

# Market Update – November 4, 2024

## The Weekly Briefing

US equity markets ended the week lower for the second consecutive week as investors were hit with a flurry of catalysts including mixed earnings reports from mega cap tech stocks, third quarter GDP, PCE inflation, and key employment data. Next week also contains major events, the most notable being Election Day and a Fed rate decision.

Artificial intelligence was a prominent focus during this week's earnings reports. Chip maker Advanced Micro Devices fell -11% despite a solid quarter, as revenue guidance for the next quarter underwhelmed lofty investor expectations. The company touted 122% year-over-year revenue growth in its Data Center segment, driven by investment in generative AI, but noted that other parts of the semiconductor market remain challenged. Google parent Alphabet rose +3% after reporting strong growth in its Cloud segment, driven by robust demand for computing power needed to train large language models. Microsoft, another cloud provider, fell -6% as guidance for next quarter's AI-related cloud revenue underwhelmed. Notably, the shortfall was not because of demand, but because the company was unable to increase capacity quickly enough to meet its customers' needs. Elsewhere in mega cap tech, Meta fell -4% despite beating expectations in the quarter. The company called out myriad benefits from its investment in AI, including greater accuracy with its targeted ads. Amazon rose +6% following its report, as the company continues to see strong demand for AWS, its cloud service, and expects strong consumer spending during the holiday period. Finally, Apple stock declined slightly after reporting earnings. iPhone revenue in the quarter beat expectations and the company expects its nascent AI features to spur existing customers to upgrade their phones.

Moving on to the economy, the initial estimate of third quarter GDP came in at an above-trend growth rate of +2.8%. This follows economic growth of +3.0% in Q2. September core PCE inflation, the Fed's preferred measure of inflation, came in at +2.7% year-over-year, the same rate of change as in August. A disappointing jobs report concluded a busy week of data. The report revealed that the US economy added just 12,000 jobs in October, much below the 100,000 estimate and the 223,000 added in the prior month. Disruptions caused by Hurricanes Helene likely suppressed the jobs number. The unemployment rate, which is less impacted by one-time items, remained unchanged at 4.1%.

Markets have been rife with uncertainty of late, with a wide range of asset classes experiencing heightened volatility. The VIX, a measure of equity market volatility, ended the week at 23 – almost double its level at the start of the year. The MOVE Index, a measure of interest rate volatility, sits at its highest levels since the regional banking crisis in early 2023. The upcoming election is a major contributor to the increased volatility. Uncertainty will likely continue after voting concludes on Tuesday, as the official result may not be immediately known.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
CEG FANG MAR PLTR	ISM Services PMI  CMI EMR MCHP MPC	CVS GILD JCI MRO QCOM WMB	Jobless Claims FOMC Meeting  ABNB APD EOG ROK	Umich Consumer Sentiment

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.6%	21.5%	33.3%
DJIA	-0.8%	13.3%	25.9%
Nasdaq 100	-1.5%	19.8%	33.8%
Russell 2000	-1.5%	10.2%	27.3%
S&P 500 E/W	-1.5%	13.4%	26.9%
2yr Yield	4.21%	-0.04%	-0.63%
10yr Yield	4.38%	0.50%	-0.19%
VIX	22.5	10.0	7.6
WTI Crude	\$69.5	-3.0%	-13.7%
Gold	\$2,737	32.6%	38.3%
Bitcoin	\$69,114	64.8%	98.7%

### Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	7,443k	8,000k	7,861k
Q3 GDP	2.8%	2.9%	3.0%
Real Personal Spending - m/m	0.4%	0.3%	0.2%
PCE Price Index - m/m	0.2%	0.2%	0.1%
PCE Price Index - y/y	2.1%	2.1%	2.3%
Core PCE Price Index - m/m	0.3%	0.3%	0.2%
Core PCE Price Index - y/y	2.7%	2.6%	2.7%
Nonfarm Payrolls	12k	100k	223k
Unemployment Rate	4.1%	4.1%	4.1%

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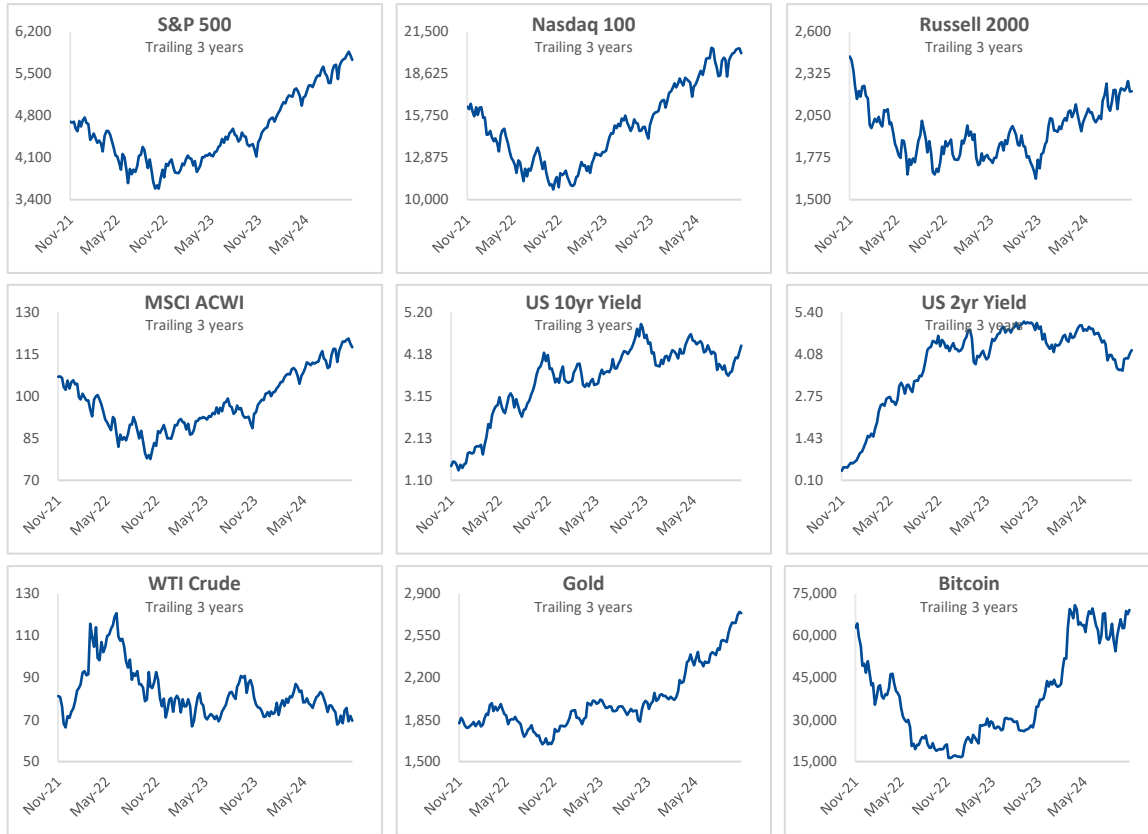
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# Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
21.5%	28.2%	12.6%	13.5%
Energy	Financials	Healthcare	Industrials
7.5%	25.4%	9.6%	18.7%
Materials	Real Estate	Technology	Utilities
10.3%	9.3%	16.9%	26.2%

## Last Week in Earnings

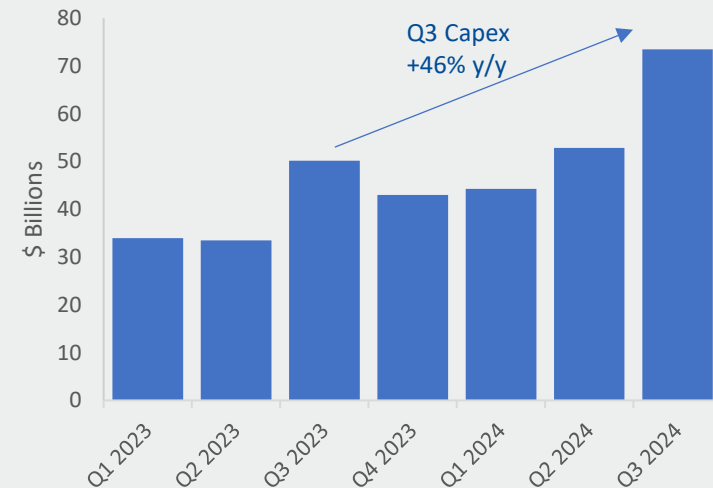
Date	Ticker	EPS	Revenue	Price chg
28-Oct	F	Beat	Beat	-8.4%
29-Oct	AMD	Beat	Beat	-10.6%
	GOOGL	Beat	Beat	2.8%
30-Oct	LLY	Miss	Miss	-6.3%
	META	Beat	Beat	-4.1%
	MSFT	Beat	Beat	-6.1%
31-Oct	AAPL	Beat	Beat	-1.3%
	AMZN	Beat	Beat	6.2%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.5%	16.4%	28.0%
MSCI Europe	-1.6%	7.2%	19.0%
MSCI APAC	-1.0%	11.4%	20.8%
DXY Index	103.7	2.3%	-1.3%
EUR / USD	\$1.09	-2.6%	-0.1%
GBP / USD	\$1.30	1.9%	5.1%
USD / JPY	151.7	7.6%	1.1%
USD / CNY	7.10	-0.1%	-2.4%

## Mega Cap Technology Companies Are Investing in Artificial Intelligence at a Robust Pace

Quarterly Capital Expenditures of AMZN, GOOGL, META and MSFT Since ChatGPT Breakthrough



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



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