



Executive Summary

Last week:

- UK headline (core) inflation came in above forecasts in April at 8.7% y/y (6.8% y/y)
- US 1Q23 GDP growth surprised on the upside at 1.3% y/y
- US headline (core) PCE inflation ticked upwards in April at 4.4% y/y (4.7% y/y)
- Germany entered technical recession as 1Q23 GDP growth was revised to -0.5% y/y

Week ahead:

- Euro Area inflation (May)
- ECB monetary policy meeting accounts
- US non-farm payrolls (May)

Commentary

Global benchmark indices delivered mixed results last week, with US equities outperforming their European and Chinese peers. The major deterrent to upwards movement in global equity markets was the US debt-ceiling negotiations, as Republicans and Democrats are still debating what the final deal will look like.

Performance of tech stocks was the major highlight of last week. The tech-heavy Nasdaq 100 gained 3.6%, reaching its highest level in more than a year. Such a positive dynamic is mostly attributed to the surge in AI-related stocks, such as NVIDIA which gained close to 25% last week.

Importantly, equity returns have been extremely contrasting in 2023. The rally of major US benchmarks is predominantly from mega-cap stocks, while their smaller peers struggle to keep up. While Nasdaq 100 has gained more than 30% YTD, Russell 2000 (benchmark for US small-cap equities) is up by a mere 1.3%. Similarly to small-caps, the large and medium-cap stocks also remain stagnant. While S&P MidCap 400 has only gained 1.0% YTD, the S&P 500 equal weighted index (which excludes the market cap effect on the index) has fallen by 0.2% in the same period.

Such a disparity between returns means that the market-wide rebound in equities has not yet taken place. As global macroeconomic sentiment has not yet recovered, investors are still cautious about entering broader equity markets.

Performance of major equity indices

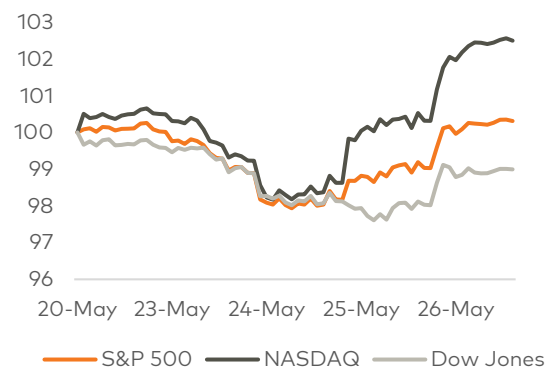
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,205	0.3	3.7	10.0
Nasdaq 100	14,298	3.6	8.1	31.6
Dow Jones 30	33,093	-1.0	-0.6	-0.1
Russell 2000	1,773	0.0	2.5	1.3
FTSE 100 (£)	7,627	-1.7	-2.9	1.0
FTSE 250 (£)	18,794	-2.6	-2.2	-1.8
STOXX 600 (€)	461.4	-1.6	-0.4	6.3
MSCI Europe	52.7	-2.5	-3.3	9.8
Nikkei 225 (¥)	30,916	0.4	8.8	18.5
MSCI China	44.7	-3.4	-4.6	-9.0
MSCI EAFE	72.1	-2.1	-0.8	8.9
MSCI EM	39.0	0.1	1.5	2.0
MSCI World	119.9	-0.4	2.4	9.9

Source: Bloomberg

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

Major global equity indices

Weekly indexed price returns (19 May 2023 = 100)



Source: Bloomberg

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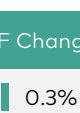


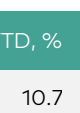
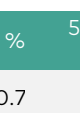
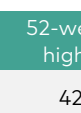
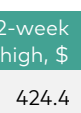
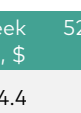
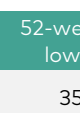
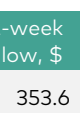
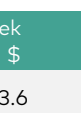

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Sector performance highlights

Technology was the best performing sector last week, gaining 4.6% w/w. The rally was moderately broad-based, as 69 out of 100 largest sector companies gained the ground throughout the week. From top 20, only 4 stocks declined, including Intuit (INTU, -6.2%), Intel Corporation (INTC, -3.1%), SAP (SAP, -2.1%), and Sony Group (SONY, -2.1%). Top performers from the list were NVIDIA (NVDA, +24.6%), Advanced Micro Devices (AMD, +20.0%), Broadcom (AVGO, +19.1%), Adobe (ADBE, +11.9%), and Taiwan Semiconductor Manufacturing (TSM, +11.5%).

Consumer staples was the weakest performing sector, with respective ETF losing 3.3% w/w. The decline was quite broad-based, with 81 out of 100 largest sector companies closing the week in red. From top 20, only Costco Wholesale (COST, +2.2%) managed to rally. Meanwhile, the worst performers from the list were Target (TGT, -8.8%), Procter & Gamble (PG, -5.1%), Colgate-Palmolive Company (CL, -4.7%), PepsiCo (PEP, -4.3%), and Coca-Cola Company (KO, -4.1%).

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	420.0	 0.3%	10.7	424.4	353.6	Neutral
Technology	XLK	164.8	 4.6%	33.7	164.8	116.2	Negative
Communications	XLC	62.2	 1.2%	27.9	62.2	45.3	Positive
Discretionary	XLY	152.0	 0.3%	18.4	172.1	126.3	Neutral
Energy	XLE	78.8	-1.1% 	-6.7	93.1	66.1	Positive
Real Estate	XLRE	35.7	-1.4% 	-3.7	44.8	33.4	Positive
Industrials	XLI	98.3	-1.4% 	-0.1	103.7	82.4	Neutral
Financials	XLF	32.1	-1.5% 	37.0	-6.4	30.1	Positive
Utilities	XLU	64.6	-2.3% 	-8.4	77.0	61.0	Neutral
Health Care	XLV	127.5	-2.9% 	-5.9	139.5	118.4	Positive
Materials	XLB	76.2	-3.0% 	-1.8	86.5	66.9	Positive
Staples	XLP	73.4	-3.3% 	-1.1%	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 (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	NVDA	NVIDIA	389.5	24.6	44.5	172.1	389.5	112.2	440.4	13.1
2	AMD	Advanced Micro Devices	127.0	20.0	47.8	98.4	127.0	55.9	99.6	-21.6
3	AVGO	Broadcom	812.7	19.1	31.9	46.8	812.7	423.6	728.8	-10.3
4	PDD	PDD Holdings	71.4	18.0	9.6	-15.5	104.7	41.9	106.0	48.4
5	ADBE	Adobe	415.4	11.9	14.4	23.3	451.0	275.2	395.1	-4.9
6	TSM	TSM	103.2	11.5	25.5	39.4	103.2	59.9	126.0	22.1
7	MU	Micron Technology	73.9	8.4	21.2	46.8	74.9	48.7	71.1	-3.8
8	TSLA	Tesla	193.2	7.2	25.6	78.7	309.3	108.1	204.5	5.8
9	META	Meta Platforms	262.0	6.7	25.1	110.1	262.0	88.9	285.4	8.9
10	ASML	ASML Holding	735.9	6.0	20.8	34.2	735.9	377.2	N/A	N/A
11	MSFT	Microsoft	332.9	4.6	12.7	39.3	332.9	213.1	327.8	-1.5
12	QCOM	QUALCOMM	110.3	4.2	-3.3	2.9	154.0	103.0	134.2	21.6
13	NFLX	Netflix	378.9	3.7	18.0	28.5	378.9	167.5	358.5	-5.4
14	AMZN	Amazon.com	120.1	3.3	14.4	40.0	144.8	81.8	137.0	14.1
15	COST	Costco Wholesale	507.3	2.2	2.5	12.1	559.0	444.3	546.3	7.7
16	GOOGL	Alphabet	124.6	1.5	20.2	39.8	125.1	83.4	130.8	5.0
17	BAC	Bank of America	28.3	0.7	-0.5	-15.5	38.2	27.0	36.0	27.1
18	AAPL	Apple	175.4	0.2	7.1	40.5	175.4	124.8	181.7	3.6
19	INTC	Intel	29.0	-3.1	-0.2	9.8	43.3	24.4	30.9	6.6
20	SNOW	Snowflake	150.0	-15.2	2.0	10.7	198.0	113.3	175.6	17.0

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 29	All day	US	Memorial Day (markets closed)	Dell Tech	DELL	N/A	0.86
				AIA Group	AAIGF	N/A	N/A
				Lonza Group	LZAGY	N/A	N/A
Tuesday May 30	13:00	Euro Area	Consumer Confidence (May)	HP Inc.	HPQ	After Market	0.76
	13:00	Euro Area	Economic and Industrial Sentiment (May)	Hewlett Packard	HPE	After Market	0.49
	18:00	US	Consumer Confidence (May)	U-Haul Holding	UHAL	After Market	0.50
Wednesday May 31	05:30	China	Manufacturing PMI (May)	CrowdStrike Holdings	CRWD	Premarket	0.51
	11:55	Germany	Unemployment prel. (May)	Salesforce	CRM	After Market	1.61
	16:00	Germany	Inflation prel. (May)	Diageo	DEO	N/A	N/A
Thursday June 1	10:00	Germany	Retail Sales (Apr)	Dollar General	DG	Premarket	2.39
	12:00	Euro Area	Manufacturing PMI (May)	Hormel Foods	HRL	Premarket	0.39
	13:00	Euro Area	Inflation prel. (May)	Broadcom	AVGO	After Market	10.12
	15:30	Euro Area	ECB Monetary Policy Meeting Accounts	Lululemon Athletica	LULU	After Market	1.96
	18:00	US	Manufacturing PMI (May)	VMware	VMW	N/A	1.55
Friday June 2	10:45	France	Industrial Production (Apr)	Samsara	IOT	N/A	-0.05
	16:30	US	Non-Farm Payrolls (May)				
	16:30	US	Unemployment (May)				

Source: Bloomberg, NASDAQ

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