

WEEKLY MARKET REPORT

14 Mar - 18 Mar



MCD CAPITAL

MCD Weekly Update

Markets recover strongly

US equity markets rallied for the week as investors reacted positively to Fed's interest rate hike. The S&P, Dow, and Nasdaq surged significantly making it the best week performance over the past 4 months as Nasdaq led the board with about 8% recorded gains while S&P 500 and Dow recorded 6% and 5% respectively. Impressive sectoral performance was recorded in technology and consumer discretionary stocks while energy stocks plunged for the week. We expect the market to maintain the momentum in the coming weeks as investors anticipate Fed's move to reduce its balance sheet.

Financial institutions suffer from crumbling Russian investments

As expected, sanctions imposed on Russia had an adverse impact on its economy and financial markets. Therefore, the uncertainty surrounding the country's capacity to pay off its debt obligations has sky-rocketed. Signs of possible financial damage have just become apparent as BlackRock had suffered \$17 Billion loss as a result of investments in Russia. Much of the country's debt was rated investment grade in the near past and various global fixed-income portfolios had a portion of their capital invested in it. Hence, the impact in case of default could affect pension funds, endowments which are responsible for trillions of US dollars floating in stock markets.

First interest rate hike since 2018

On Wednesday, the Federal Reserve raised interest rates for the first time since December 2018, approving a 0.25 percentage point rate hike. Following the hike, officials also warned of an aggressive economic path ahead with rate rises planned for the rest of the year. With inflation at a 40-year high, this interest rate hike does not come as a surprise, however many have concerns about the impact of increased financing costs on economic growth. These issues may be exacerbated by the upward pressure on inflation caused by the Russia-Ukraine crisis, potentially causing large welfare losses and increased unemployment in the economy.

Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
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Chicago Fed National Activity Index, 12:30 GMT

- Measuring 4 categories: production, consumption, housing and sales
- Previous 0.69
- Forecast 0.75

N/A

New Home Sales FEB, 14:00 GMT

- Potential effects from increased interest rates and COVID-19
- Previous 0.801M
- Forecast 0.813M

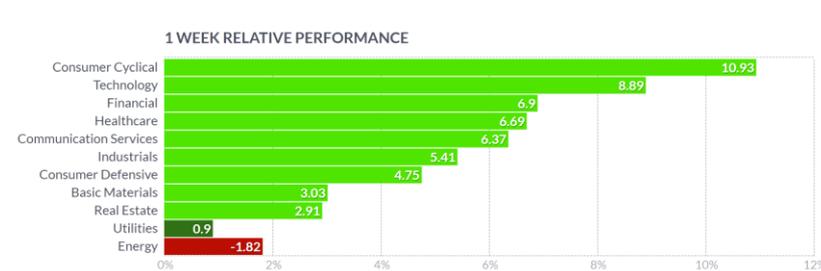
Durable Goods Orders MoM, 12:30 GMT

- Measuring the orders for US manufactured goods, including transportation
- Previous +1.6%
- Forecast -0.5%

Michigan Consumer Sentiment, 14:00 GMT

- Measured by the University of Michigan
- Potential effects from increased energy prices and high inflation

Weekly Snapshot - Indices & Sectors



UPCOMING EARNINGS



NIKE (NKE)

CONSENSUS EPS FORECAST : **\$0.71**

DATE : 21/03/2022

- Shares of **Nike** were trading at **\$127.41** as of March 17. Over the last 52-week period, shares are down **6.05%**
- For Nike, **supply chain issues** have impacted multiple regions and has included months-long factory closures throughout last summer and beyond
- The halt in production continues to **impact inventory** and **sales** in regions like Greater China.

Sector: **Consumer Non-Durables**

Industry: **Apparel/Footwear**



ADOBE (ADBE)

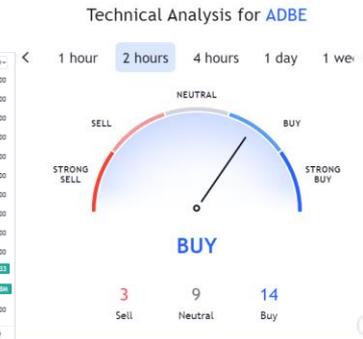
CONSENSUS EPS FORECAST : **\$3.34**

DATE : 23/03/2022

- Shares of Adobe opened at **\$453.33** on Friday.
- Adobe has extended its partnership with **BMW Group** in a bid to digitally transform BMW's sales and marketing division.
- Reportedly US Consumers have spent **\$1.7 Trillion** online during the pandemic, expanding the **digital economy**

Sector: **Technology Services**

Industry: **Packaged Software**



NIO (NIO)

CONSENSUS EPS FORECAST : **\$0.21**

DATE : 24/03/2022

- NIO stock exploded by over **25%** on Wednesday resulting from **positive China measures**.
- China's largest auto website Autohome.com shows it tops the latest vehicle **quality ranking**.
- Nio has started with roughly **300 test drives** per day but is expected to scale that up to **1,000 drives** a day.

Sector: **Consumer Durables**

Industry: **Motor Vehicles**



(source: TradingView)