

10/27/24[✦]

Sunday Dump

WEEKLY NEWSLETTER



Welcome to the Sunday Dump, your weekly 5 minute digest of the most exciting developments in finance, economics and current events.

Markets



This week's market sentiment was cautious, as investors weighed mixed signals across sectors and economic data. The S&P 500 fell by 0.85%, and the Dow dropped 2.56%, signaling concerns over economic uncertainty. Meanwhile, the NASDAQ managed a slight rise of 0.34%, driven by resilience in tech stocks. The energy sector, represented by companies like ExxonMobil and Chevron, declined amid fluctuating oil prices, reflecting a complex mix of demand concerns and the sector's long-term shift towards renewable energy.

Looking forward, the market may experience continued volatility as investors assess upcoming economic reports and any further guidance from the Federal Reserve on interest rates. As sectors like energy face structural transitions, and tech companies remain a source of optimism, the market will likely see a tug-of-war between traditional sectors and high-growth tech stocks. Keeping an eye on economic indicators, especially inflation and labor data, will be essential for understanding the market's trajectory in the months ahead.

The Economy and the Election



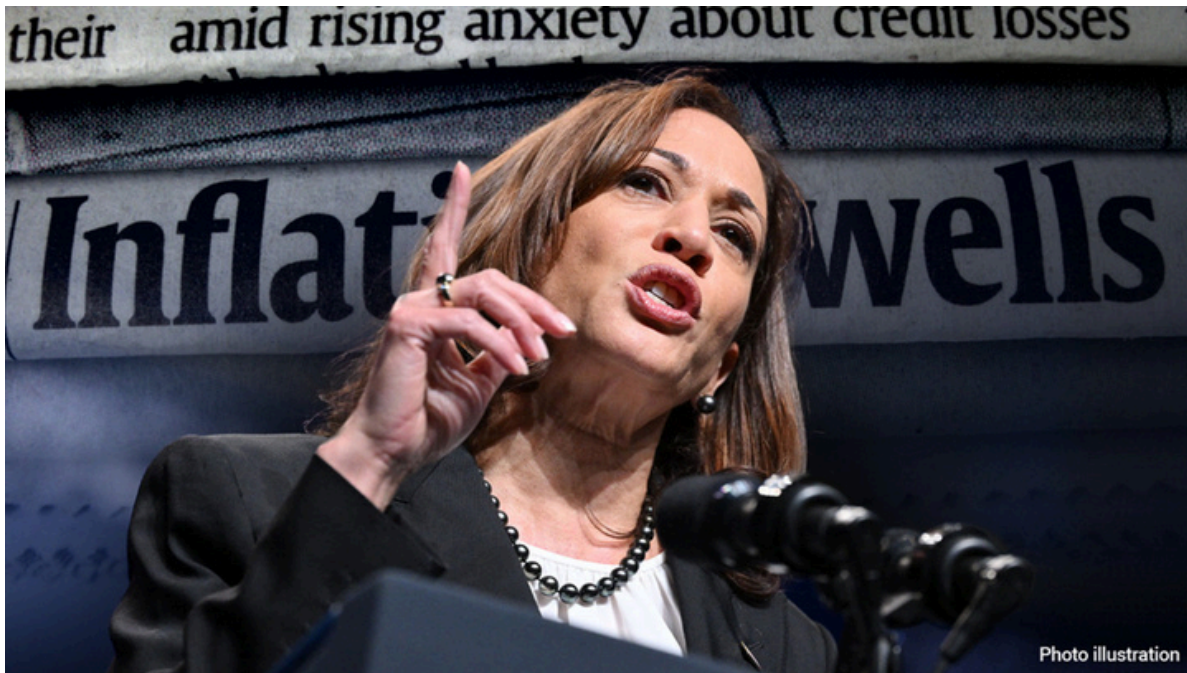
Tariffs and Trade:

We're a little over a week from the American presidential election, and the race is as tight as ever. A key concern for voters is the economy, and one of the principal issues on which Harris and Trump have clashed is tariffs.

A tariff is a tax on imported goods. In addition to raising revenue for the government, the primary purpose of tariffs is to increase the prices of foreign products, making domestic products more attractive and benefiting domestic manufacturers. However, tariffs also serve to harm foreign manufacturers by decreasing their sales.

Many economists disagree with placing tariffs because it raises the price consumers have to pay. As a result, it decreases the total amount of goods consumers can buy. Tariffs can also cause reactionary tariffs. For example, if America imposes a tariff on China, China can impose a tariff on America, harming American manufacturers.

The Economy and the Election



Inflation:

The United States is not the only country attempting to lower inflation without causing a recession, known as a “soft landing”. Many developed countries around the world are experiencing or have experienced similar success. But while the inflation rate is going down, prices themselves are not. The cumulative price increases still affect buyers who are not quite used to the prices relative to what they were just a few years ago.

Mortgage rates have also not continued to fall as many hoped. Though mortgage rates loosely follow the federal funds rate controlled by the Fed, they’re not required to strictly follow it. Mortgage rates had already dropped significantly in anticipation of the September rate cut, so they have little room to further decrease.

This issue will also have an obvious importance on November 5th. Harris seeks to distance herself from inflation associated with the Biden administration while arguing her economic plan can help reduce it. Trump meanwhile hopes to pin inflation on Harris’s record and insists inflation will return to pre-Covid levels if he is elected.

Stock of the Week



Tesla's (TSLA) stock has seen notable volatility this year, yet a strong Q3 report and positive forecast have reignited investor interest. After rebounding to breakeven year-to-date, shares surged 22% last week. In Q3, Tesla achieved a 6% YoY rise in deliveries, driven by 5% growth in Model 3 & Y sales and a 43% increase in other models, including the Cybertruck. Production rose 9%, contributing to 8% revenue growth totaling \$25.2 billion.

Additionally, regulatory credits, which incentivize companies to reduce emissions, rose 33% to \$739 million, increasing profit margins to 19.8%. Adjusted EPS came in at \$0.72, easily surpassing expectations. Looking forward, Tesla projects delivery growth of 20-30% in 2025, aided by new, more affordable models expected next year. Meanwhile, autonomous technology continues advancing, with Tesla aiming for full autonomy across its lineup. Given the strong fundamentals and expansion into autonomous tech, Tesla appears positioned for future growth.

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Upcoming Week...

WEEK OF 10/27/24

Monday

Tuesday

- JOLTS Job Openings

Wednesday

- Advance GDP q/q

Thursday

- Core PCE Price Index m/m
- Unemployment claims

Friday

- Non-Farm Employment Change

Sat-Sun

- Sunday Dump Seminar

● Key Economic Data

● Key Stock Events

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Thanks for reading



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