

Weekly Market Review

Financial Headlines

United States

In the US, GDP estimates for Q3 2024 showed that the US economy expanded by 2.8%, below estimates of 3%. However, while the overall figure was lower, personal spending increased at its fastest pace since the first quarter of 2023, indicating that US consumers are still spending and that the economy remains resilient. Meanwhile, the US Presidential Election takes place tomorrow, November 5th. Former President Donald Trump leads in the overall polls, however, his lead has narrowed to just 0.4 points, with the race with Democratic candidate Kamala Harris almost too close to call. Trump no longer leads in the seven key battleground states, with Harris ahead in the polls in Wisconsin and Michigan. However Trump has sizeable leads in the five other battlegrounds, according to the latest polling.

Europe & UK

In Europe, preliminary GDP growth rates for Q3 in some of the major Eurozone economies were released last week. In Germany, the economy expanded by 0.2% in the third quarter, rebounding after a contraction of -0.3% in Q2 of 2024. The German government projects a 0.2% contraction in GDP for 2024. In France, the economy continued to expand in Q3, growing by 0.4%, beating estimates of 0.3%, with the Paris Olympics contributing to the strong growth.

In the UK, the Labour Party unveiled its first Budget since taking office. The main takeaways included an increase in employer taxes which could raise £25bn by 2030, along with an end to the current freeze in earnings thresholds, and an increase in the NHS budget by £22.6bn.

Ireland

Estimates from the Central Statistics Office showed that Irish GDP for the third quarter increased by 2% compared to the second quarter. According to the CSO, the higher GDP figure can be attributed to an increase in sectors dominated by multinationals, particularly the industrial and technology industries. Retail sales also increased by 0.5% in September on a month over month basis, in another sign of Ireland's economic strength. Electrical Goods (+6.1%), Books, Newspapers and Stationery (+4.6%) and Furniture & Lighting (+1.9%) were the best performing sectors.

Asia-Pacific

In China last week, business activity data was released, showing an increase in monthly PMI's and a return to expansionary territory for the first time in six months. The official data showed factory activity increased in October to 50.1, an increase from the September rate of 49.8. The data comes at a critical juncture for the Chinese government, whose National People's Congress is meeting this week to agree the size of the fiscal stimulus package for the Chinese economy. However, the stimulus and monetary policy measures that were enacted in September have been cited as helping the latest PMI figure, with this week's meeting focusing on fiscal supports. China needs to spend \$1.4tn over three years to restore confidence among consumers, according to Moody's.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,728.80	-1.84%	+20.10%
NASDAQ	18,239.92	-2.11%	+21.51%
EuroStoxx50	4,877.75	-1.81%	+7.88%
EuroStoxx600	510.90	-1.63%	+6.66%
FTSE 100	8,177.15	-0.78%	+5.74%
ISEQ	9,857.79	+0.28%	+12.53%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.00%	—	0
ECB	3.65%	—	0
BOE	5.00%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.386	+3.64%	+13.45%
US 2YR	4.212	+2.78%	-0.89%
German 10YR	2.4050	+4.98%	+18.59%
UK 10YR	4.4460	+4.98%	+25.63%
Irish 10YR	2.736	+3.25%	+14.77%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0834	+0.38%	-1.90%
EUR/GBP	0.8380	+0.75%	-3.39%
GBP/USD	1.2926	-0.39%	+1.60%

Equities

In the US, equity markets rose last Monday, due to easing tensions in the Middle East after the Israeli response to Iran was confined to strikes just on military infrastructure. The S&P 500 and NASDAQ both rose 0.3%, as markets looked ahead to key earnings data from companies such as Apple, Meta and Alphabet and economic data sets. Markets continued to perform well on Tuesday. The S&P 500 rose 0.2%, while the NASDAQ rose by 1% due to an increase in Alphabet's share price ahead of its earnings call after the closing bell. McDonalds shares fell 0.6%, as the company reported weak international sales despite beating forecasted earnings. Pfizer shares also declined despite smashing its forecasted guidance. The winning streak was halted on Wednesday, with the S&P 500 and NASDAQ both closing lower, as markets braced for more big tech earnings. Super Micro Computer (SMC) saw shares tumble over 30%, after auditor EY resigned due to issues concerning the company's accounts, while Advanced Micro Devices (AMD) shares fell following weak guidance in its Q3 earnings. US markets tumbled on Thursday, in reaction to the Meta and Microsoft earnings, which saw huge spending and cost increases in AI development. For the week, the S&P 500 and NASDAQ both closed lower, down -1.84% and -2.11% respectively.

In Europe, markets also started last week in the green. The Eurostoxx50 rose 0.7%, while the STOXX600 rose 0.5%. Markets reacted to the calming of tensions in the Middle East and prepared for EU GDP data, set for release during the week. In the UK, the FTSE 100 rose 0.5%. European indices closed lower on Tuesday, reversing Monday's gains. The declines stemming from a number of poor earnings, with BP, Banco Santander and Lufthansa amongst the losers. However, HSBC shares rose nearly 4% after beating its earnings estimates once again. In the UK, the FTSE 100 declined by 0.8%, in anticipation of Labour's first Budget in over a decade, while BP shares fell 5% after poor earnings. The declines continued Wednesday, with the Eurostoxx50 and STOXX600 down over 1% each. Losses were heaviest in the luxury goods and tech sector, with LVMH and Kering down over 3% and ASML and Infineon also down over 3% due to the losses endured by SMC and AMD. In the UK, the FTSE 100 closed 0.7% lower, as investors digested the Labour Budget and its implications. In corporates, GSK shares fell 3.1% after poor quarterly sales. European and UK equities were lower on Thursday, as tech stocks such as SAP and ASML fell after the fallout from the Meta & Microsoft earnings. For the week, European and UK indices closed lower, down between -0.78% and -1.81%.

Bonds

Global bond yields rose last week. In the US, the 10yr yield rose to over 4.30% as labour data continued to point towards a resilient US economy. Private payrolls increased by 233k in October, well ahead of the revised September figure of 159k, while retail spending increased as part of Q3 GDP data. In the UK, the 10yr Gilt rose significantly to 4.44% due to the Budget, with the expectation being a slower rate cut cycle ahead as the Labour government increases borrowing to fund public services.

Commodities

Crude oil prices fell last week, as markets continued to assess the outlook in the Middle East, along with demand from China and stockpiles in the US. The expectation of further conflict between Israel and Iran has diminished somewhat, pushing prices lower, however lower stockpiles in the US pushed prices higher midweek. Brent crude closed at \$74.74, while WTI closed at \$71.17. In metals, Gold prices hit a new record of \$2,780, due to demand for the safe haven ahead of the US election this week.

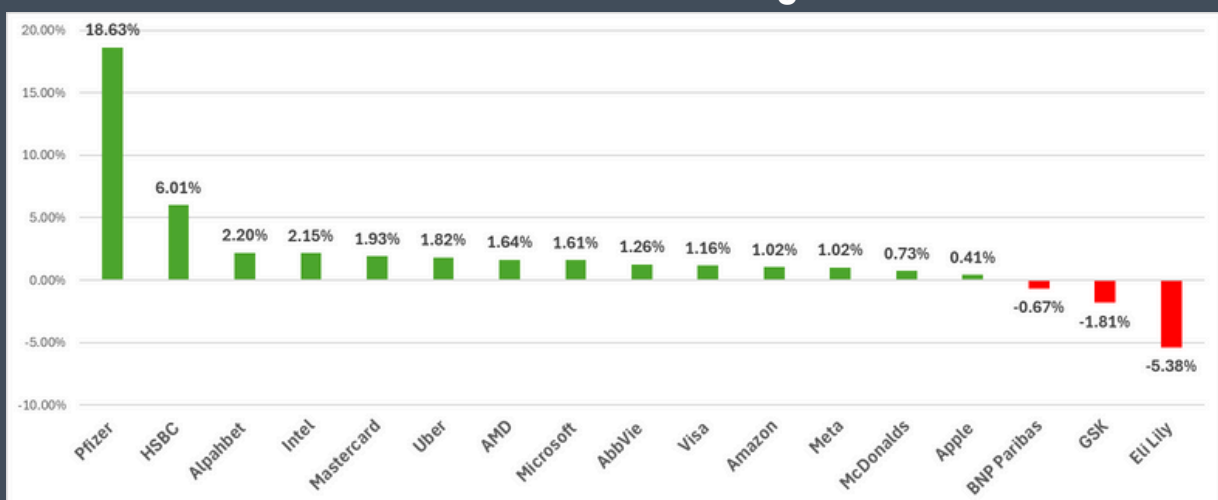
Key Events

- 07/11/2024 - Bank of England Rate Decision
- 07/11/2024 - US Federal Reserve Rate Decision



Data Insight of the Week

Forecast vs Actual Earnings Q3



This week's Data Insight continues to focus on third quarter earnings releases. Last week saw five of the seven Magnificent 7 take centre stage, while there were also releases from major tech and healthcare companies such as Eli Lilly and Pfizer.