

# Weekly Newsletter

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## Musings

Life is a succession of lessons which must be lived to be understood.

— Ralph Waldo Emerson

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,870.62	-2.08%	+23.08%
Nasdaq Composite	18,680.12	-3.15%	+24.44%
10Y UST Yield	4.441	+3.09%	+14.87%
Crude oil	67.02	-4.77%	-6.46%
Gold	2,563.22	-4.52%	+24.25%
DXY	106.67	+1.64%	+5.27%
USD/INR	84.40	+0.02%	+1.48%
Euro STOXX 50	4,802.5	-0.41%	+5.35%
India (Nifty)	23,532.70	-2.55%	+8.29%
Japan (Nikkei)	38,642.91	-2.17%	+15.48%
China (SSE)	3,968.83	-3.29%	+15.67%
Saudi (TASI)	11,791.18	-2.80%	-1.47%
Abu Dhabi (ADX)	9,443.14	-0.06%	-1.41%
Dubai (DFM)	4,739.75	+2.15%	+16.75%

## News from the markets

US stocks, which surged following the election, dropped this week and have now given up almost all of those gains.

**The expectation of a pro-growth administration giving the CEOs exactly what they're asking for is counterbalanced by the view from some analysts that many of Trump's promised or proposed policies would be anti-growth and inflationary** – possibly provoking bond vigilantes and even putting the economy into recession. According to an analysis by the nonpartisan Committee for a Responsible Federal Budget, Trump's plans will boost the debt by \$ 7.75 trillion.

Investors also absorbed **Chair Jerome Powell's signal that the Federal Reserve won't hurry to make interest-rate cuts**. In prepared remarks on Thursday, Fed Chair Jerome Powell said, "The economy is not sending any signals that we need to be in a hurry to lower rates.".... "The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully."

Retail sales data released on Friday reflected continued resilience in the American consumer, a sign of the economic strength Powell suggested would allow the Fed to take its time. **October sales rose 0.4% month on month, versus 0.3% expected**, including a revision higher for September's reading to 0.8% from 0.4%.

Traders are pricing in 62% odds of a rate cut at its December policy meeting, as per CME FedWatch tool. Bets on a January easing stand at 74%.

Trump's reported plans to get rid of the tax credit for electric vehicles is meeting industry pushback. **Interestingly, investors and analysts took the news as an advantage for Tesla, as the clear negative for the EV industry is seen to particularly hurt GM, Ford, Stellantis, and Rivian, while Tesla's scale and scope is expected to enable it to further fend off competition from Detroit.**

Shares of the software platform Palantir rose more than 8% Friday after the company announced that **it would list on the Nasdaq later this month** and expects to be eligible to join the Nasdaq 100 index.

Shares of Pfizer fell 4%, continuing a **slide among vaccine makers**, including Moderna and Novavax, after President-elect Trump named Robert F. Kennedy Jr. as secretary of Health and Human Services. Kennedy is an outspoken skeptic of vaccines.

Shares of Applied Materials, the maker of chip-manufacturing equipment tumbled more than 8% Friday following an earnings report that missed expectations for first-quarter sales and came with a disappointing sales outlook, suggesting a slowdown in customer orders.

The Super Micro Computer (SMCI) saga continued as shares soared over 18% in extended trading Friday following reports that the company is expected to file a plan for its delayed annual report that could help it avoid delisting.

Looking forward, Nvidia will report its Q3 earnings on November 20. Analysts anticipate continued growth, with EPS projected at \$0.75 and revenue expected to climb to \$33.07 billion as the rate of sales growth decelerates further. Updates on Blackwell chip shipments and the resolution of supply constraints will be critical for Nvidia's outlook.

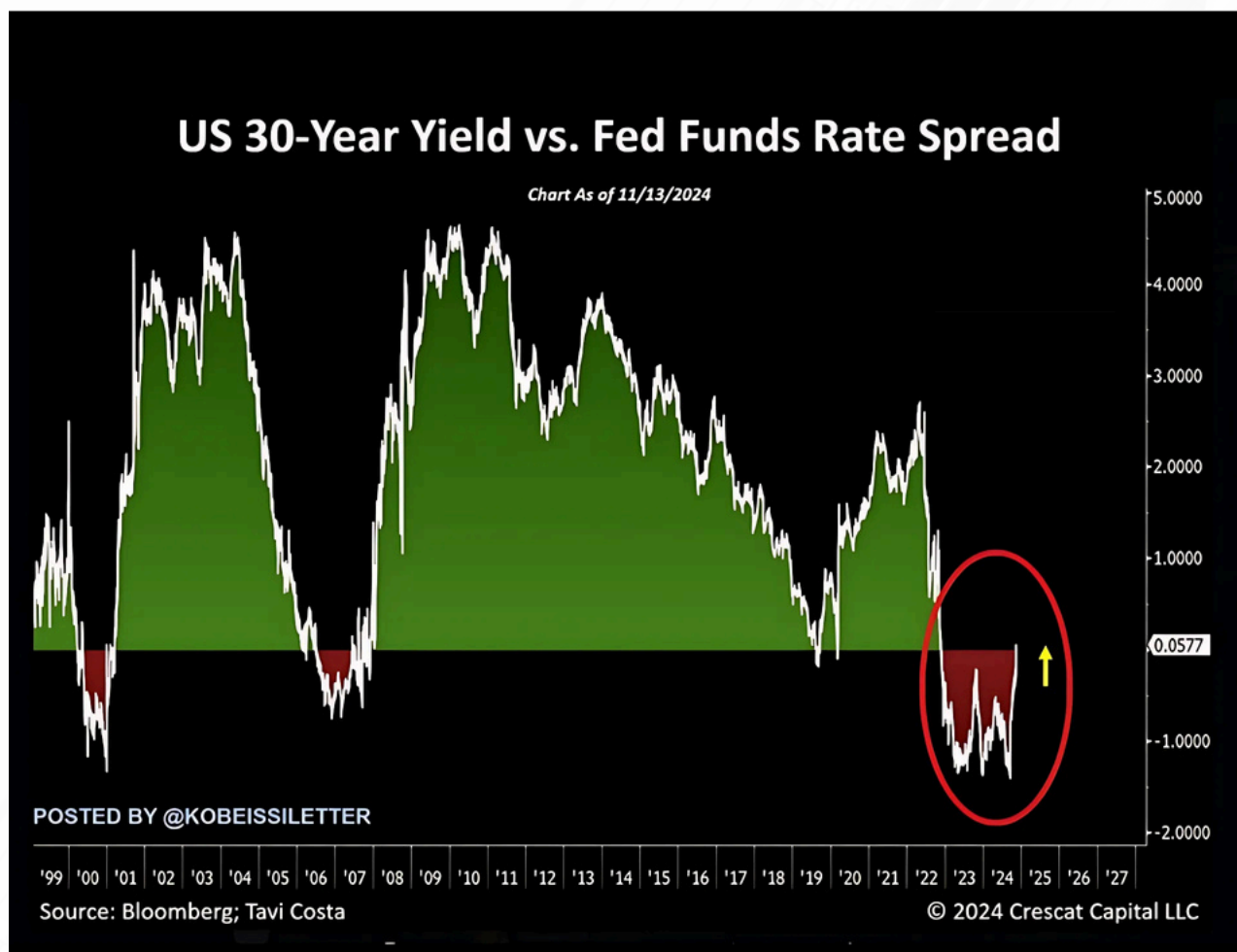
**Gold prices have slumped by 6.59% since the election results to a two-month low** as a strong dollar is making the precious metal more expensive for overseas buyers. The dip reflects shifting expectations around US monetary policy, with investors bracing for a tighter US Federal Reserve stance in 2025 under Donald Trump's administration.

Oil prices fell on Friday as signs of tepid demand from China, the world's largest crude importer, and a Trump 2.0 administration weighed on markets. **The International Energy Agency (IEA) projects that global oil supply will surpass demand by 2025, even if current OPEC+ production cuts remain in place.** This forecast reflects growing output from non-OPEC producers, including the US, outstripping demand growth, particularly as concerns over China's economic resilience persist.

**The Indian stock market logged its sixth weekly loss in seven weeks, as worries about a slowdown in consumption added to concerns over earnings moderation and foreign outflows.** Domestic equity benchmarks Sensex and Nifty 50, after smashing many record peaks this year, slipped into a correction mode, with the indices falling 10 per cent from their record high peak hit in September 2024. The indices were dragged down by consistent foreign fund outflows, weak corporate earnings, stretched valuations, and the latest retail inflation hitting a sizzling 14-month high due to high food prices.

**Chinese stocks had their biggest weekly loss since July, as skepticism that China can mount a sustained economic recovery remained prevalent in the market.** This was underscored when industrial output grew 5.3% year on year in October, slowing from the previous month and below expectations. The real estate sector led losses after data showed China new home prices in October fell the most year on year since 2015. In one bright sign, retail sales rose 4.8%, accelerating from September and marking the fastest growth since February.

## Chart of the Week



The 30-year Treasury yield has surpassed the Fed Funds rate for the first time since Q4 2022. This comes as the 30-year Treasury yield has risen ~60 basis points over the last 2 months.



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