



Weekly market overview

Week ahead

- Analysts forecast strong returns for Carnival (CCL), Micron (MU), and AMD (AMD) for the next twelve months
- Constellation Brands (STZ) will release earnings this week
- US non-farm payrolls and Eurozone inflation will be reported this week, alongside the Fed and ECB meeting minutes

*For exact dates please check page 5 of the document

Commentary

Equities had a weak performance last week, with slight declines in most major markets. In the US, only small-caps delivered gains, with value category outperforming growth. Meanwhile, European equities declined in the face of upcoming elections in France and the UK. Chinese equities also closed the week with losses, as concerns over slowing economy depressed investor risk appetite.

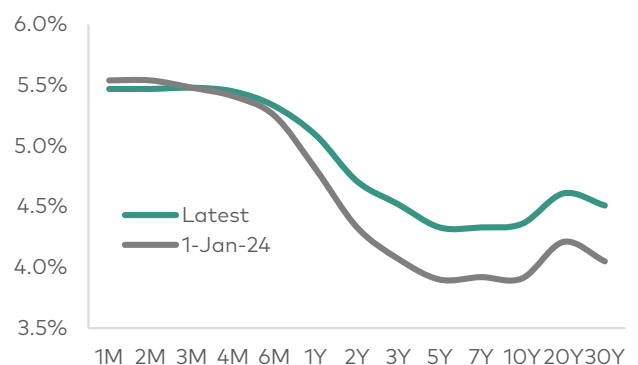
DM treasury yields have increased considerably since the start of the year. As inflation in the US proved stickier than anticipated, markets are now expecting only one or two 25bps Fed rate cuts in 2024 (compared to five or six cuts expected at the start of the year). As similar dynamic is observed in Europe, yields look increasingly more attractive in Western fixed income markets. However, because shorter-term yields stand above longer-term ones, investors may be tempted to concentrate holdings in cash investments, thus, foregoing the opportunity to lock in attractive yields in mid and long-term fixed income securities. In contrast, an effective investment strategy would diversify holdings across both maturity and quality (while mid-term US treasuries offer appealing yields, high-quality corporate bonds from developed economies are also priced well). Failing to do so introduces greater reinvestment risk for investors (after short-term bonds mature, the high interest rate environment may no longer be present). As a general concept, investors benefit from putting long-term money in long-term assets (i.e., matching investment horizon with maturity of investment securities).

EQUITIES	Level	W/W % change	M/M % change	YTD % change
United States				
S&P 500	5,460.5	-0.1	2.9	14.5
Nasdaq 100	19,682.9	-0.1	4.3	17.0
Dow Jones 30	39,118.9	-0.1	0.7	3.8
Russell 2000	2,047.7	1.3	-0.9	1.0
Global				
S&P Europe	2,081.1	-0.7	-1.3	7.1
S&P China	2,495.3	-1.7	-5.1	2.4
S&P Japan	2,121.6	1.9	-1.3	6.0
S&P Global	3,871.9	0.0	1.4	12.0

FIXED INCOME	Yield, %	1-week ago	1-month ago	1-Jan-2024
United States				
2y US Treasury	4.71	4.73	4.82	4.25
10y US Treasury	4.36	4.26	4.40	3.88
US IG Credit	5.53	5.43	5.55	5.22
US HY Credit	7.99	7.96	8.06	7.80
Europe				
2y German Bund	2.83	2.79	3.05	2.41
10y German Bund	2.49	2.41	2.59	2.02
Europe IG Credit	3.90	3.87	4.00	3.67
Europe HY Credit	6.06	6.03	6.1	6.06

*For detailed information on listed indices and securities please check page 5 of this document

US treasury yield curve: current vs 1-Jan-2024



Source: Bloomberg

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S&P 500 sector highlights

Analysts expect Energy, Materials, and Financial sectors to outperform market in the following twelve months. Meanwhile, Real Estate and Consumer Discretionary are expected to underperform the broader market.

In Energy, analysts forecast the best performance from Texas Pacific Land (TPL), Chord Energy (CHRD), and ConocoPhillips (COP). In Materials, Barrick Gold (GOLD), Nutrien (NTR), and Franco-Nevada (FNV) are expected to deliver the best results. Lastly, in Financials, Barclays (BCS), Blue Owl Capital (OWL), and Deutsche Bank (DB) are considered potential outperformers.

In Real Estate, Essex Property (ESS) and Simon Property (SPG) have the weakest performance forecasts. In Consumer Discretionary, the worst performance is expected from eBay (EBAY) and Best Buy (BBY).

*For detailed information on sectors please check page 6 of this document

S&P 500 sector review: last week performance

Sector	ETF Ticker	Price, \$	W/W, %	YTD, %	52-week low, \$	52-week high, \$	12 months outlook
S&P 500	SPY	544.2	-0.1	15.0	410.7	546.7	Positive
Energy	XLE	91.2	 2.4	7.5	79.1	98.1	Positive
Communications	XLC	85.7	 1.1	17.7	63.1	86.4	Neutral
Real Estate	XLRE	38.4	 0.8	-6.1	32.2	40.5	Negative
Discretionary	XLY	182.4	 0.1	3.1	148.0	185.0	Negative
Financials	XLF	41.1	-0.1 	9.0	31.5	42.5	Positive
Health Care	XLV	145.8	-0.3 	5.2	123.1	147.9	Neutral
Industrials	XLI	121.9	-0.6 	6.8	96.4	126.0	Neutral
Staples	XLP	76.6	-0.7 	5.0	66.2	78.4	Neutral
Technology	XLK	226.2	-0.8 	20.4	160.2	231.4	Neutral
Utilities	XLU	68.1	-1.0 	5.9	56.2	72.9	Neutral
Materials	XLB	88.3	-1.0 	2.2	74.5	93.1	Positive

Source: Galt & Taggart Research, Bloomberg, Tipranks, Charles Schwab
 *Percentage price changes given in parentheses indicate w/w changes



Global equities

Last week's **strongest** performers in S&P 500

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week low, \$	52-week high, \$	12M price target, \$*	12M upside potential, %
1	FDX	FedEx	299.8	18.9	20.9	21.1	227.9	299.8	322.9	7.7
2	CCL	Carnival	18.7	16.5	19.6	14.5	11.0	19.3	22.6	20.7
3	NCLH	Norwegian Cruise Line	18.8	8.7	13.5	8.5	12.8	22.5	20.6	9.6
4	TSLA	Tesla	197.9	8.1	12.0	-17.0	142.1	293.3	199.9	1.0
5	BKR	Baker Hughes	35.2	6.8	8.5	3.7	28.5	37.2	40.3	14.6

Last week's **weakest** performers in S&P 500

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week low, \$	52-week high, \$	12M price target, \$*	12M upside potential, %*
1	SMCI	Super Micro Computer	819.4	-9.5	6.3	187.0	226.6	1229.0	1062.9	29.7
2	MRNA	Moderna	118.8	-11.0	-19.7	5.6	62.6	170.5	124.9	5.1
3	FSLR	First Solar	225.5	-12.9	-17.3	31.0	129.2	306.8	311.6	38.2
4	NKE	Nike	75.4	-22.4	-18.1	-27.6	75.4	122.6	98.4	30.6
5	WBA	Walgreens Boots Alliance	12.1	-24.2	-21.3	-52.7	12.1	30.9	19.0	57.0

Last week's most traded stocks globally

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week low, \$	52-week high, \$	12M price target, \$*	12M upside potential, %
1	WFC	Wells Fargo	59.4	2.2	-0.2	22.0	38.4	62.3	63.4	6.8
2	AMZN	Amazon.com	193.3	2.2	6.1	30.2	119.6	197.9	222.9	15.3
3	AAPL	Apple	210.6	1.5	10.9	14.3	165.0	216.7	220.6	4.7
4	GOOGL	Alphabet	182.1	1.4	3.3	31.1	116.4	185.4	198.7	9.1
5	BAC	Bank of America	39.8	0.7	1.1	18.6	25.2	40.0	40.6	2.1
6	AMD	AMD	162.2	0.6	-5.5	19.9	93.7	211.4	190.7	17.6
7	MSFT	Microsoft	447.0	-0.6	3.9	20.6	312.1	452.9	504.0	12.8
8	NVDA	NVIDIA	123.5	-2.4	-2.4	7.4	39.2	140.8	135.1	9.4
9	MRK	Merck & Co	123.8	-5.3	-1.8	7.9	100.2	133.0	143.7	16.1
10	MU	Micron	131.5	-5.7	-0.9	59.9	60.7	153.4	160.1	21.7

*Price targets represent the average price forecasts made during past three months by the highest ranked analysts (primarily from Wall Street). A positive 12 month return target implies an overall "Buy" recommendation by analysts

*Upside potentials for stocks with negative short-term performance may be biased. This is because analysts may take time to reflect in their forecasts any unfavorable information around the stock.

Source: Bloomberg, Tipranks



Georgian corporate bonds

#	Issuer	Currency	Amount, mn	Coupon	Issue Date	Maturity Date	Ratings (Fitch/S&P/Moody's /Scope)	Mid-Price	Mid-Yield
1	Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
2	Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
3	IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	99.87	8.75
4	Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.98	8.50
5	Geo. Renewable Power	USD	80	7.00%	Oct-22	Oct-27	-/-/-/-	99.99	7.00
6	Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-/B+	100.00	8.50
7	Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.98	9.00
8	Silk Real Estate	USD	20	9.00%	Apr-23	Apr-26	-/-/-/-	99.99	9.00
9	Tegeta Motors	USD	20	8.50%	Apr-23	Apr-25	-/-/-/BB-	99.66	8.75
10	Energy Development GEO	USD	10	8.50%	Jun-23	Jun-25	-/-/-/-	n/a	n/a
11	Georgia Capital	USD	150	8.50%	Aug-23	Aug-28	-/BB-/--	101.17	8.19
12	Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	101.14	8.63
13	Prime Concrete	USD	7.5	10.50%	Sep-23	Sep-27	-/-/-/-	n/a	n/a
14	Austrian-Georgian Development	USD	15	9.00%	Oct-23	Oct-25	-/-/-/-	n/a	n/a
15	MFO EuroCredit	USD	10	9.50%	Dec-23	Dec-27	-/-/-/-	n/a	n/a
16	Geosteel	USD	5	8.50%	Dec-23	Dec-25	-/-/-/-	99.57	8.75
17	IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-/-	99.56	8.75
18	Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-/BB-	99.67	7.25
19	Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/-/BB-	99.57	7.25
20	Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/-/BB-	100.43	6.50
21	IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-/-	99.55	7.25
22	Vian (Evex)	GEL	50	RR + 3.10%	Nov-19	Nov-24	-/-/-/BB	n/a	n/a
23	Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/-/BB-	n/a	n/a
24	Nikora	GEL	35	TIBR3M + 3.50%	Nov-22	Nov-25	-/-/-/BB-	n/a	n/a
25	MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/-/B	n/a	n/a
26	Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25	-/-/-/BB-	n/a	n/a
27	MFO Crystal	GEL	25	TIBR6M + 4.75%	Dec-22	Feb-25	B-/--/-/-	n/a	n/a
28	MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-23	Mar-26	-/-/-/B+	n/a	n/a
29	TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-23	Mar-26	BB-/--/-/-	n/a	n/a
30	TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/--/-/-	n/a	n/a
31	Tegeta Motors	GEL	20	TIBR6M + 3.50%	Jun-23	Dec-25	-/-/-/BB-	n/a	n/a
32	Tegeta Motors	GEL	20	14.5%	Dec-23	Dec-25	-/-/-/BB-	n/a	n/a
33	Cellfie	GEL	65	TIBR6M + 3.50%	Dec-23	Dec-25	-/-/-/BB-	n/a	n/a

Source: Bloomberg, Galt & Taggart



Week ahead calendar

Macroeconomic releases

	Time (GMT +4)	Country	Event
Monday 1 July	16:00	Germany	Inflation prel. (Jun)
	18:00	US	Manufacturing PMI (Jun)
Tuesday 2 July	13:00	Eurozone	Inflation (Jun)
	17:30	US	Fed Chair Powell speech
Wednesday 3 July	18:00	US	Services PMI (Jun)
	22:00	US	FOMC minutes
Thursday 4 July	15:30	Eurozone	ECB monetary policy meeting accounts
Friday 5 July	16:30	US	Non-farm payrolls (Jun)

Company earnings

Company	Ticker	Time
Constellation Brands	STZ	Premarket

1. Central bank interest rates have significant impact on equity valuations. Higher rates result in lower discounted values of future earnings, which naturally bring down the stock prices.
2. Inflation is currently a very closely watched macroeconomic statistic, as central banks respond to high inflation by raising interest rates. Generally, developed economies target a 2% annual inflation rate, which is less than current inflation levels in both the US and Eurozone.
3. PCE (Personal Consumption Expenditure) price index is an alternative inflation measure favored by the US Federal Reserve.

Descriptions of key sectors

Communications	Includes companies that produce communication technologies and services. Major industries are internet content & information, telecom services, entertainment, electronic gaming & multimedia, advertising agencies, broadcasting, and publishing. Examples of leading companies in this sector are Alphabet, Meta Platforms, Netflix, T-Mobile, and Walt Disney.
Technology	Includes companies that produce technological goods or services. Major industries are software, semiconductors, consumer electronics, IT services, computer hardware, electronic components, and scientific & technical instruments. Examples of leading companies in this sector are Apple, Microsoft, NVIDIA, Cisco, and IBM.
Discretionary	Includes companies that produce non-essential or luxury goods and services (aka Consumer Discretionary or Consumer Cyclical). Major industries are general and internet retail, auto manufacturing & dealership, apparel, restaurants, travel services & resorts, and gambling. Examples of leading companies in this sector are Amazon, Tesla, Nike, Alibaba, and McDonald's.
Staples	Includes companies that produce goods essential to life (aka Consumer Staples or Consumer Defensive). Major industries are discount stores, household & personal products, beverages, tobacco, packaged foods, confectioneries, farm products, and grocery stores. Examples of leading companies in this sector are Walmart, Procter & Gamble, Coca-Cola, Philip Morris, and Costco.
Health Care	Includes companies that produce health-related products and services. Major industries are drug manufacturing, biotechnology, healthcare plans, medical devices, instruments & supplies, diagnostics & research, and medical care facilities. Examples of leading companies in this sector are Eli Lilly, UnitedHealth Group, Johnson & Johnson, AstraZeneca, and Pfizer.
Financials	Includes companies related to finance and investing. Major industries are banks, insurance, credit services, asset management, capital markets, and financial data & stock exchanges. Examples of leading companies in this sector are Berkshire Hathaway, Visa, JPMorgan, Bank of America, and Goldman Sachs.
Industrials	Includes companies that mainly produce capital goods for manufacturing and construction. Major industries are aerospace & defense, industrial machinery, railroads, farm & heavy construction machinery, freight & logistics, and building products & equipment. Examples of leading companies in this sector are Union Pacific, United Parcel Services, FedEx, General Electric, and Boeing.
Materials	Includes companies that produce raw materials mostly for manufacturing purposes. Major industries are chemicals, industrial metals & mining, precious metals & mining, building materials, agricultural inputs, paper & paper products, and lumber & wood products. Examples of leading companies in this sector are Linde, BHP Group, Rio Tinto, and Dow.
Energy	Includes companies relating to oil, gas, and consumable fuels. Major industries of the sector are oil & gas: exploration & production, midstream, equipment & services, refining & marketing, drilling, uranium, and thermal coal. Examples of leading companies in this sector are Exxon Mobil, Chevron, Shell, Occidental Petroleum, and BP.
Utilities	Includes companies that provide basic utilities, such as gas, water, and electricity. Major industries include regulated electric, renewables, regulated gas, regulated water, and independent power producers. Examples of leading companies in this sector are NextEra Energy, Southern Company, and Duke Energy.
Real Estate	Mainly includes Real Estate Investment Trusts (REITs). Major industries are REIT: specialty, industrial, residential, retail, healthcare facilities, diversified, office, mortgage, hotel & motel, and real estate services. Examples of leading companies in this sector are Prologis, American Tower, and Equinix.

Source: S&P Capital IQ, Corporate Finance Institute

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