

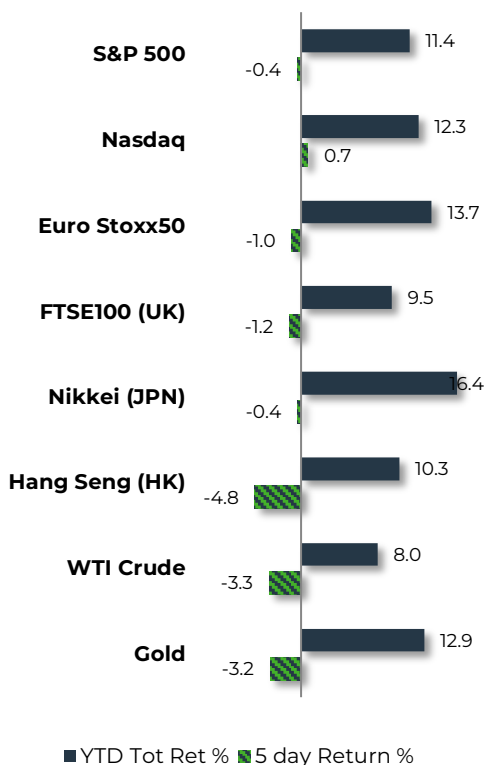
Weekly Activest

Week from the 20th to the 24th of May



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Monitor



Note: Indicative returns recorded as of 10:00 ET.

"Waiting helps you as an investor and a lot of people just can't stand to wait. If you didn't get the deferred-gratification gene, you've got to work very hard to overcome that."

Charlie Munger

United States

- Christopher Waller of the FED, expressed that more months of improvement in inflation are needed to begin cutting interest rates and considered that the economy would not be affected if higher rates are extended for three or four more months.
 - Meanwhile, the minutes of the FED's last meeting confirmed its members' view of persistent inflation, emphasizing that it may take longer to implement cuts.
- Approximately 72% of adults were at least financially well off in October 2023, according to the FED's annual Survey of Household Economics and Decision Making. The above represents a decline from 78% in 2021 and the lowest rate since 2016, though little change from 73% in 2022.
 - Inflation continued to be the main financial concern among respondents.
- JP Morgan's Jamie Dimon stressed that a "hard landing" for the economy could not be ruled out, as well as the possibility that interest rates could rise "a little bit more". However, he stated that "the consumer is still in good shape," even if the economy goes into recession.

Europe

- UK inflation eased to 2.3% annually in April (vs. 3.2% in March). The April figure marked the first time inflation has been below 3% since July 2021 and puts it close to the Bank of England's 2% target.
- In Germany, business activity expanded in May for the second consecutive month, driven by strong activity in services, according to preliminary figures.
 - On the other hand, the country's Chamber of Commerce and Industry (DIHK) estimated that the economy will stagnate this year. However, the forecast was more optimistic than at the beginning of the year, when the DIHK expected a contraction of 0.5%.

Asia

Japan

- The governor of the Bank of Japan announced that the economy was on track for a moderate recovery, suggesting that a drop in GDP in the 1Q24 alone would not prevent the central bank from raising interest rates in the coming months.
- The manufacturing PMI entered expansion for the first time in a year in May. Both production and new orders, the two key subindexes contributing to the headline figure, contracted at a slower pace.

China

- The country's fiscal revenues declined 2.7% annually in the first four months of 2024, following a 2.3% drop in the January-March period, suggesting a weak economic recovery. Meanwhile, fiscal spending advanced 3.5% annually during the same period.

Latin America

- Economic activity fell 8.4% annually in March, making it the fifth consecutive month of contraction and its sharpest decline since 2020. Nine sectors recorded declines, led by construction, which fell 29.9%, and manufacturing, which declined 19.6%.

Brazil

- The Minister of Finance commented that the country's monetary policy remains at a "very restrictive" level despite what he considers to be good inflation readings, which have been within the central bank's target range. He also noted that the government has been doing its job to help keep inflation under control and emphasized that fiscal and monetary policies must be in harmony.

Mexico

- Economic activity would have advanced 1.7% annually in April, the lowest figure since January, according to government figures. Within the report, industry and services revealed a lower dynamism. In its monthly comparison, the economy barely registered an advance of 0.1%.
- Inflation in the first half of May accelerated to 4.78% annually from 4.67% previously. This figure for the first half of May was the highest since the end of January of this year. Core inflation moderated to 4.31% from 4.34%.

Hong Kong HSI Index



Source: Bloomberg

Nvidia Stock



Source: Bloomberg

Important Events in the Coming Week

- In the United States, Memorial Day will be commemorated **05/27**
- In the United States, the second revision of the 1Q24 GDP will be released **05/30**

In a few words...

Key takeaways from the 1Q24 corporate reporting season

Practically in the home stretch, with just over 90% of the S&P 500 sample having reported their numbers, below, we share some relevant takeaways and perspectives from the first quarter earnings season of the year.

- **Reasonable earnings growth:** Despite general economic concerns amid high interest rates and a pickup in inflation, S&P 500 earnings beat expectations after the index reported 6% annual growth in earnings per share (EPS), exceeding the anticipated growth of 3%.
- **Sector performance:** The Communication Services (+38%), Utilities (+30%), Information Technology (+24%) and Consumer Discretionary (+24%) sectors posted the strongest annual earnings growth. While Brent crude oil prices in the 1Q24 prevailed unchanged versus the prior year, natural gas prices collapsed 24% and aligned more closely with the 26% and 21% annual decline in earnings in the Energy and Materials sectors, respectively. Finally, EPS in the Healthcare sector also declined 26%, albeit primarily due to Bristol-Myers Squibb's (BMY) one-time expenses related to its acquisition of the Karuna company.
- **Mixed consumer signals:** Companies in the Consumer Discretionary and Consumer Staples sectors provided mixed outlooks, with some noting a slowdown in consumer demand while others reported strength. For example, McDonald's outlined a more selective spending, while American Express noted an 8% annual increase in customer spending.
- **Increased investment in Artificial Intelligence (AI) continues:** Companies such as Amazon and Meta announced substantial investments (CAPEX) to improve their AI capabilities. In this context, this focus on AI is expected to drive future productivity gains and revenue expansion.
- **Performance and expectations of the "Magnificent 7":** This block of companies, comprising AAPL, AMZN, GOOGL, META, MSFT, NVDA and TSLA, reported combined earnings growth of 48% YoY. This robust growth was driven primarily by a substantial increase in their sales and a significant expansion of their profitability margins. For example, META and GOOGL led the group with a sales growth of 27% and 15%, respectively. In contrast, AAPL and TSLA experienced sales declines of 4% and 9%, respectively. The outlook for these companies remains strong, especially for those investing substantially in AI. Although their numbers were positive overall, there is significant dispersion among their financial results within the group.
- **Market forecasts:** Based on the above, the consensus estimates that the EPS of the S&P 500 for the whole of 2024 would reach US\$244, which would imply an annual growth of 9%. By 2025, the EPS would reach US\$277, which would represent an annual increase of 13%.

S&P 500 sales, margins and earnings growth in the 1Q 2024:

Sector	EPS	SPS	Margin	
	Growth	Growth	Level	Change
Comm Services	38 %	6 %	17.1 %	400 bp
Utilities	30	NM	NM	NM
Info Tech	24	8	25.8	324
Consumer Discretionary	24	4	8.0	126
Financials	11	NM	NM	NM
Consumer Staples	7	3	6.7	26
Industrials	5	6	9.1	(10)
Real Estate	1	NM	NM	NM
Materials	(21)	(7)	9.5	(174)
Health Care	(26)	5	6.6	(283)
Energy	(26)	(4)	9.7	(290)
S&P 500	6 %			
<i>ex. Financials and Utilities</i>	4	4 %	10.9 %	(2)bp
<i>ex. Energy</i>	9			
<i>ex. Energy, Fins, and Utils</i>	8	5	11.0	31

- EPS refers to earning per share
- SPS refers to sales per share

Source: Goldman Sachs

Currencies

	Price	5D Change%	5D Close	YTD%	52 Week High	52 Week Low
EUR/USD	1.08	-0.19	1.09	-1.73	1.13	1.04
USD/ARS	890.75	-0.45	886.69	-9.24	890.84	237.00
USD/BRL	5.15	-0.85	5.10	-5.66	5.29	4.70
USD/MXN	16.71	-0.60	16.61	1.56	18.49	16.26
USD/COP	3856.40	-0.70	3829.43	-0.04	4490.25	3738.25
USD/CHF	0.91	-0.56	0.91	-7.96	0.92	0.83
GBP/USD	1.27	0.20	1.27	-0.04	1.31	1.20
USD/JPY	157.01	-0.87	155.65	-10.18	160.17	137.25
USD/CNY	7.24	-0.25	7.22	-1.96	7.35	7.05

Source: Bloomberg

10Y Government Bond Yields

	Yield	YTD(bp)	52 Week High	52 Week Low
Reference Rates				
Fed Funds Rate	5.33	0.0	5.33	5.07
SOFR 3M	5.34	1	5.43	5.19
North America				
US	4.47	59	5.02	3.56
Canada	3.62	51	4.29	3.02
LatAm				
Argentina (ARS)	70.87	77	116.19	68.09
Brazil (BRL)	11.68	132	12.08	10.29
Colombia (COP)	10.83	88	12.31	9.56
Mexico (MXN)	9.78	82	10.26	8.56
Europe				
France (EUR)	3.07	51	3.60	2.40
Germany (EUR)	2.59	57	3.03	1.89
Italy (EUR)	3.90	20	5.05	3.46
Spain (EUR)	3.36	36	4.13	2.81
Swiss (CHF)	0.83	13	1.23	0.59
England (GBP)	4.26	72	4.75	3.43

Source: Bloomberg

Commodities

Commodity	Price	5D Change%	YTD %	52 Week High	52 Week Low	Units
Aluminum	2,588.03	1.13	10.06	2,733.00	2,071.00	Tons
Copper	478.90	-5.30	23.09	519.85	351.95	Pounds
Gold	2,339.10	-3.24	12.90	2,454.20	1,809.40	Troy Ounce
Silver	30.28	2.09	25.73	32.50	20.85	Troy Ounce
Crude Oil (Brent)	81.71	-2.70	6.06	97.69	71.39	Barrel
Crude Oil (WTI)	77.38	-3.35	8.00	95.03	66.80	Barrel
Gasoline	247.52	-3.85	17.72	299.36	196.72	Gallon
Natural Gas	2.57	-2.02	2.35	3.63	1.48	MMBTU

Source: Bloomberg

Glossary

Currency Codes

Code	Currency	Code	Currency
ARS	Argentinian Peso	HKD	Hong Kong Dollar
AUD	Australian Dollar	JPY	Japanese Yen
BRL	Brazilian Real	MXN	Mexican Peso
CAD	Canadian Dollar	RUB	Russian Ruble
CHF	Swiss Franc	USD	US Dollar
CNY	China Yuan	MXN	Mexican Peso
COP	Colombian Peso	RUB	Russian Ruble
EUR	Euro	THB	Thailand Baht
GBP	Sterling Pound	USD	US Dollar

Abr.	Description	Abr.2	Description
bbl	barrel	IMF	International Monetary Fund
BoE	Bank of England	Latam	Latin America
BoJ	Bank of Japan	Libor	London interbank offered rate
bp	Basic points	m b/d	Million barrels per day
BRICS	Brazil, Russia, China, India, South Africa	M1	A measure of the money supply that includes all of the physical money like bills and coins as well as demand deposits, current accounts, and negotiable disposal order accounts.
DCF	Discounted Cash Flow	M2	A measure of the money supply that includes cash and deposits (M1) plus savings deposits, common monetary investment funds and other term deposits.
DM	Developed Market	M3	A measure of the monetary supply that includes M2 as well as large time deposits, institutional money market funds, short-term repurchase agreements and larger liquid assets.
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization	M&A	Mergers and Acquisitions
ECB	European Central Bank	MoM	Multiple of Money
EEMEA	Eastern Europe, Middle East and Africa	P/B	Price-to-book value
EM	Emerging Market	P/E	Price to Earnings ratio
EMEA	Europe, Middle East and Africa	PBoC	People's Bank of China
EPS	Earnings Per Share	PMI	Purchasing Manager's Index
ETF	Exchange Trade Fund	PPP	Purchasing Power Parity
FCF	Free Cash Flow	QE	Quantitative Easing
Fed	United States Federal Reserve	QoQ	Quarter on Quarter
FFO	Funds From Operations	REIT	Real Estate Investment Trust
FOMC	Federal Open Market Committee	ROE	Return Of Equity
FX	Foreign Exchange	ROIC	Return On Invested Capital
G10	The Group of Ten	RRR	Required Rate of Return
G3	The Group of Three	VIX	Volatility Index
GDP	Gross Domestic Product	WTI	"West Texas Intermediate"
HC	Hard Currency	YoY	Year over Year
HY	High Yield	YTD	Year To Date
IG	Investment grade		

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