WEEKLY MARKET SUMMARY

In On Capital

The past week marked the worst in a month for Wall Street, with the Dow Jones, S&P 500, and Nasdaq Composite declining by ***1.6%***, ***2.4%***, *and* ***3.2%***, *respectively, amid growing tensions in the Middle East and rising Treasury yields. The 10-year Treasury yield exceeded 5% for the first time in 16 years, a level that could impact the economy, affecting mortgages, credit cards, car loans, and potentially shifting investments from stocks to bonds due to attractive yields.*

Relevant News

- **President Joe Biden's plan to hold a summit with Arab leaders during his visit to Israel fell apart** due to regional protests. Despite the tensions, Biden privately supported Israeli Prime Minister Benjamin Netanyahu's plans to launch a ground offensive against Hamas, and shipments of American weapons reached Israel.
- **During the week, stronger-than-expected retail sales data were also released, significantly surpassing the anticipated 0.3% increase.** The increase in retail sales, along with conflicting signals from Federal Reserve officials, especially statements from Chairman Jerome Powell, led the market to speculate on a stable interest rate, frustrating expectations of further rate hikes this year.
- **In the pharmaceutical sector, Rite Aid filed for Chapter 11 bankruptcy,** joining other pharmaceutical companies like Mallinckrodt and Purdue Pharma in seeking protection due to opioid-related lawsuits at a time when consumer confidence is weakened.
- **Netflix pleasantly surprised with robust subscriber growth, boosting its shares by 12.5%,** while Tesla experienced a 4.2% post-market drop due to cautious comments from Elon Musk about the production challenges of the Cybertruck. SolarEdge Technologies plummeted by 21.2% after revising its outlook, citing unexpected cancellations and a slowdown in installation rates, which also affected other solar companies.

Capital Markets Monitor

GLOBAL EQUITY INDICES	Last	5 Days		1 Month	YTD
MSCI WORLD	2,791.24	**-2.48%**	↘	-3.08%	7.24%
MSCI EM	925.58	**-2.70%**	↘	-4.01%	-3.22%
MSCI EM LATIN AMERICA	2,177.06	**-2.27%**	↘	-6.93%	2.29%
MSCI AC ASIA x JAPAN	589.23	**-2.98%**	↘	-4.05%	-4.84%
USA					
S&P 500 INDEX	4,224.16	**-2.39%**	↘	-2.22%	10.02%
NASDAQ COMPOSITE	12,983.81	**-3.16%**	↘	-1.73%	24.05%
DOW JONES INDUS. AVG	33,127.28	**-1.61%**	↘	-2.46%	-0.06%
RUSSELL 2000 INDEX	1,680.79	**-2.26%**	↘	-5.39%	-4.57%
EUROPE					
STXE 600 (EUR) Pr	433.73	**-3.44%**	↘	-4.31%	2.08%
Euro Stoxx 50 Pr	4,024.68	**-2.69%**	↘	-4.34%	6.09%
DAX INDEX	14,798.47	**-2.56%**	↘	-4.88%	6.28%
CAC 40 INDEX	6,816.22	**-2.67%**	↘	-5.13%	5.29%
FTSE MIB INDEX	27,357.00	**-3.12%**	↘	-4.27%	15.40%
IBEX 35 INDEX	9,029.10	**-2.21%**	↘	-4.98%	9.72%
SWISS MARKET INDEX	10,348.60	**-5.06%**	↘	-6.05%	-3.55%
FTSE 100 INDEX	7,402.14	**-2.60%**	↘	-3.67%	-0.67%
ASIA					
NIKKEI 225	31,259.36	**-3.27%**	↘	-3.53%	19.79%
HANG SENG INDEX	17,172.13	**-3.60%**	↘	-4.90%	-13.19%
CSI 300 INDEX	3,510.59	**-4.17%**	↘	-6.11%	-9.33%
S&P BSE SENSEX INDEX	65,397.62	**-1.34%**	↘	-0.93%	7.49%
LATAM					
S&P/BMV IPC	48,275.91	**-2.24%**	↘	-6.58%	-0.39%
BRAZIL IBOVESPA INDEX	113,155.30	**-2.25%**	↘	-2.46%	3.12%
MSCI COLCAP INDEX	1,117.42	**0.48%**	→	2.47%	-13.11%
S&P/CLX IPSA (CLP) TR	5,631.33	**-2.53%**	↘	-3.44%	7.02%

EQUITIES SECTORS	Last	5 Days		1 Month	YTD
PHILA GOLD & SILVER INDX	116.33	**1.74%**	↗	1.53%	-3.75%
MSCI WORLD/ENERGY	256.47	**0.35%**	→	-0.38%	4.23%
MSCI WORLD/CON STPL	251.81	**0.12%**	→	-4.59%	-6.67%
MSCI WRLD/COMM SVC	88.07	**-0.88%**	→	1.18%	32.12%
MSCI WORLD/UTILITY	132.85	**-1.72%**	↘	-7.78%	-13.03%
MSCI WORLD/HLTH CARE	329.56	**-2.29%**	↘	-2.45%	-4.51%
MSCI WORLD BANK INDEX	86.83	**-2.78%**	↘	-5.00%	-5.74%
MSCI WORLD/MATERIAL	296.83	**-2.78%**	↘	-4.46%	-4.50%
MSCI WORLD/FINANCEVAL	97.36	**-2.93%**	↘	-5.48%	-8.07%
MSCI WORLD/INF TECH	507.01	**-3.24%**	↘	-0.70%	28.87%
MSCI WORLD/INDUSTRL	307.61	**-3.36%**	↘	-4.44%	2.81%
MSCI WORLD/CONS DIS	332.72	**-3.71%**	↘	-6.07%	14.25%

US RATES	Last	5 Days Close		12M Close	
2Y	5.07	5.05	0.02	4.61	**0.46**
5Y	4.86	4.64	0.22	4.44	**0.41**
10Y	4.91	4.61	0.30	4.23	**0.69**

COMMODITIES	Last	5 Days		1 Months	YTD
CRB INDEX	286.01	0.72%	→	0.01%	2.98%
WTI	88.08	0.44%	→	-2.44%	9.74%
Brent	95.04	2.46%	↗	-0.66%	16.84%
US Natural Gas	2.90	-10.41%	↘	6.07%	-35.22%
S&P GSCI Precious Metal	**2,589.13**	**2.72%**	↗	**2.14%**	**8.06%**
Gold	1,981.40	2.51%	↗	2.65%	8.63%
Silver	23.37	2.88%	↗	0.59%	-2.42%
Platinum	899.61	1.75%	↗	-3.35%	-16.26%
Palladium	1,101.28	-4.28%	↘	-13.02%	-38.57%
S&P GSCI Ind Metal Index	**399.00**	**-0.10%**	→	**-3.31%**	**-11.56%**
Aluminum	2,181.50	-0.82%	→	-3.30%	-8.26%
Copper	7,879.76	0.05%	→	-4.85%	-5.80%
Nickel	18,406.00	0.67%	→	-4.76%	-38.41%
S&P GSCI Agriculture	**400.34**	**0.71%**	→	**1.18%**	**-14.92%**

INTERESTING FACTS

Last Week's Key Dates

October 17
U.S.: Empire Manufacturing
-4.6 compared to the expected -6

U.S.: Month-over-Month Retail Sales
Advance 0.7% compared to the expected 0.3%

October 18
U.S.: Housing Starts
1,358,000 compared to the expected 1,383,000

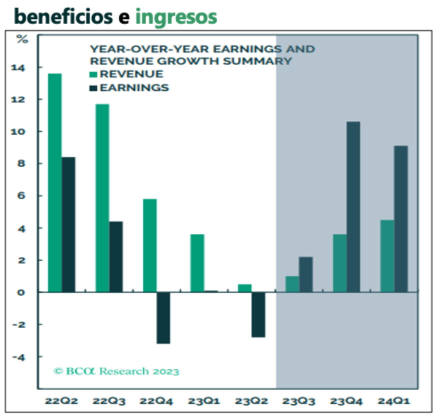
October 19
U.S.: Initial Jobless Claims
198,000 compared to the expected 210,000

U.S.: Existing Home Sales
3.96 million compared to the expected 3.89 million

Theme of the Week

OUTLOOK BEFORE THE THIRD-QUARTER EARNINGS SEASON

Gráfico 1 : Crecimiento interanual nominal de beneficios e ingresos



Valuation metrics can help set long-term risk/reward expectations, but they are not good short-term timing tools.

In any case, our current sector positioning is in line with what the valuation indicators are telling us. Since analysts are factoring in the end of the earnings recession, the good news is already largely priced in. Any disappointments could impact the market. For this reason, we continue to favor defensive sectors, as they remain cheaper than most others and will undoubtedly perform better in the event of earnings disappointments or an economic downturn. We remain positive on cyclical value sectors such as energy and materials, which should benefit from attractive valuations, a favorable supply and demand situation, and potential support from a correction in the dollar when the Federal Reserve decides to change its monetary policy direction.

Source : Sentosa & Co, Atlantic Financial Group

For further information on this week's topic, we suggest visiting the complete publication on our website

Asset Outlook at In On Capital

Asset Class	U	N	O
Renta Fija			■
Renta Variable		■	
Alternativos		■	

Regions (Equity)	U	N	O
North America		■	
Europe		■	
Emerging Markets			■
Japan		■	

Equity Sectors	U	N	O
Consumer Staples			■
Health Care		■	
Telcom Services		■	
Utilities		■	
Consumer Disc.		■	
Energy			■
Financials		■	
Industrials		■	
Technology		■	
Materials		■	

The third-quarter earnings season just started last week, and 17% of companies have already reported their results. So far, financial companies have, in general, reported results above expectations. The main negative surprise came from Tesla, which recorded both revenue and profits below expectations.

The risk of "higher for longer" has driven the yield on the 10-year U.S. debt to new highs of 4.9% and has indirectly impacted the performance of the stock market in recent weeks. The current imbalance between the recent refinancing of U.S. debt and the demand in the U.S. bond market, along with some deterioration in the U.S. economy, is pushing the market to demand higher yields on long-term U.S. government bonds.

The Fed will undoubtedly face headwinds due to a stronger-than-expected labor market and higher oil prices that will indirectly influence the CPI (Consumer Price Index). The fragile macroeconomic situation, with high interest rates, restrictive credit conditions, and negative leading indicators, forces us to exercise caution.

Regarding any questions, you can contact us through research@Inoncapital.com and our social media channels on LinkedIn and Twitter.