



## Executive Summary

### Last week:

- US June inflation surprised on the downside, with headline coming in at 3.0% y/y (vs 3.1% forecast) and core at 4.8% y/y (vs 5.0% forecast)
- US June producer price index (PPI) also came in below expectations at 0.1% m/m (vs 0.2% m/m forecast)
- US consumer sentiment improved considerably from 64.4 in June to 72.6 in July

### Week ahead:

- US June retail sales
- Euro Area and UK June inflation
- The US, Euro Area, and UK June manufacturing and services PMIs
- Earnings from Tesla (TSLA), Netflix (NFLX), IBM (IBM), Goldman Sachs (GS), Bank of American (BAC), and more

### Commentary: US inflation cools, sentiment improves

Global equity markets delivered strong performances last week. The major catalyst was a larger-than-anticipated decline in US June inflation, as headline CPI retreated to 3.0% y/y (from May's 4.0%), while the core figure fell to 4.8% y/y (from May's 5.3%). In addition, the Michigan consumer sentiment index rose significantly from 64.4 to 72.6 in July, representing the largest monthly improvement since 2006.

In US equities, the rally was quite broad-based, as S&P 500 equal and market-cap weighted indices delivered similar performances, while the small-cap benchmark, Russell 2000, outperformed S&P 500 by 1.2 percentage points. The European and emerging markets (EM) equities also responded very positively to the US inflation news, with MSCI Europe and MSCI EM advancing 5.2% and 4.1%, respectively.

As of now, S&P 500 remains only 5.4% below its all-time high reached in December 2021, while Nasdaq 100 is down 5.7% from the peak in around the same period. The situation is different for small-cap stocks, as Russell 2000 remains 20.9% below its peak from November 2021.

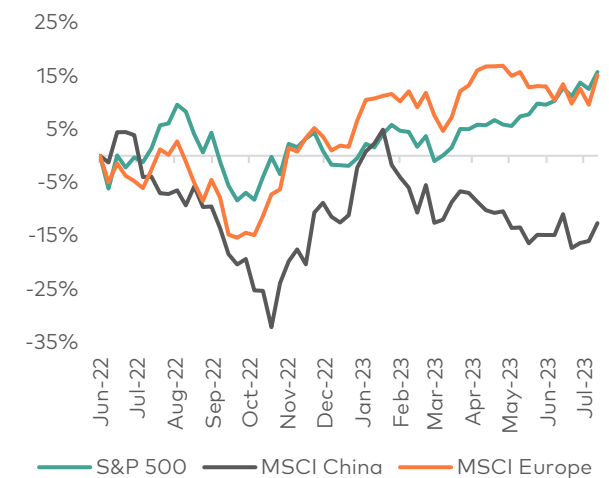
### Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,505	2.4	3.0	17.8
Nasdaq comp.	14,113	3.3	3.6	35.9
Dow Jones 30	34,509	2.3	1.6	4.1
Russell 2000	1,931	3.6	3.0	10.3
FTSE 100 (£)	7,434	2.4	-2.2	-1.6
FTSE 250 (£)	18,566	3.1	-3.2	-3.0
STOXX 600 (€)	460.8	2.9	-0.9	6.1
MSCI Europe	53.8	5.2	3.0	12.1
Nikkei 225 (¥)	32,391	0.0	-3.3	24.1
MSCI China	46.6	3.8	-0.4	-5.0
MSCI EAFE	73.9	4.2	1.5	11.5
MSCI EM	41.0	4.1	0.9	7.3
MSCI World	126.6	3.1	2.8	16.1

Source: Bloomberg

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

### Major global equity indices Indexed price returns (Jun-2022 = 100)



Source: Bloomberg

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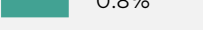
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## Sector performance highlights

**Consumer Discretionary was the best performing sector, with respective ETF gaining 3.3% w/w.** 85 out of 100 largest sector stocks gained the ground during the week. From top 20, Toyota Motor Corporation (TM, -1.6%) lost the ground. Best performers from the list were PDD Holdings (PDD, +13.6%), Airbnb (ABNB, +10.0%), Booking Holdings (BKNG, +8.7%), JD.com (JD, 6.7%), and Starbucks (SBUX, +5.8%).

**Communications was the second best performing sector, with the associated ETF gaining 3.2% w/w.** 75 out of 100 largest stocks closed the week in green. From top 20, 6 companies lost the ground. Best performers from the list were Spotify Technologies (SPOT, +9.6%), Activision Blizzard (ATVI, +9.3%), NetEase (NTES, +9.2%), DoorDash (DASH, +7.7%) and Meta Platforms (META, +6.3%). Meanwhile, the worst performers were AT&T (T, -7.1%) and Verizon Communications (VZ, -5.3%).

### 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>449.3</b>	 2.4%	<b>18.4</b>	<b>449.6</b>	<b>353.6</b>	<b>Neutral</b>
Discretionary	XLY	174.9	 3.3%	36.2	174.9	126.3	Negative
Communications	XLC	67.2	 3.2%	38.1	67.8	45.3	Positive
Technology	XLK	176.0	 2.8%	42.8	176.3	116.2	Negative
Real Estate	XLRE	38.8	 2.6%	4.6	44.8	33.4	Neutral
Materials	XLB	83.3	 2.5%	7.3	85.2	66.9	Neutral
Industrials	XLI	108.6	 2.3%	10.4	109.0	82.4	Negative
Utilities	XLU	66.8	 2.2%	77.0	-5.2	61.0	Neutral
Health Care	XLV	131.7	 2.1%	-2.8	139.5	120.6	Positive
Financials	XLF	34.3	 2.0%	-0.2	37.0	30.1	Neutral
Staples	XLP	74.3	 1.1%	0.0	77.5	66.0	Neutral
Energy	XLE	81.4	 0.8%	-3.5%	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	<b>ATVI</b>	Activision Blizzard	90.1	<b>9.3</b>	10.9	17.2	91.0	71.1	92.6	<b>2.8</b>
2	<b>ASML</b>	ASML Holding	754.0	<b>8.2</b>	1.9	37.5	754.0	377.2	806.0	<b>6.9</b>
3	<b>NVDA</b>	NVIDIA	454.7	<b>7.0</b>	5.7	217.6	459.8	112.2	480.5	<b>5.7</b>
4	<b>META</b>	Meta Platforms	308.9	<b>6.3</b>	13.0	147.6	313.4	88.9	311.1	<b>0.7</b>
5	<b>GOOGL</b>	Alphabet	125.4	<b>5.0</b>	1.4	40.7	127.3	83.4	135.5	<b>8.1</b>
6	<b>AVGO</b>	Broadcom	888.6	<b>4.9</b>	0.3	60.5	890.4	423.6	877.9	<b>-1.2</b>
7	<b>BABA</b>	Alibaba Group	94.6	<b>4.4</b>	5.8	2.8	120.6	63.2	149.0	<b>57.6</b>
8	<b>UNH</b>	UnitedHealth Group	480.2	<b>4.0</b>	4.8	-7.4	553.4	447.8	567.5	<b>18.2</b>
9	<b>AMZN</b>	Amazon.com	134.7	<b>3.8</b>	6.5	56.9	144.8	81.8	144.6	<b>7.4</b>
10	<b>JPM</b>	JPMorgan Chase & Co.	149.8	<b>3.8</b>	5.9	11.7	149.8	101.2	162.6	<b>8.5</b>
11	<b>TSLA</b>	Tesla	281.4	<b>2.5</b>	9.6	160.3	309.3	108.1	239.2	<b>-15.0</b>
12	<b>AMD</b>	Advanced Micro Devices	115.9	<b>2.4</b>	-8.9	81.1	129.2	55.9	137.4	<b>18.5</b>
13	<b>MSFT</b>	Microsoft	345.2	<b>2.4</b>	2.3	44.5	348.1	213.1	355.0	<b>2.8</b>
14	<b>BAC</b>	Bank of America	29.1	<b>2.0</b>	0.0	-13.1	38.2	27.0	34.1	<b>17.1</b>
15	<b>NFLX</b>	Netflix	441.9	<b>0.9</b>	0.2	49.8	450.4	174.8	425.5	<b>-3.7</b>
16	<b>RIVN</b>	Rivian Automotive	24.8	<b>0.5</b>	68.4	43.1	40.1	12.0	23.8	<b>-4.2</b>
17	<b>C</b>	Citigroup	45.8	<b>0.0</b>	-5.2	0.9	53.2	39.6	54.5	<b>19.2</b>
18	<b>AAPL</b>	Apple	190.7	<b>0.0</b>	3.7	52.7	194.0	124.8	194.2	<b>1.9</b>
19	<b>DIS</b>	Walt Disney	88.6	<b>0.0</b>	-4.1	-0.4	125.0	84.2	118.6	<b>33.8</b>
20	<b>XOM</b>	Exxon Mobil	100.9	<b>-2.2</b>	-4.0	-4.5	118.3	81.1	128.3	<b>27.1</b>

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 17 July	06:00	China	GDP (2Q23)	Equity Lifestyle	ELS	After market	0.05
	06:00	China	Industrial production (Jun)	HDFC Bank	HDB	N/A	0.83
	06:00	China	Retail sales (Jun)	BancFirst	BANF	N/A	1.61
Tuesday 18 July	16:30	US	Retail sales (Jun)	Bank of America	BAC	Premarket	0.84
	17:15	US	Industrial production (Jun)	Morgan Stanley	MS	Premarket	1.23
	18:00	US	Business inventories (May)	Prologis	PLD	Premarket	0.98
				Lockheed Martin	LMT	Premarket	6.45
Wednesday 19 July	10:00	UK	Inflation (Jun)	ASML	ASML	Premarket	5.02
	13:00	Euro Area	Inflation (Jun)	Elevance Health	ELV	Premarket	8.79
	16:30	US	Building permits (Jun)	Goldman Sachs	GS	Premarket	3.46
				Tesla	TSLA	After market	0.79
				Netflix	NFLX	After market	2.84
				IBM	IBM	After Market	2.02
Thursday 20 July	16:30	US	Jobless claims (Jul/08)	Johnson & Johnson	JNJ	Premarket	2.62
	16:30	US	Fed manufacturing index (Jul)	Abbott Labs	ABT	Premarket	1.05
	18:00	Euro Area	Consumer confidence prel. (Jul)	Phillip Morris	PM	Premarket	1.50
				Taiwan Semiconductor	TSM	N/A	1.07
Friday 21 July	03:00	UK	Consumer confidence (Jul)	American Express	AXP	Premarket	2.81
	03:30	Japan	Inflation (Jun)	Schlumberger	SLB	Premarket	0.71
	10:00	UK	Retail sales (Jun)	Roper Technologies	ROP	Premarket	3.99

Source: Bloomberg, NASDAQ

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