



## CIO OFFICE MORNING MARKET WRAP

21 November 2024

Markets driven by “higher for longer” i.e. rates coming down but slower than estimated, the initial “risk on” reaction to the Trump win has the \$ stronger, equities making new highs, Bitcoin more than doubling, gold coming off its highs. Geopolitical risks (Russia’s updated nuclear doctrine) continue. The market levels and hawkish tone of recent Fed speak coupled with strong inflationary data are lowering odds-on near-term rate cutting. The US outperforms sharply, on economic growth and market performance, in contrast to the Eurozone.

Yesterday, both developed and emerging markets equities fell slightly with global equities ending the day -0.16%. US equities were flat (S&P 500 and the Russell 2000) and though Walmart exhibited strong growth, Target disappointed. The Nasdaq slightly down with the Mag7 group losing half a percent. Europe equities largely unchanged. In Asia, the MSCI China gained 0.3% as did India’s Sensex. UAE markets up with the DFM Index gaining 0.6%. In global sector action, healthcare gained yesterday along with energy. Brent futures at \$73.1/ barrel.

Expectations met but not overly exceeded. Nvidia's earnings, revenue, and guidance, beat consensus, but the quarterly outlook didn't meet the most bullish levels. Shares fluctuated aftermarket, trading -3% to flat. Quarterly earnings \$0.81 per share beat the consensus estimate of \$0.75. Quarterly sales of \$35.1 bn higher than consensus estimate of \$33.1 bn by 6% and +93.7% y/y. Revenue guidance of c. \$37.5 bn for the current quarter, earlier has been \$1.5 bn to \$2 higher than analysts' consensus, but not this time. CEO Jensen Huang said that Nvidia’s highly anticipated Blackwell products will ship this quarter amid “very strong” demand. But the production and engineering costs of the chips will weigh on profit margins. Gross margin guidance of 73.25% down from around 75% earlier this year. Volatility around earnings will settle soon and it’s a spectacular return if Nvidia maintains this price with the stock up 195% YTD and 239% last year.

The 10-year Treasury yield up a basis point to 4.40% but stayed in its short-term trading range between 4.4% and 4.5% and below recent peaks. Lukewarm demand in a 20-year US bond auction.

### Markets this morning:

Hong Kong and mainland China bourses have little direction close to flat. In Japan, the Nikkei and Topix are down close to a percent. India’s Sensex trading down half a percent and news around Indian industrialist Adani being indicted by the US Federal prosecutors. Gold trading up at \$2,655. Bitcoin 5% higher at \$96,000 up 125% YTD.

### Upcoming Key events/data today:

Expectations are initial jobless claims to be relatively steady at 221,000, in the US and October existing home sales to climb to a seasonally adjusted annual rate of 3.9 million from 3.84 million in September. Mortgage rates are up sharply over the last month, which may limit buyer enthusiasm. We also get October leading indicators from the Conference Board. The November Philadelphia Fed Index could provide insight into the U.S. industrial climate. Also get the Turkey rate decision and plenty of Central Bank speakers.

Have a good day!

Chief Investment Office  
Wealth Management,  
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