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## Weekly Market Report For : 11 – 15 November 2024



# Overview

- US stocks tumbled on profit taking and more hawkish comments from Fed Chair.
- Republicans win control of both houses of Congress in huge boost to Trump.
- Investors maintained their bet on Fed rate cuts in December.
- Oil prices dropped as OPEC and IEA lowered oil demand growth forecast for this year and next.
- China's property sector continues to drag on the economy. Investors expected more stimulus measures from Beijing.



# Market Brief

- US stocks sank as post-election rally faded. The S&P500 dropped 2% and the Nasdaq tumbled 2% from the previous week due to:
  - Profit taking.
  - Fed Chair signaled that the central bank would not hurry to make interest-rate cuts.
- Republicans have won enough seats to control the US House, completing the party's sweep into power. Trump's win, coupled with Republican majorities in both chambers of Congress, could mean he could easily enact his legislative agenda.
- Trump's tariff policy is closely monitored because Trump's team has not produced any formal policy documents. Trump will be sworn in as the 47<sup>th</sup> US president on January 20, 2025.
- US headline and core CPIs came in-line with expectation in October. Headline CPI +2.6% YoY and +0.2% MoM.
- Fed Chair Jerome Powell said during a speech in Dallas that there is no need to hurry to cut rates as the US economy remains healthy and labor market remains strong. Inflation has been cooling substantially, but it remains above the central bank's 2% target. Powell added that gradual rate cuts are likely underway.
- Traders lowered the chance to 60% that the central bank reduces rate at its December policy meeting. Stock indexes declined, while gold prices fell in the face of a stronger dollar. The 10-year US treasury yields stood at 4.4%.
- Oil prices fell last week due to:
  - OPEC downgraded its global oil demand growth forecast for this year and next for a fourth consecutive month, citing ongoing weak demand from China.
  - The IEA expected that there will be an oil surplus of more than 1 million barrels per day compared to global demand in 2025 as it expected demand for crude oil will be decreasing amid rapid growth in oil production.
- China shares fell from the previous week, despite the Ministry of Finance unveiled new tax breaks to boost property sales. The ministry cut home purchase deed taxes for purchases of first homes and second homes to as low as 1% from a current level of as much as 3%.
- China reported mixed economic data in October.
  - Retail sales increased by 4.8% YoY, exceeding market consensus of 3.8% and accelerating from a 3.2% gain in the previous month.
  - Industrial production and fixed asset investment were softer than market expectations.
  - Property sector remains a significant drag on the economy. Investment in real estate for the January to October period fell by 10.3% YoY and new local currency loans slowed in October.
  - Market expected the government to adopt more measures to offset the negative effects of the second Trump administration on the China economy and to boost domestic economy.

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