



KN Market View

Main Topics

Key Events. China loan prime rate was cut by 10 bps to 3.35%, reaching a new all-time low. **Taiwanese exports** rose 3.1% yoy, **missing market expectations of a 12.5% growth**. This week, the US will be in focus with the highly anticipated Federal Reserve interest rate decision.

Government Bonds and Currencies. Peso continues to decline as **Yen strengthens**, reaching a two-month high against the Dollar.

Commodities. Silver sank on worries about slack global demand. **Wheat trading at its three year low**.

Stocks. The Nikkei closed at its three-month low on higher rates.

Crypto. Kamala Harris aims to eradicate Bitcoin...

Weekly Paper Picks. **The Three Types of Backtests**.

Get access to our distribution list and receive our latest publications.

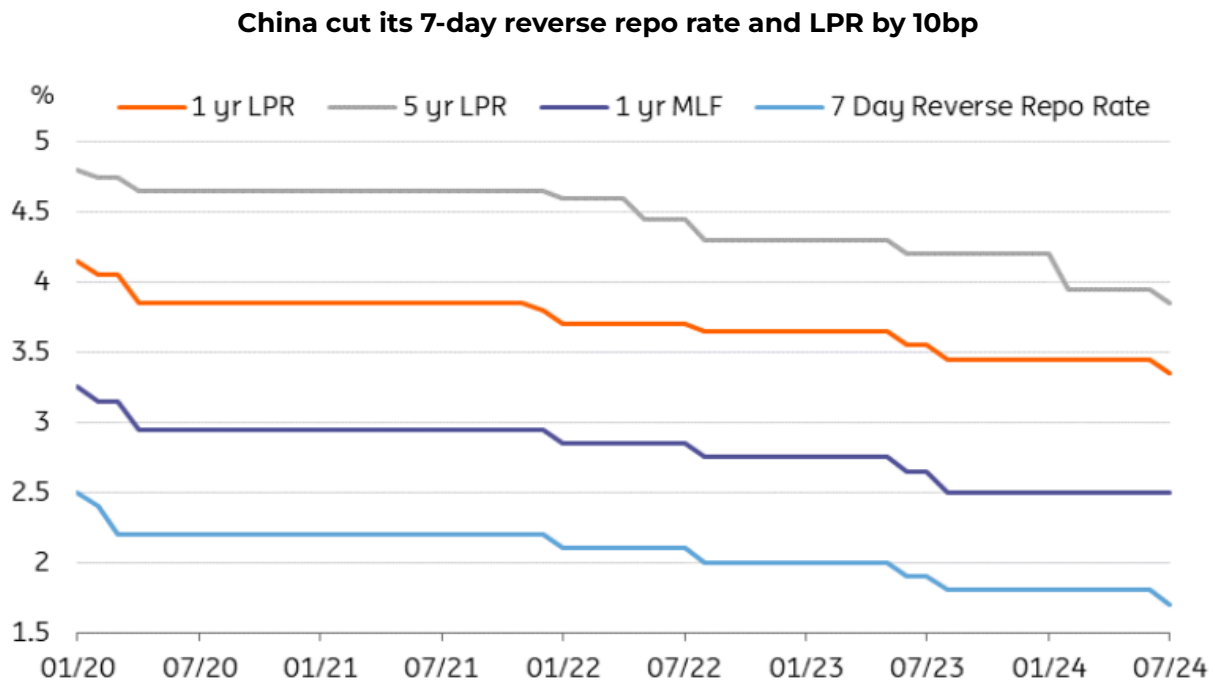
[Join Our Community!](#)



Key Events

Economy at a glance

China loan prime rate was cut by 10 bps to 3.35%, reaching a new all-time low. “Chinese commercial banks' net interest margins are already at record lows and non-performing loans have been growing rapidly. Rate cuts will likely add to the pressure on Chinese banks; these pressures could increase further if the MLF is not soon lowered, as many banks still draw upon the facility for medium-term financing needs, with RMB 2.29tn of volume in the first half of the year” [link](#).

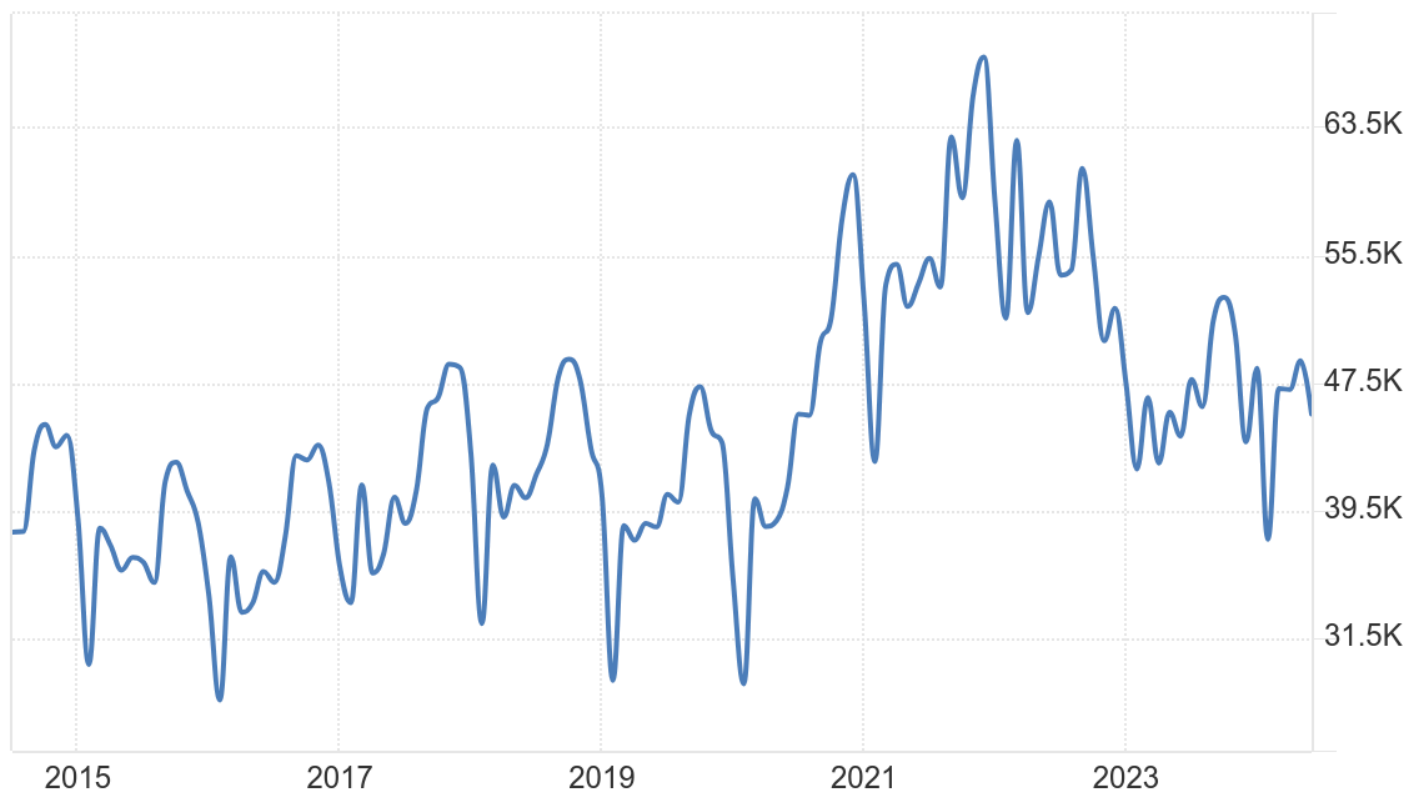


Source: PBOC, ING



“Orders for Taiwanese exports rose 3.1% year-on-year to USD 45.56 billion in June 2024, **missing market expectations of a 12.5% growth** and moderating from a 7% increase in the previous month. The sharp slowdown was attributed to an easing of demand for chemicals (9.5% vs 17.1% in May), plastics & rubbers (2.7% vs 8.6%), electronic products (6.3% vs 9.2%), **information & communication products (3.6% vs 11.4%)**, and optical, photographic, cinematographic apparatus (5.8% vs 7%)” [link](#).

Taiwan Export Orders



Source: Trading Economics



In line with market expectations, **Canada lowered its key interest rate by a quarter point to 4.5%**. The central bank had previously held the rate steady at 5% for ten months before initiating its easing cycle.

New orders for manufactured **durable goods in the US slumped 6.6%**, after four consecutive monthly increases and missing market expectations of a 0.3% increase. **Transportation equipment drove the decrease, down by 20.5%**, namely orders of motor vehicles and parts (-0.1%), nondefense aircraft and parts (-127.2%) and defense aircraft and parts (-10%).

This week, the US will be in focus with the highly anticipated **Federal Reserve interest rate decision** and the **release of the nonfarm payrolls** report. The earnings season will also ramp up, with major tech giants Microsoft, Meta, Apple, and Amazon reporting results.

Globally, **central banks in the UK, Japan, and Brazil will announce their monetary policy decisions**. A flurry of inflation data will be released from countries including Spain, Germany, Australia, the Netherlands, France, Poland, the Eurozone, Italy, South Korea, and Switzerland. Economic growth figures will also be unveiled for France, Spain, Germany, Italy, the Eurozone, and Mexico.



Asia will also be in the spotlight, with **China releasing closely watched manufacturing and services PMIs**. Manufacturing PMIs will also be published for South Korea, Russia, Spain, Italy, and Canada.

Next week's earnings

	Company	Release Date	Exp. EPS	Time	MktCap (USD)	Country	Sector
MCD	McDonald's Corporation	Mon, Jul 29	\$3.08	BMO	\$183,337	US	Consumer Cyclical
MSFT	Microsoft Corporation	Tue, Jul 30	\$2.90	AMC	\$3,215,812	US	Technology
PG	The Procter & Gamble Company	Tue, Jul 30	\$1.37	BMO	\$395,276	US	Consumer Defensive
MRK	Merck & Co., Inc.	Tue, Jul 30	\$2.16	BMO	\$333,926	US	Healthcare
LTMAY	LATAM Airlines Group S.A.	Tue, Jul 30	\$0.14	--	\$314,489	CL	Industrials
LRLCF	L'Oréal S.A.	Tue, Jul 30	-	BMO	\$259,342	FR	Consumer Defensive
AMD	Advanced Micro Devices, Inc.	Tue, Jul 30	\$0.67	AMC	\$256,929	US	Technology
PFE	Pfizer Inc.	Tue, Jul 30	\$0.45	BMO	\$158,835	US	Healthcare
SPGI	S&P Global Inc.	Tue, Jul 30	\$3.63	BMO	\$134,175	US	Financial Services
META	Meta Platforms, Inc.	Wed, Jul 31	\$4.69	AMC	\$1,287,215	US	Communication Services
MA	Mastercard Incorporated	Wed, Jul 31	\$3.51	BMO	\$414,226	US	Financial Services
TOYOF	Toyota Motor Corporation	Wed, Jul 31	\$0.00	BMO	\$276,114	JP	Consumer Cyclical
QCOM	QUALCOMM Incorporated	Wed, Jul 31	\$2.25	AMC	\$232,708	US	Technology
TMUS	T-Mobile US, Inc.	Wed, Jul 31	\$2.27	BMO	\$209,058	US	Communication Services
HBCYF	HSBC Holdings plc	Wed, Jul 31	-	BMO	\$162,682	GB	Financial Services
ARM	Arm Holdings plc American Depositary Shares	Wed, Jul 31	\$0.35	AMC	\$149,724	GB	Technology
SBGSF	Schneider Electric S.E.	Wed, Jul 31	-	BMO	\$135,991	FR	Industrials
AAPL	Apple Inc.	Thu, Aug 1	\$1.34	AMC	\$3,176,459	US	Technology
AMZN	Amazon.com, Inc.	Thu, Aug 1	\$1.03	AMC	\$1,948,428	US	Consumer Cyclical
SHEL	Shell plc	Thu, Aug 1	\$1.82	BMO	\$225,511	GB	Energy
COP	ConocoPhillips	Thu, Aug 1	\$2.06	BMO	\$132,301	US	Energy
NSARP	NSTAR Electric Company PFD 4.25%	Fri, Aug 2	-	BMO	\$23,768,098,816	US	Utilities
XOM	Exxon Mobil Corporation	Fri, Aug 2	\$2.04	BMO	\$503,187	US	Energy

Source: KaxaNuk and FMP



Government Bonds and Currencies

Peso continues to decline as Yen strengthens, reaching a two-month high against the Dollar

The peso is facing challenging weeks, dropping **2.29%** against the dollar this week to an exchange rate of **18.45 pesos per dollar**. Political uncertainty, both domestic and international, has eroded what was one of the best-performing currencies recently. Investor uncertainty is rising due to the threat of fast-track constitutional reforms driven by the ruling party's overwhelming majority.

Mexican Peso



Source: Trading Economics



Additionally, the potential return of Trump to the White House is affecting the nearshoring trend. Tesla has delayed the construction of its new plant in Nuevo León, citing political uncertainty and halting a 10 billion dollar investment, stating “there is nobody running out and embracing Mexico’s golden moment of nearshoring anymore” [link](#).

However, from the other side of the world, another challenge for the peso is beginning to emerge. This week, the **Yen** appreciated by **2.40%** against the dollar, reaching its highest value in the last two months. This movement is due to expectations that the gap between interest rates in Japan and the United States will start to close, with the possible decrease in rates by the FED in September and the likelihood that the Japanese central bank will increase its rate during its meeting on Wednesday.

The strengthening of the yen translates to “a massive retreat in the global carry trade that used low-yielding currencies like Japan’s to fund investments in higher yields such as Mexico’s peso” [link](#).

In the bond market, as we mentioned last week, the appeal of emerging markets is diminishing due to various risk factors that have led investors to opt for less volatile markets. However, there is one country whose bonds seem unaffected by this trend: South Africa.

The political stability following the elections, which has allowed the formation of a coalition government, has been well-received by investors.



Inflation and monetary policy are also moving in the right direction. A measure of South African inflation expectations has dropped to the central bank's target point of 4.5%, reinforcing bets for a policy easing cycle to begin in September" [link](#). Resulting in a **17 bps** decrease in the yield of its 10-year government bonds this week.

South Africa 10-Year Government Bond Yield



Source: Trading Economics



Commodities

Natural Gas prices continued under pressure

“US natural gas futures fell toward \$2/MMBtu after the EIA reported a larger-than-expected storage build. US utilities added 22 billion cubic feet (Bcf) of gas into storage last week, surpassing market expectations of a 15 Bcf increase. **Gas storage levels are now 16.4% above the 5-year average**” [link](#).

Natural Gas



Source: Trading Economics



Silver sank on worries about slack global demand

“Silver held below \$28 per ounce on Friday and was set to decline for the third consecutive week amid a dismal industrial outlook and persistent demand concerns in top consumer China. **Expectations that silver demand from the renewable energy sector would lead to a shortfall in the coming years have largely been priced in by markets,** leading investors to unwind long silver bets.” [link](#).

Silver

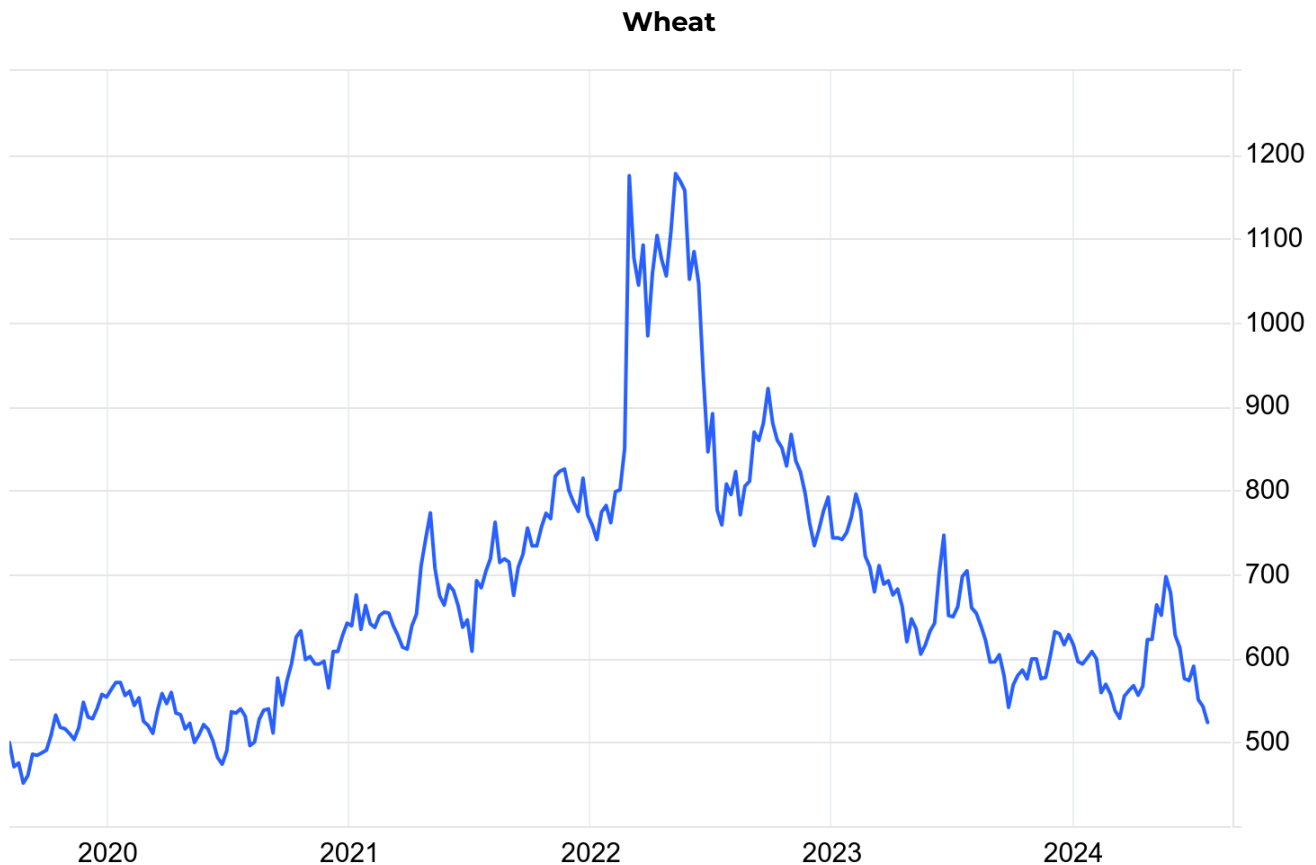


Source: Trading Economics



Wheat trading at its three year low

“Wheat prices fell to \$5.4 per bushel following the USDA's report indicating that the US winter wheat harvest is 71% complete, far exceeding the five-year average. Improved weather conditions in Russia have also enhanced the wheat outlook, with the crop forecast increasing to 83.2 million tons. In response to lower prices, **Egypt made its largest wheat purchase in two years, acquiring 770,000 tons, mostly from Russia, marking the biggest deal since June 2022** ” [link](#).



Source: Trading Economics



Stocks

Tech and Asia suffer losses led by Japan. The Nikkei closed at its lowest level in about three months as investors geared up for the Bank of Japan's policy meeting next week which could see potential rate hikes.

Main Equity Markets Movers WoW

Major	Price	Day	%	Weekly	Monthly	YoY
JP225	37667	▼ 202	-0.53%	-5.98%	-4.26%	14.52%
SHANGHAI	2891	▲ 4	0.14%	-3.07%	-1.87%	-10.13%
US100	19024	▲ 193	1.03%	-2.56%	-3.87%	23.01%
HK50	17021	▲ 16	0.10%	-2.28%	-3.92%	-13.33%

Major	Price	Day	%	Weekly	Monthly	YoY
GB100	8286	▲ 99	1.21%	1.59%	1.30%	7.71%
SAALL	81121	▲ 442	0.55%	1.50%	2.72%	3.65%
DE40	18418	▲ 119	0.65%	1.35%	1.14%	12.26%

Source: Trading Economics

Utilities takes this week's victory, as the sector with the best return WoW.

US Sector Performance

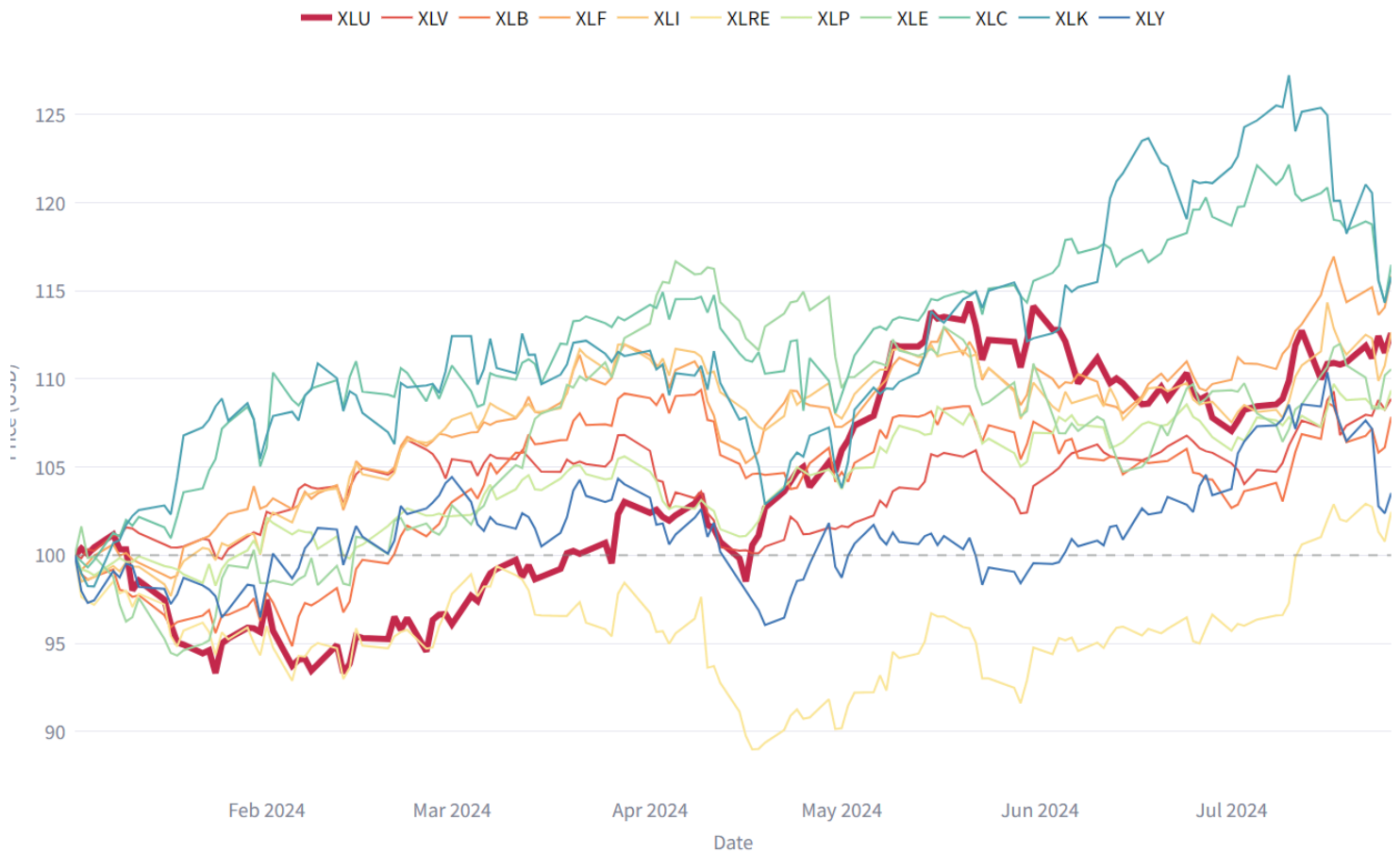
	WoW	YTD
Consumer Discretionary (XLY)	-2.77%	3.53%
Technology (XLK)	-2.08%	15.78%
Communication Services (XLC)	-1.66%	16.48%
Energy (XLE)	-0.19%	10.55%
Consumer Staples (XLP)	0.51%	9.36%
Real Estate (XLRE)	0.54%	2.47%



Industrials (XLI)	1.15%	12.66%
Financials (XLF)	1.31%	15.85%
Materials (XLB)	1.35%	7.85%
Health Care (XLV)	1.41%	8.87%
Utilities (XLU)	1.48%	12.59%

Source: FMP

US Sector Performance



Source: FMP

Earnings season highlights

The second quarter earnings season is underway, and here are some highlights from companies that reported this week.



Tesla (TSLA)

- The performance of the electric car company brought not-so-favorable results.
- Although their **total revenues increased by 2%** compared to the same period last year, their **revenues from the automotive sector**, their main source of income, **fell by 7%** during the same period.
- Another factor that undoubtedly moved the market was the dramatic drop in their **net income**, which fell from **\$2.7 billion** in Q2 2023 to **\$1.47 billion** in 2024, marking a **45% decline**. This also affected their **EPS**, which dropped from **\$0.78 to \$0.42** year over year.
- Finally, their **car production** fell from **479,700** in 2023 to **410,831** during the same period this year, marking a **14%** decrease.
- This results caused Tesla's stock to fall by 6.30% over the past five days,

International Business Machines Corporation (IBM)

- On the other hand, IBM surprised by exceeding expectations for this second quarter.
- Their **revenue** reached **\$15.8 billion**, surpassing the expected **\$15.62 billion**, and marking a **4% increase** compared to the same period last year.



- Despite a **1% decline** in revenue from **the Americas**, their main source of income, the segment that saw the most growth was **Asia Pacific**, with a **17%** increase compared to the previous year.
- Their **net income** reached **\$2.3 billion**, with a notable **14% increase** compared to Q2 2023. Additionally, **EPS** rose to **\$2.43**, marking an **11% increase**.
- The combination of these strong results led to a **7.84% increase** in the **stock** over the week.

Crypto

[Kamala Harris aims to eradicate Bitcoin...](#)

“The Vice President of the United States, Kamala Harris, has made controversial statements regarding Bitcoin! Describing the first cryptocurrency as a “currency for criminals.” This statement has sparked strong reactions within the crypto community, which sees these remarks as a direct attack on the industry” [link](#).



Main Crypto Movers WoW

Crypto	Price	Day	%	Weekly	Monthly	YoY
Solana	184.2062	▲ 1.1649	0.64%	5.46%	31.29%	636.84%
Bitcoin Cash	410.79	▲ 17.89	4.55%	1.96%	4.51%	66.49%
Monero	164.140	▲ 1.741	1.07%	1.93%	-0.63%	1.30%

Crypto	Price	Day	%	Weekly	Monthly	YoY
Algorand	0.14	▲ 0.00	2.31%	-12.43%	-2.73%	25.82%
Polkadot	5.70	▼ 0.16	-2.76%	-9.99%	-7.52%	9.23%
Ether	3270.41	▼ 6.79	-0.21%	-7.19%	-3.14%	74.15%
Cardano	0.40953	▲ 0.01537	3.90%	-6.88%	4.51%	32.79%
Uniswap	7.54	▲ 0.27	3.74%	-5.35%	-20.47%	28.64%
Polygon	0.51	▲ 0.01	2.12%	-4.96%	-10.41%	-29.18%
Stellar	0.10049	▼ 0.00152	-1.49%	-4.93%	9.52%	-37.00%
Chainlink	13.4347	▲ 0.5056	3.91%	-4.64%	-6.60%	68.08%
Cosmos	6.31	▲ 0.4	6.69%	-3.41%	-9.45%	-29.36%
Avalanche	27.45	▲ 0.21	0.77%	-2.81%	-1.79%	108.30%
Litecoin	71.247	▼ 0.112	-0.16%	-2.78%	-2.40%	-22.33%

Source: Trading Economics

Weekly Paper Picks

The Three Types of Backtests

Link : https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4897573

Backtesting stands as a cornerstone technique in the development of systematic investment strategies, but its successful use is often compromised by methodological pitfalls and common biases.



These shortcomings can lead to false discoveries and strategies that fail to perform out-of-sample. **This article provides practitioners with guidance on adopting more reliable backtesting techniques by reviewing the three principal types of backtests (walk-forward testing, the resampling method, and Monte Carlo simulations), detailing their unique challenges and benefits.**

Additionally, it discusses methods to enhance the quality of simulations and presents approaches to Sharpe ratio calculations which mitigate the negative consequences of running multiple trials. Thus, it aims to equip practitioners with the necessary tools to generate more accurate and dependable investment strategies.

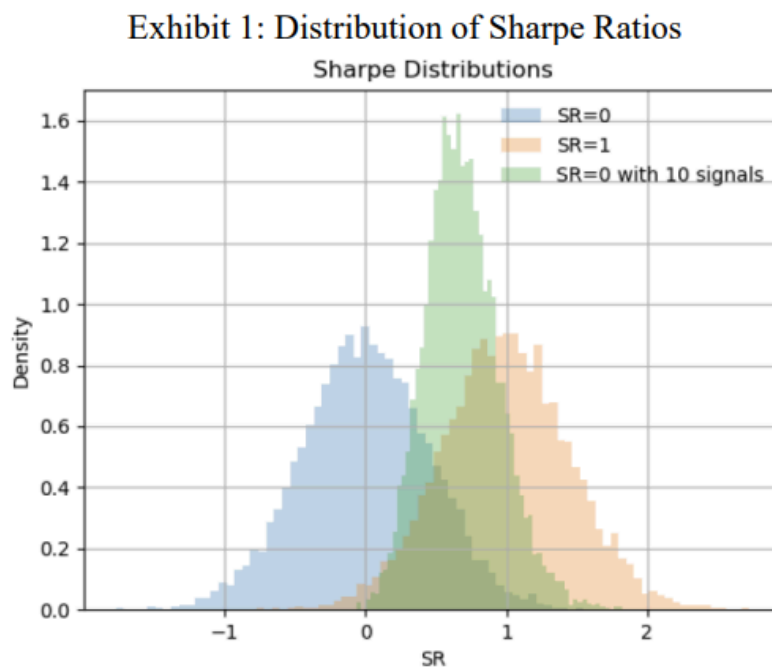
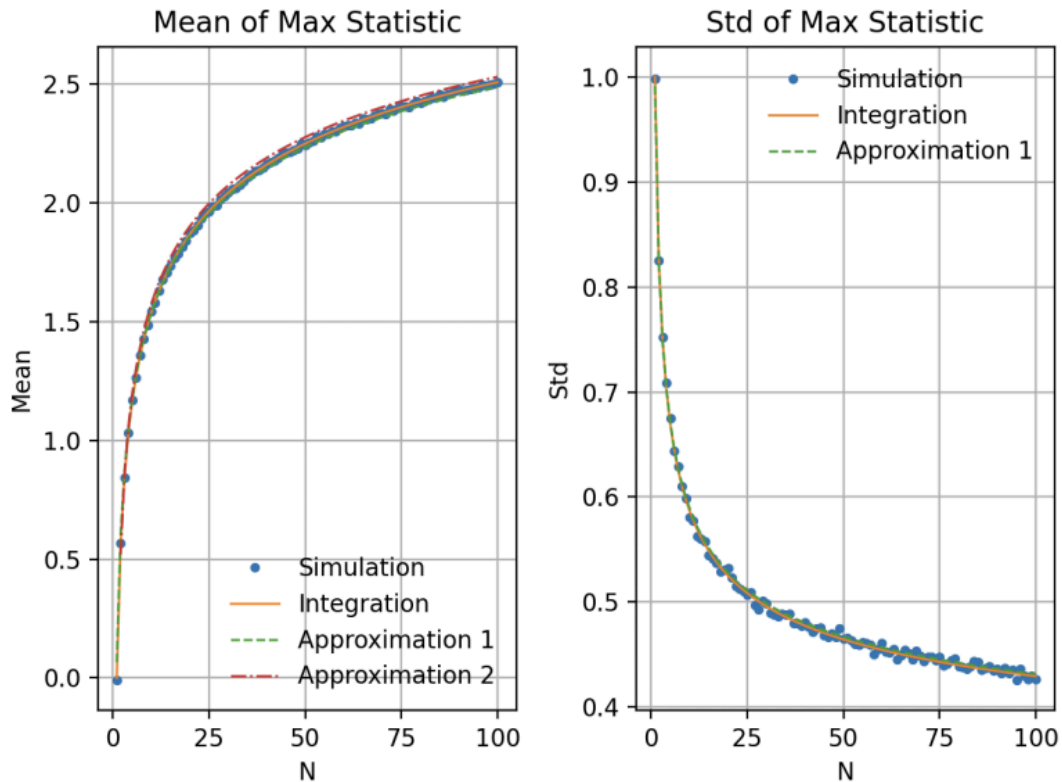




Exhibit 2: Moments of Higher-Order Statistics



Contact

research@kaxanuk.mx

Disclaimers

The content of this document is strictly informative and does not constitute an offer or recommendation of KaxaNuk S.C. to buy, sell or subscribe any kind of securities, or to perform specific transactions. KaxaNuk S.C. is not responsible for the interpretation given to the information and /or content of this document. KaxaNuk S.C. does not accept or will accept any liability for losses or damages resulting from investment decisions that would have been based on this document. The persons responsible for the preparation of this report certify that the opinions stated reflect their own point of view and do not represent the view of KaxaNuk S.C. nor of its officials. This document is based on publicly available information, including official government sites and other web sources which are considered reliable, however KaxaNuk S.C. makes no warranty regarding its accuracy or completeness.



This content is intellectual property owned by KaxaNuk S.C. Any violations of this term, and all terms contained herein, will be legally pursued to the fullest extent permitted by law.