

Weekly Newsletter

October 11th, 2024

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Musings

"The secret of success is to do the common thing uncommonly well"

— John D. Rockefeller

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,815.03	+1.11%	+21.91%
Nasdaq Composite	18,342.94	+1.13%	+22.19%
10Y UST Yield	4.105	+3.61%	+5.77%
Crude oil	75.49	+1.40%	+5.83%
Gold	2,657.18	+0.22%	+28.80%
DXY	102.92	+0.39%	+1.56%
USD/INR	84.17	+0.16%	+1.18%
Euro STOXX 50	5,003.92	+0.99%	+10.67%
India (Nifty)	24,964.25	-0.20%	+14.88%
Japan (Nikkei)	39,605.80	+2.51%	+18.35%
China (SSE)	3,217.74	-3.56%	+8.16%
Saudi (TASI)	11,994.22	+0.15%	-1.70%
Abu Dhabi (ADX)	9,260.86	+0.88%	-3.31%
Dubai (DFM)	4,440.70	+0.79%	+9.36%

News from the markets

The Dow and S&P 500 notched new highs, with the broader index closing above 5,800 for the first time as big US banks got earnings season underway.

The Consumer Price Index for the month of September was higher than economists anticipated, increasing 2.4% over the prior year in September. That was still a slight deceleration compared to August's 2.5% annual gain.

On the Fed's preferred "core" measure, which eliminates volatile food and energy prices, the index rose 3.3% compared with expectations of a 3.2% rise. That was up a tenth of a percent from August.

The warmer reading on inflation coupled with the stronger-than-expected September jobs report **will likely strengthen the argument by hawks on the Fed's interest rate setting committee** that any future cuts should be gradual.

According to CME Fedwatch tool, odds that the Fed will trim its policy rate by 25 basis points in November stood at 89% at the time of writing.

Meanwhile, **the long end of the Treasury yield curve continues to rise, closing the week comfortably above the 4% mark.**

Tesla stock sank more than 8% as investors signaled disappointment over the EV maker's robotaxi debut. The Company is aiming to begin Cybercab production "before 2027," Musk said. Tesla's stock drop extended a two-week decline: Shares fell last week after the company missed Wall Street estimates on its third quarter deliveries, issued a recall, and discontinued a lower-priced model.

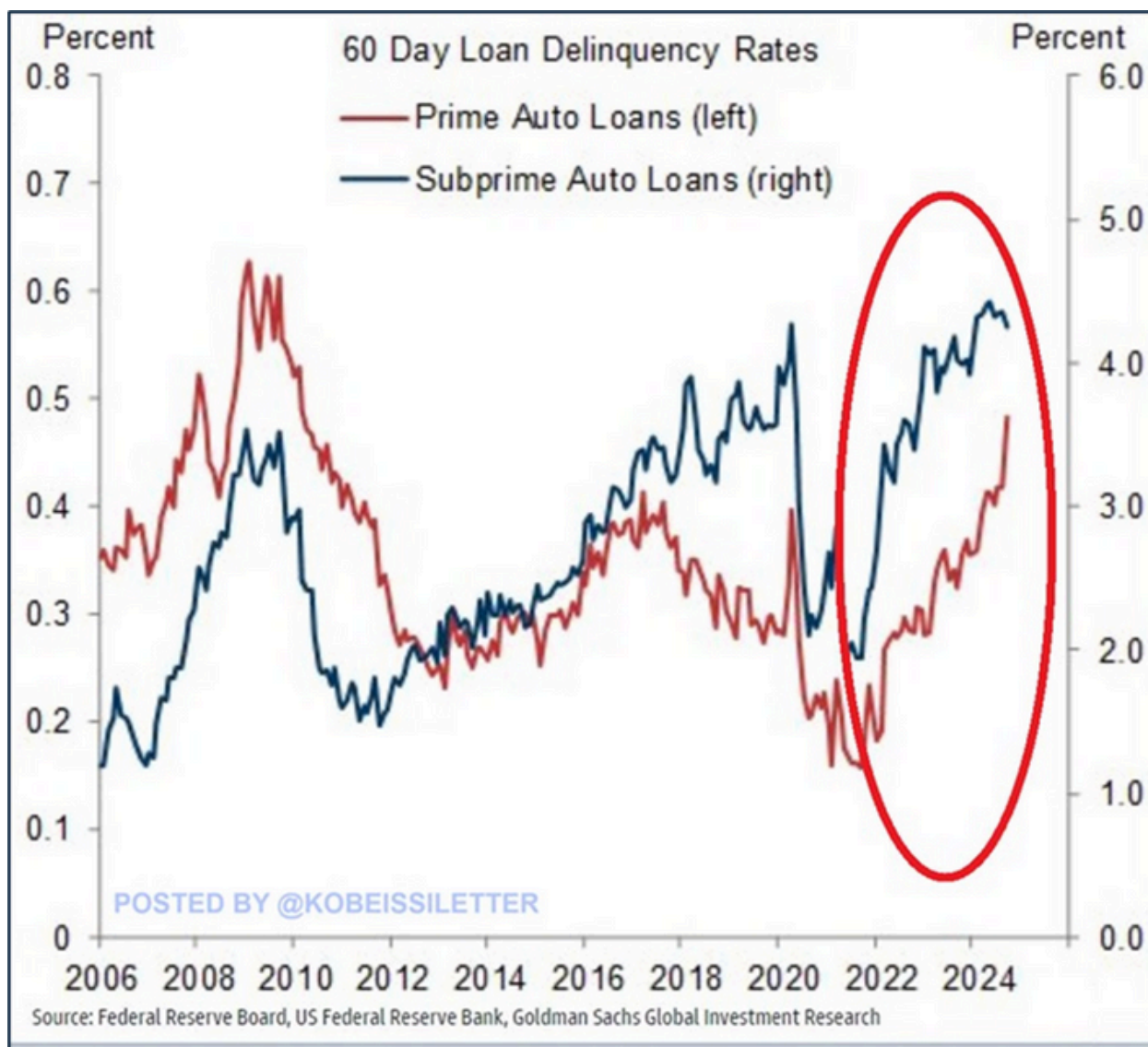
JPMorgan Chase & Co reported a strong net income of \$12.9 billion with an EPS of \$4.37, reflecting robust financial performance. The firm ended the quarter with a CET1 ratio of 15.3%, demonstrating a solid capital position. Shares closed more than 4% higher.

Fitch has estimated **Hurricane Milton's insured losses will range from US\$30 billion to US\$50 billion,** the largest amount since Hurricane Ian hit Florida in 2022. It predicts that Milton will push global insured industry losses in 2024 past US\$100 billion for the fifth consecutive year, with the elevated catastrophe losses likely curbing any potential rate declines in the property catastrophe market in 2025.

Boeing's new chief executive has announced plans to reduce its work force by 10 percent, or about 17,000 jobs, as he seeks to restructure the company in an effort to slash costs and improve production of planes, which has been plagued by numerous delays.

China's highly anticipated announcement of financial stimulus plans was big on intent but low on the measurable details. Finance Minister Lan Foan reiterated Beijing's broad plans to revive the ailing economy, with promises made on significant increases to government debt and support for consumers and the property sector. No details were provided. Market analysts had been looking for a spending package between 2 trillion yuan to 10 trillion yuan (\$283 billion to \$1.4 trillion).

Chart of the Week



Subprime auto loan delinquency rates just crossed above 4% for the first time on record. The 60-day delinquency rate for subprime auto loans has more than doubled in just 3 years, and now exceed both 2008 and 2020 levels.

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