

WEEKLY MARKET REPORT

16 May - 20 May



MCD CAPITAL

MCD Weekly Update

US Equity Market continues its losing streak

The US equity market ended the week flat as major indices plunged to repeat long losing streak in history. After the Friday trading session on the New York stock exchange which mark the end of another hot trading week, the Dow was down for the eight consecutive weeks marking its longest weekly losing streak since 1932 during the Great Depression while Nasdaq and S&P500 recorded seventh week straight loss. The poor performance across board saw Nasdaq shrunk by -3.8% while the Dow and S&P 500 lost by -2.9% and -3% respectively. The poor performance stems from sell-offs across retails and tech stocks threatened by inflation and a expected tighter monetary policy from the Federal Reserve. As the Fed is committed to controlling the situation in the highly inflationary environment, we expect the market to remain calm in upcoming trading sessions.

Inflation continues to impact consumer sentiment

Both headline CPI and core CPI came in above expectations this week at 0.3% m/m and 0.6% m/m respectively. Additionally, comments from the Fed during the week has done little to put inflation and interest rate fears to rest. On Wednesday, Jerome Powell, the Fed Chair, said that slowing inflation was an 'unconditional need' and that there would be 'some pain' ahead to slow inflationary pressure. This has caused bond yields to decrease, with the benchmark 10-year Treasury bond to fall to 2.77% on Thursday, its lowest level in a month. Consumer sentiment also fell to a new 11-year low as the persistent threats of interest rate hikes and continually rising inflation hurt confidence.

Recession talks

US shares have continued to fall over the last week, and as this has grown more common, investors are becoming concerned about the possibility of a recession. The S&P 500 Index is down nearly 21% from its January peak, reaching the 20% bear market threshold and returning to levels last seen in February 2021. Inflationary pressures force consumers to cut back on discretionary spending, raising the risk of a market crash. Furthermore, dismal profits from a couple of the top retailers have harmed overall morale, with Target falling approximately 25% and Walmart and Home Depot falling short of expectations. Furthermore, housing starts and existing house sales were lower than expected, showing the impact of rising mortgage rates. Unemployment claims increased more than predicted. Last but not least, Jerome Powell stated on Wednesday that policymakers will not hesitate to raise interest rates even if it means that inflationary pressures will increase. As a result, officials' attitudes and alarming findings have generated debate over whether a recession is near.

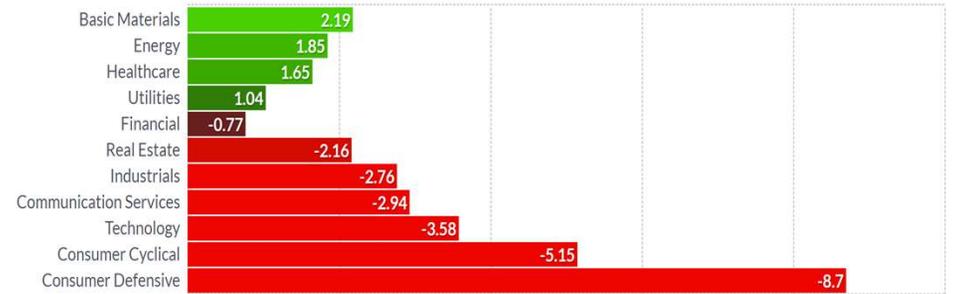
Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
Fed Bostic Speech 17:00 GMT	New Home Sales APR, 15:00 GMT - Previous- 0.763M - Forecast- 0.755M	Durable Goods Orders MoM APR, 13:30 GMT - Previous- 0.8% - Forecast- 0.4% FOMC Minutes. 19:00 GMT	US GDP Growth Rate Q1, 13:30 GMT - Previous- 6.9% - Forecast- -1.4%	Personal Income MoM APR, Personal Spending MoM APR, 13:30 GMT - Previous- 0.5%, 1.1% - Forecast- 0.6%, 0.8%

Weekly Snapshot - Indices & Sectors



1 WEEK RELATIVE PERFORMANCE



U.S. MARKET SNAPSHOT BAR



UPCOMING EARNINGS



ZOOM VIDEO COMMUNICATIONS (ZM)

CONSENSUS EPS FORECAST : **\$0.35**

DATE : 23/05/2022

- **ZM** closed at **\$89.74** on Friday, marking a **1.20%** move from the prior day
- The pandemic favored ZOOM due to the online situation, which **expanded** its sales at a fiscal rate perfectly but things at present are returning to **in-person interactions** and offline environment, which is a cause of **trouble** for the company.
- On the better side, while every company is struggling due to **inflation** and high costs, this might not be the case with **ZM** since it provides **digital** service.
- More **volatility** is expected since the investors are **losing confidence** in this stock on a long term basis.

NVIDIA CORPORATION (NVDA)

CONSENSUS EPS FORECAST : **\$1.09**

DATE : 25/05/2022

- **NVDA** closed at **\$166.94** on Friday, marking a **2.51%** move from the prior day
- NVDA surely **dominates** the gaming and visualization market, which is good enough for long term investments.
- NVDA is also a key developers of **AI Systems**,
- **Technology** market is one of the most successful market that can thrive in the upcoming years, and **NVDA** is very much ready for that. Analysts expect NVDA to grow at an annual pace of **21%** through 2025.

ALIBABA GROUP HOLDING LTD. (BABA)

CONSENSUS EPS FORECAST : **\$0.67**

DATE : 26/05/2022

- On Friday, **BABA** closed at **\$86.79** marking a **1.03%** move from the previous day.
- One of the **green lights** for NVDA, is the announcement of Chinese Government that it would be more **supportive** of its companies and would pursue significant measures that would improve the **conditions** of the companies.
- But China is also suffering from **extreme lockdowns** in major cities like Shanghai, which would undoubtedly affect BABA's **revenue** and create **supply shortages**.

