

8/4/24[★]

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



Markets faced another challenging week, with major indices showing mixed results in response to economic data and earnings reports. The NASDAQ dropped 3%, the S&P 500 slipped 1.5%, and the Dow Jones Industrial Average remained relatively stable with a minor decline of 0.5%.

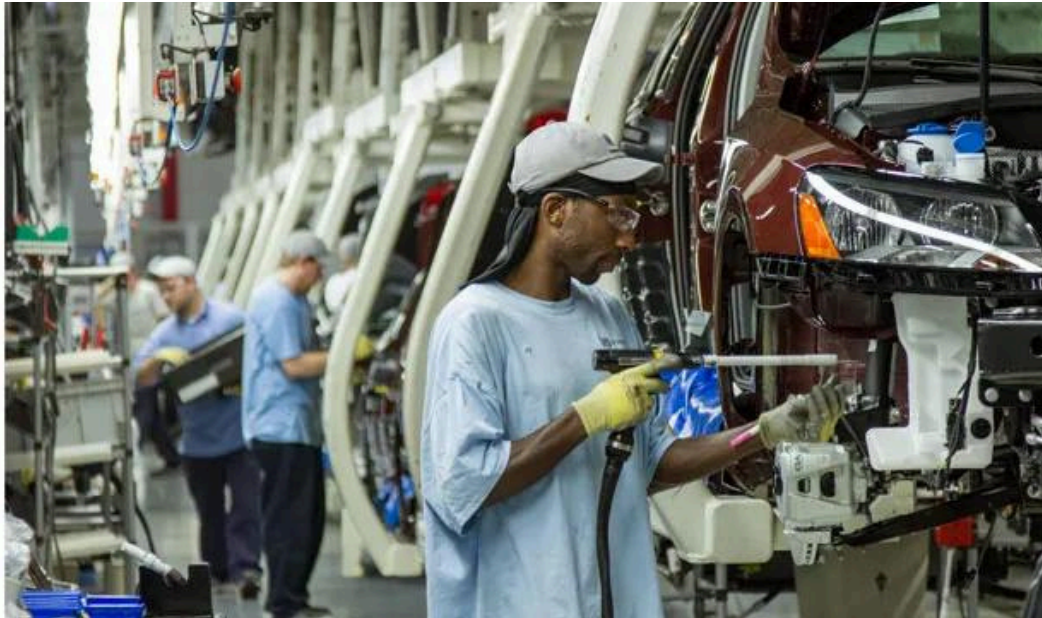
Tech Tango

Earnings reports from major tech companies also influenced market sentiment. Amazon reported strong earnings per share, beating Wall Street expectations. However, investors were closely looking at Amazon's revenue, Amazon Web Service, and their advertising, which all reported weaker-than-expected numbers. The weak revenue and advertising are evident from Amazon's sluggish growth in its core retail business, driven by cheaper competitors such as Temu and Shein. Likewise, the lower-than-expected AWS numbers were due to a slower rate of development compared to Microsoft and Google. META exceeded expectations with increased ad revenue and user growth. Apple's earnings met analysts' forecasts, though its guidance for the next quarter was cautious, citing supply chain challenges and potential slowing demand in Asian markets.

The ongoing rotational trade away from tech stocks continues, with investors reallocating funds towards sectors expected to benefit more from potential economic shifts. Despite strong individual performances, the broader tech sector faces uncertainty and scrutiny regarding its future growth amid possible fluctuating interest rates come September.

This week's market activity underscores the impact of economic indicators and corporate earnings, shaping investor sentiment and driving sector rotations.

Economic Data



On Friday, the Bureau of Labor Statistics released its monthly nonfarm payroll, with additional jobs and employment being lower than expected. Although estimates for July were around 180,000 new jobs, the economy only added 114,000. Concerningly, the information sector, known for providing better quality and higher-paying jobs, lost 20,000 jobs in the last month.

Unemployment also rose to 4.3 percent, triggering Sahm's rule. Named after Claudia Sahm, the rule predicts a recession if the three-month average for unemployment is at least 0.5 percentage points higher than the twelve-month low. Since last July, when unemployment was at a low of 3.5 percent, it has only risen, and over the last three months it has averaged 4.1 percent.

This report casts doubt on whether the Fed will be successful in performing what is known as a “soft landing.” A soft landing is when an economy gets out of an inflationary period without a recession. Because the same policies that reduce inflation often increase unemployment, a soft landing is notoriously difficult, the last one occurring between 1994 to 1995.

Stock of the Week



Coca-Cola (KO) rose 3.2% over the past week, with its stock price increasing from \$67.00 on July 27 to \$69.14 on August 2. This growth was driven by strong Q2 2024 earnings, reporting an EPS of \$0.84, beating the analyst estimate of \$0.81, and revenues of \$12.36 billion, a 5.13% beat over expectations. Coca-Cola also raised its full-year guidance, reflecting increased global demand and effective pricing strategies.

In addition to strong financials, Coca-Cola is known for its long-term investment appeal. The company consistently adapts through innovations such as packaging advancements in India and AI-driven pricing strategies in Latin America. Despite a significant challenge involving paying the IRS \$6 billion back in tax agreements, Coca-Cola's resilience and strategic initiatives help maintain its market strength. The company has a market cap of \$298.8 billion and a P/E ratio of 24.9, underscoring its stability and potential for long-term growth.

Sunday Dump


Upcoming Week...

WEEK OF 8/04/24

Monday

 \$PLTR Earnings

Tuesday


 ISM Services
PMI

 \$SMCI Earnings

Wednesday

 \$SHOP Earnings

Thursday


 Unemployment
Claims

 \$BABA Earnings

Friday

 \$EVRG Earnings

Sat-Sun

 Sunday Dump
Seminar

 Key Economic Data

 Key Stock Events

8/04/24[★]

Thanks for reading



SUNDAY DUMP'S WEEKLY
NEWSLETTER

Written by Rishabh Shekdar, Saksham Gupta, Advait Praveen,
Mark Dutta, Seiji Yoshihira, Arjun Arya, and Abhinav Maramraju
