



Executive Summary

Global equities have rallied in response to the cooling US inflation and labor market data

The US headline inflation declined in line with expectations and reached 6.5% y/y in November, the lowest level in more than a year. Meanwhile, the core figure fell to 5.7% y/y from December's 6.0%. Signs of softening labor market further supported the positive market momentum. While growth rate of hourly wages came in lower than expected, massive layoffs from the blue chip companies, such as Amazon, Meta, and Goldman Sachs are increasing labor supply and, therefore, producing disinflationary pressure. These developments have raised expectations that the Fed may slow the pace of rate hikes further to 25bps. Importantly, however, the Fed pivot remains less likely until late 2023.

European outlook has improved considerably

Recent pessimism around European capital markets seems to be fading away as the region's economic outlook has improved massively. Two major catalysts underlie the rising optimism: China's reopening that is expected to boost demand for European goods (China is Europe's largest importer) and warm weather forecasts that reduce need for energy consumption and, therefore, make the energy crisis avoidable in 2023.

As a result, analysts are modifying their 2023 forecasts for Europe's economic growth and equity markets performance. Goldman Sachs now expects a 0.6% annual GDP growth (a mild slowdown) in Euro Area instead of a technical recession. Meanwhile, Citi has upgraded Stoxx 600 (a benchmark index for European equities) to overweight and expects the smallest earnings recession since 1970.

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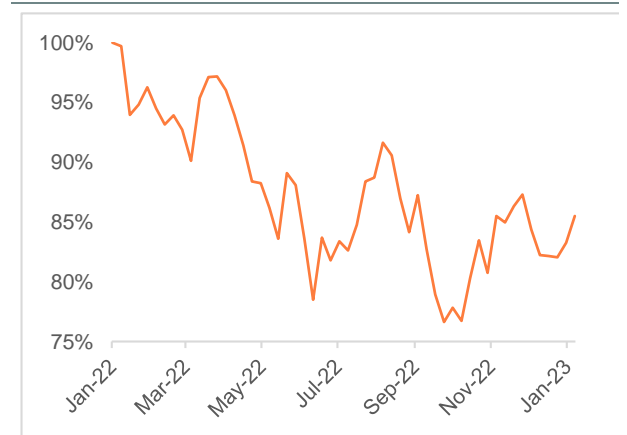
Performance of major equity indices

Equities*	W/W, %	M/M, %	YTD, %
S&P 500	2.7	3.8	4.6
NASDAQ	4.8	3.5	6.7
Dow Jones	2.0	4.2	3.5
Russell 2000	5.3	7.0	7.8
FTSE 100 (£)	2.0	7.1	4.0
FTSE 250 (£)	2.7	7.7	4.6
STOXX 600 (€)	2.2	7.0	5.9
Nikkei 225 (¥)	-0.6	-5.2	0.4
MSCI China	3.1	13.8	9.7
MSCI EAFE	3.5	7.8	6.5
MSCI EM	3.1	9.2	8.1
MSCI World	3.0	5.1	5.2

Source: Bloomberg

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

S&P 500 indexed performance (1-Jan-2022 = 100)










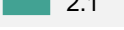
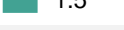
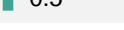


Source: Bloomberg

Weekly sector performance highlights

Consumer Discretionary was the largest gainer, with the associated ETF rallying X% w/w. The rally was largely asymmetric across the sector components. The weekly top performers from sector's 15 largest companies were Amazon (AMZN, 14.0%), Tesla (TSLA, 8.3%), Lowe's (LOW, 5.6%), Booking Holdings (BKNG, 5.6%), Marriott International (MAR, 5.5%), Home Depot (HD, 4.3%), Nike (NKE, 3.5%), and Target (TGT, 2.8%). Meanwhile, the worst performers from the same list were Dollar General (DG, -6.1%), O'Reilly Automotive (ORLY, -3.2%) TJX Companies (TJX, -1.4%), McDonald's (MCD, -0.2%), Starbucks (SBUX, 0.5%), Ford Motor Company (F), and General Motors (GM 1.7%).

Consumer Staples was the worst performer, with respective ETF down X% w/w. The bearish momentum was largely symmetric across the sector, with Archer-Daniels-Midland (ADM, 2.9%), Estee Lauder Companies (EL, 1.3%), and Costco (COST, 0.5%) being the only gainers among the 15 largest companies in the sector. Meanwhile, General Mills (GIS, -4.0%), PepsiCo (PEP, -3.2%), Coca Cola Company (KO, -3.1%), Colgate-Palmolive (CL, -2.7%) and Procter & Gamble (PG, -2.0%) were the weakest performers from the same list.

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	 2.7	398.5	372.4	19.7	4.2
of which:						
Cons. Discret.	XLY	 5.8	139.7	13.8	21.3	8.2
Technology	XLK	 4.6	130.5	39.4	26.3	4.9
Real Estate	XLRE	 4.4	39.6	5.3	23.9	7.1
Materials	XLB	 4.3	83.8	6.0	10.0	7.9
Communication	XLC	 3.9	52.4	8.8	18.1	9.1
Energy	XLE	 2.7	90.0	41.7	7.5	2.8
Financials	XLF	 2.1	36.1	33.6	14.1	5.6
Industrials	XLI	 1.5	102.5	13.7	20.8	4.3
Utilities	XLU	 0.5	71.3	16.5	23.6	1.2
Health Care	XLV	-0.2 	135.5	41.6	25.0	-0.3
Cons. Staples	XLP	-1.4 	74.7	17.5	24.9	0.3

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	AMZN	Amazon.com	98.1	14.0	16.8	72.3	135.5	94.5
2	NVDA	NVIDIA	169.0	13.7	15.6	43.4	206.7	38.1
3	AMD	Advanced Micro Devices	71.0	11.0	9.6	22.4	84.4	28.7
4	TSLA	Tesla	122.4	8.3	-0.6	26.9	238.1	22.3
5	GS	The Goldman Sachs	374.0	7.4	8.9	11.3	400.7	21.4
6	CRM	Salesforce	149.5	6.4	12.8	26.9	190.7	18.9
7	MSFT	Microsoft	239.2	6.4	-0.2	24.3	290.4	15.2
8	C	Citigroup	49.9	5.5	10.4	8.2	55.8	10.9
9	NFLX	Netflix	332.8	5.5	12.9	35.7	309.9	5.2
10	GOOGL	Alphabet	92.1	5.5	4.4	18.8	127.0	-6.9
11	META	Meta Platforms	137.0	5.4	13.8	18.9	151.9	37.9
12	AAPL	Apple	134.8	4.0	3.7	21.9	173.4	22.9
13	JPM	JPMorgan Chase	143.0	3.7	6.6	11.3	150.5	14.0
14	WFC	Wells Fargo	44.2	3.3	7.1	8.9	53.3	20.5
15	BAC	Bank of America	35.2	2.4	6.4	9.6	40.6	9.4
16	XOM	Exxon Mobil	113.2	2.4	2.6	9.8	122.2	11.8
17	MA	Mastercard	375.5	2.1	8.0	32.7	410.9	8.0
18	BA	The Boeing Company	214.1	0.5	12.4	108.4	228.9	6.9
19	UNH	UnitedHealth Group	489.6	-0.1	-7.7	19.6	601.7	27.5
20	BRK.B	Berkshire Hathaway	317.6	-0.3	2.8	0.0	362.0	7.1

Source: Bloomberg, Capital IQ

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

Week ahead calendar

Key macroeconomic releases

Key company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time	Forecast EPS \$
Monday January 16	03:50	Japan	PPI (DEC)	United Microelectronics	UMC	N/A	0.26
	04:00	Euro Area	Euro group meeting				
	05:30	China	House price index (DEC)				
Tuesday January 17	06:00	China	GDP (4Q22)	Morgan Stanley	MS	Premarket	1.29
	11:00	Germany	Inflation (DEC)	Goldman Sachs	GS	Premarket	5.56
	11:00	UK	Employment (NOV)	Interactive Brokers	IBKR	After market	1.17
	14:00	Euro Area	Economic sentiment (JAN)	United Airlines	UAL	After market	2.11
Wednesday January 18	07:00	Japan	Bank of Japan interest rate decision	Charles Schwab	SCHW	Premarket	1.09
	11:00	UK	Inflation (DEC)	PNC Financial	PNC	Premarket	3.95
	14:00	Euro Area	Inflation (DEC)	Prologis	PLD	After market	0.61
	17:30	US	PPI (DEC)	Kinder Morgan	KMI	After market	0.30
	17:30	US	Retail sales (DEC)				
Thursday January 19	14:30	Euro Area	ECB president Lagarde speech	Procter & Gamble	PG	Premarket	1.58
	16:30	Euro Area	ECB monetary policy meeting accounts	Truist Financial Corp	TFC	Premarket	1.24
	17:30	US	Building Permits prel. (DEC)	Netflix	NFLX	After market	0.59
Friday January 20	03:30	Japan	Inflation (DEC)	Schlumberger	SLB	Premarket	0.68
	04:00	UK	Consumer confidence (JAN)	State Street	STT	Premarket	1.98
	11:00	UK	Retail Sales	Regions Financial	RF	Premarket	0.65

Source: Bloomberg, Financial Times

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