

WEEKLY MARKET REPORT

25 Apr - 29 Apr



MCD Weekly Update

Nasdaq hits 12 year low

U.S. stocks fell sharply on Friday with major indices recording the worst month performance this year. The Nasdaq recorded its worst month performance in 12 years due to large sell-offs in tech stocks, with Amazon heavily underperforming this month. At the closure of Friday's trading session, the S&P 500 plunged by 3.6% while Nasdaq and the Dow fell by 4.2% and 2.8% respectively. Overall this year, the US indices have struggled to recover from the pandemic with the S&P 500 down by 13.3%, Nasdaq by 21.2%, and the Dow is down 9.4% for the year. At MCD Capital, we expect the market to remain calm as investors anticipate the upcoming Fed's policy meeting and April jobs report.

US face first decline in GDP since COVID-19 Recession

The US Economy retracted slightly in the first quarter of the year as a rush of imported goods and declining fiscal stimulus led to a decline in Gross Domestic Product (GDP). It was released on Thursday that the US GDP Q1 shrunk by 1.4%, 0.4 percentage points higher than the analyst consensus. This retraction is the first of its kind since the 2020 recession ended. Igniting fears that a larger and longer recession is looming ahead. However, despite this, consumer and business spending remained strong through the first quarter, suggesting that the economy will remain resilient through the challenges of COVID, inflation and the Russia-Ukraine Crisis. In addition, the US labour market has proven particularly robust through this period, with employers adding over 560,000 new jobs a month and layoffs are at a 50-year low, lying just below 200,000 a week.

Quantitative tightening set to begin

The Fed is expected to maintain its hawkish posture by raising interest rates by 0.5 percent for the first time since 2000, as well as formally begin the process of decreasing its asset holdings, known as quantitative tightening. The bar for a hawkish surprise is high, with the bond market already expecting a 2.5 percent tightening this year, including three 0.5 percent hikes over the next three meetings. A confirmation of what has already been predicted might be disappointing, with equities markets surging as a result. In general, growth will inevitably decline as the economy returns to its pre-pandemic norm. However, with consumers benefiting from a tight job market and the effects of the epidemic diminishing, consumption may continue to drive above-average economic growth this year. Although current valuations of US equities have priced in the expected interest rate hikes, the actual implementation of new rates could potentially send equities down even more.

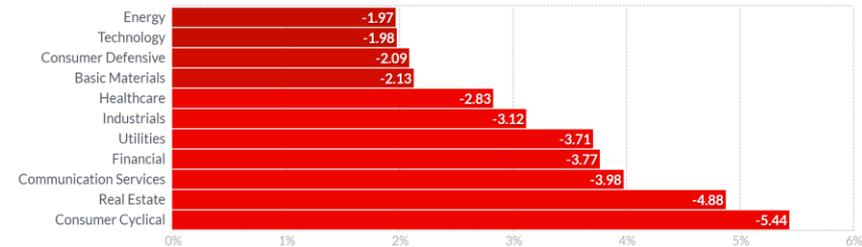
Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Manufacturing PMI 15:00 GMT - A monthly indicator of US economic activity based on manufacturing purchases - Previous- 57.1 - Forecast- 57.5	JOLTS MAR, 15:00 GMT - Job Openings and Labour Turnover Survey measuring labour market activity - Previous- 11.266M - Forecast 11.27MM	Balance of Trade MAR, 13:30 GMT - Previous- \$89.2B - Forecast- \$92B Fed Interest Rate Decision. 19:00 GMT	Initial Jobless Claims, 13:30 GMT - Previous- 180K - Forecast- 185K	Unemployment Rate APR, 13:30 GMT - Previous- 3.6% - Forecast- 3.5%

Weekly Snapshot - Indices & Sectors



1 WEEK RELATIVE PERFORMANCE



U.S. MARKET SNAPSHOT BAR



UPCOMING EARNINGS



AIRBNB, INC. (ABNB)

CONSENSUS EPS FORECAST : **\$0.28**

DATE : 03/05/2022

- **ABNB** closed at **\$153.21** on Friday, marking a **4.09%** move from the prior day
- Although Airbnb's business is **seasonal**, it is growing **faster** than the travel industry. Last second quarter, ended on Sept 30, Airbnb earned a net profit of **\$834 million** but the last quarter ended on Dec, 31, **profits were lowered** to **\$55 million**. But the overall revenue of 2021 **recovered** entirely from the pandemic, earning a revenue of **\$5.99 billion**.
- Customer demand is increasing with spending **rising** by **\$340 Billion** in 2021 from 2020

STARBUCKS CORPORATION (SBUX)

CONSENSUS EPS FORECAST : **\$0.60**

DATE : 03/05/2022

- **SBUX** closed at **\$74.64** on Friday, marking a **2.53%** move from the prior day
- Analysts claim that company's fiscal second quarter performance is likely to have **benefited** from robust **comps** growth and **digitalization**.
- The company has also been gaining from **increase** in 90 day active **Starbucks Rewards members**.
- It must have also gained from the strong **expansion** efforts. Starbucks expects to open nearly 2000 net new stores worldwide in fiscal 2022.

UBER TECHNOLOGIES (UBER)

CONSENSUS EPS FORECAST : **\$0.28**

DATE : 04/05/2022

- On Friday, **UBER** closed at **\$31.48** marking a **4.08%** move from the previous day.
- Strong **growth** of its **delivery segment** is expected to have **boosted** company's top line in first quarter.
- There has been also a **significant improvement** in mobility **demand** and strong **delivery** gross bookings are expected to have boosted UBER'S adjusted EBIDTA in the first quarter.
- But what must have **hurt** UBER'S revenue is the **high sales** and **marketing expenses**, as well as costs associated with paying **incentives** to drivers due to business model changes in some countries.

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