



Executive Summary

Last week:

- Federal Reserve and ECB both hiked 25bps to 5.25% and 3.75%, respectively
- US non-farm payrolls surprised on the upside in April (253,000 vs 180,000 forecast). Unemployment fell to 3.4% from 3.6%
- Euro Area April inflation is roughly in line with expectations with headline (core) at 7.0% (5.6%)

Week ahead:

- US CPI & PPI
- Bank of England interest rate decision; UK GDP
- Earnings: Berkshire Hathaway (BRKb), Duke Energy (DUK), Walt Disney (DIS), PayPal Holdings (PYPL), and others

Commentary: Fed hiking cycle likely over

On Wednesday last week, the Federal Reserve hiked by another 25bps to bring the base rate to 5.0%-5.25% range. This is widely anticipated to be the last rate increase, with markets now pricing in only a 13% chance of another 25bps hike in June. With this being said, the main theme for markets in coming months will be recession prospects in the US rather than the Fed's monetary policy.

While the US has shown relative resilience during the current inflationary period, some deterioration of economic conditions is already observed. Firstly, despite the latest payroll figure surprising on the upside, it still stands well below the average level of past year. The private sector has also downgraded their hiring forecasts for 2023, implying the gradual softening in labor market. Moreover, both manufacturing and services PMIs (some of the major activity indicators) have worsened considerably in past months. While services PMI has fallen from c.55 to c.52 since January, manufacturing PMI has reached c.47 (indicating contraction in manufacturing sector). Tighter credit conditions is likely to weigh further on economic activity. Lastly, regional banks in the US still seem to be facing financial hardships. Unrealized losses on various debt securities and sizeable deposit outflows pose further liquidity risk for these banks.

Performance of major equity indices

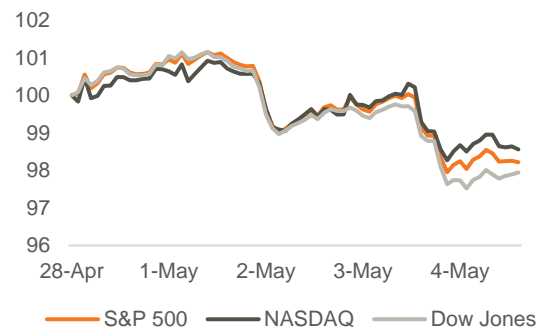
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,136	-0.8	1.1	8.2
Nasdaq 100	13,259	0.1	2.3	19.9
Dow Jones 30	33,674	-1.2	0.6	16.6
Russell 2000	1,759	-0.5	0.4	0.5
FTSE 100 (£)	7,778	-1.2	1.5	3.0
FTSE 250 (£)	19,452	0.1	4.6	1.7
STOXX 600 (€)	465.3	-0.3	1.9	7.2
MSCI Europe	54.6	0.1	3.3	13.7
Nikkei 225 (¥)	29,157	1.0	4.8	11.7
MSCI China	47.9	0.3	-2.5	-2.5
MSCI EAFE	73.9	0.4	3.2	11.6
MSCI EM	39.4	0.7	0.4	3.1
MSCI World	119.3	-0.4	1.8	9.4

Source: Bloomberg

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

Major US equity indices

Weekly indexed price returns (28 April 2023 = 100)



Source: Bloomberg

Eva Bochorishvili - Head of Research

| evabochorishvili@gt.ge | +995 32 2401 111 ext. 8036

Giorgi Tskitishvili - Equity Markets Analyst

| g.tskitishvili@gt.ge | +995 32 2401 111 ext. 8967



Sector performance highlights

Energy was the weakest performing sector, with respective ETF losing 5.8% w/w. The downturn was moderately broad-based, with 15 out of 100 largest sector companies still managing to gain the ground. From top 20, 3 stocks closed the week in green, including Equinor (EQNR, +2.8%), Petroleo Brasileiro (PBRa, +2.4%), and Enbridge (ENB, 0.4%). The weakest performers from the list were Marathon Petroleum (MPC, -12.4%), Exxon Mobil (XOM, -8.2%), BP (BP, -7.8%), Schlumberger (SLB, -7.3%), and Canadian Natural Resources (CNQ, -5.5%).

Communications was the second-worst performing sector, with respective ETF losing 2.6% w/w. The downturn was less broad-based in the sector, with almost a third of 100 largest companies gaining the ground. From top 20, only 3 stocks managed to avoid losses, including Baidu (BIDU, +2.4%), Chunghwa Telecom (CHT, +0.7%), and Vodafone Group (VOF, +0.0%). Worst performers from the list were Warner Brothers Discovery (WBD, -5.3%), Charter Communications (CHTR, -4.8%), Meta Platforms (META, -3.1%), AT&T (T, -3.1%), and Verizon Communications (VZ, -2.6%).

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, %
S&P 500	SPY	412.6	-0.8% 	8.8	424.4	353.6	Neutral
Technology	XLK	151.2	0.3% 	22.7	151.2	116.2	Negative
Health Care	XLV	133.6	0.0% 	-1.4	139.5	118.4	Neutral
Cons. Staples	XLP	77.2	-0.3% 	3.9	77.5	66.0	Negative
Cons. Discretionary	XLY	147.2	-0.5% 	14.6	172.1	126.3	Positive
Industrials	XLI	99.5	-0.5% 	1.1	103.7	82.4	Neutral
Real Estate	XLRE	37.4	-0.8% 	1.0	44.8	33.4	Positive
Utilities	XLU	69.0	-0.9% 	77.0	-2.2	61.0	Negative
Materials	XLB	79.7	-1.1% 	2.7	86.5	66.9	Neutral
Financials	XLF	32.3	-2.5% 	-5.8	37.0	30.1	Neutral
Communications	XLC	58.3	-2.6% 	20.0	60.5	45.3	Positive
Energy	XLE	80.2	-5.8% 	-4.9	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	SHOP	Shopify	62.0	28.0	37.3	73.9	62.0	25.7	60.2	-3.0
2	TSLA	Tesla	170.1	3.5	-8.3	57.3	309.3	108.1	206.0	21.1
3	NVDA	NVIDIA	286.8	3.4	6.7	100.3	289.1	112.2	288.9	0.7
4	AAPL	Apple	173.6	2.3	6.0	39.0	174.0	124.8	183.2	5.5
5	MSFT	Microsoft	310.6	1.1	9.3	30.0	310.6	213.1	323.3	4.1
6	AVGO	Broadcom	630.1	0.6	0.2	13.8	642.5	423.6	707.9	12.3
7	AMD	Advanced Micro Devices	89.8	0.5	-2.9	40.3	108.6	55.9	98.5	9.6
8	UNH	UnitedHealth Group	494.3	0.5	-4.1	-4.7	555.2	452.1	604.5	22.3
9	AMZN	Amazon.com	105.7	0.2	4.5	23.1	144.8	81.8	138.2	30.8
10	V	Visa	231.8	-0.4	1.6	12.0	234.6	176.9	272.5	17.5
11	JPM	JPMorgan Chase & Co.	136.7	-1.1	7.2	1.9	143.8	101.2	160.7	17.5
12	GOOGL	Alphabet	105.6	-1.6	1.1	18.5	122.1	83.4	129.7	22.9
13	BABA	Alibaba Group Holding	83.2	-1.7	-15.6	-9.5	122.4	63.2	147.9	77.7
14	NFLX	Netflix	322.8	-2.2	-5.7	9.4	368.0	166.4	364.1	12.8
15	META	Meta Platforms	232.8	-3.1	10.1	86.6	243.2	88.9	281.6	21.0
16	BKNG	Booking Holdings	2,569.3	-4.4	-1.8	26.4	2,716.1	1,634.6	2,793.1	8.7
17	BAC	Bank of America	27.7	-5.4	0.3	-17.3	38.2	27.0	36.4	31.5
18	QCOM	QUALCOMM	108.8	-6.9	-11.6	1.5	154.0	103.2	134.2	23.4
19	ADBE	Adobe	348.4	-7.7	-8.8	3.4	451.0	275.2	395.1	13.4
20	XOM	Exxon Mobil	108.7	-8.2	-7.1	2.8	118.3	81.1	132.1	21.5

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 8 May	03:50	Japan	BoJ Monetary Policy Meeting Minutes	PayPal Holdings	PYPL	After Market	1.10
	18:00	US	Wholesale Inventories (Mar)	British American Tobacco	TBI	N/A	N/A
				Berkshire Hathaway	BRKb	N/A	3.62
Tuesday 9 May	03:00	UK	Retail Sales (Apr).	Duke Energy	DUK	Premarket	1.26
	07:00	China	Trade Balance (Mar)	Airbnb	ABNB	After Market	0.20
				Occidental Petroleum	OXY	After Market	1.25
				Petroleo Brasileiro	PBRb	N/A	0.87
Wednesday 10 May	10:00	Germany	Inflation (Apr)	Li Auto	LI	Premarket	0.34
	16:30	US	Inflation (Apr)	Roblox	RBLX	Premarket	-0.35
				Walt Disney	DIS	After Market	0.95
				Toyota Motor	TM	N/A	2.76
Thursday 11 May	03:50	China	Inflation (Apr)	Deutsche Telekom	DTEGY	Premarket	0.42
	15:00	UK	BoE Interest Rate Decision	Merck	MKKGY	Premarket	0.50
	16:30	US	Producer Price Index (Apr)	JD.com	JD	Premarket	3.49
				SoftBank Group	SFTBY	N/A	1.30
Friday 12 May	10:00	UK	GDP (Mar)	Societe General	SCGLY	Premarket	0.12
	12:00	China	New Yuan Loans (Apr)	Nippon	NTTY	N/A	0.37
	18:00	US	Michigan Consumer Sentiment prel. (May)				

Source: Bloomberg, NASDAQ

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Galt & Taggart

Address: 3 A. Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge