

NVIDIA Reports 94% Revenue Surge as Markets Eye Jobs, Inflation, and Fed Policy and Wall Street Closed Mixed.

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The U.S. and European stock markets closed with mixed results, with limited market movement without significant economic data and noticing that NVIDIA's earnings announcement happened after the market closed. The consumer staples sector is under pressure, highlighted by a nearly 20% drop in Target's stock following a cut to its full-year earnings guidance. The retailer pointed to flat sales, inventory challenges, and squeezed profit margins, contrasting sharply with Walmart's strong earnings report yesterday. Meanwhile, European markets also fell, with UK stocks falling after a hotter-than-expected inflation report signaled fewer rate cuts from the Bank of England. The U.S. dollar is climbing toward its annual peak, and 10-year Treasury yields have risen to 4.41%.

NVIDIA, which has surged nearly 200% this year to become the world's most valuable company with a market cap of \$3.577 trillion, reported its quarterly earnings after the market close. Investors will scrutinize the results, as the company's performance has significant implications for major market indexes. Analysts anticipate another strong quarter fueled by surging demand for artificial intelligence, with earnings projected to grow 86% year-over-year; the company reported that revenues rose 94%, and net income rose 109%; we discuss the results below. As the last mega-cap tech firm to report, NVIDIA's results will close out the third-quarter earnings season, during which approximately 75% of S&P 500 companies exceeded expectations, delivering an average earnings growth of 6.6%. With valuation expansion dominating the past two years, future stock market gains will likely depend more on sustained earnings growth heading into 2025.

Key Catalysts Ahead: Jobs, Inflation, and the Fed

The market remains on track for a solid finish to the year, buoyed by robust economic growth, rising corporate earnings, and the beginning of an interest rate-cutting cycle. Three critical events could shape the narrative before year-end:

1. **December 6 Jobs Report:** Investors will analyze labor market data for clarity after hurricanes and strikes skewed the previous month's figures.
2. **December 11 CPI Release:** As the final inflation report before the Federal Reserve's December 18 meeting, it will be pivotal in shaping expectations for monetary policy. A quarter-point rate cut to 4.5%-4.75% is widely anticipated, but the Fed's tone regarding its 2025 strategy will be closely monitored.
3. **Fed Rate Decision on December 18:** While economic resilience, fiscal policy adjustments, and tariff actions pose potential inflationary risks, bond markets have adjusted expectations for rate cuts in 2025, scaling back from nearly five cuts to just two over recent months.

Investors are closely watching these developments, which will likely influence the path of markets as 2024 concludes and 2025 begins.

GDPNow Update:

- The **GDPNow** for the fourth quarter was updated on November 19, 2024, rising to 2.6%, increasing 4.35% from 2.50%.

Corporate Earnings Parade:

- **NVIDIA Corp. (NVDA)** reported earnings for the third quarter of 2024: revenues were \$35,082 billion, up 94%, the net income was \$19,309 billion, and the earnings per share was \$0.78, which were better than estimates. NVIDIA has a Stock Price Objective of \$161.03. The Stock closed at \$145.82, down 1.19%.

Key Economic Data:

- **Germany Producer Price Index YoY:** is at -1.10%, compared to -1.40% last month.
- **UK Consumer Price Index YoY:** rose to 2.30%, compared to 1.70% last month.
- **UK Core Consumer Price Index YoY:** rose to 3.28%, compared to 3.22% last month.
- **UK Producer Price Index: Core Output YoY:** rose to 1.71%, compared to 1.49% last month.
- **UK Producer Price Index: Input YoY:** fell by -2.33%, compared to -1.94% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 500.49, down 0.11 points or 0.022%.
- **FTSE 100:** Closed at 8,085.07, down 13.95 points or 0.17%.
- **DAX Index:** Closed at 19,004.78, down 55.53 points or 0.29%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,408.47, up 139.53 points or 0.32%.
- **S&P 500:** closed at 5,917.11, up 0.13 points or 0.00%.
- **Nasdaq Composite:** closed at 18,966.14, down 21.33 points or 0.11%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,778.83, down 6.53 points or 0.17%.
- **Birling Capital US Bank Stock Index:** closed at 6,414.76, down 56.34 points or 0.87%.
- **US Treasury 10-year note:** closed 4.41%.
- **US Treasury 2-year note:** closed 4.31%.



GDPNow

Forecast for the Fourth Quarter

Date	GDPNow 4Q24	Change
10/31/24	2.70%	Initial Forecast
11/1/24	2.30%	-14.81%
11/5/24	2.40%	4.35%
11/7/24	2.50%	4.17%
11/15/24	2.50%	0.00%
11/19/24	2.60%	4.35%



Germany PPI, UK CPI, UK Core CPI, UK PPI Input & UK PPI Output





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