



CIO OFFICE MORNING MARKET WRAP

24 October 2024

Global equities remained under pressure for a third consecutive day, with the MSCI ACWI falling -0.8% as markets focused on mixed corporate earnings and policy expectations. In the US, the S&P 500 dropped -0.9%, driven by a decline in rate-sensitive sectors and climbing Treasury yields. Tech heavyweights led the decline, with Nvidia (-2.8%), Apple (-2.2%), and Meta Platforms (-3.2%) pulling the index lower. Super-sized rate cuts by the Fed are unlikely, as recent economic data suggests resilience, alongside uncertainties linked to the upcoming US presidential election. US housing data however continued to show weakness, with sales of previously owned homes falling 1% in September, hitting their lowest level in nearly 14 years. Higher mortgage rates continue to suppress demand, even though available inventory has increased by 23% year-over-year.

In corporate news, McDonald's slid 5.1% after reports of an E. coli infection linked to its Quarter Pounder burgers, which has so far resulted in one fatal incident and several illnesses. Coca-Cola shares dipped 2.1%, even as the company maintained its annual profit forecast, though rising costs continue to challenge the company's bottom line. Boeing also saw a 1.8% drop as the company reported a \$6 billion quarterly loss, primarily due to a lengthy workers' strike. On the positive side, Texas Instruments gained 4% following better-than-expected Q3 profits, while AT&T climbed 4.6% on stronger wireless subscriber growth.

European equities extended their declines, with the MSCI Europe Index down -0.3%, marking its third consecutive day in the red. Earnings season has yielded mixed results, with only 42% of companies exceeding forecasts. L'Oréal faced challenges, suffering from weak sales in China, a trend mirrored across several multinational firms. Deutsche Bank's shares dropped after the bank increased its provision for bad debts for the second time this year, reflecting growing concerns about the health of Germany's economy. Despite strong trading and asset management results, the bank's growing credit losses weighed heavily on its outlook. European bond markets saw a rally as expectations grew for a 50-bps rate cut by the ECG in December.

In Asia, performance diverged across markets. The MSCI China Index rose +1.0%, lifted by optimism surrounding potential stimulus measures from Beijing. Meanwhile, Tesla's strong earnings are expected to boost Asian EV stocks, particularly companies like Nio, BYD, and battery suppliers. Japan's TOPIX Index dropped -0.6%, as concerns over weak domestic demand and the upcoming election on the 27th weighed on sentiment. Tokyo Metro's debut IPO jumped 45%, outperforming most Japanese listings this year due to strong demand for dividend-paying stocks.

Within commodity markets, Brent crude slipped by -1.4%, closing at \$75.0 per barrel, as traders balanced ongoing supply risks with geopolitical developments. Gold declined by 1.2%, finishing at \$2,716 an ounce, as the U.S. dollar strengthened further against major currencies.

Today, Asian stocks declined for the fourth straight session as concerns over China's economic outlook deepened. The MSCI Asia Pacific Index extended its losses, with equities in China and South Korea retreating. Japan's Finance Minister expressed worries over one-sided moves in the yen, which snapped a three-day losing streak to rise against the dollar, now at 152.4 a dollar. Meanwhile, 10-year US Treasury yields dipped by two basis points, partially reversing gains from the prior session.

Key events to watch include US jobless claims and earnings from UPS and Barclays, as markets remain focused on economic data and central bank policies. With US markets nearing record highs, a combination of corporate earnings, evolving monetary policy expectations, and the upcoming presidential election could bring heightened volatility in the coming weeks.

Have a good day!

Chief Investment Office
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