



## CIO OFFICE MORNING MARKET WRAP

22 November 2024

Cyclical sectors related to broad economic growth continue to gain i.e. industrials, financials, and material. Semiconductors fared well after Nvidia's results which retained its position as the world's largest company, though the rest of big tech took a breather yesterday. The S&P 500 index is now up four days in a row. Bitcoin climbed to nearly \$100,000 for the first time. A stronger USD and gold, amid continuing geopolitical tensions with Russia/ Ukraine.

Thursday was a good day for US equities leading to global equities gaining 0.4% taking year to date gains to 19% Emerging markets equities close to flat with China eking out small gains and India and the UAE both with negative returns. US equities gained (the S&P 500 +0.5% and the Nasdaq flat) with Nvidia fluctuating in trade but managing to close half a percent up on the day, following earnings and revenue that beat expectations but guidance that missed only the most bullish estimates. Price targets raised. Other semi stocks gained, and the Soxx Index ended the day up 1.6% though the Mag7 group was down a percent. A broader upward move yesterday for US equities without mega caps, as Tesla, Microsoft, Apple and Alphabet trailed. Europe equities had a positive day after two days of losses.

Nearly a month before the next Fed meeting, about 55% chances of a third consecutive rate cut (25bps) based on the CME FedWatch Tool. The tone from recent Fed speakers, including Chair Powell, has varied from cautious to optimistic about progress on inflation and the state of the labor market. The Fed has cut rates by 75 basis points since September and Chair Powell said clearly last week there's no hurry. The 10 year Treasury yield up 2 bps to 4.42% but stayed in its short-term trading range and under recent peaks. The U.S. nonfarm payrolls report and November inflation readings are due before the Fed's mid-December meeting. The October report revealed very soft jobs growth, but reflected storms and strikes. Some cooling as yesterday weekly initial jobless claims fell to seven-month lows. October existing home sales released yesterday, small monthly and year-over-year gains. October leading indicators from the Conference Board were worse than expected, down 0.4%. Leading indicators have been largely red the last two years, but the U.S. economy grew.

The INR struggling against the USD despite hawkish comments from Reserve Bank of India Governor Das. He said the RBI will consider its job unfinished until inflation moderates around its 4% target on a durable basis. Indian markets saw Adani groups shares down sharply yesterday, following news on the US indictment.

### Markets this morning:

Hong Kong and mainland China bourses in the red, down half a percent. Baidu stock down following Alibaba since last week's earnings report. Baidu reporting a decline in revenue y/y. Alibaba's core Chinese e-commerce business reported an anemic growth of 1% in the September quarter. In Japan, the Nikkei and Topix are trading up close to a percent. Japan equities have had a yo yo pattern the whole week up and down alternate days. The yen higher after Japan's CPI held above the BOJ's target. Gold trading up at \$2,688. Bitcoin higher at \$98,675 up 130% YTD. Brent futures at \$74.3/ barrel.

### Upcoming Key events/data today:

India HSBC Manufacturing & Services PMI, Eurozone HCOB Manufacturing & Services PMI, UK retail sales, S&P Global Manufacturing & Services PMI, US University of Michigan consumer sentiment, S&P Global Manufacturing & Services PMI. S&P Global PMI data could show economic activity picking up after last month's gains in new orders and drops in inventories. The prospect of increased tariffs under a new U.S. administration may have led to some stocking by US corporates.

Have a good weekend!

Chief Investment Office  
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