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Stock Spotlight

Jan 9, 2017

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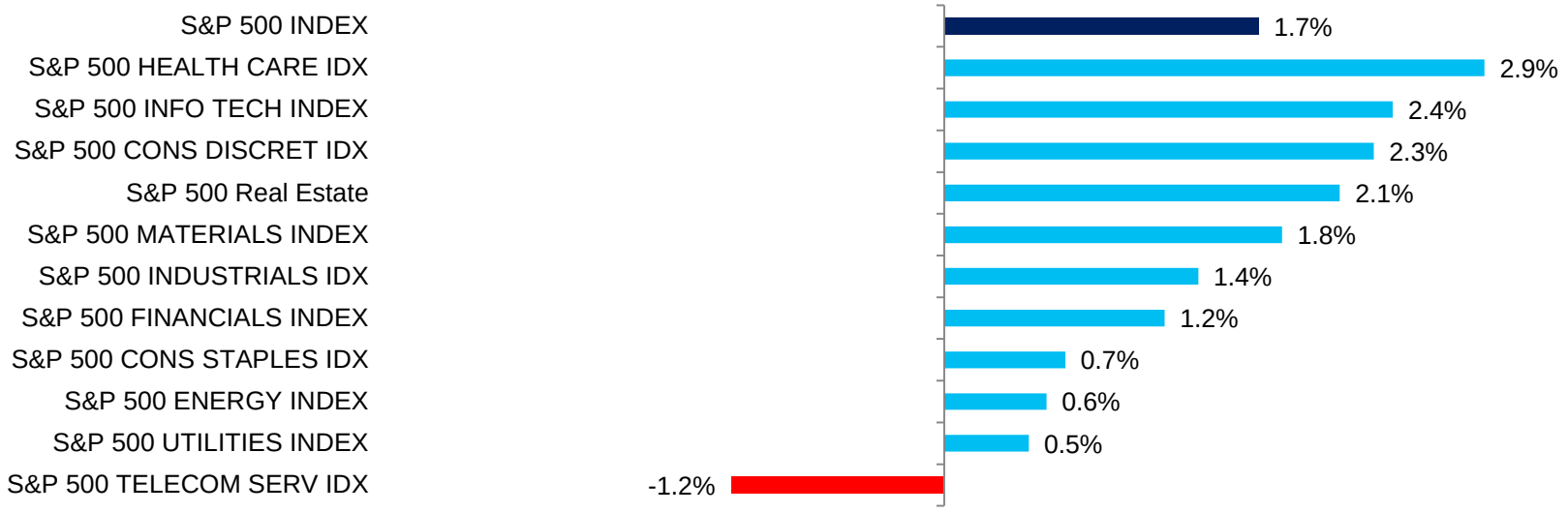
Weekly US stocks Recap & Leaders/Laggards

US stocks edged higher last week on expectation of improved corporate earnings

Chart: Weekly S&P 500 Performance



Source: Bloomberg L.P., as of Jan 7, 2017

- **S&P 500 rose by 1.7% or 38.15 points to close at 2,276.98, while the DJI also came within 0.37 points of hitting 20,000 for the first time**
  - Health care stocks gained as market has already priced in the policy uncertainty from President-elect Trump.
  - IT sector rose strongly as the annual Consumer Electronics Show in Las Vegas boosted investment sentiment.

2017 US Equities Outlook

The potential tax reforms may raise revenue in Media sector

- **Media**
  - Most media names may benefit from tax reforms as large proportion of taxable income are generated from US.
  - With potential tax reform and deregulation, the risks of a near-term recession seem to be fading. This may provide an opportunity for multiple expansion among cyclical names.
- **Diversified Financials**
  - Consumer Finance's fundamentals may remain favorable including 1) potential positives post-election 2) relatively steady global spend and 3) robust card loan growth.
- **Energy**
  - Although the OPEC's output cut has driven a recovery in oil prices, the return of US shale may suggest that OPEC has limited scope to re-grow its market share.
  - Energy-friendly appointments have seen investor sentiment improve. Big Oil may benefit from improved pipeline access, lower corporate taxes on, and potentially repatriation of foreign earnings.

Sector allocation in US Equities

Overweight	Underweight
Banks	Telecom Services
Diversified Financials	Pharmaceuticals
Energy	Staples
Tech Hardware	
Media	

Source: Citi, as of December 22, 2016

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