

WEEKLY MARKET REPORT

18 Apr - 22 Apr



MCD Weekly Update

US Markets hit record losses this week

The US stocks were down on Friday, as the Dow plunged to record its worst single day loss post pandemic. The massive sell-off in US stocks was prompted by disappointing earnings reports, imminent rate hikes and distorted supply chain. Notable among the stocks with greatest loss for the week are HCA Healthcare -21.8%, Gap -18%, Verizon -5.6%, Intuitive Surgical -14%. The Dow plunged 2.82% while S&P 500 and Nasdaq were down by 2.77% and 2.55% respectively. The massive sell-off put S&P 500 to a 2.8% weekly loss, Dow sliding by 1.9% for the week declining for the fourth time in a row while Nasdaq lost by a whopping 3.8%. We expect the atmosphere in the stock market to remain calm with the upcoming interest rate hike as an attempt to combat the rising inflation rate at 8.5%.

Threats of interest rate hikes continue to cause havoc

The Federal Reserve has increased expectations for strong actions in the near future, including a series of 50-basis-point rate hikes and the start of decreasing its huge balance sheet. Both the market and Federal Reserve officials appear to recognize that it has slipped behind the curve. In comparison to estimates coming into 2022, the significant increase in two-year rates implies anticipation for significantly more aggressive policy tightening. Furthermore, Chair of the Federal Reserve, Jerome Powell, indicated that a 50-basis-point rate hike could be "on the table" for the May policy meeting. While conceding the difficulties of a smooth landing, Powell dismissed concerns that the Fed's rate-hiking cycle would send the economy into recession, noting the historically strong labor market as evidence. Nevertheless, it is clear that Federal Reserve is committed to establishing credibility in fighting inflation.

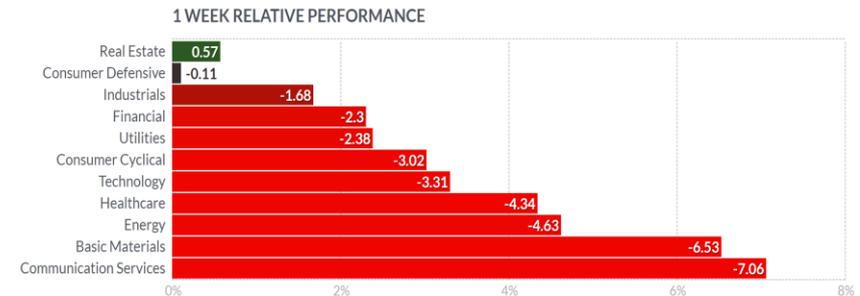
Supply chains continue to be disrupted

The U.S. markets should expect further supply-chain disruptions as manufacturers in Asia renew their operations after the imposed COVID-19 lockdowns. China has deployed stringent lockdowns in cities and important economic hubs, including Shanghai, to contain a new wave of coronavirus cases, causing a slowdown in trade flows. When companies resume production, they'll be hurrying to complete orders, which might cause delays at U.S. maritime hubs. "The reality of the situation is that we're just overwhelmed with cargo," said the President of Pacific Maritime Association, James McKenna, blaming problems across the entire logistics network, from trucking to warehousing, for causing cargo pile-ups at the terminals. On the other hand, Janet Yellen, the U.S. Treasury secretary, stated that worldwide supply chains had proved to be risky amid the pandemic and Russia's battle in Ukraine. She proposed to reshape the trading relationships oriented around "trusted partners", even if that meant higher costs for business and consumers. Therefore, the investors should be cautious in regards to new possible disruptions and perhaps monitor the government's stance in this matter.

Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
US Chicago Fed National Activity, 14:30 PM GMT	New Home Sales MAR, 15:00 GMT	Pending Home Sales YoY, 15:00 GMT	US GDP Growth Rate, 13:30 GMT	Personal Income MAR, 13:30 GMT
- Previous- 0.51	- Previous- 0.772M	- Previous- -5.4%	- Previous- 6.9%	- Previous- 0.5%
- Forecast- 0.40	- Forecast 0.77M	- Forecast- -5%	- Forecast- 1.1%	- Forecast- 0.4%
	- Consensus- 0.765M		- Consensus- 1.1%	- Consensus- 0.4%

Weekly Snapshot - Indices & Sectors



UPCOMING EARNINGS



THE COCA-COLA COMPANY (KO)

CONSENSUS EPS FORECAST : **\$0.58**
DATE : 25/04/2022

- **KO** closed at **\$65.25** on Friday, marking a **1.45%** move from the prior day
- As compared to its competitor, **PEPSI CO.**, the performance of Coca-Cola has been more **impressive**. Organic Sales jumped 16% in 2021 compared to a 13% increase in **Pepsi's** beverage segment.
- With **soaring costs** and **inflation pressure**, Coke's global supply is under more **stress**. Last quarter, a hike of **10%** in price was observed due to increase in prices and low sales volume.

MICROSOFT CORPORATION (MSFT)

CONSENSUS EPS FORECAST : **\$2.18**
DATE : 26/04/2022

- **MSFT** closed at **\$274.03** on Friday, marking a **2.41%** move from the prior day
- **Azure, Dynamics 365** and **Teams** has surely impacted the company's fiscal third-quarter numbers. A continued **strength** in consumption-based services is expected.
- Microsoft decided to buy **Activision Blizzard**, increasing their **exposure** and expertise in to the **gaming** platform which seems to be quite solid.

ALPHABET INC. (GOOG & GOOGL)

CONSENSUS EPS FORECAST : **\$25.63**
DATE : 26/04/2022

- On Friday, **GOOGL** closed at **\$2392** marking a **4.15%** move from the previous day.
- Robust **Search Segment** has been contributing to the success of Google for decades. Advancements have been made to certain apps like **Google Assistant** and **Google Maps** are expected to have driven the momentum.
- If we talk about the Google's performance in Cloud Segment, **Google Workspace** has performed appreciably.
- Google is far broader than any other companies, from investment in **AI** to streaming **services and cybersecurity**, Google is surely a winner in a **long term**.

Sector: Consumer Non-Durables Industry: Beverages: Non-Alcoholic

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TradingView

Sector: Technology Services Industry: Packaged Software

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TradingView

Sector: Technology Services Industry: Internet Software/Service

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TradingView

(source: TradingView)

UPCOMING EARNINGS



META PLATFORMS INC. (FB) CONSENSUS EPS FORECAST : \$2.62 DATE : 27/04/2022

- **FB** closed at **\$84.11** on Friday, marking a **2.11%** move from the prior day
- News are more or less sour for Facebook. Increment of growth in rival companies like **Snapchat** and **Tiktok** has been crushing FB since the beginning of 2022.
- The **rate of growth** in Meta's daily user and engagement has **declined** comprehensively. Moreover, Meta has been facing certain **allegations** which makes the stock dip from time to time.
- On the bright side, Meta's shift to the **Metaverse** might bring some positive news. Not to mention, **Roblox** is also in that race.

AMAZON.COM INC. (AMZN) CONSENSUS EPS FORECAST : \$9.33 DATE : 28/04/2022

- **AMZN** closed at **\$2887** on Friday, marking a **2.66%** move from the prior day
- **Jeff Bezos** is a man of surprise, unveiling new plans every day, making Amazon one of the most **innovative** and **valuable** companies in the world.
- **Amazon's Web Services** has the biggest market share in a fast growing area. Last year, AWS's sales grew by better than **37%**.
- Amazon's popular **online retail business** has been performing better than most of the companies. Its fourth quarter sales grew by **9.4%** compared to a year ago.
- But as like others, Amazon too has **challenges** to overcome like **higher cost** and **supply chain issues**, which resulted in the increase of price of its Prime Subscription platform.

Sector: **Technology Services** Industry: **Internet Software/Services**



Sector: **Retail Trade** Industry: **Internet Retail**

