

Weekly Market Report For : 28 October – 1 November 2024



Overview

- US indexes see a volatile trading week following the release of quarterly earnings.
- Five members of the Magnificent 7 stocks reported earnings exceeded consensus estimates.
- Latest US economic data keeps the Fed on track to deliver another interest rate cut.
- Japan indexes closed lower and the yen advanced following the BOJ governor's comments.
- China's economy shows signs of recovery. Market expected additional stimulus packages from the NPC.



Market Brief


- US stock markets see a volatile trading week, largely due to a mixed bag of quarterly results. Dow Jones -0.2%, S&P 500 -1.4% and NASDAQ -1.5%
- Five members of the Magnificent 7 stocks reported quarterly results:
 - Microsoft: Earnings beat estimates, but investors were unhappy with its Azure Cloud
 - Meta: The company's earnings and revenue beat analyst expectations. However, investors were concern about a significant acceleration in AI development and infrastructure expense growth next year.
 - Apple: Revenue from iPhone grew 6%, but revenue from China dropped.
 - Alphabet: The company generated stronger than expected earnings and Google Cloud revenue surged 35%.
 - Amazon: Earnings beat expectations, driven by E-Commerce, Cloud and advertising services.
- Overall US economic data suggest that the Fed is on track to deliver a 25bps cut in its November 6 – 7 meeting.
 - The US economy expanded an annualized 2.8% in 3Q24, below forecasts of 2.9% and slowed from the previous quarter.
 - Consumer spending, which accounts for 2/3 of GDP, advanced 3.7%, the most since early 2023. The acceleration was led by broad increases across goods, including autos, household furnishings and recreational items.
 - Nonfarm payrolls increased by 12,000 in October due to the impact of hurricanes and strikes at Boeing.
 - Core PCE increased 2.7% YoY in September, and PCE prices rose 2.1%, the lowest level since early 2021 and just above the central bank's 2% goal.
- Japan
 - Despite the BOJ kept policy rates steady at 0.25%, Japan stock market saw a volatile session. The BOJ governor said that wages and prices are moving in line with the central bank's forecast.
 - Recent political developments alone will not directly affect the central bank's price projections. But if there are big changes in policy, it will revise its forecasts as needed taking into account the impact of such moves
 - Analysts see the BOJ comment as a signal for another rate hike that sent the yen higher and Japan shares closed lower on Friday, November 1.
- China
 - China's economy shows signs of recovery after the PBOC actions and Beijing unleashed stimulus measures to support property sector.
 - The official manufacturing PMI rose to 50.1, higher than a forecast and rising for the first time in 5 months. The non-manufacturing PMI showed activity in construction and services expanded, bolstered by tourism and spending during long holidays. The Caixin manufacturing PMI unexpectedly rose to 50.3.
 - China's residential property sales jumped 73% in October. The value of new-home sales from the 100 biggest real estate companies rose 7.1% from a year earlier, the first year-on-year increase in 2024.
 - Investors expect top legislators to announce CNY10 trillion (USD1.4 trillion) in fiscal stimulus after the National People's Congress (NPC) meeting during November 4 – 8.

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