



Global macroeconomic summary

US October inflation came in well below estimates, leading to the strongest daily rally for US equities in years. The headline inflation came in at 7.7% y/y (vs 8.0% forecast and down from September's 8.2%), while core stood at 6.3% (vs 6.5% forecast and down from September's 6.6%). Importantly, while headline inflation has been falling gradually, it is the first time core inflation declines since June this year. This shift illustrates Fed's success in taming inflation, and therefore, gave rise to dovish policy expectations in markets. As a result, the expected terminal rate fell to 4.87% from 5.15%.

However, institutional investors seem skeptical of current rally, as the current put call ratio approaches the 2008 peak.

If the rally appears to be short-lived, it will not be the first time market overreacts to optimistic news. Moreover, in previous week the US October employment data came in stronger than expected, with 261,000 non-farm payrolls vs consensus of 200,000. Coupled with the fact that one inflation print does not shape Fed's monetary strategy, a tight labor market provides further argument for implementing contractionary policy.

China's October inflation print also surprised on the downside, with the headline figure at 2.1% y/y (vs 2.4% forecast and down from September's peak of 2.8%). However, China's inflation may rise again as government starts easing Covid-related restrictions. Importantly, this will provide upwards pressure on inflation in the West as well (i.e., in Americas and Europe) as inflation in China will translate into increased prices in whole supply chains.

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Performance of major assets

Equities	Level	W/W, %	M/M, %	YTD, %
S&P 500	3,992.9	5.9	11.3	-16.2
NASDAQ	11,323.3	8.1	8.6	-27.6
Dow Jones	33,747.9	4.1	15.4	-7.1
Russell 2000	1,882.7	4.6	11.2	-16.1
FTSE 250 (£)	19,616.2	6.9	16.0	-16.5
STOXX 600 (€)	432.3	3.7	11.4	-11.4
Nikkei 225 (¥)	28,263.6	3.9	7.1	-1.8
MSCI EM	935.7	5.7	8.2	-24.0

Source: Bloomberg

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

Commodities	Price, \$	W/W, %	M/M, %	YTD, %
WTI Oil (\$/barrel)	89.0	-3.9	-0.4	18.3
Gold (\$/oz)	1771.2	5.3	6.3	-3.2
Natural Gas (\$/mmBtu)	5.9	-8.1	-10.9	57.6
Silver (\$/oz)	21.7	4.1	13.3	-6.9
Wheat (\$/bu)	813.8	-4.0	-9.7	5.6

Source: Bloomberg

Currencies	14-Nov-22	Week ago	1-Jan-22
1EUR/\$	1.0347	0.9957	1.1370
1GBP/\$	1.183	1.1379	1.3532

Source: Bloomberg

Weekly performance of major US indices (4 November 2022 = 100)















Source: Bloomberg

Weekly sector performance highlights

Cyclical sectors outperformed the market, as Technology, Communications, and Materials led the rally with respective ETFs gaining 10.0%, 9.4%, and 7.7%. As one would expect, the lower-than-forecasted inflation data appealed to cyclical sectors the most. Notably, these are the very sectors that have lost value the most YTD. Meanwhile, Health Care and Utilities, for instance, have only fallen around 5% in the same period.

Defensive sectors lagged the rally, however, still closing the week in green. Utilities, Health Care and Energy were the weakest performers, with associated ETFs gaining only 1.5%, 1.8%, and 1.9%, respectively, as compared to a 5.9% gain for SPY. Consumer Staples and Industrials also underperformed the broad market, with respective ETFs gaining 2.3% and 4.7%.

S&P 500 sector review: last week performance

Sector	ETF Ticker	Weekly ETF Change %	Close Price, \$	Market Cap, \$bn	P/E	YTD, %
S&P 500	SPY	 5.89	398.5	371.7	19.7	-16.1
of which:						
Technology	XLK	 10.04	133.1	40.2	25.6	-23.4
Communication	XLC	 9.41	50.0	8.6	18.12	-35.6
Materials	XLB	 7.73	81.3	5.5	9.4	-10.3
Real Estate	XLRE	 7.05	38.7	5.1	24.7	-25.2
Financials	XLF	 5.78	35.9	33.0	13.8	-8.1
Cons. Discret.	XLY	 5.52	145.1	14.7	21.5	-29.0
Industrials	XLI	 4.69	99.5	15.6	21.3	-5.9
Cons. Staples	XLP	 2.32	73.5	16.5	23.7	-4.7
Energy	XLE	 1.87	93.1	44.4	9.6	67.8
Health Care	XLV	 1.77	133.1	40.6	23.7	-5.5
Utilities	XLU	 1.48	68.1	15.8	22.1	-4.9

Source: Bloomberg, Capital IQ

Performance of last week's most traded stocks globally (top 20 by value)

#	Ticker	Name	Close Price, \$	W/W, %	YTD, %	P/E	12M Price Target, \$	12M Return Target, %
1	META	Meta Platforms	113.0	24.5	-66.4	15.6	146.5	29.6
2	PARA	Paramount Global	18.8	20.8	-37.7	12.6	20.1	6.9
3	AMD	Advanced Micro Devices	72.4	16.4	-49.7	22.5	82.1	13.4
4	NVDA	NVIDIA	163.3	15.3	-44.5	47.4	194.0	18.8
5	CCL	Carnival	10.4	15.0	-48.6	N/A	10.6	2.4
6	WBD	Warner Bros. Discovery	11.8	13.5	-49.7	N/A	18.7	57.9
7	MSFT	Microsoft	247.1	11.6	-26.5	25.0	293.5	18.8
8	GOOG	Alphabet	96.7	11.6	-33.1	0.0	123.4	27.6
9	C	Citigroup	50.2	11.2	-16.9	8.1	54.7	9.0
10	AMZN	Amazon.com	100.8	10.8	-39.5	70.0	142.3	41.2
11	AAPL	Apple	149.7	8.2	-15.7	24.0	179.5	19.9
12	INTC	Intel	30.4	7.9	-40.9	20.4	29.5	-3.1
13	F	Ford Motor Company	14.5	7.3	-30.2	7.3	16.9	16.6
14	LUMN	Lumen Technologies	6.3	7.1	-49.5	7.6	7.1	12.0
15	AAL	American Airlines Group	14.9	5.5	-17.1	9.4	15.2	2.2
16	BAC	Bank of America	38.4	4.4	-13.7	10.7	40.1	4.4
17	T	AT&T	19.1	4.0	-22.6	7.4	19.9	4.5
18	VZ	Verizon Communications	38.3	2.8	-26.3	7.6	45.5	18.8
19	CSCO	Cisco Systems	44.8	0.6	-29.3	12.7	52.6	17.4
20	TSLA	Tesla	196.0	-5.5	-44.4	36.2	302.1	54.2

Source: Bloomberg, Capital IQ, Tipranks

Note: Positive 12 month return targets imply aggregated "Buy" recommendation by analysts

Select company news

Advanced Micro Devices (AMD)

Close Price, \$	72.4	AMD produces micro chips that are used in virtually every type of technology, ranging from mobile phones to computers, cars, and home appliances. This implies that the demand for AMD products largely depends on the willingness to spend of global consumer. For this reason, expectation on the softer-than-projected Fed policy due to impressive US inflation data has led to the AMD stock rallying last week.
Weekly Change, %	16.4	
YTD Change, %	-49.7	
P/E	22.5	
12M Price Target, \$	82.1	
12M Growth Potential, %	13.4	

Meta Platforms (META)

Close Price, \$	113.0	Meta announced it plans to cut 11,000 jobs, constituting to sizeable 13% of the total workforce. The decision came in as a response to the increasing investor worries about company's profitability. The high-risk internal projects, such as those related to Metaverse, have increased the cost base significantly, without generating any extra revenue for Meta, therefore leading to lower profits. As a result, the announcement added to the positive market sentiment and led to Meta closing the week with almost 25% gain.
Weekly Change, %	24.5	
YTD Change, %	-66.4	
P/E	15.6	
12M Price Target, \$	146.5	
12M Growth Potential, %	29.6	

FTX Token (FTT)

Close Price, 1FTT/\$	1.5	Financial results released by the affiliated fund, Alameda Research that used FTX assets as a collateral on obligations (namely the FTT token) raised solvency concerns last week. This led to an intense selloff of FTT by both institutional and retail investors, eventually eliminating the liquidity of FTX. Finally, after the planned company takeover from Binance failed to finalize, the second largest crypto exchange declared bankruptcy. Bitcoin and Ether, the two major cryptocurrencies, also lost ground, falling by approximately 10% after the news release.
Weekly Change, %	-87.9	
YTD Change, %	-93.2	
P/E	N/A	
12M Price Target, \$	N/A	
12M Growth Potential, %	N/A	

Source: Bloomberg, Tipranks, Yahoo Finance, CNBC

Week ahead calendar

Macroeconomic releases				Company earnings			
	Time (GMT +4)	Country	Event	Company	Ticker	Time	Forecast EPS \$
Monday November 14	14:00	Euro area	Industrial Production (SEP)	Tyson Foods	TSN	Premarket	1.77
	16:00	India	Inflation (OCT)	Monday.com	MNDY	Premarket	-0.54
				Nu	NU	After market	0.01
Tuesday November 15	11:00	UK	Unemployment (SEP)	Walmart	WMT	Premarket	1.31
	14:00	Euro area	GDP prelim. (3Q22)	Home Depot	HD	Premarket	4.11
	14:00	Euro area	Economic Sentiment (NOV)	Vodafone Group	VOD	Premarket	0.05
	17:30	US	PPI	Imperial Brands	IMBBY	N/A	1.81
Wednesday November 16	11:00	UK	Inflation (OCT)	Lowe's	LOW	Premarket	3.08
	17:30	Canada	Inflation (OCT)	TJX	TJX	Premarket	0.80
	17:30	US	Retail Sales (OCT)	Target	TGT	Premarket	2.15
	18:15	US	Industrial Production (OCT)	Cisco	CSCO	After market	0.83
				Tencent	TCEHY	N/A	0.47
				NVIDIA	NVDA	N/A	0.73
Thursday November 17	14:00	Euro area	Inflation (OCT)	Alibaba	BABA	Premarket	11.88
	16:30	UK	Fiscal Statement	Siemens	SIEGY	Premarket	1.64
	17:30	US	Building Permits	NetEase	NTES	Premarket	7.60
				Applied Materials	AMAT	After Market	2.01
Friday November 18	03:30	Japan	Inflation (OCT)	JD.com	JD	Premarket	4.75
	10:30	France	Unemployment (3Q22)	Foot Locker	FL	Premarket	1.15
	11:00	UK	Retail Sales (OCT)	Li Auto	LI	N/A	-0.23

Source: Yahoo Finance, DailyFX

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