



CIO OFFICE MORNING MARKET WRAP

19 November 2024

Yesterday was good for both developed and emerging market equities, which were in line gaining c. 0.4%. A strong Year to date performance so far, with global equities up 18%. US equities reversed Friday's fall somewhat and the S&P 500 was up 0.4% to 5894 and the Nasdaq +0.6% with the volatility index Vix lower at 15.6. The small cap Russell 2000 index ended the day close to flat +0.11%. In Europe, Eurozone equities slightly lower, but UK's FTSE was up 0.6%. In Asia, the MSCI China gained almost a percent while India's Sensex was down. UAE markets see continued interest in real estate developers though markets slightly gave back last week's gains.

The US 10-year Treasury note yield fell one basis point to 4.41% after touching 4.5% earlier in the day. US stocks benefited from the late in the day falling yields though caution is elevated after Fed Chair Powell and other Fed speakers indicated a more hawkish tone last week about next steps on rates, post recent inflation, retail sales and labour data. Rate cut odds for the Fed December meeting and for next year are rolling back in futures trading.

The Trump trade continues with financials gaining and healthcare falling. Amongst global sectors, energy led supported by a rise in the price of Brent following increased tensions in Ukraine. US trading was dominated by strength in Tesla with slight weakness from Nvidia. Tesla +6% yesterday, rose along with other EV makers on news that the incoming US administration might create a federal framework for self-driving cars. Normally, this is done by states. There were concerns around server overheating problems with Nvidia's new Blackwell graphics processing units. Management said these types of challenges are normal. Reports on the Blackwell issue likely the focus on Wednesday earnings as could delay opening of new data centers for Alphabet Microsoft and Meta. Other semi stocks fared better with the SOXX up over a percent. Tech antitrust measures in focus as the DOJ will push Google to sell its Chrome browser to break up its monopoly, and are also seeking action on data licensing and AI measures from big tech. Earnings season is 93% done for the S&P500. Year-over-year EPS growth for Q3 at 5.4%, above the 4.2% estimate at the start of earnings season.

Markets this morning:

This morning Hong Kong markets and mainland China bourses are trading in a narrow range close to flat. Japan markets, the Nikkei and Topix up half a percent. Gold trading up at \$2,624. Brent Crude futures up two dollars at \$73.3. Bitcoin at \$91,500 up 114% YTD.

Upcoming Key events/data today:

Today we get Eurozone and Canada CPI. Walmart and Lowe's report. Later in the week we get Eurozone CPI, and Nvidia earnings on Wednesday. Friday's retail sales, point to possible improvement in Q3 retail earnings, with guidance for the holiday season on consumers' buy patterns into year-end. We also get US housing starts and building permits reports which will be followed by Thursday's October existing home sales. Tight housing supplies contribute to inflation and helped consumer price growth remain "sticky" last month. Also get the GDP from the Atlanta Fed's GDPNow indicator. Recent solid economic data hint that the indicator could rise this week, and that could support Treasury yields.

Have a good day!

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