

## Weekly Market Report For : 4 – 8 November 2024



# Overview

- Donald Trump wins US presidential election.
- Dow Jones, S&P500 and Nasdaq hit all-time high.
- Fed cut policy rates by 0.25% as expected. The rate-cutting roadmap could encounter some speed bumps after Trump's victory.
- China announced a debt swap program to refinance local government debt.
- Market expected that Beijing would add more stimulus, included measures to boost domestic consumption and support property sector.



# Market Brief

- US elections, Fed meeting and China's NPC meeting are the top potentially market-moving events that investors had monitored last week.
- Donald Trump from Republican party has been elected as the 47<sup>th</sup> President of the United States. Trump won 312 electoral votes and Republicans could secure majorities in both chambers. Republicans have secured a 53-seat Senate majority. In the House of Representatives, Republicans secured at least 213 seats, five short of the majority.
- Markets lean toward "Trump trades" after the election results i.e. stocks, the dollar, bitcoin, and bond yields surged.
  - Dow Jones +4.6%, S&P500 +4.6% and Nasdaq +5.7% to new record highs, and Russell 2000 +8.5% as investors bet on Trump's policies e.g. cut corporate tax from 21% to 15%, reduce regulatory burden for business etc.
  - Gold retreats on strong dollar. Emerging market shares fell after Trump's win, but rebounded later.
  - Bitcoin surged due to Trump's support of digital assets.
  - The 10-year US Treasury yields jumped from 3.6% in September to 4.4%. Yields slid to 4.3% after the Fed meeting.
- Fed meeting and interest rates direction.
  - The Fed lowered interest rates by 25bps to 4.50-4.75% as expected.
  - Fed Chair reaffirmed that the US economy continued to expand at a solid pace and the election results would not have impacts on rate decision in the near-term, while the Fed's approach to future policy would be guided by incoming data.
  - Market expected the Fed would cut rates again in December. However, the potential impact of Trump's policies might reduce the pace of cuts.
- China
  - China showed signs of recovery. Exports grew 12.7% YoY in October, higher than market estimates of 5.2% and up from a five-month low of 2.4% growth in September. This marked the fastest pace in 19 months. Caixin services PMI rebounded to 52.0 in October, the highest reading in 3 months.
  - China shares fell following the US election results. Markets rebounded after the National People Congress (NPC) unveiled a CNY10 trillion debt swap program.
  - Investors expected more stimulus to focus more on boosting domestic consumption and supporting property sector.
  - Goldman Sachs expected China's fiscal deficit would increase to 3.6% of GDP in 2025 from 3.0% in 2024. It also expected Beijing would announce additional stimulus measures.

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