



Executive Summary

Last week:

- The US Fed and Bank of England kept the rates unchanged at 5.25%-5.50% and 5.25%, respectively
- US Fed anticipated higher rates for longer
- UK inflation came in considerably lower than expected, with headline at 6.7% y/y (vs 7.0% forecast) and core at 6.2% y/y (vs 6.8% forecast)

Week ahead:

- US 2Q23 GDP, durable goods orders, PCE price index, and consumer sentiment
- Euro area inflation and consumer sentiment
- Earnings from Costco (COST), Accenture (ACN), Nike (NKE), and Micron (MU)

Commentary: equities decline as Fed changes forecasts

After leaving the rates unchanged on a Wednesday meeting, the US Federal Reserve surprised markets by anticipating higher rates for longer period. Even though only a single rate hike is still expected this year, the cutting cycle is now expected to be slower in both 2024 and 2025. As a result, treasury yields rose to multiyear highs, while S&P 500 delivered the largest daily loss since March this year. The 2, 10, and 30 year US treasuries are now offering 5.10%, 4.44%, and 4.53% yields, respectively.

Tech stocks were the weakest performers, as illustrated by -3.6% decline of Nasdaq 100 index, a benchmark for technology stocks. Among S&P 500 stocks, the decline was rather symmetric across sizes, as both the market-cap weighted and equal weighted indices fell by -2.9%. Generally, the small-cap growth stocks underperformed the most, declining by -3.9% w/w, while the large value stocks were the best performing category with -2.6% fall. Among sectors, the defensives held up relatively well, while cyclicals (e.g., real estate and technology) saw sizeable declines.

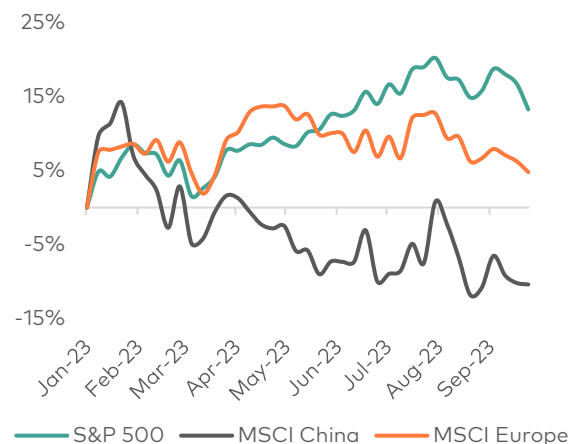
Performance of major equity indices

Index	Level	W/W, %	M/M, %	YTD, %
S&P 500	4,320	-2.9	-1.5	13.0
Nasdaq 100	13,211	-3.6	-2.2	27.2
Dow Jones 30	33,963	-1.9	-0.9	2.5
Russell 2000	1,776	-3.8	-4.0	1.5
FTSE 100 (£)	7,683	-0.4	5.7	1.7
FTSE 250 (£)	18,606	-1.0	3.2	-2.8
STOXX 600 (€)	453.3	-1.9	0.3	4.4
MSCI Europe	50.3	-2.2	-1.9	4.7
Nikkei 225 (¥)	32,402	-3.4	1.7	24.2
MSCI China	44.0	-0.4	2.1	-10.3
MSCI EAFE	69.9	-2.1	-0.1	5.6
MSCI EM	38.5	-1.7	0.2	0.7
MSCI World	121.2	-2.8	-0.9	11.1

Source: Bloomberg

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

YTD performance of major global equity indices Weekly indexed price returns (1-Jan-23 = 100)



Source: Bloomberg

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Sector performance highlights

Consumer Discretionary was the worst performing sector, with XLY losing -6.3% w/w. 90 out of 100 largest sector companies closed the week in green. From top 20, only Alibaba Group (BABA, +1.4%), O'Reilly Automotive (ORLY, +0.6%), and Stellantis (STLA, +0.5%), managed to gain the ground. Meanwhile, the worst performers from the list were Tesla (TSLA, -10.8%), Amazon.com (AMZN, -8.0%), MercadoLibre (MELI, -8.6%), Airbnb (ABNB, -7/4%), and Nike (NKE, -5.6%).

Real Estate was the second worst performing sector, with XLRE losing -6.0% w/w. 97 out of 100 largest sector stocks declined during the week. From top 20, only KE Holdings (BEKE, +5.1%) managed to rally. The worst performers from top 20 were SBA Communications (SBAC, -7.8%), American Tower (AMT, -7.7%), Prologis (PLD, -7.4%), Invitation Homes (INVH, -7.4%), and Crown Castle (CCI, -6.5%).

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	430.4	-2.9% 	13.5	457.8	353.6	Positive
Health Care	XLV	130.1	-1.5% 	-3.9	139.5	120.6	Neutral
Utilities	XLU	63.3	-2.5% 	-10.2	72.1	61.0	Neutral
Staples	XLP	70.1	-2.7% 	-5.6	77.5	66.0	Neutral
Technology	XLK	164.4	-2.7% 	33.4	180.3	116.2	Positive
Communications	XLC	65.6	-2.8% 	35.0	68.8	45.3	Positive
Energy	XLE	89.3	-2.9% 	5.8	93.4	68.0	Neutral
Industrials	XLI	101.8	-3.1% 	110.8	3.4	82.4	Neutral
Financials	XLF	33.7	-3.4% 	-1.9	37.0	30.1	Positive
Materials	XLB	78.4	-4.1% 	1.0	85.7	66.9	Positive
Real Estate	XLRE	34.6	-6.0% 	-6.7	41.8	33.4	Positive
Discretionary	XLY	160.9	-6.3% 	25.3	177.0	126.3	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	ATVI	Activision Blizzard	93.9	2.3	2.5	22.2	93.9	71.1	94.6	0.7
2	BABA	Alibaba Group	88.3	1.4	0.2	-4.0	120.6	63.2	145.4	64.7
3	AAPL	Apple	174.8	-0.1	-1.4	40.0	196.4	124.8	207.4	18.6
4	META	Meta Platforms	299.1	-0.4	4.0	139.8	325.5	88.9	380.6	27.3
5	KO	Coca-Cola	57.6	-0.6	-4.1	-8.5	64.3	54.0	70.4	22.2
6	F	Ford Motor Company	12.4	-1.4	4.7	13.1	15.4	10.3	16.5	32.7
7	MU	Micron Technology	68.9	-1.4	8.6	36.7	73.9	48.7	77.7	12.8
8	XOM	Exxon Mobil	114.9	-1.5	6.3	8.7	118.5	82.7	123.7	7.6
9	VZ	Verizon Communications	33.3	-1.5	0.2	-15.7	42.0	31.5	40.3	21.2
10	MSFT	Microsoft	317.0	-4.0	-1.7	32.7	359.5	213.1	392.6	23.8
11	PFE	Pfizer	32.7	-4.1	-11.3	-35.6	54.0	32.7	44.8	37.0
12	BAC	Bank of America	27.6	-4.2	-2.8	-17.5	38.2	27.0	36.4	31.6
13	CSCO	Cisco Systems.	53.6	-4.4	-3.4	12.6	57.8	39.0	58.9	9.9
14	GOOGL	Alphabet	130.3	-5.2	0.9	46.2	138.2	83.4	153.2	17.6
15	AMD	Advanced Micro Devices	96.2	-5.2	-9.0	50.3	129.2	55.9	141.0	46.6
16	NVDA	NVIDIA	416.1	-5.2	-8.9	190.7	493.5	112.2	628.3	51.0
17	AMZN	Amazon.com	129.1	-8.0	-3.8	50.5	144.9	81.8	175.9	36.3
18	INTC	Intel	34.2	-9.8	3.9	29.4	38.9	24.4	36.2	5.8
19	PYPL	PayPal Holdings	57.9	-9.9	-5.1	-22.4	94.4	57.9	89.5	54.6
20	TSLA	Tesla	244.9	-10.8	5.0	126.5	293.3	108.1	294.1	20.1

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 September 25	12:00	Germany	Business climate (Sep)	Qantas Airways	QABSY	After market	1.35
	16:30	US	National activity index (Aug)				
	17:00	Euro area	ECB President Lagarde speech				
Tuesday September 26	17:00	US	House price index (Jul)	Cintas	CTAS	Premarket	3.66
	18:00	US	Consumer confidence (Sep)	Ferguson	FERG	Premarket	2.45
	18:00	US	New home sales	Costco	COST	After market	4.78
Wednesday September 27	10:00	Germany	Consumer confidence (Oct)	Paychex	PAYX	Premarket	1.20
	16:30	US	Durable goods orders (Aug)	Micron	MU	After market	-1.15
				Jefferies Financial	JEF	After market	0.32
Thursday September 28	13:00	Euro area	Consumer confidence (Sep)	Accenture	CAN	Premarket	2.66
	13:00	Euro area	Economic and industrial sentiment (Sep)	Jabil Circuit	JBL	Premarket	2.32
	16:00	Germany	Inflation (Sep)	CarMax	KMX	Premarket	0.74
	16:30	US	GDP (2Q23)	Nike	NKE	After market	0.75
Friday September 29	10:00	UK	GDP (2Q23)	Carnival	CUK	Premarket	0.76
	11:55	Germany	Unemployment (Sep)				
	13:00	Euro area	Inflation (Sep)				
	16:30	US	PCE price index (Aug)				
	18:00	US	Michigan consumer sentiment (Sep)				

Source: Bloomberg, NASDAQ

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