



The Roundup

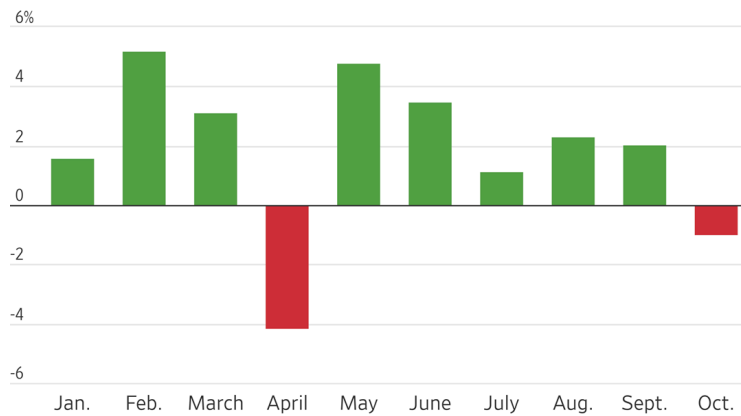
Weekly Economic Research

October 28 - November 1, 2024

A weak jobs report, influenced by hurricanes and the Boeing strike, lowered yields and boosted bond prices, while Amazon and Intel shares rose on strong earnings and positive guidance

- The S&P 500 is down 1.14%, the Nasdaq is down 1.60%, and the Dow Industrials is down 0.02% WTD
- The 10-Yr U.S. Treasury yield has increased +0.069% to a current yield of 4.311%, whereas the 30-Yr U.S. Treasury yield increased +0.013% to a current yield of 4.523%
- Crude oil prices increased 2.93% to a current \$70.50/bbl while bitcoin increased 5.24% to a current \$71,521.13/coin
- The S&P 500's five-month winning streak ended as major stocks declined, U.S. Treasury yields rose, the dollar strengthened, Chinese stocks fell, and Bitcoin gained 10% in October [[WSJ](#)]

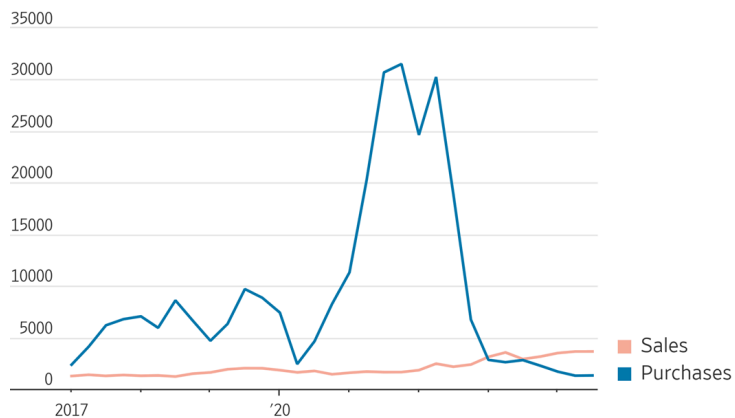
S&P 500's monthly performance this year



Source: FactSet

- Wall Street landlords are growing in single-family rentals, raising home values and rents but risking price volatility if they exit during downturns [WSJ]

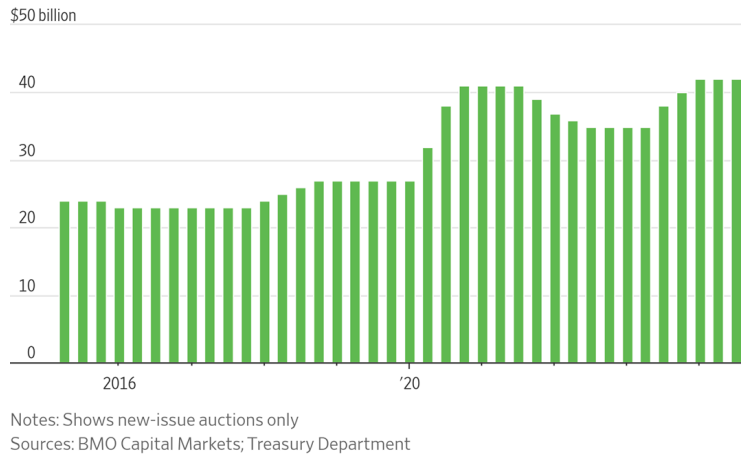
Institutional investors' sales and purchases of single-family homes



Source: John Burns Research & Consulting

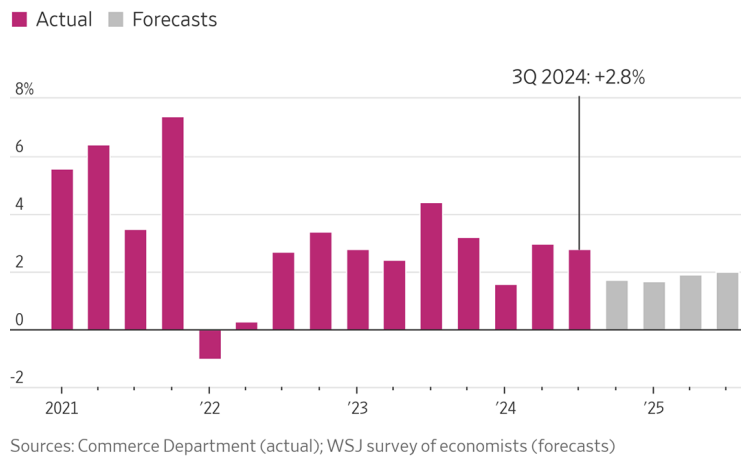
- Rising U.S. Treasury yields reflect investor concerns over a growing deficit and increased debt supply, heightened by upcoming election impacts on fiscal policy [WSJ]

Size of 10-year U.S. Treasury note auctions

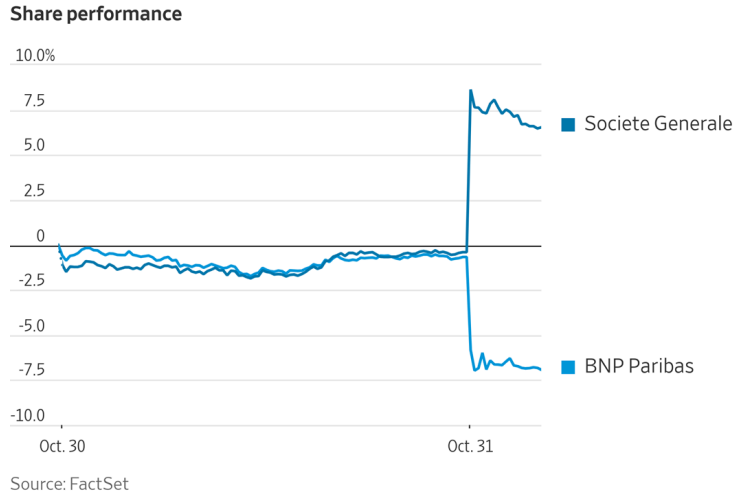


- The U.S. economy leads globally with strong, productivity-driven growth and low inflation, offering advantages for the next president despite Americans' mixed perceptions and lingering inflation effects [WSJ]

GDP, change from previous quarter

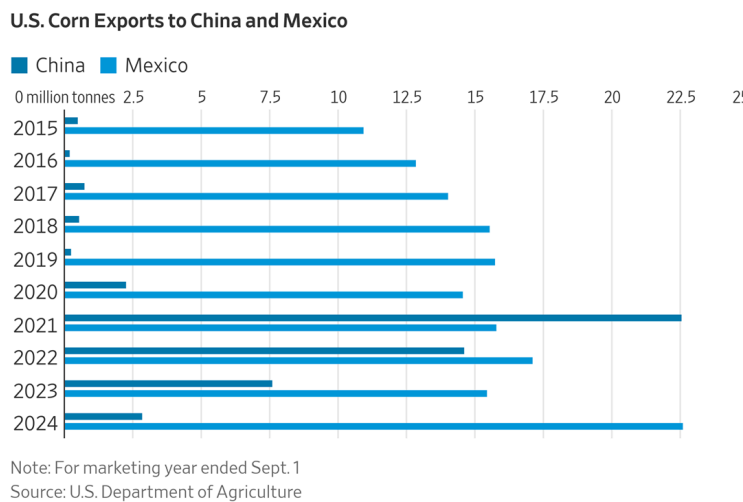


- Société Générale's profit surge and executive overhaul boosted shares 11%, signaling revival, while competitor BNP Paribas saw shares fall on weaker retail revenue despite strong trading results [WSJ]



Japan's election uncertainty may delay rate hikes, U.S. leveraged loans hit a record \$1.05 trillion, and building-material stocks drop amid construction slowdown signals

- A Trump election win and new tariffs on China could lead to severe losses for U.S. farmers as China redirects agricultural imports to competitors like Brazil, potentially deepening trade shifts initiated in the 2018 trade war [WSJ]



- Japan's ruling coalition's election setback has introduced political uncertainty, possibly delaying Bank of Japan rate hikes and weakening the yen, while domestic economic conditions still support gradual tightening [WSJ]

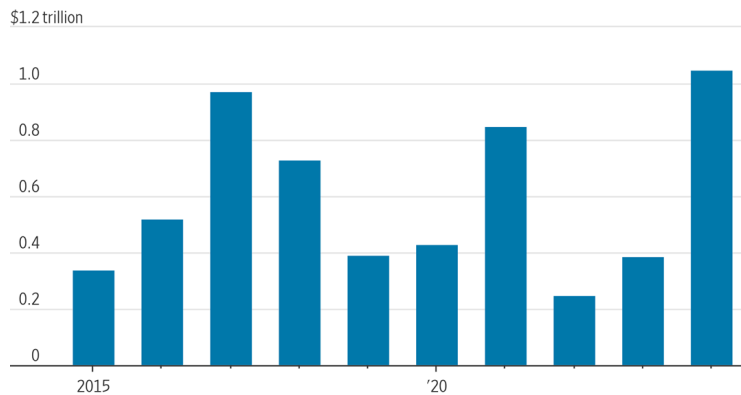
Leveraged funds' net futures and options position in Japanese yen



Note: Notional value of a contract is ¥12.5 million, the equivalent of \$81,500
Source: Commodity Futures Trading Commission via CEIC

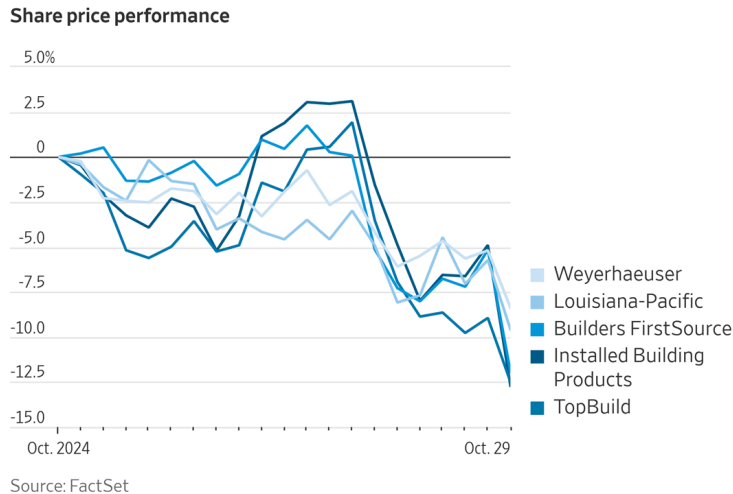
- U.S. leveraged loan issuance hit a record \$1.05 trillion this year, driven by repricings, refinancings, and junk-rated loans for dividend payouts, allowing speculative companies to save significantly on interest [WSJ]

Speculative-grade business loan issuance



Note: 2024 data is as of Oct. 27.
Source: Pitchbook LCD

- Building-materials stocks fell as rising bond yields, weak homebuilder earnings, and a drop in construction job openings signal reduced construction activity despite recent Fed rate cuts [WSJ]



M&A activity continues to remain mixed

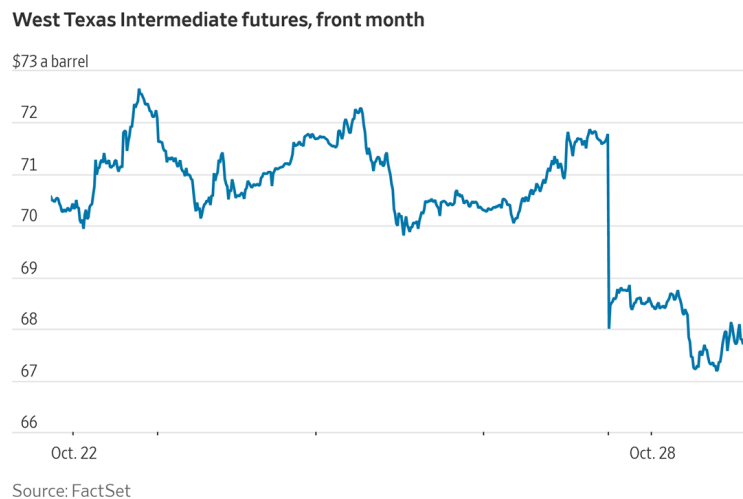
- German engineering group Siemens agreed to buy software maker Altair Engineering for \$10B, including debt [BBG]
- \$2.7B-listed Japanese lift-maker Fujitec is in talks sell [RT]
- Brookfield acquired a \$2.3B stake in four offshore wind farms from Danish energy giant Orsted [YHF]
- Insurers Allianz, Aviva, Sampo, and Ageas are among potential bidders for Bain Capital-owned UK insurer Esure, which could fetch \$1.9B
- Norway-owned energy giant Equinor will acquire a 60% stake in non-operated natural gas assets in PA from EQT for \$1.3B
- Francisco Partners will acquire Global Payments' medical software business AdvancedMD for \$1.13B
- ConocoPhillips is exploring a sale of some of its Permian Basin shale operations for over \$1B [HE]
- Investment firm Aquarian acquired a majority stake in PACE Equity and will invest \$1B in the sustainable CRE lender

Recent developments across four key industries highlight Exxon and Chevron facing profit declines, U.S. drugmakers

exploring alternatives to Chinese manufacturing, and Amazon's strong Q3 growth

Energy & Natural Resources

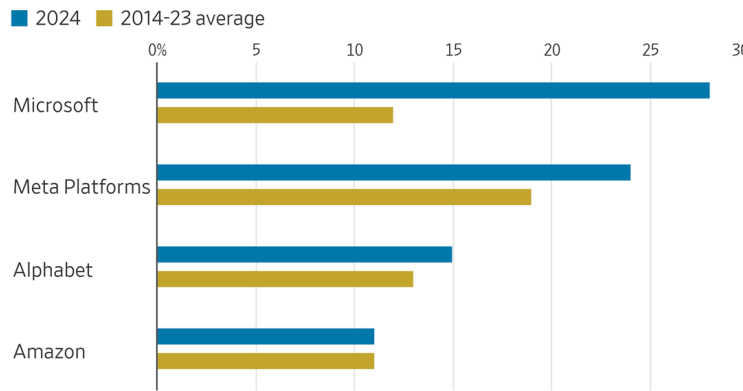
- Exxon and Chevron's Q3 profits declined as oil prices fell amid oversupply concerns, prompting questions about sustaining buybacks and dividends, while global production rises and demand weakens, especially in China [WSJ]
- Shell's Q3 earnings beat expectations, driven by strong gas and upstream performance despite low oil prices, with reduced capital expenditure, improved cash flow, and a solid balance sheet supporting ongoing buybacks and dividends [WSJ]
- Oil prices plunged as Israel's strikes on Iran avoided energy infrastructure, easing fears of supply disruption and shifting market focus to weak demand growth, with U.S. gas prices likely to stay low [WSJ]



Technology, Media, & Telecommunications

- Microsoft and Meta reported strong quarterly profits but saw stock declines as both announced ongoing high capital spending on AI, raising investor concerns about returns on their large investments [WSJ]

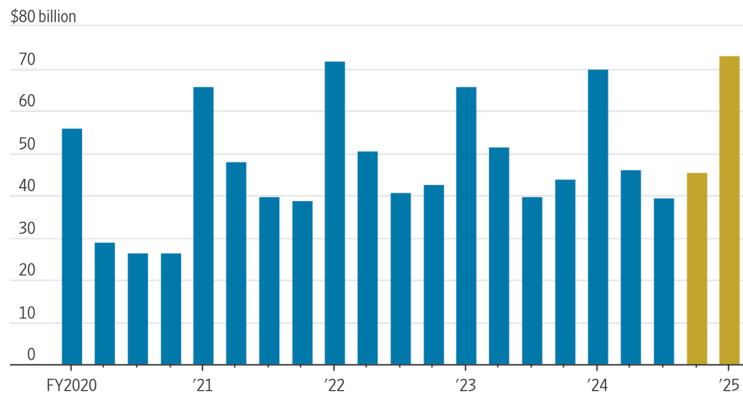
Capital spending as a percentage of annual revenue



Note: 2024 uses reported revenue plus analyst projections for the fourth quarter.
Source: company data; Visible Alpha

- Apple's iPhone 16 sales are key to its AI strategy, but mixed demand and gradual AI rollouts raise concerns ahead of its earnings report [WSJ]

Apple's iPhone revenue per fiscal quarter



Note: FY ends in September. Q4 of FY24 and Q1 of FY25 are projections.
Sources: the company (actual); Visible Alpha (projections)

Healthcare & Life Sciences

- Amid rising U.S.-China tensions, U.S. drugmakers are seeking alternatives to Chinese manufacturing and ingredients, spurred by the Biosecure Act, though ties remain for drug sales in China's large market [WSJ]
- The EU fined Teva €462.6 million for allegedly delaying competitors in the MS market with Copaxone patent tactics and misleading claims; Teva plans to appeal [WSJ]

Financial Services

- Amazon's Q3 report exceeded expectations with strong revenue growth and profits, driven by AI investment and steady retail demand, boosting its share price despite record-high capital expenditures [WSJ]
- For the first time, U.S. consumers used debit cards as often as cash for small payments, but card payment growth has slowed, raising questions about cards' future share of consumer payments amid new digital alternatives [WSJ]