



## Executive Summary

### Last week:

- US April's headline inflation came in at 4.9% y/y (vs 5.0% forecast and down from 5.0%). Core figure stood at 5.5% y/y (as expected and down from 5.6%). Producer Price Index (PPI) came in slightly below forecasts at 0.2% m/m.
- US Michigan consumer sentiment index dropped unexpectedly to 6-month low at 57.7
- BoE hiked by 25bps to 4.5% as widely anticipated. Meanwhile, the March UK GDP growth came in below forecasts at 0.3% y/y.

### Week ahead:

- Euro Area GDP and inflation
- US retail sales and building permits

### Commentary

While most global equity markets declined last week, the US benchmark indices delivered mixed results. Nasdaq 100 gained just above half a percent, primarily led by a rally in Alphabet stock. Meanwhile, S&P 500 and Dow Jones 30 lost the ground, with latter being heavily influenced by Disney's fall in response to weak subscriber numbers in Disney+ streaming service.

Meanwhile, the US economic releases provided mixed signals. While headline inflation and PPI came in slightly below expectations, the consumer sentiment indicator showed a sharp deterioration in May. The underlying reason is likely a gradual weakening of broader economy, as illustrated by tighter lending conditions and softening labor market (initial jobless claims rose to 264,000 from 229,000 two weeks ago).

In Europe, the major news was Bank of England further restricting the monetary policy by 25bps to bring the base rate to 4.5%. Despite the weakening economic activity (as illustrated by the UK GDP), inflation in the UK remains at double-digits (10.1% y/y as of March 2023) and, therefore, is a primary concern for the monetary authorities.

Lastly, the April inflation in France and Germany came in as expected. In Germany, the headline figure fell to 7.2% y/y from 7.4% in March, while in France, it ticked upwards to 5.9% y/y from 5.7% in March.

### Performance of major equity indices

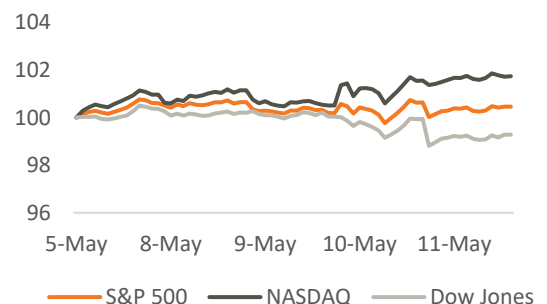
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,124	-0.3	0.8	7.8
Nasdaq 100	13,340	0.6	3.8	22.8
Dow Jones 30	33,300	-1.1	-1.0	0.5
Russell 2000	1,740	-1.1	-1.9	-0.6
FTSE 100 (£)	7,754	-0.3	-0.9	2.7
FTSE 250 (£)	19,188	-1.4	1.0	0.3
STOXX 600 (€)	465.5	0.0	0.7	7.2
MSCI Europe	53.7	-1.6	0.3	11.9
Nikkei 225 (¥)	29,388	0.8	4.6	12.6
MSCI China	46.2	-3.5	-4.2	-5.9
MSCI EAFE	73.1	-1.0	0.8	10.5
MSCI EM	38.5	-2.1	-2.1	0.9
MSCI World	118.8	-0.5	0.8	8.8

Source: Bloomberg

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

### Major US equity indices

#### Weekly indexed price returns (5 May 2023 = 100)



Source: Bloomberg

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


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## Sector performance highlights

**Communications was the best performing sector, with respective ETF rising 2.4% w/w.** The gain was predominantly from largest sector companies, while 66 out of 100 largest stocks declined during the week. From top 20, only 8 companies managed to rise. Best performers from the list were Alphabet (GOOGL, +11.3%), Netflix (NFLX, +5.3%), and America Movil (AMX, +4.9%). Worst performers were The Walt Disney Company (DIS, -8.5%), Vodafone Group (VOD, -6.6%), NetEase (NTES, -4.2%), Charter Communications (CHTR, -3.6%), and Warner Brothers Discovery (WBD, -3.0%).

**Energy was the weakest performing sector, with associated ETF losing 2.1% w/w.** The decline was rather broad-based, with 71 out of 100 largest stocks closing the week in red. From top 20, only 3 managed to gain the ground, including Petroleo Brasileiro (PBR, +9.6%), Marathon Petroleum (MPC, +2.8%), and Enterprise Products Partners (EPD, +1.3%). Meanwhile, the worst performers from the list were Occidental Petroleum (OXY, -4.3%), Enbridge (ENB, -3.7%), Schlumberger (SLB, -3.7%), Canadian Natural Resources (CNQ, -3.7%), and Equinor (EQNR, -3.6%).

## 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>411.6</b>	-0.3% 	<b>8.5</b>	<b>424.4</b>	<b>353.6</b>	<b>Neutral</b>
Communications	XLC	59.7	 2.4%	22.8	60.5	45.3	Positive
Discretionary	XLY	147.8	 0.4%	15.1	172.1	126.3	Positive
Staples	XLP	77.1	-0.1% 	3.8	77.5	66.0	Negative
Technology	XLK	150.9	-0.2% 	22.5	151.8	116.2	Negative
Utilities	XLU	69.0	-0.9% 	-2.2	77.0	61.0	Negative
Real Estate	XLRE	37.1	-0.9% 	0.1	44.8	33.4	Neutral
Industrials	XLI	98.5	-1.0% 	103.7	0.1	82.4	Neutral
Health Care	XLV	132.2	-1.0% 	-2.4	139.5	118.4	Neutral
Financials	XLF	31.9	-1.3% 	-7.1	37.0	30.1	Neutral
Materials	XLB	78.1	-2.0% 	0.6	86.5	66.9	Positive
Energy	XLE	78.5	-2.1% 	-7.0%	93.1	66.1	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	GOOGL	Alphabet	117.5	11.3	12.3	31.9	122.1	83.4	130.8	11.3
2	AMD	Advanced Micro Devices	95.3	6.0	3.2	48.8	108.6	55.9	99.0	3.9
3	NFLX	Netflix	339.9	5.3	2.7	15.2	368.0	167.5	361.2	6.3
4	AMZN	Amazon.com	110.3	4.4	12.7	28.5	144.8	81.8	136.3	23.6
5	BABA	Alibaba Group Holding	85.3	2.5	-9.1	-7.2	122.4	63.2	153.8	80.2
6	CRM	Salesforce	201.8	2.1	6.0	49.7	204.9	128.3	222.3	10.2
7	LLY	Eli Lilly and Company	434.4	1.5	17.7	19.4	434.8	283.6	426.8	-1.8
8	META	Meta Platforms	233.8	0.4	9.3	87.4	243.2	88.9	281.6	20.5
9	HD	Home Depot	290.5	0.3	0.0	-8.1	339.8	265.0	337.2	16.1
10	MSFT	Microsoft	309.0	-0.5	9.0	29.3	312.3	213.1	326.2	5.6
11	AAPL	Apple	172.6	-0.6	7.8	38.2	174.0	124.8	181.7	5.3
12	NVDA	NVIDIA	283.4	-1.2	7.0	98.0	291.5	112.2	290.4	2.5
13	TSLA	Tesla	168.0	-1.2	-7.0	55.4	309.3	108.1	204.5	21.7
14	JPM	JPMorgan Chase & Co.	134.1	-1.9	4.4	0.0	143.8	101.2	162.4	21.1
15	BAC	Bank of America	27.1	-2.2	-4.9	-19.2	38.2	27.0	36.1	33.4
16	XOM	Exxon Mobil	105.8	-2.7	-8.2	0.1	118.3	81.1	133.4	26.1
17	ADBE	Adobe	335.5	-3.7	-9.3	-0.4	451.0	275.2	395.1	17.8
18	DIS	Walt Disney	92.0	-8.5	-6.1	3.4	125.0	84.2	125.2	36.1
19	ABNB	Airbnb	105.3	-12.2	-6.4	24.0	139.4	82.5	133.4	26.7
20	PYPL	PayPal Holdings	61.7	-17.7	-16.1	-17.3	102.1	61.7	95.3	54.4

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 May 15	13:00	Euro Area	Industrial Production (Mar)	Axa	AXAHY	Premarket	N/A
	16:45	US	Fed Bostic, Kashkari, and Barkin Speeches	Nu Holdings	NU	After Market	0.02
				British American Tobacco	BTI	N/A	N/A
Tuesday May 16	10:00	UK	Unemployment (Mar)	Home Depot	HD	Premarket	3.81
	13:00	Euro Area	GDP prel. (1Q23)	Sea	SE	Premarket	0.68
	13:00	Euro Area	Economic Sentiment (May)	Baidu	BIDU	Premarket	12.26
	16:30	US	Retail Sales	Imperial Brands	IMBBY	Premarket	1.45
	16:30	Canada	Inflation (Apr)	Keysight Technologies	KEYS	After Market	1.95
Wednesday May 17	03:50	Japan	GDP prel. (1Q23)	TJX	TJX	Premarket	0.72
	13:00	Euro Area	Inflation (Apr)	Target	TGT	Premarket	1.78
	16:30	US	Building Permits (Apr)	Cisco	CSCO	After Market	0.97
				Tencent	TCEHY	N/A	0.50
Thursday May 18	16:30	US	Jobless Claims (May/06)	Walmart	WMT	Premarket	1.31
	16:30	US	Philadelphia Fed Manufacturing Index (May)	Alibaba	BABA	Premarket	9.51
	18:00	US	Existing Home Sales (Apr)	National Grid	NGG	Premarket	2.38
				Applied Materials	AMAT	After Market	1.84
Friday May 19	03:00	UK	Consumer Confidence (May)	Deere&Company	DE	Premarket	8.53
	03:30	Japan	Inflation (Apr)	Tokio Marine Holdings	TKOMY	N/A	1.12
	19:00	US	Fed Chair Powell Speech				

Source: Bloomberg, NASDAQ

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