ASAS CAPITAL
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Regulated by the DFSA

Weekly Newsletter

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Musings

"Americans can always be counted on to do the right thing, after they have exhausted all other possibilities"

— Sir Winston Churchil

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,728.80	-1.37%	**+20.10%**
Nasdaq Composite	18,239.92	-1.50%	**+21.51%**
10Y UST Yield	4.397	**+3.56%**	**+13.30%**
Crude oil	69.33	**-3.29%**	-2.80%
Gold	2,736.45	+0.09%	**+32.65%**
DXY	104.32	+0.06%	+2.94%
USD/INR	84.09	-0.01%	+1.08%
Euro STOXX 50	4,877.75	-1.32%	+7.88%
India (Nifty)	24,205.35	-0.80%	**+11.38%**
Japan (Nikkei)	38,053.67	+0.37%	**+13.71%**
China (SSE)	3,272.01	-0.84%	**+9.99%**
Saudi (TASI)	12,022.11	+1.14%	+0.46%
Abu Dhabi (ADX)	9,348.80	+1.58%	-2.39%
Dubai (DFM)	4,621.35	**+3.17%**	**+13.83%**

News from the markets

Data from the Bureau of Labor Statistics showed that **the labor market added 12,000 payrolls in October, less than the 100,000 expected by economists**. Analysts pinned the bulk of the weak showing on the tens of thousands of workers kept temporarily off the job by a Boeing strike and the impact of two large hurricanes in the U.S. Southeast, as well as a poor response rate that clouds the true state of U.S. employment.

The unemployment rate held steady at 4.1%.

The Labor Department's JOLTS survey showed **job openings were at 7.44 million in September, compared with estimates of 8 million**.

10-year Treasury yields hit a four-month high as investors grew wary of buying bonds before the U.S. presidential election. Benchmark 10-year yields closed the week at the highest level since July 5; this follows a 48-basis point increase in October, which was the largest monthly basis point increase since April.

As per CME Fedwatch tool, **market expectations for the Federal Reserve's next policy decision on Nov. 7 were pricing in about 99% odds of a quarter-point rate cut**.

Several companies reported earnings last week. While most reported strong numbers, investors' reaction varied mainly with the direction of forward guidance.

Microsoft posted an earnings and revenue beat for the last quarter. However, the stock dropped more than 6% in the following session as the company said it sees a slight deceleration in the next quarter given supply chain challenges, such as delays in third-party infrastructure for AI capabilities.

Meanwhile, **Amazon shares jumped by 6.7% after reporting an earnings and revenue beat, with improving retail sales boosting profits**.

Apple also reported earnings, topping earnings and revenue expectations. However, the stock fell as investors did not react positively to its forward guidance.

Meta exceeded third-quarter profit and revenue estimates, reporting a profit of $6.03 per share, compared to the projected $5.25. Revenue reached $40.59 billion, just ahead of analysts' forecasts. However, the company warned of increased infrastructure expenses tied to its AI ambitions, prompting a dip in its share price.

Intel will be replaced by Nvidia on the blue-chip Dow Jones Industrial Average index after a 25-year run, underscoring the shift in the chip making market and marking another setback for the struggling semiconductor firm.

Ernst & Young LLP resigned as the auditor to troubled server maker Super Micro Computer Inc., citing concerns about the company's governance and transparency. Shares have slumped 47% since the news broke.

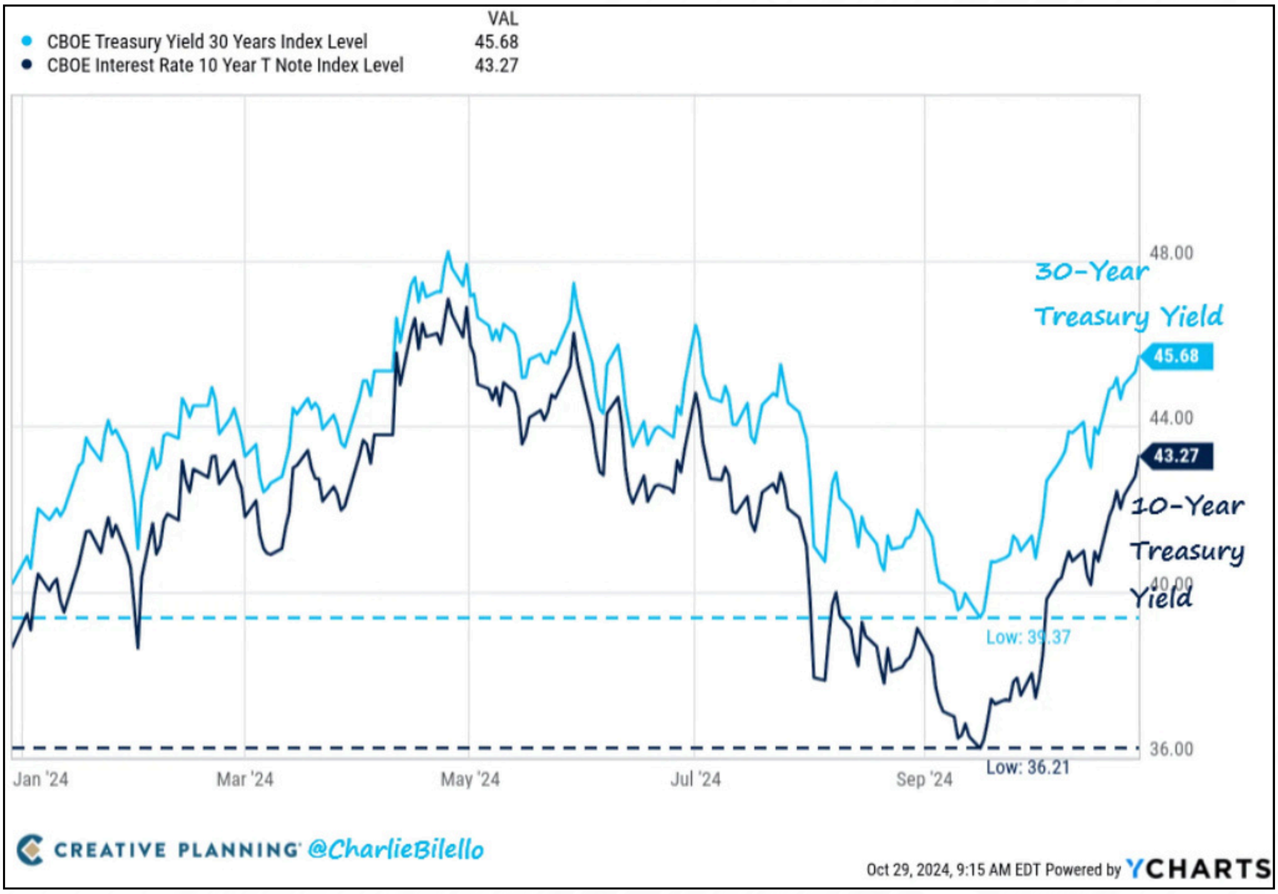
Eurozone inflation rose to 2% in October, meeting the European Central Bank's target and bolstering the case for a smaller quarter-point rate cut in December.

Oil jumped more than 2% before dropping on a report that Iran may be preparing an attack against Israel, a move that puts the market focus back on escalating tensions between Tel Aviv and the oil producing country.

According to a median forecast of economists polled by Reuters, Japan's inflation-adjusted gross domestic product (GDP) is forecast to have risen an annualized 0.7% in July-September, cooling significantly from the 2.9% rate in the second quarter. Private consumption, which accounts for more than half of economic output, remained tepid, likely up just 0.2% and well behind the 0.9% growth in the previous quarter. Any prolonged period of subdued domestic and global demand is likely to slow BOJ's plans to fully exit from a decade of easy monetary conditions.

Lastly, in light of the upcoming US elections results we would suggest investors who are holding positions that might have a high impact from results, to either take some profits (if those positions have accumulated considerable alpha), or consider hedging their positions to mitigate risks given the unpredictable nature of elections.

Chart of the Week



Long-term bond yields continue to march higher. These are the highest yields since the start of the summer and substantially above the September lows when the Fed cut interest rates by 50 bps.

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