

WEEKLY MARKET SUMMARY



The US stock markets recorded notable gains this week, driven by favorable macroeconomic indicators. The Nasdaq rose **2%**, the S&P 500 gained **1%**, and the Dow Jones Industrial Average gained **0.6%**. Additionally, data from the Department of Commerce showed an increase in consumer spending in June and a moderation of the core Personal Consumption Expenditures (the Federal Reserve's preferred measure of inflation). Meanwhile, market participants welcomed higher-than-expected GDP growth and a strong earnings season. Communication services led the gains with a significant weekly advance of 6.8%. The United States Federal Reserve raised the federal funds rate this week to a range of 5.25% to 5.5%.

Relevant News



- **The US equity markets recorded significant gains this week. However, Microsoft suffered a setback after announcing aggressive spending on artificial intelligence (AI),** which will impact its short-term financial results. The company plans to sequentially increase its capital expenses each quarter to strengthen its cloud infrastructure.
- **Alphabet's stock surged more than 5%** following the release of its second-quarter results, which exceeded expectations due to strong advertising revenues from Google Search.
- **The Federal Reserve of the United States raised the federal funds interest rate to a range between 5.25% and 5.5% this week,** the highest level in 22 years. The Fed's chairman clarified that the central bank will make policy decisions meeting by meeting, dispelling the idea of an inflexible tightening schedule. The markets are currently pricing in a 40% probability of another rate hike in the upcoming meetings.
- **Preliminary GDP data for the US showed growth of 2.4% in the second quarter, surpassing the consensus forecast of 1.8% and the 2% growth rate of the first quarter.** This development, coupled with a five-month low in weekly jobless claims and strong consumer confidence, implies that the Federal Reserve will need to maintain its rigorous anti-inflationary policy.
- **The Bank of Japan has indicated a potential change in its monetary policy.** The institution announced that its 0.5% yield target is now more of a guideline than a rigid limit, suggesting a cautious departure from yield curve control. This move is expected to lead to a gradual rise in the yen.

Capital Markets Monitor



GLOBAL EQUITY INDICES	Last	5 Days	1 Month	YTD
MSCI WORLD	3,057.84	0.96%	→ 3.07%	17.49%
MSCI EM	1,043.20	2.82%	↗ 5.43%	9.08%
MSCI EM LATIN AMERICA	2,556.49	1.93%	↗ 4.77%	20.12%
MSCI AC ASIA x JAPAN	663.32	2.98%	↗ 5.19%	7.12%
USA				
S&P 500 INDEX	4,582.23	1.01%	↗ 2.96%	19.34%
NASDAQ COMPOSITE	14,316.66	2.02%	↗ 3.83%	36.79%
DOW JONES INDUS. AVG	35,459.29	0.66%	→ 3.06%	6.98%
EUROPE				
STXE 600 (EUR) Pr	470.78	1.16%	↗ 1.92%	10.80%
Euro Stoxx 50 Pr	4,466.50	1.71%	↗ 1.53%	17.74%
DAX INDEX	16,469.75	1.81%	↗ 1.99%	18.29%
CAC 40 INDEX	7,476.47	0.59%	→ 1.03%	15.49%
FTSE MIB INDEX	29,500.20	2.24%	↗ 4.50%	24.44%
IBEX 35 INDEX	9,685.10	1.19%	↗ 0.96%	17.69%
SWISS MARKET INDEX	11,317.74	0.98%	→ 0.33%	5.48%
FTSE 100 INDEX	7,694.27	0.40%	→ 2.16%	3.25%
RTS Index	1,033.67	2.10%	↗ 5.16%	6.50%
ASIA				
NIKKEI 225	32,759.23	1.41%	↗ -1.30%	25.54%
HANG SENG INDEX	19,916.56	4.41%	↗ 5.29%	0.68%
CSI 300 INDEX	3,992.74	4.47%	↗ 3.91%	3.13%
S&P BSE SENSEX INDEX	66,160.20	-0.79%	→ 2.23%	8.74%
LATAM				
S&P/BMV IPC	54,910.93	2.25%	↗ 2.59%	13.30%
BRAZIL IBOVESPA INDEX	120,187.10	-0.02%	→ 1.78%	9.53%
MSCI COLCAP INDEX	1,161.83	-0.94%	→ 2.49%	-9.66%
S&P/CLX IPSA (CLP) TR	6,339.04	0.61%	→ 9.54%	20.47%

EQUITIES SECTORS	Last	5 Days	1 Month	YTD
MSCI WRLD/COMM SVC	91.05	5.63%	↗	6.14%
MSCI WORLD/MATERIAL	337.56	1.74%	↗	4.06%
MSCI WORLD/INF TECH	557.62	1.40%	↗	2.43%
MSCI WORLD/CONS DIS	380.42	1.12%	↗	2.21%
MSCI WORLD BANK INDEX	97.99	1.07%	↗	7.47%
MSCI WORLD/INDUSTRAL	347.73	0.87%	→	2.81%
MSCI WORLD/ENERGY	243.16	0.87%	→	4.63%
MSCI WORLD/CON STPL	283.39	0.82%	→	2.33%
MSCI WORLD/FINAN CEVAL	107.24	0.66%	→	5.88%
MSCI WORLD/HLTH CARE	350.02	-0.84%	→	1.44%
PHILA GOLD & SILVER INDX	124.27	-1.74%	↘	3.53%
MSCI WORLD/UTILITY	152.50	-1.80%	↘	1.44%

US RATES	Last	5 Days	Close	12M Close
2Y	4.87	4.84	0.04	2.86
5Y	4.18	4.09	0.08	2.70
10Y	3.95	3.83	0.12	2.68

COMMODITIES	Last	5 Days	1 Months	YTD
CRB INDEX	280.48	1.45%	↗	7.06%
WTI	80.58	4.55%	↗	15.84%
Brent	84.53	4.61%	↗	14.59%
US Natural Gas	2.64	-2.76%	↘	1.34%
S&P GSCI Precious Metal	2,605.54	-0.38%	→	3.91%
Gold	1,959.49	-0.12%	→	2.74%
Silver	24.34	-1.09%	↘	7.26%
Platinum	938.64	-2.82%	↘	2.58%
Palladium	1,249.87	-3.51%	↘	-0.99%
S&P GSCI Ind Metal Index	425.47	2.46%	↗	4.27%
Aluminum	2,222.00	0.79%	→	2.23%
Copper	8,625.49	2.41%	↗	4.43%
Nickel	22,079.00	7.50%	↗	11.20%
S&P GSCI Agriculture	423.90	-1.08%	↘	5.45%

INTERESTING FACTS

Key Dates

NEXT WEEK

August 1st

USA: ISM Manufacturing PMI
Expected at 46.9

August 2nd

USA: ADP Nonfarm Employment Change
Expected at 183k

August 3rd

USA: Initial Jobless Claims
Expected at 227k
USA: Factory Orders
Expected at 2.1%

August 4th

USA: Nonfarm Payrolls Change
Expected at 200k

USA: Unemployment Rate
Forecasted at 3.6%

Asset Outlook at In On Capital

Asset Class	U	N	O
Equity			
North America			
Europe			
EM			

Equity Sectors	U	N	O
Consumer Staples			
Health Care			
Telcom Services			
Utilities			
Consumer Disc.			
Energy			
Financials			
Industrials			
Technology			
Materials			

Any lingering doubts about the strength of the economy at the beginning of 2023 were dispelled as the real GDP for the second quarter registered an annual rate of 2.4%. The risk of an imminent hard landing seems to have vanished. However, there are still short-term risks. Despite Jerome Powell's speech about a possible rate hike, the market remains quite skeptical about it. In fact, the dollar and interest rates, in general, have not risen after this statement.

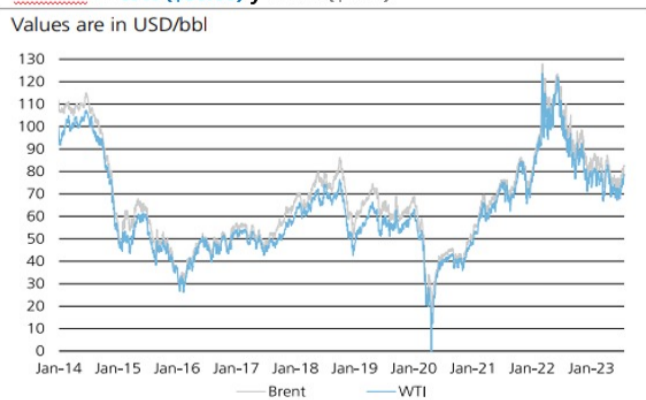
Inflation continued to moderate in June, and both overall and core inflation surprised on the downside. The housing sector was the biggest contributor to the increase, accounting for over 70% of the monthly price growth. Inflation remains above the 2% target, and the Federal Reserve might raise rates again and keep them high for a while before changing course.

The market is technically well-oriented, and the medium-term trend is bullish. However, the long-term technical outlook and a fragile macroeconomic situation with high interest rates, restrictive credit conditions, and negative leading indicators require us to exercise caution.

Topic of the Week

THE POOR RESULTS OF THE ENERGY SECTOR IN 2023 ARE AN OPPORTUNITY

Gráfico 1 : WTI (\$80.60) y Brent (\$85.-)



The Energy sector is having a tough year, and investors seem to doubt the sector's future in the event of a possible recession. If we analyze the situation, we can conclude that this sector is the cheapest and one of the healthiest in terms of leverage and dividends paid to shareholders. Despite being cyclical and potentially affected negatively by a possible recession, the current perspective of oil supply/demand and the sector's negative correlation with the dollar support the fact that we are in a medium-term consolidation within a long-term bullish market.

Regarding any questions, you can contact us through research@inoncapital.com and our social media channels on [LinkedIn](#) and [Twitter](#).

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