



## Executive Summary

### Last week:

- UK May inflation came in above forecasts at 8.7% y/y, leading to BoE's surprise rate hike of 50bps to 5.0%
- US initial jobless claims continued to hit record numbers, with 264,000 new unemployed in past week
- Fed Chairman Powell suggested a total of another 50bps rate increase is expected in 2023
- US and European PMIs declined in June, with manufacturing PMIs hitting their new lows since the post-pandemic recovery

### Week ahead:

- US and UK 1Q23 GDP
- US May personal consumption expenditure (PCE) price index
- Euro Area June CPI
- China June manufacturing and services PMIs
- General Mills (GIS), Micron (MU), and Nike (NKE) earnings

### Commentary: Global equities break the winning streak

All major global equity indices lost the ground last week, as macroeconomic data and central bank activity created rising concerns over global economic prospects. Large-caps outperformed their smaller peers, as Russell 2000 lost -2.9% w/w, around twice as much as S&P 500. Among large-caps, the mega-cap stocks delivered better performance, with traditional S&P 500 outperforming S&P 500 equal weight index, which lost 2.3%.

Last week's downturn had several underlying reasons. Firstly, the Federal Reserve Chairman Powell stated that, as of now, almost all policymakers advocate two more 25bps hikes in 2023. This is despite the gradual weakening of the US labor market, as indicated by elevated weekly jobless claims. Secondly, economic activity has shown decline, with both manufacturing and services PMIs falling in June.

In Europe, central banks look increasingly hawkish. While BoE delivered a surprise hike of 50 bps, Swiss and Norwegian central banks followed the suit and increased the base rates to 1.75% and 3.75%, respectively. Moreover, economic activity shows weakness in Europe as well, as both services and manufacturing PMIs surprised on the downside, with manufacturing showing deeper contraction.

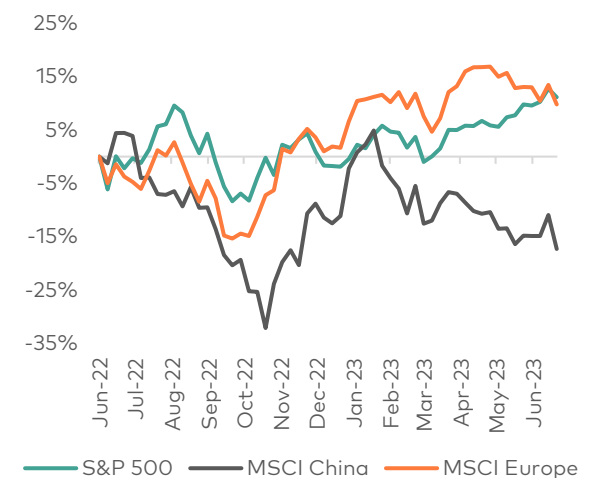
### Performance of global equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,348	-1.4	4.9	13.7
Nasdaq 100	13,492	-1.4	7.4	29.9
Dow Jones 30	33,727	-1.7	2.0	1.8
Russell 2000	1,821	-2.9	1.9	4.0
FTSE 100 (£)	7,461	-2.4	-3.9	-1.2
FTSE 250 (£)	18,062	-5.1	-6.0	-5.6
STOXX 600 (€)	453.1	-2.9	-2.8	4.4
MSCI Europe	51.3	-3.2	-2.7	6.9
Nikkei 225 (¥)	32,781	-2.7	5.9	25.6
MSCI China	44.2	-7.3	-3.2	-10.0
MSCI EAFE	71.0	-3.3	-2.3	7.2
MSCI EM	39.2	-4.2	1.2	2.5
MSCI World	121.8	-2.0	2.3	11.6

Source: Bloomberg

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

### Major global equity indices (indexed price returns)



Source: Bloomberg

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## Sector performance highlights

**Real Estate was the weakest performing sector, with respective ETF losing -4.9% w/w.** 95

out of 100 largest stocks closed the week in red, while from top 20, only CoStar Group (CSGP, +3.2%) gained the ground. Worst performers from the list were Alexandria Real Estate Equities (ARE, -10.0%), Crown Castle (CCI, -6.4%), Equity Residential (EQR, -6.0%), VICI Properties (VICI, -5.9%), and Welltower (WELL, -4.8%).

**Energy was the second worst performing sector, with the associated ETF losing 4.3% w/w.**

82 out of 100 largest stocks lost the ground during the week, while from top 20, only Petroleo Brasileiro (PBR, +2.2%) showed gains. Worst performers from the list were Equinor (EQNR, -7.7%), Phillips 66 (PSX, -6.4%), Woodside Energy Group (WDS, -5.8%), EOG Resources (EOG, -4.4%), and Chevron Corporation (CVX, -4.4%).

## 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>433.2</b>	-1.4%	<b>14.2</b>	<b>441.0</b>	<b>353.6</b>	<b>Neutral</b>
Health Care	XLV	132.0	-0.2%	-2.6	139.5	120.6	Positive
Discretionary	XLY	165.4	-0.6%	28.9	172.1	126.3	Negative
Communications	XLC	64.1	-1.1%	31.8	65.3	45.3	Positive
Staples	XLP	73.8	-1.2%	-0.7	77.5	66.0	Neutral
Industrials	XLI	103.3	-2.1%	4.9	105.6	82.4	Neutral
Financials	XLF	32.7	-2.5%	-4.6	37.0	30.1	Neutral
Materials	XLB	79.7	-2.5%	85.2	2.7	66.9	Neutral
Technology	XLK	168.6	-2.6%	36.8	174.6	116.2	Negative
Utilities	XLU	65.0	-3.4%	-7.8	77.0	61.0	Neutral
Energy	XLE	77.4	-4.3%	-8.3	93.1	66.1	Positive
Real Estate	XLRE	35.9	-4.9%	-3.3%	44.8	33.4	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	UNH	UnitedHealth Group	477.0	4.0	-0.5	-8.0	553.4	458.0	584.8	22.6
2	AMZN	Amazon.com	129.3	3.1	12.5	50.7	144.8	81.8	140.1	8.4
3	META	Meta Platforms	288.7	2.8	17.0	131.5	288.7	88.9	292.5	1.3
4	LLY	Eli Lilly and Company	458.8	2.5	8.4	26.1	458.8	294.7	451.3	-1.6
5	AAPL	Apple	186.7	1.0	8.8	49.5	187.0	124.8	191.7	2.7
6	PYPL	PayPal Holdings	66.9	0.8	8.0	-10.2	102.1	59.4	92.0	37.4
7	HD	Home Depot	300.8	0.1	2.0	-4.8	339.8	265.0	321.1	6.7
8	PG	Procter & Gamble	148.5	-0.7	0.6	-1.4	156.6	122.1	167.3	12.7
9	CRM	Salesforce	210.1	-0.8	1.7	55.9	223.4	128.3	234.2	11.5
10	GOOGL	Alphabet	122.3	-1.0	-0.2	37.3	127.3	83.4	132.1	8.0
11	NVDA	NVIDIA	422.1	-1.1	37.5	194.9	438.1	112.2	459.0	8.7
12	TSLA	Tesla	256.6	-1.5	38.1	137.4	309.3	108.1	210.4	-18.0
13	NFLX	Netflix	424.0	-1.8	19.1	43.8	445.3	174.4	393.9	-7.1
14	ADBE	Adobe	484.7	-2.1	30.9	43.9	495.2	275.2	537.8	11.0
15	MSFT	Microsoft	335.0	-2.1	6.3	40.2	348.1	213.1	347.1	3.6
16	XOM	Exxon Mobil	102.4	-2.6	-3.8	-3.1	118.3	81.1	132.4	29.3
17	CVX	Chevron	151.4	-3.8	-3.5	-12.2	186.1	132.5	191.0	26.2
18	AVGO	Broadcom	822.2	-5.3	19.8	48.5	886.2	423.6	863.9	5.1
19	ORCL	Oracle	118.6	-5.4	20.4	42.2	126.6	60.5	127.8	7.7
20	AMD	Advanced Micro Devices	110.0	-8.4	1.7	71.8	129.2	55.9	133.9	21.7

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 June 26	04:00	Euro Area	ECB Forum on Central Banking	Carnival Corp	CCL	Premarket	-0.34
	12:00	Germany	Business Climate (Jun)				
	21:30	Euro Area	ECB Lagarde Speech				
Tuesday June 27	16:30	Canada	Inflation (May)	Naspers	NPSNY	Premarket	N/A
	16:30	US	Durable Goods Orders (May)	Walgreens Boots	WBA	Premarket	1.08
	18:00	US	Consumer Confidence (Jun)	Synnex	SNX	Premarket	1.02
Wednesday June 28	05:30	China	Industrial Profits (May)	General Mills	GIS	Premarket	1.07
	10:00	Germany	Consumer Confidence (Jul)	Micron	MU	After Market	-1.59
	17:30	US	Fed Powell Speech	Concentrix	CNXC	After Market	2.75
Thursday June 29	13:00	Euro Area	Consumer Confidence (Jun)	Paychex	PAYX	Premarket	0.97
	13:00	Euro Area	Industrial & Economic Sentiment (Jun)	Nike	NKE	After Market	0.68
	16:00	Germany	Inflation (Jun)	McCormick&Co	MKC	N/A	0.57
	16:30	US	GDP (1Q23)				
Friday June 30	05:30	China	Manufacturing & Services PMIs (Jun)	Constellation Brands	STZ	Premarket	2.83
	10:00	UK	GDP (1Q23)	Sodexo PK	SDXAY	Premarket	N/A
	11:55	Germany	Unemployment (Jun)				
	13:00	Euro Area	Inflation prel. (Jun)				
	16:30	US	PCE Price Index (May)				
	18:00	US	Consumer Sentiment (Jun)				

Source: Bloomberg, NASDAQ

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