

# GLOBAL MARKET SQUARE



## Markets Rally as U.S. Election in A Dead Heat; All Eyes on Fed Rate Decision and Q3 Earnings Resilience.

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The U.S. and European markets closed this trading session with mixed results. According to the latest polls, U.S. investors turned their attention to the presidential election today, which is a dead heat between Vice President Harris and Former President Trump.

The NY Times/Siena College Poll has Harris at 49% and Trump at 48%. The Predictit.org app has Harris at 53 cents and Trump at 53 cents; just a week ago, Trump was at 60 cents and Harris at 45 cents. Check it out for yourselves: [www.predictit.org](http://www.predictit.org).

In the U.S., stocks rallied today, with small- and mid-cap stocks outpacing large-cap gains. Sectors saw broad participation, led by solid performances in consumer discretionary and industrial stocks. Bond yields declined as markets scaled back their expectations for significant interest-rate cuts from the Federal Reserve, signaling a potential shift to a more gradual approach. Overseas, Asian and European markets were generally positive. Meanwhile, the U.S. dollar weakened against major currencies, while commodities saw gains—WTI oil rose following OPEC+'s decision to delay its planned production increase, and gold prices increased.

### Markets Eye Presidential Election Outcome and FOMC Decision

With a closely contested presidential race underway, the potential for recounts or delayed results could introduce short-term volatility. Although political uncertainty may weigh on sentiment, we believe long-term market performance will ultimately be driven by economic fundamentals, which remain sound but show signs of moderation. The resolution of election results should bring clarity and lift the uncertainty that has influenced markets for months.

On the monetary policy front, investors are anticipating Thursday's conclusion of the Fed's FOMC meeting. A likely 0.25% rate cut is expected, bringing the target range to 4.5%–4.75%. Another rate cut could also be in store for December.

### Corporate Earnings Show Resilience

Corporate earnings for the third quarter have mainly been positive, with 76% of companies having reported and 74% exceeding analysts' estimates. This has led to an annual earnings growth of 5.2%. Notably, eight out of eleven sectors posted year-over-year earnings growth, with energy, industrials, and materials representing the few declining sectors, collectively accounting for less than 15% of the S&P 500's market capitalization. This broad-based earnings strength has driven a rotation in sector leadership over recent months, with real estate, financials, utilities, and consumer discretionary stocks outperforming the communication services sector, which led earlier in the year.

### GDPNow 4Q Forecast Update:

- The GDPNow fourth-quarter forecast was updated on November 5 to 2.4% GDP, up from 2.30% on 11.1.24 and an increase of 4.35%.

## Key Economic Data:

- **U.S. ISM Services PMI:** rose to 56.00, up from 54.90 last month, increase U.S. 2.00%.
- **U.S. ISM Services New Orders Index:** fell to 57.40, down from 59.40 last month, decrease U.S. 3.37%.
- **U.S. ISM Services Employment Index:** rose to 53.00, up from 48.10 last month, increase U.S. 0.19%.
- **U.S. ISM Services Prices Paid Index:** fell to 58.10, down from 59.40 last month, decreased by USD 2.19%.
- **U.S. Trade Balance on Goods:** is at -\$108.98 billion, down from -\$94.83 billion last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 509.41, up 0.20 points or 0.039%.
- **FTSE 100:** Closed at 8,172.39, down 11.85 points or 0.14%.
- **DAX Index:** Closed at 19,253.44, up 105.59 points or 0.55%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,221.88, up 427.88 points or 1.02%.
- **S&P 500:** closed at 5,782.76, up 70.07 points or 1.23%.
- **Nasdaq Composite:** closed at 18,439.17, up 259.19 points or 1.43%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,522.84, down 12.65 points or 0.36%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,690.28, down 70.48 points U.S. 1.22%.
- **U.S. Treasury 10-year note:** closed 4.26%.
- **U.S. Treasury 2-year note:** closed at 4.19%.

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