KN Market View

Main Topics

Key Events - **Donald Trump** is set to make a historic return to the White House following **his victory in the 2024 U.S. election**.

Government Bonds and Currencies - Fed Rate Cuts and Yield Curve Shifts Amid **Economic and Political Changes.**

Commodities - **Sugar Futures Dip as Brazil Boosts Output Amid Improved Weather Forecasts**

Stocks - US Elections brought volatility to global markets.

Crypto - Bitcoin Reaches $76,000 Amid Potential Regulatory Shift

Paper of the week - Generating long-horizon stock **"buy" signals with a neural language model.**

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Key Events

Economy at a glance

China's exports jumped by 12.7% year-on-year in October, **reaching a 27-month high of USD 309.06 billion.** This was significantly higher than the anticipated 5% increase and up from a five-month low of 2.4% growth in September. **It marked the seventh consecutive month of export growth and the fastest pace since July 2022,** as manufacturers rushed to fulfill orders ahead of potential new tariffs from the U.S. and the EU [link](#).

China exports YoY (%)
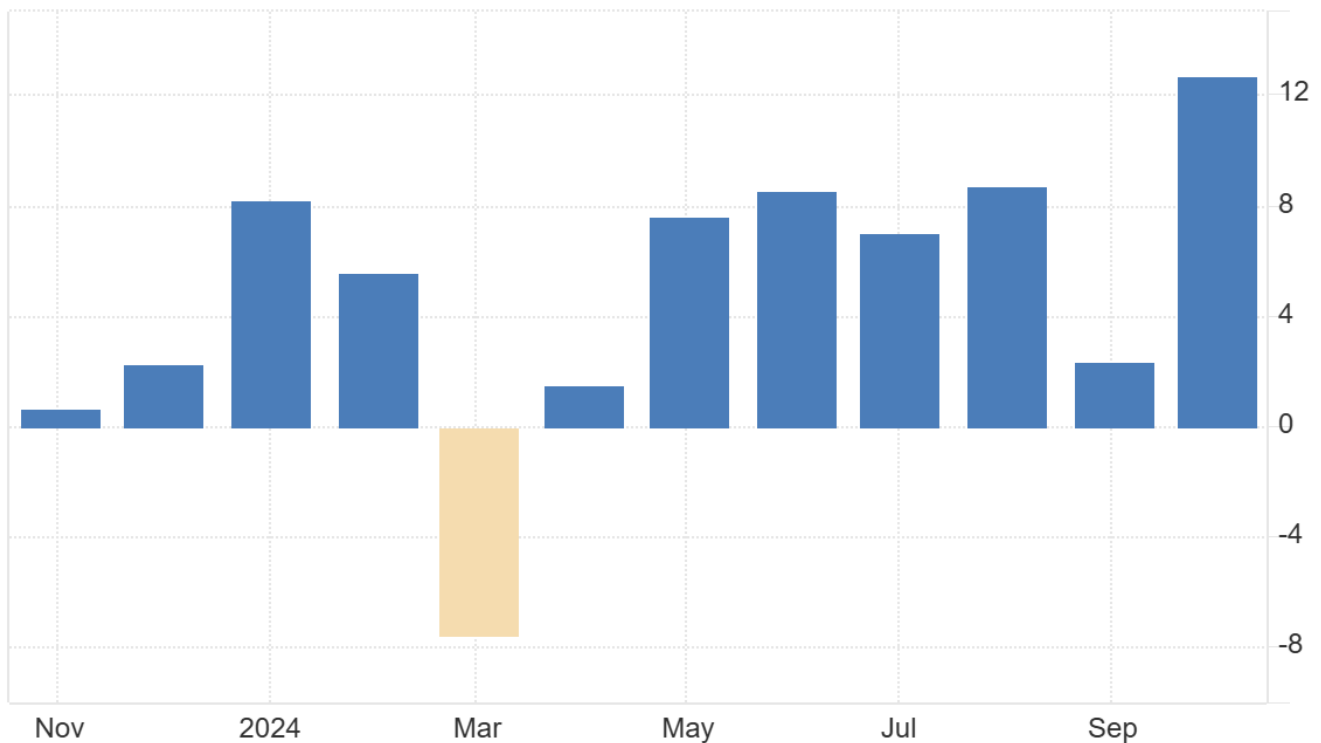
Source: Trading Economics | General Administration of Customs

Donald Trump is set to make a historic return to the White House following **his victory in the 2024 U.S. election**. After his 2020 defeat to Joe Biden, the Republican staged an impressive comeback, **securing crucial swing states to clinch a decisive win** link.

China's annual inflation rate reached 0.3% in October, slightly below both market expectations and September's 0.4%. This marked the ninth consecutive month of consumer inflation but was the **lowest rate recorded since June** link.

The University of Michigan consumer sentiment for the U.S. rose to 73 in November, the highest in seven months, up from 70.5 in October and surpassing the forecast of 71, according to preliminary estimates. However, the data **does not reflect any reactions to the election results** link.

At its November meeting, **the Fed reduced the federal funds target range by 25 basis points to 4.5%-4.75%**, following a larger 50 basis point cut in September, as anticipated. During the press conference, Chair Powell stated that the Fed is not committed to a fixed path and **will make decisions on a meeting-by-meeting basis** link.

In its November decision, **the Bank of England cut its Bank Rate by 25bps to 4.75%**, as expected. This marked the second rate reduction in four years, following the start of its cutting cycle in August. The move was in line with signs of **slowing price growth in the UK economy,** as

September's inflation rate dropped to a more than **three-year low of 1.7%** [link](#).

Canada's unemployment rate held steady at 6.5% in October, unchanged from the previous month and slightly below market expectations, which had predicted a rise to 6.6%. This result helped **ease concerns that the Canadian economy would struggle to reverse the significant weakening of the labor market** observed in the second half of the year. [link](#).

In the **United States**, attention will be on **consumer and producer inflation data, retail sales, and speeches by Federal Reserve officials**, as investors look for signals regarding the Fed's monetary policy following a second Trump presidency. In **China**, key data releases will include **new yuan loans, fixed asset investment, industrial production, retail sales, and the house price index**. Over in the **UK**, important indicators such as the **unemployment rate, wage growth, Q3 GDP figures, and industrial production** will be released [link](#).

Moreover, **Germany's ZEW Economic Sentiment Inde**x will also draw attention. **GDP growth rates for Japan, Russia, the Netherlands, and Poland** will be closely watched, along with **Australia's unemployment rate, NAB business confidence, and Westpac consumer confidence indexes**. Finally, investors will be keen on **Mexico's interest rate decision** and i**nflation data from India** [link](#).

Government Bonds and Currencies

Fed Rate Cuts and Yield Curve Shifts Amid Economic and Political Changes

The **Federal Reserve recently announced its second consecutive interest rate cut, this time by 25 basis points, bringing the rate to a range of 4.50% to 4.75%**. This move has been interpreted as an effort to adjust monetary policy to the slowdown in certain economic sectors while maintaining control over inflation. This decision has had a clear impact on Treasury bond yields.

Yield curve comparison
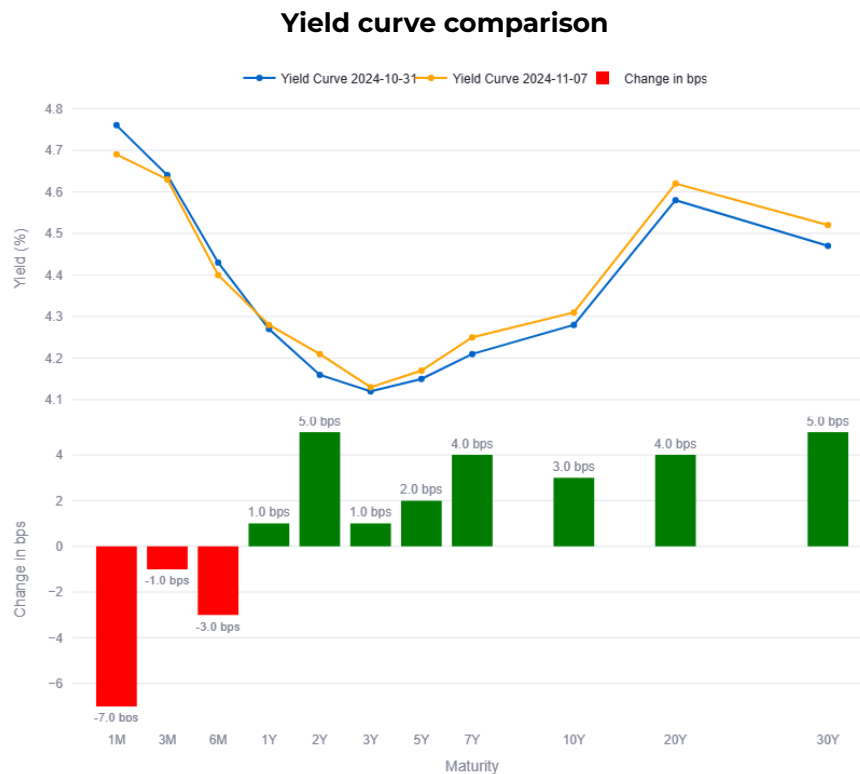
Source: FRED

The chart shows a significant reduction in short-term bond yields, particularly the 1-month bond, which saw a drop of 7 basis points, followed by smaller declines in the 3- and 6-month bonds of 1 and 3 basis points, respectively. This trend in the **short-term maturities suggests that the market anticipates a less restrictive monetary stance in the near term, likely motivated by the Fed's intention to support economic growth** and mitigate the effects of a slowdown in certain productive sectors. The decline in short-term yields indicates that investors see a lower risk of immediate inflationary pressures, which could give the Fed room to continue easing its policy if necessary.

However, Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, warned that the Fed has not yet finished its task of controlling inflation. Kashkari stated, "**We need to finish the job. We want to have confidence that inflation is going to go all the way back down to our 2% target.**" Despite progress in reducing inflation, Kashkari emphasized that the current strength of the economy and growth in productivity could lead the Fed to adjust its approach and reduce rates less than anticipated in the coming months [link](#).

In the medium and long-term segments of the yield curve, the situation is different. Starting from the 1-year maturity, moderate increases in yields are observed, with particular emphasis on the 2-, 5-, 7-, 20-, and 30-year

bonds, which have risen between 3 and 5 basis points. **This increase in long-term bond yields suggests that market participants perceive a potential rise in inflation or greater medium- to long-term risks.** This could be related to expectations of fiscal policy changes under the new administration, which has proposed economic stimulus policies such as tax cuts and higher tariffs on imports, seen by analysts as inflationary.

It is interesting to observe how the shape of the yield curve seems to reflect this duality in expectations: a **monetary policy that aims to be less restrictive in the short term to stimulate growth** and, simultaneously, an **expectation of higher inflationary pressures in the future due to factors such as fiscal stimulus**. This creates a shift in the slope of the curve, where the short- and medium-term segments have decreased while the long-term segments have slightly increased.

In a context of political change in the United States, **with the election of President Donald Trump, financial markets anticipate a possible expansionary economic policy** that could generate **growth but also put upward pressure on prices**. Proposed tariffs on imported goods, mass deportations, and tax cuts could **boost short-term growth but also lead to increased demand and, potentially, higher inflation**. In this scenario, the market appears to be adjusting long-term bond yield expectations, reflecting a possible reluctance of the Fed to continue cutting rates in an

inflationary context, resulting in a moderate upward adjustment in these maturities [link](#).

It will be essential to closely monitor the evolution of the yield curve in the coming months, as it provides a direct window into the market's expectations regarding the balance between growth and inflation. The changes across different maturities reflect investors' anticipations about future Fed decisions and the potential impacts of the new administration's fiscal policies. Observing these movements will allow early detection of monetary adjustments and economic risks, crucial elements for making informed decisions in financial markets.

Inflation Surge Challenges Chile's Economic Stability and Monetary Policy

This week, the **Chilean peso depreciated by 0.94%** against the dollar, while the **yield on the 10Y government bond increased by 0.11 bps**. This behavior was influenced by a **rise in consumer prices in October**, largely driven by a **double-digit increase in electricity costs.** This price surge was higher than expected, as analysts had forecast a 0.6% increase, but the index rose by 1%, marking its largest monthly increase since March of last year, bringing annual inflation to 4.7%.

US Dollar Chilean Peso

Source: Trading Economics

This inflationary context, which is above the 3% target, has raised concerns at the Central Bank of Chile. This week, central bankers highlighted the potential for more persistent inflation due to the rising energy bills and the increasingly uncertain global economic environment. Despite operators expecting authorities to maintain a pace of rate cuts until 2025, this unexpected inflation increase could complicate an interest rate cut in December, as noted by Jorge Selaive, Chief Economist at Scotiabank Chile, who described the data as "surprisingly high" link.

Rising inflationary pressures in Chile, driven largely by surging energy costs, will be pivotal in shaping the country's economic outlook and monetary policy. With inflation above target, the Central Bank faces tough decisions as it considers future rate cuts, with recent data suggesting that

the expected easing path may need adjustment to control inflation. The increase in electricity rates, along with higher housing and food prices, highlights growing pressures on consumer spending and broader economic stability.

Commodities

[Sugar Futures Dip as Brazil Boosts Output Amid Improved Weather Forecasts](#)

Raw sugar futures dipped **below 22 cents per pound**, hitting a two-week low as production surged in Brazil's primary sugar region, the Center-South. Unica reported an 8% year-over-year increase in October's first half, with sugar output reaching 2.443 million metric tons, and cumulative season production up 1.9% at 35.591 million metric tons for 2024/25. **Forecasted rainfall this week may alleviate** drought concerns, adding further pressure to prices. Brazilian millers stress that high sugar prices are essential to fund investments in new production facilities. [Link](#).

Sugar (USd/Lbs)

Source: Trading Economics

Palm Oil Hits New Highs on Supply Constraints and Rising Demand

Malaysian palm oil futures exceeded MYR 5,100 per tonne, the highest since June 2022, on **tightening supply due to low production in Indonesia and Malaysia**, worsened by aging plantations, droughts, and a fertilizer shortage tied to the Ukraine conflict. Indonesia's push t**o raise its biodiesel palm oil blend to 50%** by 2028 further limits supply. Meanwhile, strong demand, especially from India, where October imports rose 59% month-on-month, is supporting prices. Futures have risen 3.11% for the day, 19.97% for the month, and 36.25% for the year. link.

Palm Oil (MYR/T)

Source: Trading Economics

Stocks

After the United States presidential election and Trump's victory, global markets saw an increase in volatility. Russian stocks continue with the extreme returns week over week, while Italian markets have the worst loss.

Main Equity Markets Movers WoW

	Major	Price	Day	%	Weekly	Monthly	YTD
🇷🇺	**MOEX**	2735	▲ 44	1.63%	6.21%	-0.52%	-11.76%
🇨🇳	**SHANGHAI**	3452	▼ 18	-0.53%	5.51%	5.94%	16.05%
🇺🇸	**US100**	21117	▲ 16	0.07%	5.41%	4.19%	25.50%
🇸🇬	**STI**	3724	▲ 51	1.39%	4.75%	3.58%	14.94%
🇺🇸	**US500**	5995.54	▲ 22.43	0.38%	4.66%	3.51%	25.70%
🇺🇸	**US30**	43989	▲ 260	0.59%	4.61%	3.47%	16.71%
🇯🇵	**JP225**	39500	▲ 119	0.30%	3.80%	0.57%	18.04%
🇳🇱	**NL25**	874	▼ 4	-0.50%	-1.07%	-4.53%	11.10%
🇿🇦	**SAALL**	85125	▼ 874	-1.02%	-1.25%	-0.25%	10.71%
🇬🇧	**GB100**	8072	▼ 68	-0.84%	-1.28%	-2.08%	4.39%
🇨🇭	**CH20**	11798	▼ 119	-1.00%	-1.42%	-2.68%	5.93%
🇪🇺	**EU50**	4802	▼ 50	-1.03%	-1.55%	-3.62%	6.21%
🇪🇸	**ES35**	11552	▼ 19	-0.16%	-2.46%	-1.62%	14.35%
🇮🇹	**IT40**	33817	▼ 165	-0.48%	-2.48%	-0.34%	11.42%

Source: Trading Economics

Looking at US Sectors, there was not a sector with negative return, **Consumer Discretionary took home the biggest WoW return with 7.51%**, while **Consumer Staples ended as the worst performer, with a 0.84% return.**

US Sector Performance

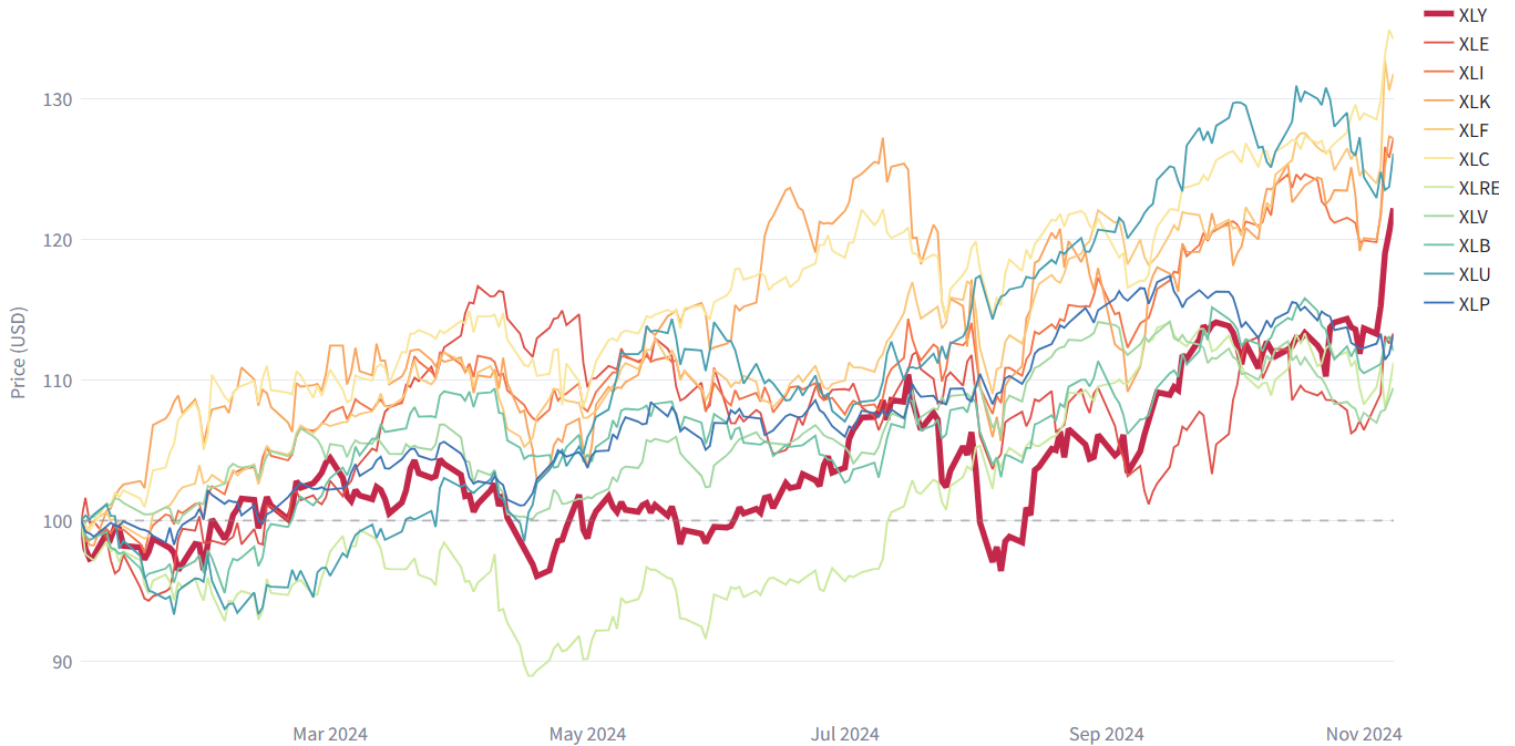|	WoW	YTD
Consumer Staples (XLP)	0.84%	13.21%
Utilities (XLU)	1.34%	26.10%
Materials (XLB)	1.44%	12.06%

Health Care (XLV)	1.65%	9.44%
Real Estate (XLRE)	2.74%	11.22%
Communication Services (XLC)	4.09%	34.24%
Financials (XLF)	5.47%	31.77%
Technology (XLK)	5.92%	27.18%
Industrials (XLI)	6.03%	27.16%
Energy (XLE)	6.48%	13.32%
Consumer Discretionary (XLY)	7.51%	22.21%

Source: FMP

US Sector Performance

Source: FMP

NovoNordisk:

- **Strong Performance Driven by Wegovy Sales:** Novo Nordisk reported a 79% year-on-year increase in sales for Wegovy, its popular weight-loss drug, in the third quarter of 2024. Sales for this product reached 17.3 billion Danish kroner, surpassing analyst expectations and driving much of the company's overall growth.

- **Narrowed Sales and Profit Growth Guidance:** The company adjusted its 2024 full-year sales growth outlook to a range of 23% to 27% (from 22% to 28%) and operating profit growth guidance to 21% to 27% (from 20% to 28%) at constant exchange rates. This revision reflects anticipated volume growth for GLP-1 treatments, which includes Wegovy and Ozempic, as well as anticipated supply constraints.

- **Continued Investment in Production Capacity:** To address ongoing supply issues and meet rising demand, Novo Nordisk is expanding its manufacturing capabilities both internally and externally. The company has been ramping up supplies of Wegovy in the U.S., with all dose levels now available following prior shortages, and has seen encouraging developments in Ozempic's potential for other health benefits, such as Alzheimer's risk reduction.

Qualcomm

- **Strong Financials and Positive Guidance:** Qualcomm reported over $10 billion in revenue with annualized EPS surpassing $10 per share. The company's guidance projects nearly $11 billion in revenue and EPS approaching $12 per share, driven by solid margins and a reduced share count, highlighting its robust profitability.

- **Leadership in Key Tech Segments:** Qualcomm continues to excel in Snapdragon processors, automotive intelligence, and Wi-Fi 7, with Snapdragon maintaining competitiveness against Apple processors. The company's AI and 3 nm silicon developments have bolstered its performance, especially in high-demand markets like China, which accounts for nearly 50% of its sales.

- **Commitment to Shareholder Returns:** With $11 billion in FY24 free cash flow, Qualcomm has emphasized shareholder returns through dividends and share buybacks, providing a total yield of around 6%. Despite potential risks from an Intel acquisition and a legal dispute with Arm, Qualcomm's strong financial position enables continued growth in shareholder value.

Mercado libre

- **Revenue and Profit Growth with Currency Impacts:** Mercado Libre reported a 35% year-over-year increase in revenue, reaching $5.3 billion, though slightly below market expectations. Net profit rose 11%

to $397 million, with a net margin of 7.5%. Despite strong performance, currency fluctuations in major markets and increased provisions for credit card operations impacted profitability.

- **Expansion and Investment in Brazil:** Brazil continues to be Mercado Libre's strongest market, driving over half of its Latin American sales. Investments in new distribution centers, under a sale-leaseback model, doubled direct costs in Brazil year-over-year. Mercado Libre has ambitious plans to invest R$23 billion in Brazil in 2024 to expand market share in the competitive e-commerce landscape.

- **Growth in E-commerce and Fintech Segments:** The company's fintech arm, Mercado Pago, saw a 20.8% increase in revenue, reaching $2.17 billion, and e-commerce revenue in Brazil surpassed expectations. GMV growth in Brazil, while strong at 17% in dollar terms, was affected by a weaker real, highlighting both the segment's success and the challenges posed by exchange rate fluctuations.

Next Week's Earnings

	Company	Release Date	Exp. EPS	Time	MktCap (USD)	Country
BYDDY	BYD Company Limited	Mon, Nov 11	-	--	$88,808	CN
LNDZF	Salona Global Medical Device Corporation	Tue, Nov 12	-	BMO	$1,564,962	US
HD	The Home Depot, Inc.	Tue, Nov 12	$3.63	BMO	$332,905	US
AZNCF	AstraZeneca PLC	Tue, Nov 12	-	BMO	$249,592	GB
SFTBF	SoftBank Group Corp.	Tue, Nov 12	-	BMO	$90,741	JP
SMFG	Sumitomo Mitsui Financial	Tue, Nov 12	$0.11	BMO	$83,774	JP

	Group, Inc.					
SHOP	Shopify Inc.	Tue, Nov 12	$0.37	BMO	$82,244	CA
SLEGF	Silergy Corp.	Tue, Nov 12	-	BMO	$72,298	CN
TCTZF	Tencent Holdings Limited	Wed, Nov 13	$0.78	BMO	$441,438	CN
CSCO	Cisco Systems, Inc.	Wed, Nov 13	$0.87	AMC	$184,399	US
ALIZF	Allianz SE	Wed, Nov 13	-	BMO	$107,651	DE
RCRRF	Recruit Holdings Co., Ltd.	Wed, Nov 13	-	--	$80,368	JP
AMAT	Applied Materials, Inc.	Thu, Nov 14	$2.19	AMC	$190,409	US
DIS	The Walt Disney Company	Thu, Nov 14	$1.10	BMO	$183,890	US
SMAWF	Siemens Aktiengesellschaft	Thu, Nov 14	$2.92	BMO	$146,104	DE
MBFJF	Mitsubishi UFJ Financial Group, Inc.	Thu, Nov 14	-	BMO	$121,366	JP
DTEGF	Deutsche Telekom AG	Thu, Nov 14	-	BMO	$121,329	DE

Crypto

This week, the cryptocurrency **market showed a generally positive performance**, with several assets posting solid weekly growth. **Ether and Cardano** stood out with **weekly gains of 23.34% and 23.00%**, respectively, positioning themselves as the top WoW growth leaders. **Chainlink and Avalanche** also maintained a strong upward trend, with weekly increases of **20.55% and 20.99%,** reflecting renewed interest in these projects.

Main Crypto Movers WoW

Crypto	Price	Day	%	Weekly	Monthly	YTD	YoY
Ether	3071.78	▲ 113.52	3.84%	23.34%	28.85%	34.52%	46.67%
Cardano	0.43930	▲ 0.03792	9.45%	23.00%	29.20%	-25.83%	19.53%
Avalanche	29.05	▲ 0.46	1.61%	20.99%	12.40%	-24.75%	95.89%
Chainlink	13.5681	▲ 0.9466	7.50%	20.55%	28.76%	-9.25%	-7.14%
Uniswap	9.04	▲ 0.11	1.21%	19.69%	24.24%	25.13%	76.61%
Solana	198.7425	▲ 2.8365	1.45%	19.58%	42.37%	96.21%	340.11%
Polygon	0.38	▲ 0.03	8.67%	18.84%	2.59%	-61.20%	-55.72%
Cosmos	4.71	▲ 0.00	0.05%	15.51%	13.91%	-55.47%	-49.10%
Algorand	0.13	▲ 0.00	1.73%	13.66%	9.49%	-42.58%	1.89%
Polkadot	4.40	▲ 0.06	1.45%	13.16%	8.31%	-46.20%	-17.00%
Bitcoin	76528	▲ 509	0.67%	10.17%	26.14%	80.00%	109.41%

Source: Trading Economics

Other assets, such as **Uniswap and Solana, gained around 19%**, while **Polygon recorded a weekly rise of 18.84%**. **Bitcoin**, on the other hand, saw a **more moderate growth** compared to others, ending the week with a **10.17% WoW**. Overall, market sentiment was positive, with most cryptocurrencies in the green, signaling a potential recovery and **growing investor interest** in the crypto sector.

Bitcoin Reaches $76,000 Amid Potential Regulatory Shift with Trump's Return

This week, **Bitcoin reached** a milestone of **$75,071.8,** surpassing **last week's high of $72,000, following former President Trump's** return to

the White House. The BTC rally coincided with Trump's pledge to replace SEC Chair Gary Gensler, **signaling a potentially more stable environment for cryptocurrency markets** that had previously faced strict and sudden regulatory actions.

Additionally, Republicans secured control of the U.S. Senate, while the House of Representatives remains closely contested, with Republicans holding a narrow majority as of election time. Market reactions reflect optimism for Bitcoin's future, with expectations for broader adoption under potentially less restrictive regulations. link

BTC/USD

Source: Trading Economics

It's worth noting that **this week Bitcoin closed around $76,000,** raising **concerns about "spoofing."** On November 8, trader Skew raised an alert on X regarding "spoofing"—a manipulative tactic in the order book, common in crypto but banned in traditional markets.

Spoofing **involves placing large buy or sell orders** at specific price levels, which are **later removed to trigger a market reaction**. Other traders echoed these concerns, noting that BTC hasn't shown its usual bullish pattern despite substantial capital inflows, suggesting potential market manipulation. **However**, **the long-term outlook remains positive**, fueled by growing investments in spot Bitcoin ETFs, the U.S. elections, and rising global interest. [Link](#)

The latest **rumored candidate under Donald Trump's upcoming administration** to potentially replace SEC chair Gary Gensler **has sparked a mixed reaction from the crypto community**. Reports of a Wall Street lawyer as a potential SEC chair candidate in Trump's administration have divided the crypto community, with some raising concerns that **his traditional finance background may lead to an anti-crypto stance.**

However, others are more optimistic, speculating that his experience may lead to "thoughtful frameworks" for crypto regulation.

Levin Naftalis and Frankel law firm partner **Richard Farley is reportedly being considered by Trump's transition team** as a potential replacement

for SEC chair and crypto skeptic Gary Gensler, according to a Nov. 7 report by the New York Post [link](#).

Can cryptocurrencies ever live up to the term currency? Can they ever integrate into mainstream retail? SpacePay (SPY) thinks so. **The London-based fintech project is here to drive crypto adoption with the help of advanced technologies.** In a market where investors have to wait indefinitely for the promised project, the SpacePay MVP is already in beta.

Another crypto bull cycle is approaching and **$SPY tokens are trending among strategic investors.** It raised $750,000 from public investors and is nearing the $500K mark in its private presale.The purpose of most crypto coins is confined to the crypto market. In contrast, **SpacePay wants to make cryptocurrency transactions a part of everyday life.**

How exactly does it do that? **SpacePay bridges the gap between crypto and traditional finance.** First, by offering flexibility to users. For instance, it supports over 325 wallets. At the same time, **it protects retailers from the rapid fluctuations that crypto prices are notorious for** [link](#).

Weekly Paper Picks

Generating long-horizon stock "buy" signals with a neural language model

Link : https://arxiv.org/abs/2410.18988

This paper describes experiments on fine-tuning a small language model to generate forecasts of long-horizon stock price movements. **Inputs to the model are narrative text from 10-K reports of large market capitalization companies in the S&P 500 index**; the output is a **forward-looking buy or sell decision**. Price direction is predicted at discrete horizons up to 12 months after the report filing date. The results reported here demonstrate good out-of-sample statistical performance (F1-macro= 0.62) at medium to long investment horizons. In particular, the buy signals generated from 10-K text are found most precise at 6 and 9 months in the future.

As measured by the F1 score, **the buy signal provides between 4.8 and 9 percent improvement against a random stock selection model**. In contrast, **sell signals generated by the models do not perform well**. This may be attributed to the highly imbalanced out-of-sample data, or perhaps due to management drafting annual reports with a bias toward positive language. **Cross-sectional analysis of performance by economic sector suggests that idiosyncratic reporting styles within industries are**

correlated with varying degrees and time scales of price movement predictability.

		F1	Precision	Recall	Support
3 mo.	*Sell*	0.425	0.430	0.421	1940
	Buy	0.583	0.579	0.588	2627
6 mo.	*Sell*	0.393	0.371	0.418	1649
	Buy	**0.621**	**0.645**	0.599	2918
9 mo.	*Sell*	0.406	0.467	0.360	2009
	Buy	**0.621**	0.574	**0.677**	2558
12 mo.	*Sell*	0.462	0.453	0.471	1930
	Buy	0.592	0.601	0.583	2637

Table 1: Aggregate performance results for out-of-sample test data. Statistics compiled over all sectors and horizons. F1, precision and recall are calculated using "macro" averaging. The best statistics are highlighted in bold.

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