

# Weekly Activest

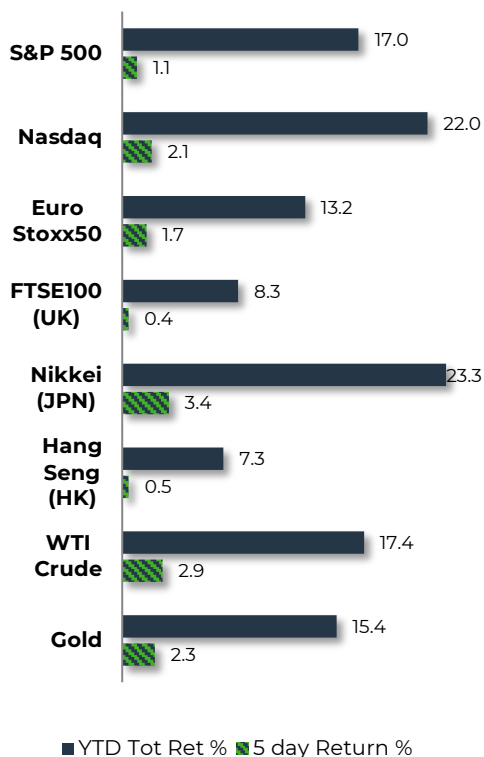
Week from the 1st to the 5th of July



Activest Wealth Management, 20900 NE 210th St, Aventura, FL 33180, United States

## United States

### Monitor



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

*“Though tempting, trying to time the market is a loser’s game. \$10,000 continuously invested in the market over the past 20 years grew to \$63,636. If you missed just the best 30 days, your investment was reduced to \$11,484.”*

**Christopher Davis**

- It was a short week for the markets, where it stood out that manufacturing activity (ISM) contracted for the third consecutive month in June, while the services sector retreated at its fastest pace in 4 years.
  - Employment figures showed that JOLTS (job openings) unexpectedly advanced to 8.14 million. Meanwhile, June nonfarm payrolls rose by 206,000 jobs, slightly higher than the expectation of 200,000. Finally, the unemployment rate climbed to 4.1% from 4% the previous month.
- At a central bankers' forum in Europe, Jerome Powell said that good progress has been made in bringing inflation back to target, although he reiterated that he wants to see more progress before he is confident enough to start cutting interest rates.
- Next week will kick off the 2Q24 quarterly reporting season, where the consensus estimate is for a 9% annual increase in earnings for S&P 500 companies. The week of July 22 will provide the greatest volume of information, including reports from Microsoft, Apple, Google and Meta.

## Europe

- The bloc's manufacturing sector deepened its contraction during June, in the face of a notable slowdown in demand.
- In line with expectations, inflation in the region decelerated slightly to 2.5% annually in June (vs. 2.6% in May). Nonetheless, core inflation remained stable at 2.9%, exceeding expectations of 2.8%, mainly due to the 4.1% annually advance in services.
- The first round of an early parliamentary election in France revealed that the far-right National Rally (RN) party won with 34% of the vote, with President Emmanuel Macron's centrist alliance coming in third. The second round will take place over the weekend.

# Asia

## Japan

- During June, and for the first time in nearly two years, the services sector declined due to the slowdown in consumer, finance, insurance and real estate activities.

## China

- The June manufacturing sector declined for the second consecutive month. Positively, another report indicated that economic activity among small manufacturers climbed to its highest point since 2021.
  - On the other hand, services expanded at their slowest pace in eight months due to a decline in new orders.

Nasdaq Stock Index



Source: Bloomberg

# Latin America

## Argentina

- President Milei is expected to implement in the coming days the "second stage" of his government, known as the "May Act", which will push for new structural reforms, particularly a tax reform, as well as further privatizations of state-owned companies and a further reduction in public spending.

## Brazil

- Despite the rains and floods in some regions of the country, industrial production only fell 0.9% monthly in May, contrasting positively with expectations of a 1.7% contraction. In its annual variation, production fell 1%.

## Mexico

- The consensus of analysts consulted by Banco de México estimated that this year's GDP could grow 2%, slightly below the 2.1% estimated in May.
- May remittances totaled US\$5.6 billion (billions in U.S. terms), which represented an annual decline of 0.9%. The cumulative amount of remittances for the January through May period totaled US\$25.1 billion, equivalent to an annual increase of 1.9%.

iShares Core US Aggregate Bond ETF



Source: Bloomberg

# Important Events in the Coming Week

- In the United States, Jerome Powell will make a speech **07/09**
- In the U.S., inflation figure to be released **07/11**

## In a few words...

### Expectations for the 2Q24 earnings season

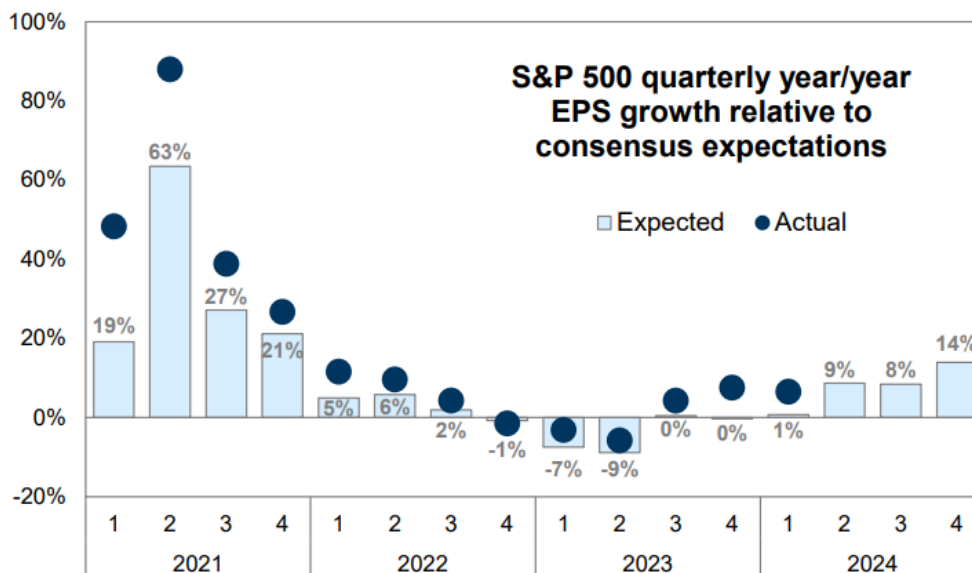
Corporate earnings season for the second quarter of the year will begin in two weeks, with several large banks such as JP Morgan, Citi and Wells Fargo reporting on July 12. Mega-cap technology companies will begin reporting later in the month, most notably NVDA, which will report through August 23.

In this context, **the consensus estimates that earnings per share (EPS) of the companies comprising the S&P 500 could grow by 9% annually, which would represent the strongest growth since the 4Q21.** Earnings are expected to decline only in the Materials (-11% annually) and Industrials (-1%) sectors. In contrast, the Technology (+17%) and Communication Services (+17%) sectors are anticipated to show the fastest growth compared to other sectors, led by mega-cap tech stocks. Overall, **the top six S&P 500 stocks (AMZN, AAPL, GOOGL, META, MSFT and NVDA) are projected to grow their Q2 EPS by 30% annually, while the other 494 companies will grow by 5%.**

Another relevant fact is that revisions to consensus estimates have been unusually resilient recently. Typically, quarterly consensus EPS estimates are usually reduced by 7% during the 6 months leading up to the start of earnings season. However, over the past six months, the 2Q24 EPS consensus estimate has barely declined by 1%. Excluding mega-cap tech companies, analysts have cut EPS estimates by 3%. On the other hand, analysts are forecasting sales growth of 4% annually for the period. With this combination of factors, the companies' net income margins, excluding the energy sector, are expected to stand at 11.7%, which represents an increase of 58 basis points (bps) annually, albeit only a 14 bps increase quarter-over-quarter (2Q24 vs. 1Q24). The recent slowdown in labor and material costs suggests that this margin forecast could be achievable.

With all of the above, EPS for S&P 500 companies is expected to grow 9% for the full year compared to 2023, with sales growth of 5%. Undoubtedly, the quarterly reporting season that is about to begin will be a near-term catalyst on investors' radar, given the strong performance the S&P 500 has experienced so far this year.

Consensus estimate for the 2Q24 EPS growth of +9% is the highest since 2021



Source: Goldman Sachs - Facset

## Currencies

	Price	5D Change%	5D Close	YTD%	52 Week High	52 Week Low
EUR/USD	1.08	0.94	1.07	-2.04	1.13	1.04
USD/ARS	915.74	-0.46	911.51	-11.71	916.77	260.31
USD/BRL	5.52	1.37	5.59	-11.98	5.70	4.70
USD/MXN	18.17	0.84	18.32	-6.57	18.99	16.26
USD/COP	4108.73	1.08	4153.08	-6.18	4403.33	3738.25
USD/CHF	0.90	0.00	0.90	-6.39	0.92	0.83
GBP/USD	1.28	1.16	1.26	0.48	1.31	1.20
USD/JPY	161.27	-0.23	160.88	-12.53	161.95	137.25
USD/CNY	7.27	-0.03	7.27	-2.33	7.35	7.09

Source: Bloomberg

## 10Y Government Bond Yields

	Yield	YTD(bp)	52 Week High	52 Week Low
<b>Reference Rates</b>				
Fed Funds Rate	5.33	0.0	5.33	5.07
SOFR 3M	5.31	-2	5.43	5.27
<b>North America</b>				
US	4.32	44	5.02	3.72
Canada	3.53	42	4.29	3.02
<b>LatAm</b>				
Argentina (ARS)	70.87	77	116.19	68.09
Brazil (BRL)	12.02	165	12.33	10.29
Colombia (COP)	10.82	87	12.31	9.56
Mexico (MXN)	9.94	98	10.36	8.71
<b>Europe</b>				
France (EUR)	3.24	68	3.60	2.40
Germany (EUR)	2.59	56	3.03	1.89
Italy (EUR)	3.96	26	5.05	3.46
Spain (EUR)	3.37	38	4.13	2.81
Swiss (CHF)	0.67	-3	1.23	0.56
England (GBP)	4.15	61	4.75	3.43

Source: Bloomberg

## Commodities

Commodity	Price	5D Change%	YTD %	52 Week High	52 Week Low	Units
Aluminum	2,475.03	0.86	5.25	2,759.00	2,071.00	Tons
Copper	465.70	7.59	19.70	519.85	351.95	Pounds
Gold	2,391.40	2.35	15.43	2,454.20	1,809.40	Troy Ounce
Silver	30.93	6.96	28.41	32.50	20.85	Troy Ounce
Crude Oil (Brent)	87.60	1.38	13.71	97.69	72.29	Barrel
Crude Oil (WTI)	84.12	2.91	17.40	95.03	67.71	Barrel
Gasoline	260.72	2.42	24.00	299.36	196.72	Gallon
Natural Gas	2.38	-11.36	-5.33	3.63	1.48	MMBTU

Source: Bloomberg

## Glossary

### Currency Codes

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

<b>Abr.</b>	<b>Description</b>	<b>Abr.2</b>	<b>Description</b>
<b>bb1</b>	barrel	<b>IMF</b>	International Monetary Fund
<b>BoE</b>	Bank of England	<b>Latam</b>	Latin America
<b>BoJ</b>	Bank of Japan	<b>Libor</b>	London interbank offered rate
<b>bp</b>	Basic points	<b>m b/d</b>	Million barrels per day
<b>BRICS</b>	Brazil, Russia, China, India, South Africa	<b>M1</b>	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.
<b>DCF</b>	Discounted Cash Flow	<b>M2</b>	A measure of the money supply that includes cash and deposits (M1) plus savings deposits, common monetary investment funds and other term deposits.
<b>DM</b>	Developed Market	<b>M3</b>	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.
<b>EBITDA</b>	Earnings Before Interest Taxes Depreciation and Amortization	<b>M&amp;A</b>	Mergers and Acquisitions
<b>ECB</b>	European Central Bank	<b>MoM</b>	Multiple of Money
<b>EEMEA</b>	Eastern Europe, Middle East and Africa	<b>P/B</b>	Price-to-book value
<b>EM</b>	Emerging Market	<b>P/E</b>	Price to Earnings ratio
<b>EMEA</b>	Europe, Middle East and Africa	<b>PBoC</b>	People's Bank of China
<b>EPS</b>	Earnings Per Share	<b>PMI</b>	Purchasing Manager's Index
<b>ETF</b>	Exchange Trade Fund	<b>PPP</b>	Purchasing Power Parity
<b>FCF</b>	Free Cash Flow	<b>QE</b>	Quantitative Easing
<b>Fed</b>	United States Federal Reserve	<b>QoQ</b>	Quarter on Quarter
<b>FFO</b>	Funds From Operations	<b>REIT</b>	Real Estate Investment Trust
<b>FOMC</b>	Federal Open Market Committee	<b>ROE</b>	Return Of Equity
<b>FX</b>	Foreign Exchange	<b>ROIC</b>	Return On Invested Capital
<b>G10</b>	The Group of Ten	<b>RRR</b>	Required Rate of Return
<b>G3</b>	The Group of Three	<b>VIX</b>	Volatility Index
<b>GDP</b>	Gross Domestic Product	<b>WTI</b>	"West Texas Intermediate"
<b>HC</b>	Hard Currency	<b>YoY</b>	Year over Year
<b>HY</b>	High Yield	<b>YTD</b>	Year To Date
<b>IG</b>	Investment grade		

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