

# WEEKLY MARKET REPORT

23 May - 27 May



## MCD Weekly Update

### US Equity Market finally bounces back

The US stock market bounced back after several losses, US major indices rallied up significantly for the first time after poor week on week performance. All thanks to retail earnings which surpassed analyst expectations and increase in consumer spending which indicated a sloppy movement in inflation chart. S&P 500, the Dow and Nasdaq composite surged 2.5%, 1.8% and 3% respectively at the close of Friday's trading session. Generally, the week has been a good one for the US major indices after seven weeks losing streaks, the Dow closed the week with an impressive surge to record 6.2% increase while S&P 500 by 6.5% and Nasdaq also recoded 6.8% for the week. In the coming week, we expect to Investors confidence to increase in the market as the US Fed is all out to slow inflation rate.

### Pending home sales fall to lowest level in a decade

As result of the Federal Reserve's continuation of interest rate hiking, increasing mortgage rates are beginning to constrain home buying demand. This has been reflected within the National Association of Realtors' (NAR) pending home sales index, which measures home sales based on contract signings, which has fallen 3.9% in April. This is the sixth consecutive month of decline, leading levels into the lowest level in nearly a decade. Moreover, experts believe that sales have much more room to fall given the upward mobility of mortgage rates. If mortgage rates climb to 6% from the current level of 5.3%, sales activity could decline by as much as 15%. However, experts believe housing prices are in no danger of a meaningful decline given the ongoing housing shortage and swift selling patterns that often mean homes listed generally see a contract signed within one month.

### GDP and initial jobless claims miss expectations

Initial jobless claims fell lower than expected. The number of Americans filing new jobless claims fell by 8,000 to 210 thousand, down from the previous week's unrevised total of 218 thousand and above the market estimate of 215 thousand. Initial claims are still at historically low levels, indicating a healthy labor market with minimal layoffs. However, as the Federal Reserve has begun to raise interest rates, it could interfere with hiring and result in layoffs later on. On the other hand, US GDP shrank by 1.5% even though consumers and businesses were demonstrating high spending levels. Part of the reason for the shrinkage was a bigger trade gap: the country spent more on imports than it did on exports. The trade deficit reduced GDP by 3.2 percentage points in the first quarter. In general, most economic indicators show that the US is still growing at a decent rate, although that growth has slowed.

## Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
Fed Waller Speech 16:00 GMT	Consumer Confidence MAY, 15:00 GMT - Previous- 107.3 - Forecast- 104	JOLTs Job Openings APR, 15:00 GMT - Previous- 11.55M - Forecast- 11.4M	ADP Employment Change MAY, 13:15 GMT - Previous- 247K - Forecast- 205K	US Unemployment Rate MAY, 13:30 GMT - Previous- 3.6% - Forecast- 3.5%
				Non-Farm Payrolls MAY, 13:30 GMT

## Weekly Snapshot - Indices & Sectors



TradingView

### 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 developer 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**.

