

News highlights

- October ended with an impressive return for developed equity markets.
- Despite some high-profile companies, including Amazon, Apple and Starbucks missing earnings forecasts due to supply chain bottlenecks, cost pressures and labor shortages, on the whole, 3rd quarter earnings have pleasantly surprised to the upside.
- With about 56% of S&P 500 companies having reported so far, earnings growth is up by a robust 36.6% year-on-year, well ahead of the expectation for 27.4% growth predicted at the end of September. Furthermore, all 11 sectors are reporting year-over-year earnings growth, led by the Energy, Materials, Industrials, Information Technology, Financials, and Communication Services sectors.
- Tesla crossed the one-trillion-dollar market cap threshold after Hertz car rentals ordered 100,000 Tesla Model 3 vehicles. The same sedan model ordered by Hertz was the top-selling vehicle in Europe in September 2021 marking the first time that EVs outsold combustion engines.
- The White House issued a revamped tax plan, including a 15% minimum corporate tax, a 1% surcharge on stock buybacks and a millionaire surtax. The outline notably excludes increases in the corporate income tax rate and personal tax rates directly, with financial markets viewing this shift in tax plans as a positive, not affecting earnings growth
- On fixed income, the flattening of the yield curve was at full speed with 2-year government yields under intense pressure. The changes in the tone of the Bank of Canada and of the Bank of Australia to rein accommodative monetary policy reverberated around the world
- The ECB maintained its existing policies, while acknowledging that inflation could "take longer to decline than initially expected" but reiterating the view that the rate of consumer inflation should slow to less than 2% by 2023.
- This week will be another busy one for market participants and is highlighted by policy decisions from the Federal Reserve and the Bank of England. The market also enters the second half of the 3Q earnings season, with 168 S&P 500 and 85 Stoxx 600 companies reporting during the week

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	4 631	1,2%	23,28%	30,12%	122,1%
Nasdaq	15 650	2,7%	21,43%	28,16%	210,1%
Dow Jones	36 053	0,8%	17,79%	24,32%	101,5%
Europe					
Stoxx 50	4 296	1,7%	20,9%	20,9%	45,4%
DAX	15 954	1,3%	16,3%	16,3%	55,5%
CAC	6 927	2,4%	24,8%	24,8%	58,2%
FTSE	7 275	0,0%	12,6%	18,6%	8,7%
AEX	812	-0,6%	30,0%	30,0%	84,4%
BEL 20	4 333	2,7%	19,7%	19,7%	26,0%
SMI	12 321	1,4%	15,1%	18,0%	62,3%
EM & Asia					
Nikkei 225	29 521	1,4%	7,57%	3,48%	74,6%
Hang Seng	25 100	-3,6%	-7,83%	-3,07%	10,9%
CSI300	4 840	-2,5%	-7,13%	-0,03%	44,3%
India	60 029	-2,2%	25,71%	29,91%	120,1%
Russia	4 208	-0,7%	27,93%	41,26%	114,4%
Brazil	105 551	-0,8%	-11,31%	-14,37%	71,4%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD	5 Years
US				
Government	1,13	0,4%	-2,5%	12,6%
Investment Grade	2,14	0,4%	-1,1%	25,2%
High Yield	4,25	0,1%	4,4%	37,5%
Europe				
Government	0,09	0,2%	-2,9%	8,4%
Investment Grade	0,43	0,2%	-0,6%	9,2%
High Yield	3,39	0,0%	3,1%	22,4%
EM				
Global HC USD	3,98	0,0%	-1,6%	22,7%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1,16	-0,1%	-5,2%	-10,5%
JPY	131,96	-0,3%	4,6%	31,1%
CHF	1,06	-0,7%	-2,1%	-12,5%
GBP	0,85	1,0%	-4,8%	6,7%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	84,72	-1,9%	63,6%	72,6%	-22,8%
Gold	1 787,76	-0,3%	-5,8%	-0,6%	1,3%

Source: Bloomberg, BIL, as at 02/11/2021

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