

# WEEKLY MARKETS ROUND-UP

## Executive Summary

4<sup>th</sup> November 2024

**Top news: US Elections on Tuesday and the FED rate decision on Thursday** – last week saw many macro and earnings releases. On the macro front, Tuesday started with higher Consumer Confidence, yet then lower Job openings. On Wednesday, US Q3 advanced GDP estimate came in slightly lower than expected at 2.8% vs 3.0% exp., while US Pending Home Sales, on the other hand, bounced. Thursday, Chinese PMIs seemed to stabilize, the BoJ kept its key rate on hold at 0.25% as expected, EuroZone Flash CPI surprised slightly to the upside, while Core PCE US Inflation data rose +0.3% MoM as expected. On Friday, finally, US Non-Farm Payrolls crashed to 12k vs the 106k, which were awaited, yet the active hurricane season took most of the blame. Later on, the ISM Manufacturing PMI also came in below expectations. Generally, the data were a bit more negative than anticipated. On the earnings front, AMD, Alphabet, Meta, Microsoft, Amazon, Apple, Exxon, Chevron all pretty much beat expectations, yet market reactions were mixed. Notably, AMD dropped 14% post earnings, Meta and Microsoft respectively -5 and -6%, while Amazon rose 7% and Chevron 3%. Next week will be quiet on the earnings front. Tuesday will see the US Presidential Election; and then on Thursday, we will await the BoE and the FED rate decisions. Both are expected to cut 0.25%. Finally on Friday, the Univ. of Michigan preliminary Consumer Confidence and Inflation Expectations will be released.

**Equities:** last week the Nasdaq100, the S&P500 and Europe dropped circa 2% while the Dow Jones Industrial, Japan and China were flat. Much of the action this week will probably be concentrated around the US Election.

**Fixed Income:** benchmark yields continued to rise last week with the US10Y moving up a further 15bps more and the Bund 10Y circa 10bps. 20Y Treasuries are still slightly Oversold, perhaps pointing to some stabilization ahead.

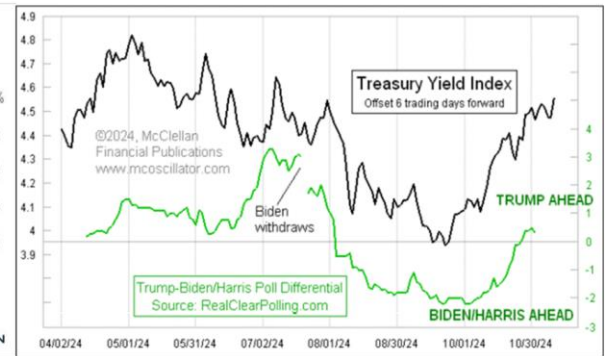
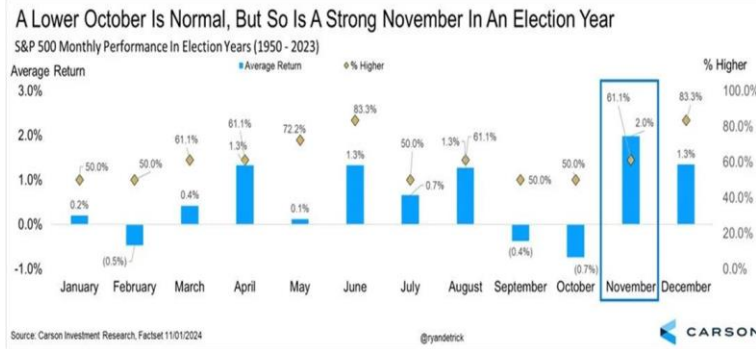
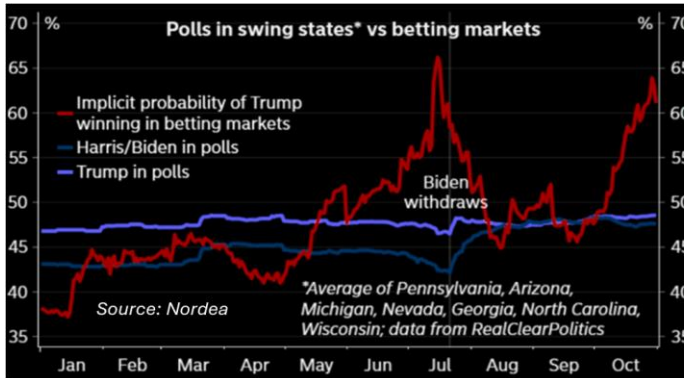
**FOREX:** the US Dollar was mixed last week (up vs CHF or GBP), flat vs JPY, slightly down vs EUR. For now, we believe it remains in an uptrend. A Trump victory would probably further strengthen USD and vice versa.

**Commodities:** Oil dropped 7% on Monday but then recuperated half of it into the end of the week. It remains slightly Oversold. Gold may still react to any uncertainty about the election results, yet generally seems slightly Overbought.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 729	Nov-23	4 347	31,8%	Oct-24	5 865	-2,3%	20,1%	up	neutral
Nasdaq100 Index	USD	20 033	Nov-23	15 155	32,2%	Jul-24	20 675	-3,1%	19,1%	up	neutral
Dow Jones Industrials Index	USD	42 053	Nov-23	33 892	24,1%	Oct-24	43 276	-2,8%	11,6%	up	neutral
EuroStoxx50	EUR	4 878	Nov-23	4 153	17,4%	May-24	5 101	-4,4%	7,9%	neutral	neutral
Swiss Market Index	CHF	11 967	Nov-23	10 555	13,4%	Sep-24	12 451	-3,9%	7,4%	neutral	neutral
Nikkei225	JPY	38 054	Aug-24	31 458	21,0%	Jul-24	42 224	-9,9%	13,7%	neutral	neutral
Shanghai Composite	CNY	3 272	Feb-24	2 702	21,1%	Oct-24	3 490	-6,2%	10,0%	up	slightly OB
US 10Y Treasury Yield	%	4,39%	Sep-24	3,62%	0,8%	Apr-24	4,71%	-0,3%	0,5%	neutral	slightly OB
German 10Y Bund Yield	%	2,41%	Dec-23	1,97%	0,4%	Nov-23	2,74%	-0,3%	0,4%	down	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	91	Nov-23	87	4,2%	Sep-24	102	-11,0%	-8,0%	neutral	slightly OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Nov-23	100	8,3%	Sep-24	114	-5,1%	-0,6%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Nov-23	71	11,6%	Sep-24	80	-1,5%	5,6%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	Nov-23	80	12,9%	Sep-24	94	-3,7%	4,4%	neutral	neutral
EUR/USD		1,08	Apr-24	1,06	2,0%	Aug-24	1,12	-3,2%	-1,9%	neutral	neutral
GBP/USD		1,29	Nov-23	1,22	5,7%	Sep-24	1,34	-3,7%	1,5%	neutral	neutral
USD/JPY		153	Sep-24	141	8,8%	Jul-24	162	-5,3%	8,5%	neutral	neutral
USD/CHF		0,87	Sep-24	0,84	3,5%	Apr-24	0,92	-5,4%	3,4%	neutral	neutral
AUD/USD		0,66	Nov-23	0,64	3,1%	Sep-24	0,69	-5,1%	-3,7%	neutral	slightly OS
Brent Oil (per Barrel)	USD	73	Sep-24	69	5,1%	Apr-24	91	-19,9%	-5,2%	down	slightly OS
Gold Spot (per Ounce)	USD	2 735	Nov-23	1 937	41,2%	Oct-24	2 788	-1,9%	32,6%	up	slightly OB

## US Election Focus: Polls in Favor of Trump are lifting Equities yet also Yields

Tuesday is the US election day, and odds from the polls remain tight, yet slightly favoring Trump in the Swing States. Betting markets have on the other hand have made their choice, strongly favoring Trump since mid September (top-left graph). Forecasters expect Trump's policies to be pro US Growth. i.e. lowering corporates taxes (and thereby increasing EPS), deregulating and imposing Tariffs on foreign goods. For now, US equities are seeing this combination as a positive and the S&P500 has risen with the betting odds (top-right). These policies would probably also be more inflationary and indeed yields have followed the Trump/Harris poll differential up (bot.-right). All in all, however, and hopefully, the election will dissipate much uncertainty as it has in the past, with November usually being the best S&P500 month in an election year (bot.-left).



**Notes:**

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.05% the trend is then "up", below -0.05% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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