.25%, is expected to remain unchanged, with only around 20% chance of 25bps hike. Meanwhile, the ECB is expected to lift the base rate by 25 bps to 4.0%. Importantly, if the Fed does in fact pause, this will not necessarily mean that interest rates have peaked. The idea of hike-after-pause is back on the table, with Bank of Canada making a precedent last week by lifting the base rate after 5 month-long pause.

### Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,298	0.4	4.4	12.4
Nasdaq 100	13,259	0.1	8.9	27.7
Dow Jones 30	33,876	0.3	0.9	2.2
Russell 2000	1,865	1.9	6.6	6.6
FTSE 100 (£)	7,562	-0.6	-2.6	0.1
FTSE 250 (£)	19,091	-0.3	-1.0	-0.2
STOXX 600 (€)	460.0	-0.5	-1.2	5.9
MSCI Europe	51.6	-2.3	-3.9	7.5
Nikkei 225 (¥)	32,265	2.4	10.3	23.6
MSCI China	45.5	-0.1	-3.7	-7.4
MSCI EAFE	71.5	-1.6	-2.8	8.0
MSCI EM	39.9	0.8	1.8	4.3
MSCI World	121.1	-0.6	1.8	11.0

Source: Bloomberg

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

### Major global equity indices

#### Weekly indexed YTD price returns



Source: Bloomberg

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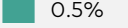
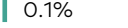



## Sector performance highlights

**Consumer Discretionary was the best performing sector last week, with respective ETF gaining 2.7% w/w.** Rally was moderately broad-based, with 69 out of 100 largest sector stocks gaining ground during the week. From top 20, only 10 closed the week in green. Best performers from the list were Tesla (TSLA, +14.2%), Ford Motor Company (F, +10.9%), PDD Holdings (PDD, +9.4%), and JD.com (JD, +3.3%). Worst performers were MercadoLibre (MELI, -4.9%), Nike (NKE, -1.8%), and Starbucks (SBUX, -1.6%).

**Consumer Staples was the worst performing sector, with associated ETF losing -0.7% w/w.**

The downturn was less broad-based, with 44 out of 100 largest stocks gaining ground throughout the week. From top 20, only 7 managed to close the week in green. Top performers from the list were Ambev (ABEV, +6.9%), Walmart (WMT, +2.9%) and British American Tobacco (BTI, +1.1%). Meanwhile, the worst performers were The Estee Lauder Companies (EL, -6.3%), Target (TGT, -4.7%), Monster Beverage (MNST, -3.8%), General Mills (GIS, -2.7%), and The Hershey Company (HSY, -2.0).

### S&P 500 sector review: last week performance

Sector	ETF Ticker	Close Price, \$	Weekly change	YTD, %	52-week high, \$	52-week low, \$	1Y outlook
<b>S&amp;P 500</b>	<b>SPY</b>	<b>429.9</b>	 0.5%	<b>13.3</b>	<b>429.9</b>	<b>353.6</b>	<b>Neutral</b>
Discretionary	XLY	161.2	 2.7%	25.6	172.1	126.3	Negative
Utilities	XLU	66.4	 2.0%	-5.8	77.0	61.0	Neutral
Energy	XLE	81.3	 1.8%	-3.6	93.1	66.1	Positive
Industrials	XLI	102.4	 1.4%	4.0	103.7	82.4	Neutral
Financials	XLF	33.2	 1.1%	-3.4	37.0	30.1	Positive
Real Estate	XLRE	37.1	 0.8%	0.1	44.8	33.4	Positive
Materials	XLB	79.0	 0.5%	85.2	1.8	66.9	Positive
Communications	XLC	63.2	 0.1%	30.0	63.6	45.3	Positive
Health Care	XLV	130.4	 0.1%	-3.7	139.5	118.4	Positive
Technology	XLK	166.0	 -0.5%	34.7	166.9	116.2	Negative
Staples	XLP	73.1	 -0.7%	-1.6%	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

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	1Y high, \$	1Y low, \$	1Y price target, \$	1Y upside potential, %
1	<b>TSLA</b>	Tesla	244.4	14.2	44.5	126.1	309.3	108.1	200.1	-18.1
2	<b>AMD</b>	Advanced Micro Devices	124.9	6.0	31.4	95.1	127.0	55.9	103.1	-17.4
3	<b>NFLX</b>	Netflix	420.0	4.9	26.5	42.4	420.0	167.5	367.7	-12.5
4	<b>ADBE</b>	Adobe	454.0	4.0	32.5	34.8	454.0	275.2	437.4	-3.7
5	<b>TSM</b>	TSM	102.8	3.9	20.9	38.9	103.2	59.9	126.0	22.6
6	<b>ORCL</b>	Oracle	109.8	3.7	14.3	31.7	109.8	60.5	112.5	2.4
7	<b>QCOM</b>	QUALCOMM	119.1	3.0	12.6	11.1	154.0	103.0	134.2	12.7
8	<b>XOM</b>	Exxon Mobil	107.4	1.5	-1.6	1.6	118.3	81.1	130.7	21.7
9	<b>CRM</b>	Salesforce	215.3	1.1	7.0	59.7	223.4	128.3	230.2	6.9
10	<b>INTC</b>	Intel	31.3	0.1	4.1	18.7	39.2	24.4	30.9	-1.4
11	<b>AAPL</b>	Apple	181.0	0.0	5.5	44.9	181.0	124.8	189.1	4.5
12	<b>AMZN</b>	Amazon.com	123.4	-0.7	15.8	43.8	144.8	81.8	138.3	12.1
13	<b>AVGO</b>	Broadcom	804.6	-0.9	30.1	45.4	812.7	423.6	856.8	6.5
14	<b>UNH</b>	UnitedHealth Group	493.6	-1.2	0.7	-4.8	553.4	449.3	595.4	20.6
15	<b>NVDA</b>	NVIDIA	387.7	-1.4	35.7	170.8	401.1	112.2	456.2	17.7
16	<b>GOOGL</b>	Alphabet	122.2	-2.0	13.9	37.2	127.3	83.4	131.6	7.6
17	<b>V</b>	Visa	223.6	-2.3	-4.0	8.0	234.6	176.9	272.5	21.9
18	<b>MSFT</b>	Microsoft	326.8	-2.6	6.4	36.7	335.9	213.1	345.0	5.6
19	<b>META</b>	Meta	265.0	-2.8	13.5	112.4	272.6	88.9	287.5	8.5
20	<b>TGT</b>	Target	127.0	-4.7	-19.3	-15.8	179.9	127.0	176.7	39.1

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 June 12	03:50	Japan	PPI (May)
	12:00	China	New Yuan Loans (May)
	19:00	US	Consumer Inflation Expectations (May)
Tuesday June 13	10:00	Germany	Inflation (May)
	10:00	UK	Unemployment (Apr)
	13:00	Euro Area	Economic Sentiment Index (Jun)
	16:30	US	Inflation (May)
Wednesday June 14	10:00	UK	GDP (Apr)
	16:30	US	PPI (May)
	22:00	US	Fed Interest Rate Decision
Thursday June 15	16:15	Euro Area	ECB Interest Rate Decision
	16:30	US	Retail Sales (May)
	16:30	US	Industrial Production (May)
Friday June 16	07:00	Japan	BoJ Interest Rate Decision
	13:00	Euro Area	Inflation (May)
	18:00	US	Michigan Consumer Sentiment prel. (Jun)

### Company earnings

Company	Ticker	Time	Forecast EPS \$
Oracle	ORCL	After Market	1.58
Ashtead Gro	ASHTY	Premarket	3.20
Burford	BUR	Premarket	0.26
Lennar	LEN	After Market	2.31
Renew Energy Global	RNW	N/A	-0.02
Kroger	KR	Premarket	1.44
Jabil Circuit	JBL	Premarket	1.88
Adobe	ADBE	After Market	3.79
Tesco	TSCDY	Premarket	N/A

Source: Bloomberg, NASDAQ

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