



# CAPITAL GROUP

## THE WEEK AHEAD

May 29th- June 2nd, 2023

### Weekly insights from Strategic Partner Jeff Kilburg -

**U.S. stock and bond markets were closed on Monday to observe Memorial Day. A busy week of earnings reports and jobs data lays ahead. 200k new jobs is the expectation for the month of May, after a 253k increase in April. The unemployment rate is expected to tick up by a tenth of a point, to 3.5%.**

Regional banks stocks nagged market participants while all eyes were locked in on the debt-ceiling drama. Stocks slid, then rallied on Nvidia's blowout forecast. The artificial intelligence undercurrent has technology stocks higher again this week. Nvidia surged 24.4% Thursday alone after the AI chipmaker gave a sales forecast for the current quarter that was more than 50% higher than what analysts expected. On the week, the Dow Jones Industrial Average dropped 1%, to 33,093; the S&P 500 rose 0.32%, to 4205; and the Nasdaq Composite surged 2.5%, to 12,975

**Debt Ceiling:** Congress will lead market sentiment again this week. Markets will question whether President Biden and House Speaker Kevin McCarthy can win enough support from their respective parties for a deal to raise the \$31.4 trillion debt ceiling before June 5, when the government is supposedly out of money.

**Earnings:** Consumer discretionary sector reported the highest earnings growth of all 11 sectors in the S&P 500 at 55%. Exceeding EPS estimates: 78% of S&P 500 companies reported actual EPS guidance for Q1, the highest number since Q3 2019. Earnings highlights will include results from Hewlett Packard on Tuesday, then Advance Auto Parts, Chewy, and Salesforce on Wednesday. Broadcom, Dell, Dollar General, and Lululemon will report on Thursday.

**Details:** The details of the deal between President Biden and House Speaker McCarthy were released Sunday in the form of a 99-page bill that would suspend the nation's debt limit through 2025 to avoid a federal default while limiting government spending

## Calendar

### Monday

- Memorial Day 2023 (Observed)

### Tuesday

- 9:00 a.m.: S&P Case-Shiller home price index
- 10 a.m.: Consumer Confidence
- 1:00 p.m.: Fed President Barkins speaks

### Wednesday

- 8:15 a.m.: ADP employment
- 9:45 a.m.: Chicago Business Barometer
- 10:00 a.m.: Job Openings
- 12:30 p.m.: Philadelphia Fed President Harker speaks
- 2:00 p.m. Federal Reserve Beige Book

### Thursday

- 8:30 a.m.: Initial jobless claims | U.S. Productivity
- 9:45 a.m.: U.S. manufacturing PMI
- 10 a.m.: ISM Manufacturing | Construction Spending

### Friday

- 8:30 a.m.: The Granddaddy of all numbers: NFP (Jobs) Data

The debt-ceiling drama "perceived" relief pushed S&P 500 futures higher and above 4200. I doubt the political stage will fully pause as politicians have the ability to drag this out a little further, expect more volatility from our well-paid public servants. Although many pundits on tv state that the stock market is being led higher by just a handful of Tech stocks in 2023, we saw ninety S&P 500 companies hit 52-week highs in the month of May. My cautious optimism still sees 4450 short-term as a target in the S&P to drive even more pain into the bear camp, click in folks. Stay nimble and always free to reach out.

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