

GLOBAL MARKET SQUARE



Markets Close Higher as NVIDIA's Earnings Beat Expectations, Jobless Claims Fall, Indicating Continued Strength in the U.S. Labor Market, and Wall Street Closed Higher.

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The U.S. and European stock markets closed higher following several developments that positively impacted the markets. Investors are beginning a stock rotation from tech to broader segments of the economy.

A key segment of investors focuses on the earnings results from NVIDIA, the world's largest company by market capitalization. The industrial and energy sectors are leading the S&P 500, while most sectors are flat to slightly higher. The communication services sector needs to catch up with the U.S. Department of Justice's announcement on Wednesday, suggesting that Google should divest its Chrome browser to address concerns about monopolizing the online search market.

European stocks closed with gains, while most Asian markets saw declines overnight. Bond yields have remained stable, with the 10-year Treasury yield closing at 4.43% and the 2-year yield at 4.34%. Oil prices have risen by about 2% as ongoing tensions between Ukraine and Russia weigh on market sentiment.

NVIDIA Earnings Rise

With a quiet economic calendar this week, all eyes are on NVIDIA's earnings, which exceeded analyst expectations. The company reported quarterly earnings per share of \$0.81 and revenue of \$35 billion, both surpassing forecasts. Compared to last year's period, revenue surged 94%, and earnings per share more than doubled with a 103% increase. The data center division saw solid performance, fueled by the increasing adoption of artificial intelligence.

Despite the impressive quarterly results, NVIDIA's guidance for the upcoming quarter was just 1% above analyst projections, marking the smallest upward revision since 2022. The revision led to a slight dip in the stock price, but it quickly recovered to close up over 1.50%.

Jobless Claims Reflect Robust Labor Market

Initial jobless claims for last week fell to 213,000, below the expected 220,000 and down from the previous week's figure of 219,000. After a brief uptick in early October, jobless claims have since dropped and are well below the 30-year average of 326,000, indicating continued strength in the labor market.

With the labor market remaining strong and recent inflation data suggesting a slow path to the Federal Reserve's 2% target, markets are pricing in a 50% chance of a 0.25% rate cut by the Fed at its December meeting. A rate cut is likely, though with persistent economic activity and inflation above the 2% target, the Fed may implement a more gradual rate-cutting approach into 2025.

Corporate Earnings Parade:

- **Deere & Co (DE):** reported earnings for the third quarter of 2024 revenues were \$11,143 billion, down 28%; the net income was \$1,245 billion, down 47%, and the earnings per share was \$4.55, better than estimates. Deere has a Stock Price Objective of \$418.098. The Stock closed at \$437.68, up \$32.72.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 213,000, down from 219,000 last week, decreasing -2.74%.
- **U.S. Existing Home Sales:** rose to 3.96 million, up from 3.83 million last month, increasing 3.39%.
- **Kansas City Fed Manufacturing Production Index:** fell -4.000, down from 0.000 last month.
- **30-Year Mortgage Rate:** rose to 6.84%, compared to 6.78% last week.
- **Japan Consumer Price Index YoY:** fell to 2.50%, compared to 3.00% last month.

Eurozone Summary:

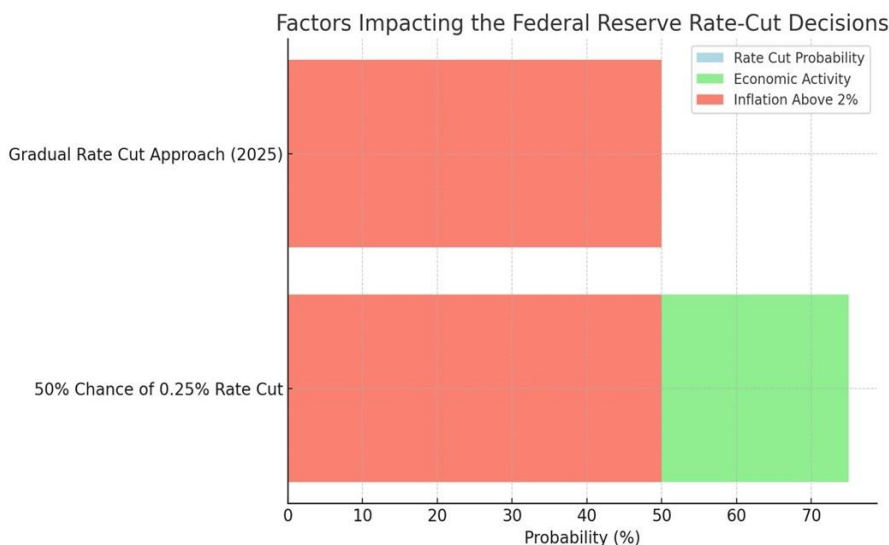
- **Stoxx 600:** Closed at 502.54, up 2.05 points or 0.41%.
- **FTSE 100:** Closed at 8,149.27, up 64.20 points or 0.79%.
- **DAX Index:** Closed at 19,146.17, up 141.39 points or 0.74%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,870.35, up 461.88 points or 1.06%.
- **S&P 500:** closed at 5,948.71, up 31.30 points or 0.53%.
- **Nasdaq Composite:** closed at 18,972.42, up 6.28 points or 0.03%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,786.35, up 7.52 points or 0.20%.
- **Birling Capital U.S. Bank Stock Index:** closed at 6,390.61, down 24.15 points or 0.38%.
- **U.S. Treasury 10-year note:** closed 4.43%.
- **U.S. Treasury 2-year note:** closed 4.34%.



Federal Reserve Bank Factors Impacting the Rate Cut Acions





US Initial Claims for Unemployment, US Job Openings and US Job Seekers

- US Initial Claims for Unemployment Insurance 213000.0
- US Job Openings: Total Nonfarm 7.443M
- US Unemployed Persons: Job Seeker 6.12M



US Existing Home Sales & 30-Year Mortgage Rate



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