



Executive summary

Last week:

- Euro Area 2Q23 GDP growth was revised downward from 0.3% q/q to 0.1%
- Germany's inflation matched expectations at 6.1% y/y
- China's inflation reported at 0.1% y/y vs 0.2% forecast

Week ahead:

- US CPI, PPI, and retail sales
- ECB interest rate decision
- Earnings from Oracle (ORCL), Adobe (ADBE), Copart (CPRT), and others

Commentary: good news spook markets

While being rather light, last week's US economic calendar mostly reported better-than-expected results. The services PMI surprised on the upside and reached 54.5, while both initial and continuing jobless claims came in lower than expected. Positive economic news pushed the treasury yields higher in anticipation of tighter monetary policy. As a result, equities experienced losses over the week. Larger stocks displayed more resilience, as S&P 500 equal-weighted index underperformed its market-cap weighted peer by 0.6 ppt. Meanwhile, the small-cap benchmark, Russell 2000, delivered significant losses. Importantly, the decline in Apple and large semiconductor stocks, such as NVIDIA, significantly catalyzed the downtrend. In contrast, due to higher oil prices, the energy sector continued to rally, gaining 3.5% since the end of August.

While the resilience of the US economy has been a key theme in 2023, the main driver of this resilience, the American consumer, has started to face pressure. As estimated by JPMorgan, the pandemic savings totaling \$2.1tn have now reached \$0.2tn, implying that consumers may have to choose between cutting consumption and resorting to more credit, which, in current interest-rate environment, is much costlier than usual.

Performance of major equity indices

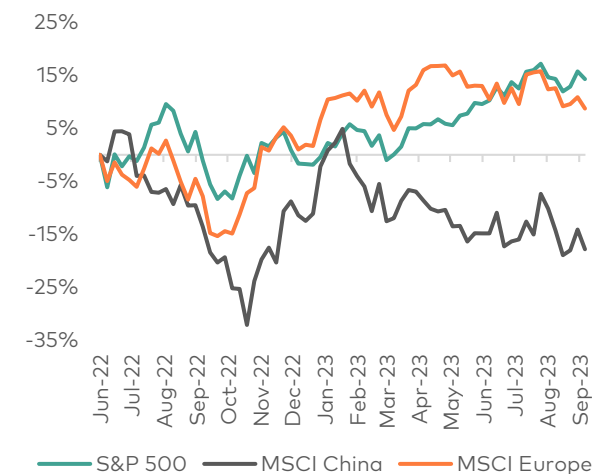
Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,457	-1.3	-0.9	16.6
Nasdaq 100	13,761	-1.9	-0.9	32.5
Dow Jones 30	34,576	-0.7	-2.1	4.3
Russell 2000	1,851	-3.6	-4.9	5.8
FTSE 100 (£)	7,478	0.2	-0.7	-1.0
FTSE 250 (£)	18,463	-0.4	-2.0	-3.5
STOXX 600 (€)	454.7	-0.8	-0.9	4.7
MSCI Europe	50.8	-1.8	-3.3	5.9
Nikkei 225 (¥)	32,606	-0.3	0.7	25.0
MSCI China	43.9	-4.4	-6.1	-10.6
MSCI EAFE	70.4	-1.5	-2.7	6.3
MSCI EM	38.7	-2.3	-3.2	1.3
MSCI World	124.1	-1.4	-1.2	13.8

Source: Bloomberg

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

Major global equity indices

Weekly indexed price returns (01-Jun-22 = 100)



Source: Bloomberg

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Sector performance highlights

Energy was the best performing sector with its ETF gaining 1.4% w/w. 67 out of 100 largest sector companies closed the week in green. From top 20, only Enbridge (ENB, -4.4%) lost the ground. Meanwhile, the best performers from the list were Marathon Petroleum (MPC, +8.8%), Phillips 66 (PSX, +7.1%), Equinor (EQNR, +5.8%), Petroleo Brasileiro (PBA, +4.5%), and Occidental Petroleum (OXY, +4.0%).

Industrials was the weakest performing sector, with the associated ETF losing -2.9%. 72 out of 100 largest sector companies closed the week in red. From top 20, only RELX (RELX, +4.1%), Eaton Corporation (ETN, +2.5%), and Caterpillar (CAT, +0.4%) managed to finish with gains. Meanwhile, the worst performers from the list were The Boeing Company (BA, -5.7%), Lockheed Martin (LMT, -5.6%), United Parcel Service (UPS, -4.9%), Canadian National Railway Company (CNI, -4.2%), and General Dynamics (GD, -3.9%).

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 outlook
S&P 500	SPY	445.5	-1.3% 	17.4	457.8	353.6	Positive
Energy	XLE	92.1	1.4% 	9.1	93.1	68.0	Neutral
Utilities	XLU	63.2	0.9% 	-10.4	77.0	61.0	Positive
Communications	XLC	67.0	-0.2% 	37.7	68.8	45.3	Positive
Discretionary	XLY	168.8	-0.5% 	31.4	177.0	126.3	Positive
Staples	XLP	71.7	-0.6% 	-3.5	77.5	66.0	Positive
Real Estate	XLRE	36.6	-1.0% 	-1.2	42.5	33.4	Positive
Financials	XLF	34.3	-1.1% 	37.0	-0.1	30.1	Positive
Health Care	XLV	132.1	-1.1% 	-2.5	139.5	120.6	Positive
Technology	XLK	172.8	-1.9% 	40.2	180.3	116.2	Neutral
Materials	XLB	81.8	-2.4% 	5.4	85.7	66.9	Positive
Industrials	XLI	105.6	-2.9% 	7.3	110.8	82.4	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	BX	Blackstone	112.7	7.8	8.6	49.4	112.7	71.5	116.6	3.4
2	INTC	Intel	38.0	3.8	8.5	43.9	38.2	24.4	36.1	-5.0
3	KR	Kroger	46.9	2.1	-3.4	6.2	51.4	41.6	53.8	14.6
4	XOM	Exxon Mobil	115.6	1.8	8.2	9.4	118.3	82.7	123.7	7.0
5	MSFT	Microsoft	334.3	1.7	2.7	39.9	359.5	213.1	391.0	17.0
6	TSLA	Tesla	248.5	1.4	-0.5	129.9	309.1	108.1	279.1	12.3
7	GOOGL	Alphabet	136.4	0.5	3.8	53.0	136.4	83.4	153.2	12.3
8	META	Meta Platforms	297.9	0.5	-4.7	138.8	325.5	88.9	380.6	27.8
9	UBER	Uber Technologies	47.2	0.4	4.6	86.3	49.5	24.4	59.7	26.4
10	AMZN	Amazon.com	138.2	0.1	-1.2	61.1	142.2	81.8	175.2	26.8
11	DIS	Walt Disney	81.6	-0.1	-7.4	-8.3	116.4	80.6	111.8	37.0
12	CMCSA	Comcast	45.0	-1.5	-0.8	26.6	47.1	28.5	50.3	11.6
13	KO	Coca-Cola	58.3	-1.7	-4.3	-7.3	64.3	54.0	70.4	20.7
14	CSCO	Cisco Systems	56.7	-2.0	6.8	19.2	57.8	39.0	57.4	1.3
15	BAC	Bank of America	28.4	-2.1	-9.3	-15.4	38.2	27.0	35.2	24.1
16	AMD	Advanced Micro Devices	106.1	-3.1	-6.3	65.7	129.2	55.9	143.8	35.5
17	VZ	Verizon Communications	33.5	-4.0	2.7	-15.3	42.0	31.5	39.3	17.6
18	PYPL	PayPal Holdings	61.0	-4.1	-3.5	-18.2	97.7	58.6	89.3	46.4
19	AAPL	Apple	178.2	-6.0	-0.8	42.7	196.4	124.8	207.1	16.2
20	NVDA	NVIDIA	455.7	-6.1	2.0	218.4	493.5	112.2	630.8	38.4

Source: Bloomberg, Capital IQ

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



Week ahead calendar

Macroeconomic releases

	Time (GMT +4)	Country	Event
Monday 11 September	09:00	China	New Yuan Loans
	12:00	UK	BoE Pill Speech
Tuesday 12 September	10:00	UK	Employment (Jun)
	13:00	Euro Area	Economic sentiment (Sep)
	13:00	Germany	Economic sentiment (Sep)
Wednesday 13 September	10:00	UK	GDP (Jul)
	13:00	Euro Area	Industrial production (Jul)
	16:30	US	Inflation (Aug)
Thursday 14 September	16:15	Euro Area	ECB interest rate decision
	16:30	US	PPI (Aug)
	16:30	US	Retail sales (Aug)
Friday 15 September	06:00	China	Industrial production, retail sales, and unemployment (Aug)
	17:15	US	Industrial production (Aug)
	18:00	US	Consumer sentiment prel. (Sep)

Company earnings

Company	Ticker	Time	Forecast EPS \$
Oracle	ORCL	After market	1.15
Caseys	CASY	After market	3.38
Abcam	ABCM	N/A	0.19
InnovAge Holdings	INNV	After market	-0.04
Burford	BUR	Premarket	0.32
Adobe	ADBE	After market	3.97
Copart	CPRT	After market	0.32
Lennar	LEN	After market	3.51
LightInTheBox	LITB	Premarket	N/A

Source: Bloomberg, NASDAQ

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