

The Pre-Elections Cautious Tone Spreads in Wall Street as Stocks Retreat, McDonald's Under Pressure, Coca-Cola and Hilton Report Earnings that Surpass Estimates.

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The U.S. and European stock markets fell again in today's trading as markets adopted a cautious tone in early trading today. On the corporate news, McDonald's shares are under pressure after a CDC report linked an E. coli outbreak to one of its restaurants. Additionally, Coca-Cola and Hilton Hotels also reported earnings surpassing estimates; we discuss their results below.

Overseas, Asian markets had a mixed session overnight. Japan's Nikkei saw a slight decline, while Chinese markets mainly posted positive results.

On the economic front, the Bank of Canada reduced its policy rate by 0.5%, bringing its target rate to 3.75%, following the footsteps of the U.S. Federal Reserve. Meanwhile, bond yields are ticking higher this Wednesday, with the 10-year Treasury yield closing at 4.24%, marking its highest since July.

Third-Quarter Earnings Take Center Stage

As the macroeconomic calendar remains light, investor attention is shifting to corporate earnings reports. Approximately 20% of S&P 500 companies report this week, headlined by Tesla's results after today's close. So far, around 77% of S&P 500 companies have exceeded earnings expectations, with overall earnings growth expected at about 2%.

Sector-wise, information technology and communication services are expected to lead with double-digit growth for the third quarter. As we begin to direct our attention to the coming year, 2025, the S&P 500 earnings are projected to grow by 15%, with all 11 sectors anticipated to post positive earnings growth. While a 15% growth outlook may seem optimistic, a supportive macroeconomic environment could continue to bolster corporate profits and extend the current bull market.

Year-to-Date Performance Check

The S&P 500 has delivered strong returns in 2024, up 22.67% through yesterday's close. This year has seen a broader range of sectors driving the rally, unlike 2023's tech-dominated market. While information technology and communication services have gained over 20% year-to-date, utilities, financials, and industrials have also returned more than 20%, with all 11 S&P 500 sectors delivering gains of over 9%.

A combination of Fed rate cuts and healthy economic and corporate profit growth will continue to support equity markets in the quarters ahead.

Corporate Earnings Parade:

- **Coca-Cola Co (KO)** reported 3Q24 revenues of \$11.85 billion, down 1%, net income of \$2.848 billion, down 18%, and earnings per share of \$0.66, beating estimates. Coca-Cola has a stock price objective of \$74.80. The Stock closed at \$62.08, down —\$1.43.

- **Hilton Worldwide Holdings, Inc. (HLT)** reported 3Q24 revenues of \$2,867 billion, up 7.25%, net income of \$344 million, down 9.23%, and earnings per share of \$1.38. Hilton has a stock price objective of \$224.09. The Stock closed at \$233.51, down —\$4.62.

Key Economic Data:

- **U.S. Existing Home Sales:** fell to 3.86 million, down from 3.96 million last month.
- **U.S. Existing Home Sales MoM:** fell by -2.53%, compared to 1.54% last month.
- **Eurozone Consumer Confidence Indicator:** is at -12.90, up from -13.40 last month.
- **Eurozone Economic Sentiment Indicator:** is at 96.20, down from 96.50 last month, decreasing - 0.31%.
- **China Exports YoY:** fell to 2.43%, compared to 8.73% last month.
- **China Imports YoY:** fell 0.32%, compared to 0.46% last month.
- **China Trade Balance:** fell to 81.71 billion, down from 91.02 billion last month, decreasing - 10.23%.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.84, down 1.56 points or 0.30%.
- **FTSE 100:** Closed at 8,258.64, down 47.90 points or 0.58%.
- **DAX Index:** Closed at 19,377.62, down 44.29 points or 0.23%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,514.95 down 409.94 points or 0.96%.
- **S&P 500:** closed at 5,797.42, down 53.78 points or 0.92%.
- **Nasdaq Composite:** closed at 18,276.65, down 296.48 points or 1.60%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,683.54, up 35.27 points or 0.97%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,780.75, up 55.28 points or 0.97%.
- **U.S. Treasury 10-year note:** closed at 4.24%.
- **U.S. Treasury 2-year note:** closed at 4.07%.



US Existing Home Sales & US Existing Home Sales MoM

VAL
● US Existing Home Sales 3.86M
● US Existing Home Sales MoM -2.53%





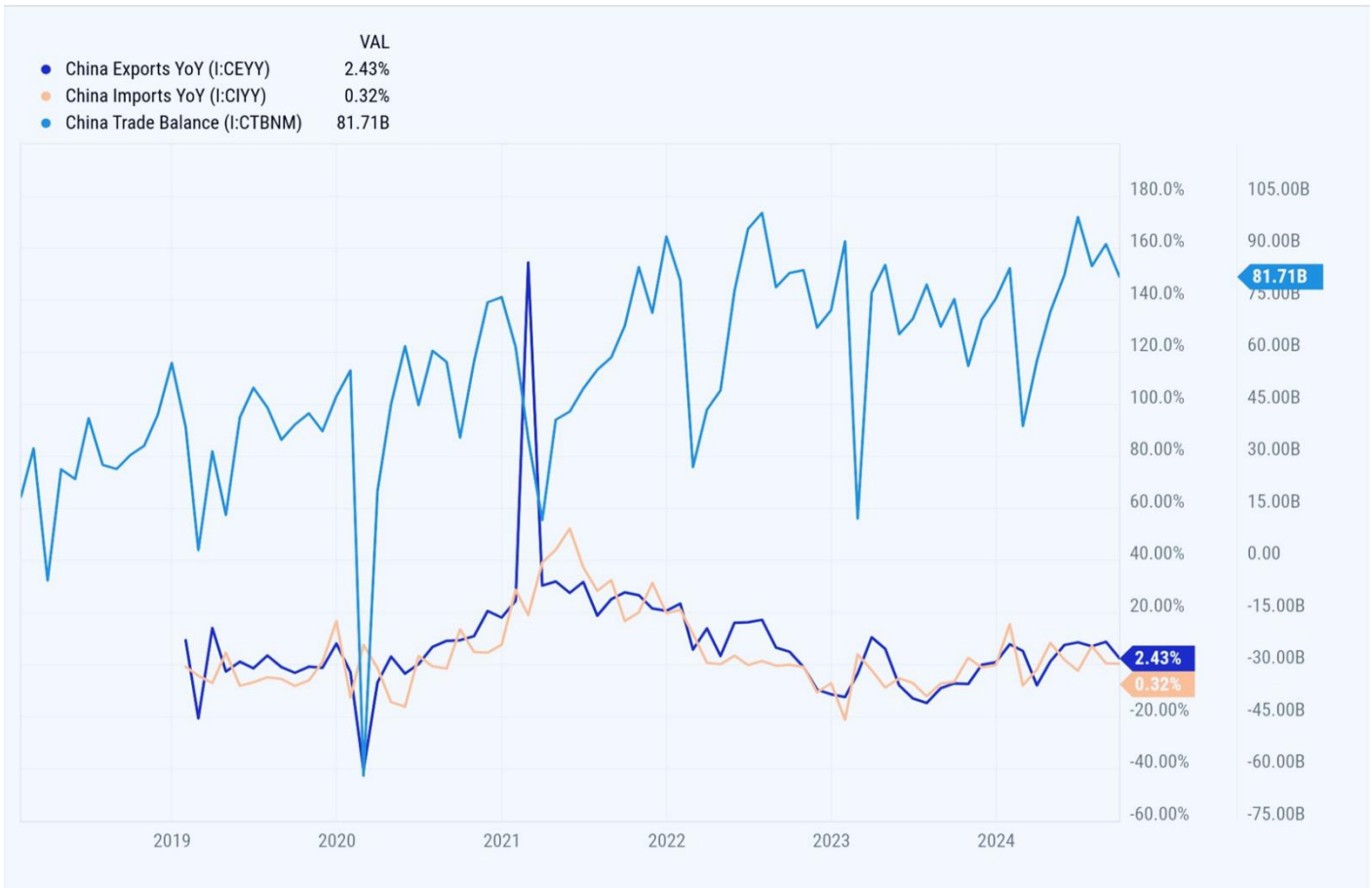
Eurozone Consumer Confidence Indicator & Eurozone Economic Sentiment Indicator

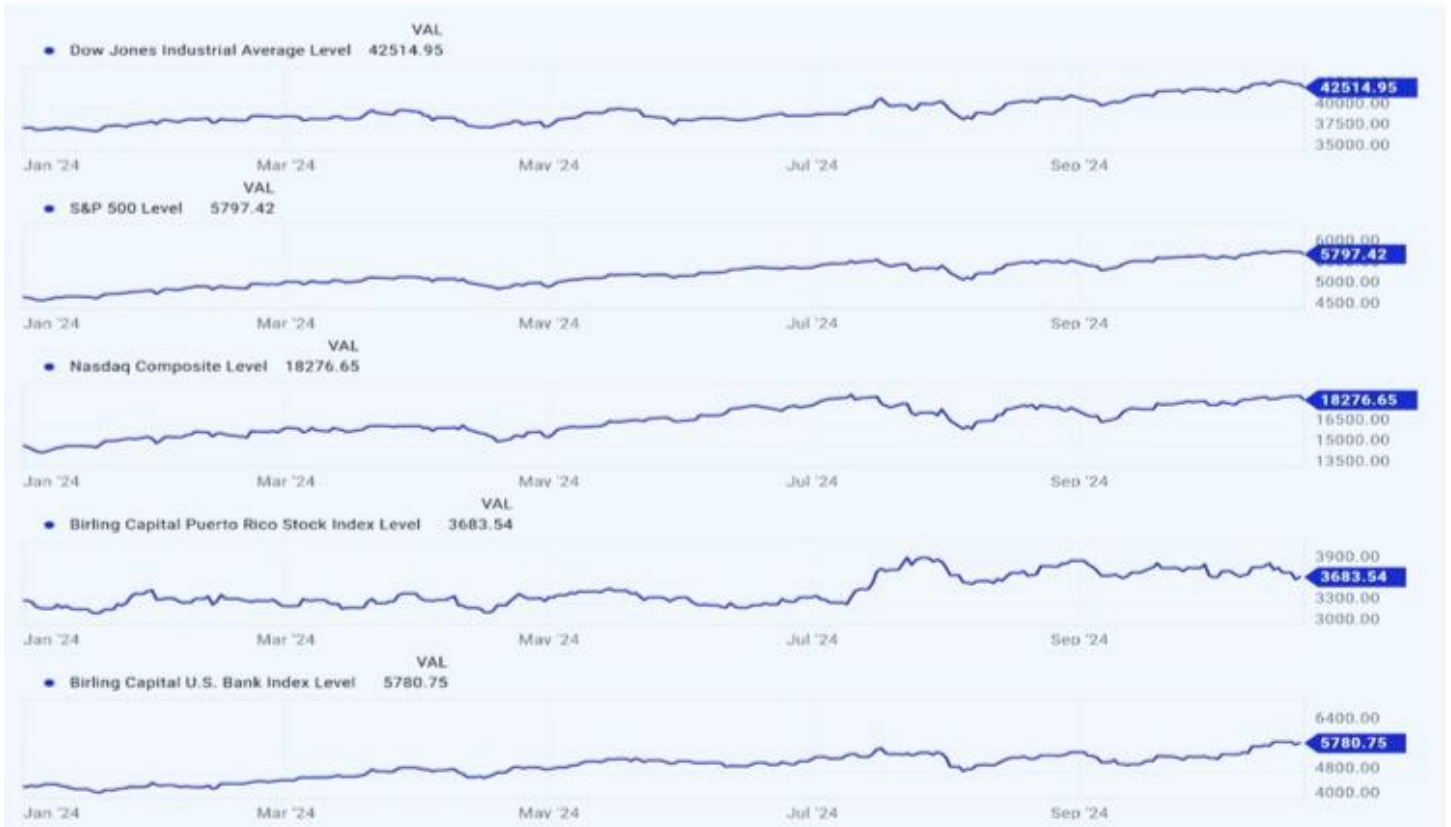
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- Eurozone Consumer Confidence Indicator -12.90
- Eurozone Economic Sentiment Indicator 96.20



China Exports YoY, China Imports YoY and China Trade Balance





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