

October 27, 2024

Prepared

“By failing to prepare, you are preparing to fail.” – Benjamin Franklin

“One cannot be prepared for something while secretly believing it will not happen.” – Nelson Mandela

Summary:

The UK Budget, the Bank of Japan after the LDP election loss and the US labor market report are going to dominate markets but the 3Q earnings and the big tech reports overlaid with the last week of US election politics will add to the expected volatility. Month end flows are expected to matter as markets prepare for more bond uncertainty with new supply, and a Fed blackout that won't help should any of the ISM or unemployment releases differ from their narrative. The risk for a reversal in the USD, in US shares and in US exceptionalism as the key narrative for 2024 clearly will be tested and just how prepared markets are for the volatility ahead will matter as we face even more risks in November.

Themes:

- **IMF meetings focus on fiscal growth and deficit worries overlaid with fragmentation.** The IMF/World Bank meetings brought warnings of fiscal spending without any offset plans to pay for it. Growth concerns into 2025 remain high, the breaking down of global order with the BRICS summit held in the same week highlighted concerns about how money will flow after the US election. Rate dominance and the talk of bond vigilantes returning are part of the new equation for portfolio risks.
- **Japan and the breakdown of politics.** The loss of the LDP parliamentary majority – first since 2009 - opens risks for a hung parliament and so further fiscal spending in a nation already confused about inflation and the role of the BOJ in hiking rates when the

government has too much debt. The slush fund crisis in Japan politics opens the way for a less clear cut reform for stocks and for the BOJ to normalize rates. The markets are likely to think this means more trouble for the JPY with 155 the first target and MOF line in the sand at 160. The JGB markets are unlikely to find any comfort in a split government and add to rate angst.

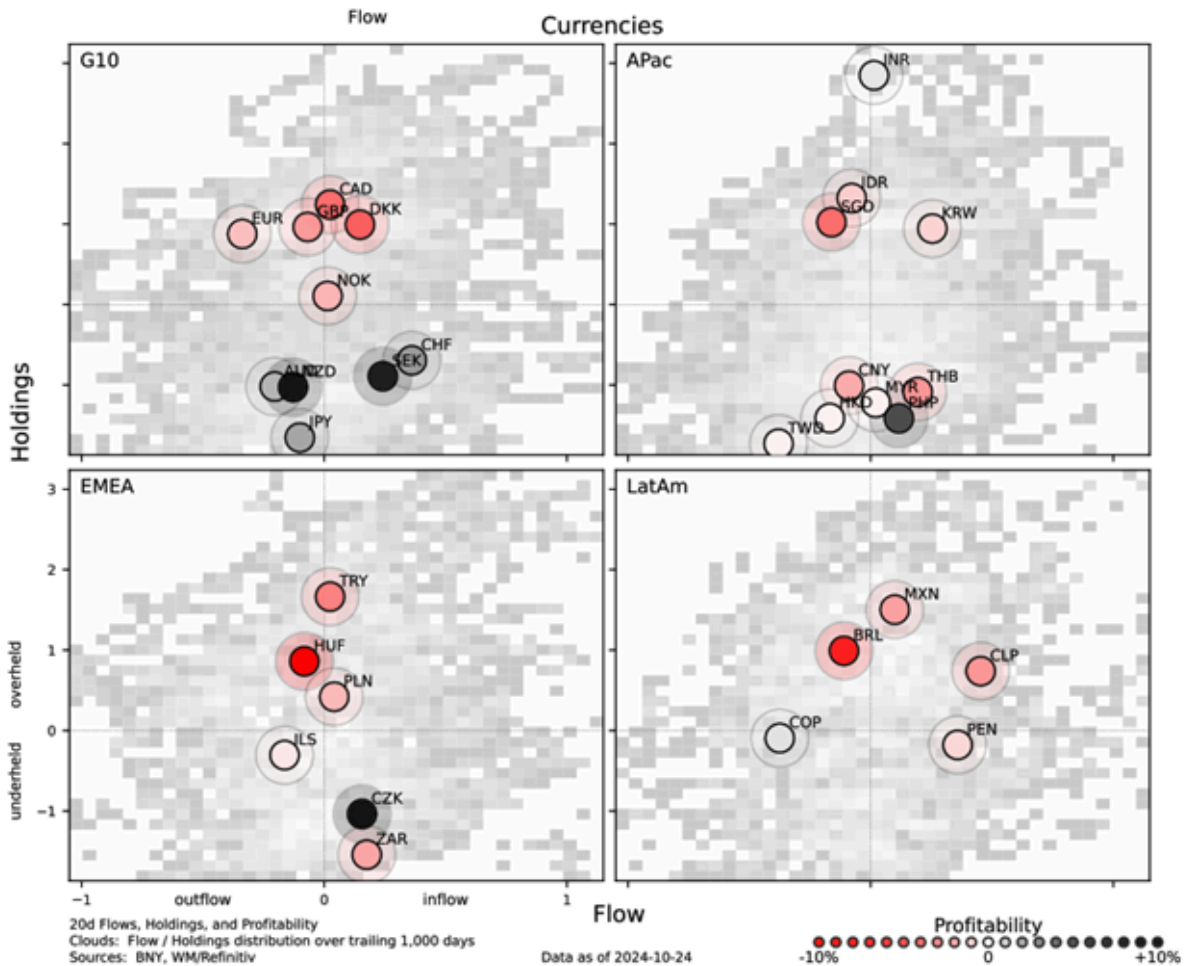
- **Blackouts and the Fed, are we just one news leak away from 50bps?** The risk of more turbulence in US rates rests on the data and the lack of any clear-cut commentary about it from the Fed. This leaves open the risk of Fed rethinking on back of any US election trouble or on sharply weaker data – like jobs or ISM.

What is iFlow showing us?

- **In Equities**, the biggest inflows last week come from South Africa, Brazil, Malaysia while the biggest outflows were in Sweden, Turkey, Japan and China. Our flows were mostly in synch with the market, as the mood indicator fell back to 0.204 to 90% percentile on the week with negative week and now just barely positive month. The index remains extremely positive and suggests a peaking out of mood will lead to more de-risking ahead. For US markets only four sectors are showing “Fear of Missing Out” but all are in the short side with real estate, energy, consumer discretionary and materials all seeing selling. Global equity factor centrality, which measures the dominance of one factor to explain moves has slipped to 29.0 – when 57 is the 10-year average,- suggesting less certainty over the path ahead. US equities aren’t much better at 30.1.
- **In Bonds**, the correlation of bonds to the USD is sharply negative in our flows - -0.927% - that is interesting given there is no longer a correlation to equities and the USD. The role of FX to foreign rates matters particularly to EM and that stands out in our flows. The biggest inflows we saw last week were in New Zealand, Australia, US and Hong Kong, while the biggest outflows were in South Africa, Europe, China. US flows showed a turnabout in 1Y and under bill buying after a month of selling. Duration continued to lag, however, with 10Y+ bucket seeing buying but much less than 5-7Y. Notable also that 2Y vs. 5Y flipped to negative flows on the week against a quarter of buying.
- **In FX**, the USD, PHP and ZAR led the inflows for the week while EUR, SGD, GBP and TWD saw outflows. FX factors continue to be at odds but narrowing with Carry bouncing to -0.085 negative – seeing positive correlations on the week and month now while Trend fell back to +0.133 on the week with negative correlations on week and month. Both remain in neutral zone but are converging back towards flat. FX factor centrality is 65 that is above the 62 long-term average and suggests models are

working for trading. The LatAm positioning is more overhauled while EM overall is nearing neutral zone while safe-havens like CHF and SGD and SEK are moving from short-covering to neutral as well. The most extreme holdings remain in IRN, CAD, MXN and TRY while the least held are in JPY, TWD, ILS and NZD.

Exhibit #1: FX flows show move to neutrality



Source: iFlow, BNY

What happened this weekend?

- Israel bombs Iranian missile sites and air defenses in retaliation** for previous Iranian missile barrage. The escalation of the conflict remains a worry but the action was less than many feared. Itamar Ben-Gvir, Israel's far-right national security minister, said the Israeli strikes on Iran were sufficient only as an "opening blow." He called for further attacks aimed at "damaging Iran's strategic assets," adding, "that must be the next stage." Hezbollah, Tehran's strongest regional proxy, said in a statement that Israel's attack on Iran marked a "dangerous escalation."

- **Georgia ruling party takes 54% of vote in parliamentary elections** – blow to pro-Western opposition. Ruling Georgian Dream, now headed for a fourth term in office, will take 89 seats in parliament, one less than it secured in 2020, the commission said, with four pro-Western opposition parties receiving 61 seats in total. A series of violations were reported on Sunday by three separate monitoring missions - the 57-nation Organization for Security and Cooperation in Europe (OSCE), another comprising two U.S. nonprofit groups - the National Democratic Institute and the International Republican Institute, and a Georgian election monitor, ISFED.
- **Japan election shows loss for LDP – as expected.** LDP is falling short of 233 seats. While most analysts thought the LDP would lose (60% probability) the size of the loss matters as does the reaction of smaller parties in the building out of a fragile coalition to lead the nation. The early vote count shows the LDP and Komeito with a combined 145 seats, according to NHK. The main opposition Constitutional Democratic Party of Japan has 112 seats, the broadcaster said. CDP leader Yoshihiko Noda said he would seek to take over the government if the coalition loses its majority.

Exhibit #2: Japan coalition building will be key for JPY

| Party | Estimated seats(NBHK) | Median |
|-------------------------|-----------------------|--------|
| LDP | 153-219 | 186 |
| Komei | 21-35 | 28 |
| Ishin | 28-45 | 36.5 |
| DPP | 20-33 | 26.5 |
| CDP | 128-191 | 159.5 |
| Communist | 7-10 | 8.5 |
| Reiwa | 6-14 | 10 |
| Sansei | 0-4 | 2 |
| Conservative | 1-4 | 2.5 |
| Social Democratic party | 1 | 1 |
| No party | 9-17 | 13 |
| Total | 465 | |

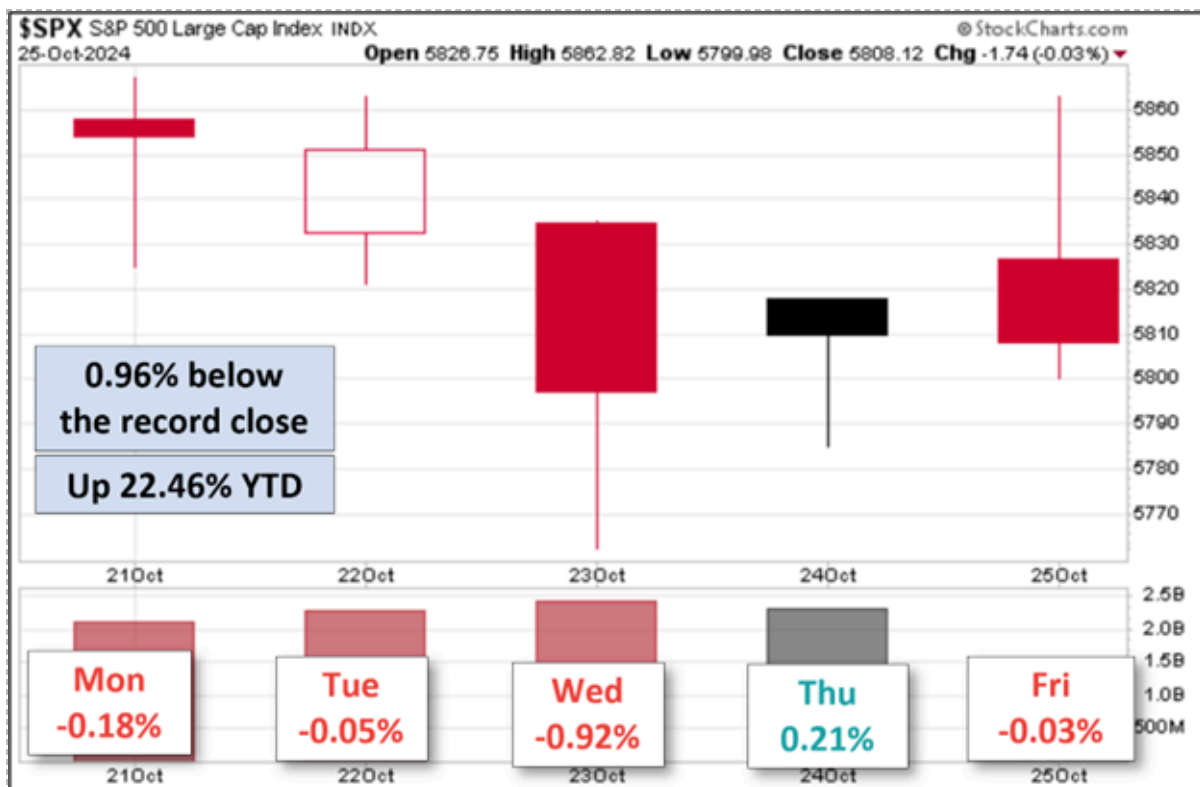
Source: NHK, BNY

What happened last week?

- **The US Atlanta FedGDPnow for 3Q held 3.3% on the week** – after the [US October University of Michigan final consumer sentiment jumps to 7-month highs](#) on rate cut relief - and other data this week from jobless claims, new home sales and durable goods ex transport - all better than expected.

- **German October IFO business climate rises 1.1 to 86.5** - led by expectations but current conditions worse - tracking PMI flash improvement which moved up but held deep contraction levels. **China PBOC cuts LPR rate 25bps** - aiding to more stimulus for the economy -
- **US S&P500 ends it 6-week rally.** The last week delivered the first down week in seven, with S&P500 off 0.96% from record highs. The index has set 47 new records this year compared to 0 in 2023 and 70 in 2021. The DJIA fell 2.68% the week while the NASDAQ rose 0.16%. The best performance globally was Chian CSI up 0.79% while the worst beyond the DJIA was Japan Nikkei off 2.74%. The MSCI world fell 1.3%.

Exhibit #3: US S&P500 breaks 6-week rally



Source: Advisor Perspectives, Bloomberg, BNY

News Agenda – UK Budget, BOJ, US ISM and Jobs and PCE, EU flash CPI

It will be a very busy week in the United States, as investors focus on the advance estimate of Q3 GDP growth, non-farm payrolls, the unemployment rate, and JOLTS job openings. Other important data releases will include the ISM Manufacturing, S&P PMI, CB consumer confidence, the PCE inflation report, and personal spending and income figures. In addition, several megacap companies such as Microsoft, Alphabet, Visa, Meta, Tesla, Coca Cola, Apple, Amazon, Mastercard, Exxon Mobil, and AbbVie are set to report their Q3 earnings.

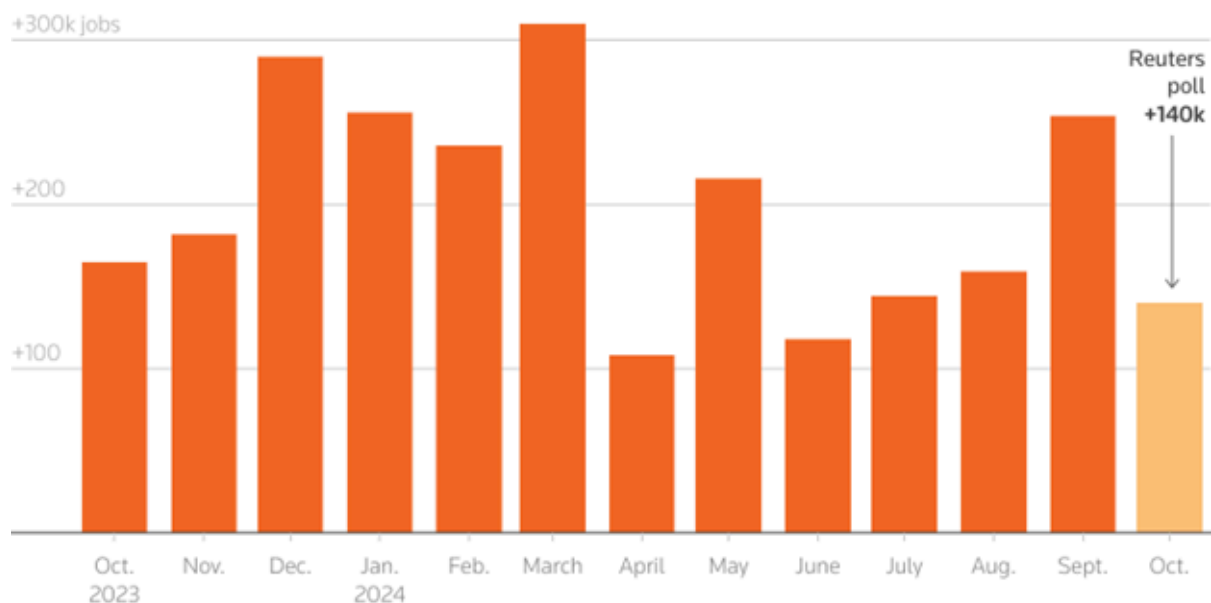
Across the Atlantic, the Euro Area, Germany, France, Italy, and Spain will release inflation and GDP growth data, while Germany's GfK consumer sentiment, unemployment rate, and retail sales will also be closely watched. In Asia, China will publish its manufacturing and services PMIs, and Japan's central bank will announce its interest rate decision alongside updates on the country's unemployment rate and consumer confidence.

1. Just how noisy will US October unemployment be? Economists expect the US economy created 140,000 new jobs in October, versus 254,000 in September. Two significant storms could skew the data, which comes just ahead of the Nov. 5 US election and a potential 25-basis-point rate cut from the Federal Reserve on Nov. 7. The Boeing strike and its effect is another factor to consider in the report. Some Fed speakers, particularly Governor Waller, already spoke to the noisy data ahead in labor markets, making the expectation for 25bps easing clearer even as the US growth expectations rose over the last 2 weeks. The US weekly jobless claims were lower than expected in the last month, but continuing claims have risen. Focus on other US data beyond jobs will be important as well with PCE core prices and the average hourly wages all seen as important to the Fed decision two weeks from now.

Exhibit #4: US jobs noise from hurricanes expected

US non-farm payrolls likely hit a four-month low in October

The economy is expected to have added 140,000 new jobs in October, the lowest since July, according to the median of a Reuters poll of seven economists.



Sources: LSEG Datastream, Reuters polling | REUTERS, Oct. 22, 2024
Source: Reuters, BNY

2. UK Budget and the risk to Gilts. The question to ask is if the worst case has already been price for UK rates. Britain's new Labour government unveils its first budget on

Wednesday, October 30. With few choices available to Chancellor Rachel Reeves as she balances high debt, public spending pledges and a promise not to hike income tax, markets fear extra borrowing and tax grabs on capital gains, dividends and inherited wealth. The 10-year gilt yield is about 18 bps higher this last week, dragged up in part by rising US rates, even after soft inflation fueled hopes for UK rate cuts. The budget uncertainty also mattered to UK stocks which are underperforming again unwinding a pre-election rally. The fate of GBP and its ability to return to 135 rather than 125 likely rests on how much spending there is to provoke a BOE slow easing path vs. tax hikes to slow the economy and hold the long-end of Gilts. The role of stocks and growth hopes now matters likely as much as GBP and Gilt moves.

Exhibit #5: Stocks matter to BOE and Gilts

The UK election catch-up trade faded before the vote

UK stocks cheered Labour's widely expected July 4 election win in advance, but not for long.



Note: By Naomi Rovnick. Chart shows relative performance of FTSE All-Share and MSCI World stock index, rebased to 0.

• Source: LSEG

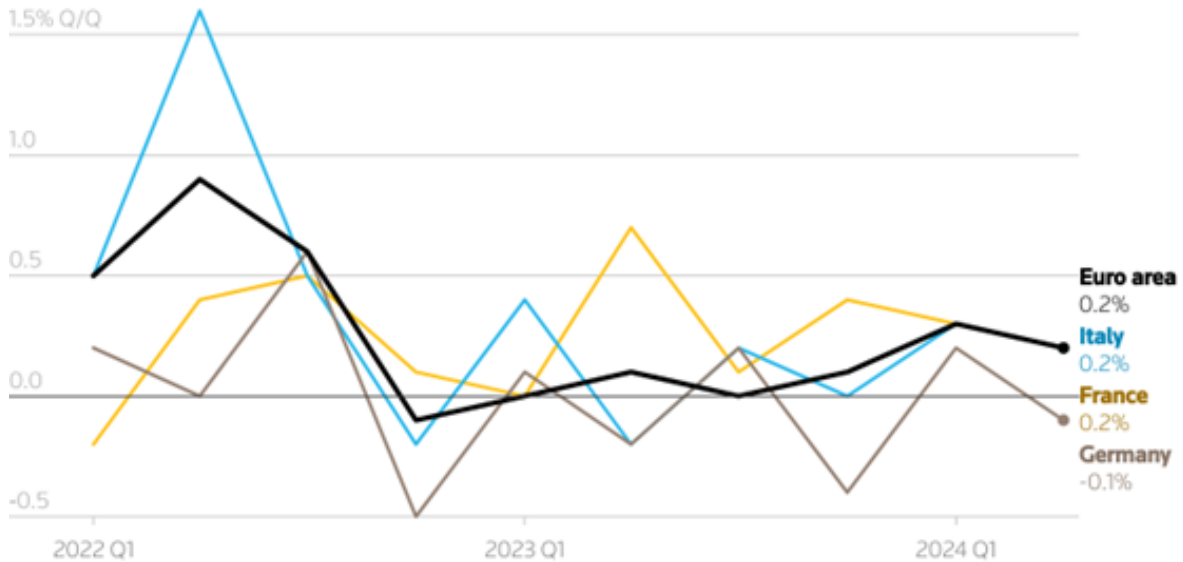
Source: Reuters, BNY

3. The EUR and the sputtering of growth. The EUR has had only 4 up days in the last month – its worth performance since May 2012 when the Greek debt crisis became a European one. The US election, the shift up in US data putting higher US rates into play and the ECB shift in expectations for more cuts have all been part of the reason for the current FX moves. The final PMI reports and more flash CPI data will matter in the week ahead as the market thinks hard about the EUR and 1.05 rather than 1.10 into the Fed and US election.

Exhibit #6: Does the EUR trade on EU growth?

Euro zone engines of growth sputter

Quarterly growth rates in Europe's biggest economies are falling.



Note: Data through Q2 2024.

Source: Eurostat | Reuters, Oct. 24, 2024 | By Kripa Jayaram

Source: Reuters, BNY

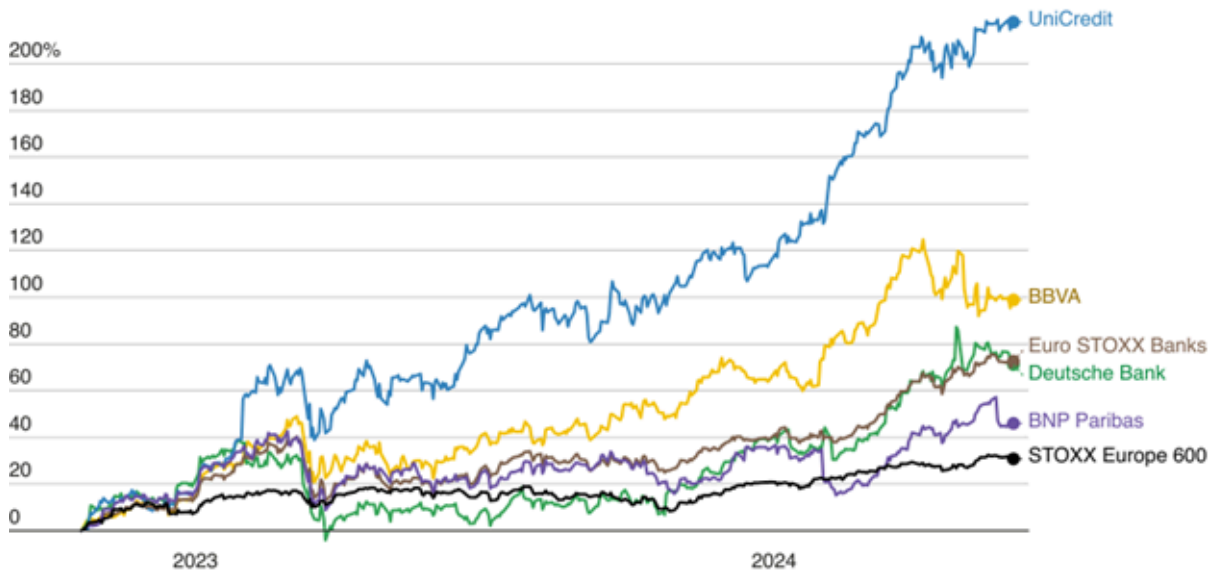
4. 3Q Earnings the US Mag 7 vs EU Banks. The next week focus on equities will be on mega tech companies in the US and the EU banks as they report. The role of banks in Europe and the role they play in supporting growth in the EU matter significantly to the bigger picture of EUR, global rates and how the ECB sees 2025 risks. At the same time, the drive of US exceptionalism and the fate of the USD could pivot on the key reports from tech giants next week. While the EUR maybe locked into watching ECB comments and economic data, the role of 3Q earnings in the market shouldn't be ignored.

Exhibit #7: Will EUR trade on EU banks?

European banks outperform

Many European bank stocks have outpaced the gains of the broader market, as higher interest rates boost lenders' income and amid bigger shareholder payouts.

Change over the past two years



• Source: LSEG | Reuters, Oct. 24, 2024 | By Tom Sims
Source: Reuters, BNY

Calendar for October 28- November 1

Central Bank Decisions

- **Bank of Japan (Thursday, October 31).** BoJ is widely expected to keep rates unchanged at 0.25%. Recent lowering of inflation trend (Oct Tokyo CPI: 1.8%, ex-Fresh food and Energy: 1.8% and Sep National CPI at 2.5%, core ex Fresh food and Energy at 2.1%) and the slowing growth momentum (Oct PMI Services fell into contraction after 3 months of expansion) suggests status quo is the most likely decision. We will be focusing on the latest Outlook for Economic activity and prices. Weekend general election closely watched too with full ramifications unlikely to be known until after BOJ meeting.
- **Banco de la República, Colombia (Thursday, October 31).** Market consensus is for the Central Bank of Colombia to deliver the 8th successive rate cut by 50bp to 9.75% with an off chance of 75bp reduction. Inflation continues to fall with Sep CPI at 5.81% vs 9.28% at the end of 2023. Real interest rates remain elevated suggesting plenty of room for easing ahead. 3 members voted for 75bp cut at September meeting, more than 2 members in June and July meeting.

Key data/releases

| Date | EDT | LDN | HKT | Country | Event | Period | Cons | Prior |
|-------------------|-------|-------------|-------------|-----------|--------------------------------------|--------|--------------|---------------|
| 10/26/2024 | 20:30 | 27Oct 01:30 | 27Oct 09:30 | CH | Industrial Profits YTD YoY | Sep | -- | 0.50% |
| 10/26/2024 | 20:30 | 27Oct 01:30 | 27Oct 09:30 | CH | Industrial Profits YoY | Sep | -- | -17.80% |
| 10/27/2024 | 19:01 | 28Oct 00:01 | 28Oct 08:01 | UK | Lloyds Business Barometer | Oct | -- | 47 |
| 10/27/2024 | 19:01 | 28Oct 00:01 | 28Oct 08:01 | UK | Lloyds Own Price Expectations | Oct | -- | 65 |
| 10/28/2024 | 6:00 | 28Oct 11:00 | 28Oct 19:00 | UK | CBI Total Dist. Reported Sales | Oct | -- | -8 |
| 10/28/2024 | 6:00 | 28Oct 11:00 | 28Oct 19:00 | UK | CBI Retailing Reported Sales | Oct | -- | 4 |
| 10/28/2024 | 6:25 | 28Oct 11:25 | 28Oct 19:25 | BZ | Central Bank Weekly Economist Survey | | | |
| 10/28/2024 | 7:00 | 28Oct 12:00 | 28Oct 20:00 | CA | Bloomberg Nanos Confidence | 25Oct | -- | 56.4 |
| 10/28/2024 | 7:00 | 28Oct 12:00 | 28Oct 20:00 | MX | Trade Balance | Sep | -- | -4868.0m |
| 10/28/2024 | 7:00 | 28Oct 12:00 | 28Oct 20:00 | MX | Exports | Sep | -- | 51915m |
| 10/28/2024 | 7:00 | 28Oct 12:00 | 28Oct 20:00 | MX | Imports | Sep | -- | 56784m |
| 10/28/2024 | 9:30 | 28Oct 14:30 | 28Oct 22:30 | US | Dallas Fed Manf. Activity | Oct | -9 | -9 |
| 10/28/2024 | 19:01 | 29Oct 00:01 | 29Oct 08:01 | UK | BRC Shop Price Index YoY | Oct | -- | -0.60% |
| 10/29/2024 | 2:00 | 29Oct 07:00 | 29Oct 15:00 | GE | GfK Consumer Confidence | Nov | -- | -21.2 |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | Net Consumer Credit | Sep | -- | 1.3b |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | Consumer Credit YoY | Sep | -- | 7.60% |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | Net Lending Sec. on Dwellings | Sep | -- | 2.9b |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | Mortgage Approvals | Sep | -- | 64.9k |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | Money Supply M4 MoM | Sep | -- | -0.10% |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | M4 Money Supply YoY | Sep | -- | 1.70% |
| 10/29/2024 | 4:30 | 29Oct 09:30 | 29Oct 17:30 | UK | M4 Ex IOFCs 3M Annualised | Sep | -- | 2.10% |
| 10/29/2024 | 6:30 | 29Oct 11:30 | 29Oct 19:30 | BZ | Current Account Balance | Sep | -- | -\$6589m |
| 10/29/2024 | 7:30 | 29Oct 12:30 | 29Oct 20:30 | US | Wholesale Inventories MoM | Sep P | -- | 0.10% |
| 10/29/2024 | 7:30 | 29Oct 12:30 | 29Oct 20:30 | US | Advance Goods Trade Balance | Sep | -\$96.0b | -\$94.3b |
| 10/29/2024 | 7:30 | 29Oct 12:30 | 29Oct 20:30 | US | Retail Inventories MoM | Sep | -- | 0.50% |
| 10/29/2024 | 8:00 | 29Oct 13:00 | 29Oct 21:00 | US | FHFA House Price Index MoM | Aug | -- | 0.10% |
| 10/29/2024 | 8:00 | 29Oct 13:00 | 29Oct 21:00 | US | S&P CoreLogic CS 20-City MoM SA | Aug | -- | 0.27% |
| 10/29/2024 | 8:00 | 29Oct 13:00 | 29Oct 21:00 | US | S&P CoreLogic CS 20-City YoY NSA | Aug | -- | 5.92% |
| 10/29/2024 | 8:00 | 29Oct 13:00 | 29Oct 21:00 | US | S&P CoreLogic CS US HPI YoY NSA | Aug | -- | 4.96% |
| 10/29/2024 | 9:00 | 29Oct 14:00 | 29Oct 22:00 | US | JOLTS Job Openings | Sep | -- | 8040k |
| 10/29/2024 | 9:00 | 29Oct 14:00 | 29Oct 22:00 | US | Conf. Board Consumer Confidence | Oct | 99 | 98.7 |
| 10/29/2024 | 9:00 | 29Oct 14:00 | 29Oct 22:00 | US | Conf. Board Present Situation | Oct | -- | 124.3 |
| 10/29/2024 | 9:00 | 29Oct 14:00 | 29Oct 22:00 | US | Conf. Board Expectations | Oct | -- | 81.7 |
| 10/29/2024 | 9:30 | 29Oct 14:30 | 29Oct 22:30 | US | Dallas Fed Services Activity | Oct | -- | -2.6 |
| 10/29/2024 | 10:00 | 29Oct 15:00 | 29Oct 23:00 | MX | International Reserves Weekly | 25Oct | -- | \$226436m |
| 10/29/2024 | 13:00 | 29Oct 18:00 | 30Oct 02:00 | BZ | Trade Balance Weekly | 27Oct | -- | \$932m |
| 10/30/2024 | | | | UZ | Key Rate | | -- | 13.50% |
| 10/30/2024 | | | | JN | BOJ Target Rate | | 0.25% | 0.25% |
| 10/30/2024 | 3:55 | 30Oct 08:55 | 30Oct 16:55 | GE | Unemployment Change (000's) | Oct | -- | 17.0k |
| 10/30/2024 | 3:55 | 30Oct 08:55 | 30Oct 16:55 | GE | Unemployment Claims Rate SA | Oct | -- | 6.00% |
| 10/30/2024 | 4:00 | 30Oct 09:00 | 30Oct 17:00 | GE | GDP SA QoQ | 3Q P | -- | -0.10% |
| 10/30/2024 | 4:00 | 30Oct 09:00 | 30Oct 17:00 | GE | GDP NSA YoY | 3Q P | -- | 0.30% |
| 10/30/2024 | 4:00 | 30Oct 09:00 | 30Oct 17:00 | GE | GDP WDA YoY | 3Q P | -- | 0.00% |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | Consumer Confidence | Oct F | -- | -12.5 |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | Services Confidence | Oct | -- | 6.7 |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | Industrial Confidence | Oct | -- | -10.9 |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | Economic Confidence | Oct | -- | 96.2 |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | GDP SA QoQ | 3Q A | -- | 0.20% |
| 10/30/2024 | 5:00 | 30Oct 10:00 | 30Oct 18:00 | EC | GDP SA YoY | 3Q A | -- | 0.60% |
| 10/30/2024 | 6:00 | 30Oct 11:00 | 30Oct 19:00 | US | MBA Mortgage Applications | 25Oct | -- | -6.70% |
| 10/30/2024 | 6:00 | 30Oct 11:00 | 30Oct 19:00 | BZ | FGV Inflation IGPM MoM | Oct | -- | 0.62% |
| 10/30/2024 | 6:00 | 30Oct 11:00 | 30Oct 19:00 | BZ | FGV Inflation IGPM YoY | Oct | -- | 4.53% |
| 10/30/2024 | 6:30 | 30Oct 11:30 | 30Oct 19:30 | BZ | Total Outstanding Loans | Sep | -- | 6117b |
| 10/30/2024 | 6:30 | 30Oct 11:30 | 30Oct 19:30 | BZ | Personal Loan Default Rate | Sep | -- | 5.50% |

| | | | | | | | | |
|-------------------|--------------|--------------------|--------------------|-----------|----------------------------------|-------|--------------|---------------|
| 10/30/2024 | 6:30 | 30Oct 11:30 | 30Oct 19:30 | BZ | Personal Loan Default Rate | Sep | -- | 5.50% |
| 10/30/2024 | 6:30 | 30Oct 11:30 | 30Oct 19:30 | BZ | Outstanding Loans MoM | Sep | -- | 0.90% |
| 10/30/2024 | 7:00 | 30Oct 12:00 | 30Oct 20:00 | MX | GDP NSA YoY | 3Q P | -- | 2.10% |
| 10/30/2024 | 7:00 | 30Oct 12:00 | 30Oct 20:00 | MX | GDP SA QoQ | 3Q P | -- | 0.20% |
| 10/30/2024 | 7:15 | 30Oct 12:15 | 30Oct 20:15 | US | ADP Employment Change | Oct | 108k | 143k |
| 10/30/2024 | 7:30 | 30Oct 12:30 | 30Oct 20:30 | US | GDP Annualized QoQ | 3Q A | 3.00% | 3.00% |
| 10/30/2024 | 7:30 | 30Oct 12:30 | 30Oct 20:30 | US | Personal Consumption | 3Q A | -- | 2.80% |
| 10/30/2024 | 7:30 | 30Oct 12:30 | 30Oct 20:30 | US | GDP Price Index | 3Q A | -- | 2.50% |
| 10/30/2024 | 7:30 | 30Oct 12:30 | 30Oct 20:30 | US | Core PCE Price Index QoQ | 3Q A | -- | 2.80% |
| 10/30/2024 | 8:00 | 30Oct 13:00 | 30Oct 21:00 | GE | CPI YoY | Oct P | -- | 1.60% |
| 10/30/2024 | 8:00 | 30Oct 13:00 | 30Oct 21:00 | GE | CPI MoM | Oct P | -- | 0.00% |
| 10/30/2024 | 8:00 | 30Oct 13:00 | 30Oct 21:00 | GE | CPI EU Harmonized MoM | Oct P | -- | -0.10% |
| 10/30/2024 | 8:00 | 30Oct 13:00 | 30Oct 21:00 | GE | CPI EU Harmonized YoY | Oct P | -- | 1.80% |
| 10/30/2024 | 9:00 | 30Oct 14:00 | 30Oct 22:00 | US | Pending Home Sales MoM | Sep | -- | 0.60% |
| 10/30/2024 | 9:00 | 30Oct 14:00 | 30Oct 22:00 | US | Pending Home Sales NSA YoY | Sep | -- | -4.30% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | Retail Sales Real YoY | Sep | -- | 5.10% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | Cargo Shipments YoY | Sep | -- | 1.40% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | Construction YoY | Sep | -- | 0.10% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | Unemployment Rate | Sep | -- | 2.40% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | Real Wages YoY | Aug | -- | 8.10% |
| 10/30/2024 | 11:00 | 30Oct 16:00 | 31Oct 00:00 | RU | CPI WoW | 28Oct | -- | 0.20% |
| 10/30/2024 | 20:00 | 31Oct 01:00 | 31Oct 09:00 | CH | Swift Global Payments CNY | Sep | -- | 4.69% |
| 10/30/2024 | 20:30 | 31Oct 01:30 | 31Oct 09:30 | CH | Composite PMI | Oct | -- | 50.4 |
| 10/30/2024 | 20:30 | 31Oct 01:30 | 31Oct 09:30 | CH | Manufacturing PMI | Oct | -- | 49.8 |
| 10/30/2024 | 20:30 | 31Oct 01:30 | 31Oct 09:30 | CH | Non-manufacturing PMI | Oct | -- | 50 |
| 10/30/2024 | | 30Oct 05:00 | 30Oct 13:00 | MX | Mexican Public Balance | Sep | -- | -897.9b |
| 10/30/2024 | | 30Oct 05:00 | 30Oct 13:00 | BZ | Central Govt Budget Balance | Sep | -- | -22.4b |
| 10/31/2024 | 4:00 | 31Oct 09:00 | 31Oct 17:00 | EC | ECB Publishes Economic Bulletin | | | |
| 10/31/2024 | 4:00 | 31Oct 09:00 | 31Oct 17:00 | EC | ECB's Panetta speaks in Rome | | | |
| 10/31/2024 | 5:00 | 31Oct 10:00 | 31Oct 18:00 | EC | CPI Estimate YoY | Oct | -- | 1.70% |
| 10/31/2024 | 5:00 | 31Oct 10:00 | 31Oct 18:00 | EC | CPI MoM | Oct P | -- | -0.10% |
| 10/31/2024 | 5:00 | 31Oct 10:00 | 31Oct 18:00 | EC | CPI Core YoY | Oct P | -- | 2.70% |
| 10/31/2024 | 5:00 | 31Oct 10:00 | 31Oct 18:00 | EC | Unemployment Rate | Sep | -- | 6.40% |
| 10/31/2024 | 6:00 | 31Oct 11:00 | 31Oct 19:00 | CA | CFIB Business Barometer | Oct | -- | 55 |
| 10/31/2024 | 6:30 | 31Oct 11:30 | 31Oct 19:30 | US | Challenger Job Cuts YoY | Oct | -- | 53.40% |
| 10/31/2024 | 6:30 | 31Oct 11:30 | 31Oct 19:30 | BZ | Primary Budget Balance | Sep | -- | -21.4b |
| 10/31/2024 | 6:30 | 31Oct 11:30 | 31Oct 19:30 | BZ | Nominal Budget Balance | Sep | -- | -90.4b |
| 10/31/2024 | 6:30 | 31Oct 11:30 | 31Oct 19:30 | BZ | Net Debt % GDP | Sep | -- | 62.00% |
| 10/31/2024 | 7:00 | 31Oct 12:00 | 31Oct 20:00 | UA | Key Rate | | -- | 13.00% |
| 10/31/2024 | 7:00 | 31Oct 12:00 | 31Oct 20:00 | BZ | National Unemployment Rate | Sep | -- | 6.60% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Employment Cost Index | 3Q | 1.00% | 0.90% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | CA | GDP YoY | Aug | -- | 1.50% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | CA | GDP MoM | Aug | -- | 0.20% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | CA | Payroll Employment Change - SEPH | Aug | -- | 32.8k |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Personal Income | Sep | 0.40% | 0.20% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Personal Spending | Sep | 0.40% | 0.20% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Real Personal Spending | Sep | -- | 0.10% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | PCE Price Index MoM | Sep | 0.20% | 0.10% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | PCE Price Index YoY | Sep | 2.10% | 2.20% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Core PCE Price Index MoM | Sep | 0.30% | 0.10% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Core PCE Price Index YoY | Sep | 2.60% | 2.70% |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Initial Jobless Claims | 26Oct | -- | 227k |
| 10/31/2024 | 7:30 | 31Oct 12:30 | 31Oct 20:30 | US | Continuing Claims | 19Oct | -- | 1897k |
| 10/31/2024 | 8:45 | 31Oct 13:45 | 31Oct 21:45 | US | MNI Chicago PMI | Oct | -- | 46.6 |
| 10/31/2024 | 10:00 | 31Oct 15:00 | 31Oct 23:00 | MX | Net Outstanding Loans | Sep | -- | 6544b |
| 10/31/2024 | 13:00 | 31Oct 18:00 | 1Nov 02:00 | CO | Overnight Lending Rate | | 9.75% | 10.25% |

| | | | | | | | | |
|------------|-------|------------|------------|----|-------------------------------------|-------|-------|-----------|
| 10/31/2024 | 20:45 | 1Nov 01:45 | 1Nov 09:45 | CH | Caixin China PMI Mfg | Oct | -- | 49.3 |
| 11/1/2024 | 1:00 | 1Nov 06:00 | 1Nov 14:00 | RU | S&P Global Russia Manufacturing PMI | Oct | -- | 49.5 |
| 11/1/2024 | 2:00 | 1Nov 07:00 | 1Nov 15:00 | UK | Nationwide House Px MoM | Oct | -- | 0.70% |
| 11/1/2024 | 2:00 | 1Nov 07:00 | 1Nov 15:00 | UK | Nationwide House Px NSA YoY | Oct | -- | 3.20% |
| 11/1/2024 | 3:00 | 1Nov 08:00 | 1Nov 16:00 | RU | Money Supply Narrow Def | 25Oct | -- | -- |
| 11/1/2024 | 4:30 | 1Nov 09:30 | 1Nov 17:30 | UK | S&P Global UK Manufacturing PMI | Oct F | -- | 50.3 |
| 11/1/2024 | 7:00 | 1Nov 12:00 | 1Nov 20:00 | BZ | Industrial Production MoM | Sep | -- | 0.10% |
| 11/1/2024 | 7:00 | 1Nov 12:00 | 1Nov 20:00 | BZ | Industrial Production YoY | Sep | -- | 2.20% |
| 11/1/2024 | 7:00 | 1Nov 12:00 | 1Nov 20:00 | MX | Unemployment Rate NSA | Sep | -- | 3.04% |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Change in Nonfarm Payrolls | Oct | 135k | 254k |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Two-Month Payroll Net Revision | Oct | -- | 72k |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Change in Private Payrolls | Oct | 108k | 223k |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Change in Manufact. Payrolls | Oct | -30k | -7k |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Unemployment Rate | Oct | 4.10% | 4.10% |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Average Hourly Earnings MoM | Oct | 0.30% | 0.40% |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Average Hourly Earnings YoY | Oct | 4.00% | 4.00% |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Average Weekly Hours All Employees | Oct | 34.2 | 34.2 |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Labor Force Participation Rate | Oct | -- | 62.70% |
| 11/1/2024 | 7:30 | 1Nov 12:30 | 1Nov 20:30 | US | Underemployment Rate | Oct | -- | 7.70% |
| 11/1/2024 | 8:00 | 1Nov 13:00 | 1Nov 21:00 | BZ | S&P Global Brazil Manufacturing PMI | Oct | -- | 53.2 |
| 11/1/2024 | 8:30 | 1Nov 13:30 | 1Nov 21:30 | CA | S&P Global Canada Manufacturing PMI | Oct | -- | 50.4 |
| 11/1/2024 | 8:45 | 1Nov 13:45 | 1Nov 21:45 | US | S&P Global US Manufacturing PMI | Oct F | -- | -- |
| 11/1/2024 | 9:00 | 1Nov 14:00 | 1Nov 22:00 | US | Construction Spending MoM | Sep | 0.00% | -0.10% |
| 11/1/2024 | 9:00 | 1Nov 14:00 | 1Nov 22:00 | US | ISM Manufacturing | Oct | 47.6 | 47.2 |
| 11/1/2024 | 9:00 | 1Nov 14:00 | 1Nov 22:00 | US | ISM Prices Paid | Oct | -- | 48.3 |
| 11/1/2024 | 9:00 | 1Nov 14:00 | 1Nov 22:00 | US | ISM New Orders | Oct | -- | 46.1 |
| 11/1/2024 | 9:00 | 1Nov 14:00 | 1Nov 22:00 | US | ISM Employment | Oct | -- | 43.9 |
| 11/1/2024 | 10:00 | 1Nov 15:00 | 1Nov 23:00 | MX | S&P Global Mexico Manufacturing PMI | Oct | -- | 47.3 |
| 11/1/2024 | 10:00 | 1Nov 15:00 | 1Nov 23:00 | MX | Remittances Total | Sep | -- | \$6087.3m |
| 11/1/2024 | 10:00 | 1Nov 15:00 | 1Nov 23:00 | MX | Central Bank Economist Survey | | | |
| 11/1/2024 | 13:00 | 1Nov 18:00 | 2Nov 02:00 | MX | IMEF Manufacturing Index SA | Oct | -- | 49.5 |
| 11/1/2024 | 13:00 | 1Nov 18:00 | 2Nov 02:00 | MX | IMEF Non-Manufacturing Index SA | Oct | -- | 49.4 |

| Date | EDT | LDN | HKT | Country | Event | Cons | Prior |
|-------------------|--------------|--------------------|--------------------|-----------|---|--------------|---------------|
| 10/26/2024 | 10:20 | 26Oct 15:20 | 26Oct 23:20 | UK | BOE's Bailey Speaks | | |
| 10/28/2024 | 4:00 | 28Oct 09:00 | 28Oct 17:00 | EC | ECB's Wunsch Speaks | | |
| 10/29/2024 | 12:30 | 29Oct 17:30 | 30Oct 01:30 | DE | Danish Central Banker Signe Krogstrup Speaks in Geneva | | |
| 10/29/2024 | 13:00 | 29Oct 18:00 | 30Oct 02:00 | SZ | SNB's Schlegel Speaks in Cham | | |
| 10/30/2024 | 4:00 | 30Oct 09:00 | 30Oct 17:00 | SZ | SNB's Schlegel and Kraenzlin Speak at News Conference in Bern | | |
| 10/30/2024 | 7:30 | 30Oct 12:30 | 30Oct 20:30 | UK | UK Chancellor of the Exchequer Rachel Reeves presents budget | | |
| 10/30/2024 | 10:00 | 30Oct 15:00 | 30Oct 23:00 | EC | ECB's Schnabel Speaks in Frankfurt | | |
| 10/30/2024 | 13:00 | 30Oct 18:00 | 31Oct 02:00 | EC | ECB's Nagel Speaks | | |
| 10/30/2024 | 20:35 | 31Oct 01:35 | 31Oct 09:35 | UK | BOE's Breeden Speaks | | |
| 10/30/2024 | | | | UZ | Key Rate | -- | 13.50% |
| 10/30/2024 | | | | JN | BOJ Target Rate | 0.25% | 0.25% |
| 10/31/2024 | 4:00 | 31Oct 09:00 | 31Oct 17:00 | EC | ECB's Panetta speaks in Rome | | |
| 10/31/2024 | 7:00 | 31Oct 12:00 | 31Oct 20:00 | UA | Key Rate | -- | 13.00% |
| 10/31/2024 | 13:00 | 31Oct 18:00 | 1Nov 02:00 | CO | Overnight Lending Rate | 9.75% | 10.25% |

Source: Bloomberg, BNY

Conclusions: Are markets prepared for the week ahead?

The next week will focus on the BOJ, the UK Budget and the US jobs report, but the role of 3Q earnings should not be lost on how risk trades. Next week brings 34% of the S&P500 reporting earnings, with the main focus on the big tech names. However, the other 493 companies matter significantly to how the passive money flows. The 3Q earnings last week mattered with 37% of the S&P500 now reported, 75% of those have beat EPS estimates – that is below the 77% 5-year and at the 10-year average. More importantly, the earnings growth only rose to 3.6% from 3.0% last week, and that is still below the 4.3% expected at the start of the reporting. This will be the worst quarter of growth since 2Q2023 if we stay around here and the implications for markets are that we will see further diversification – with winner

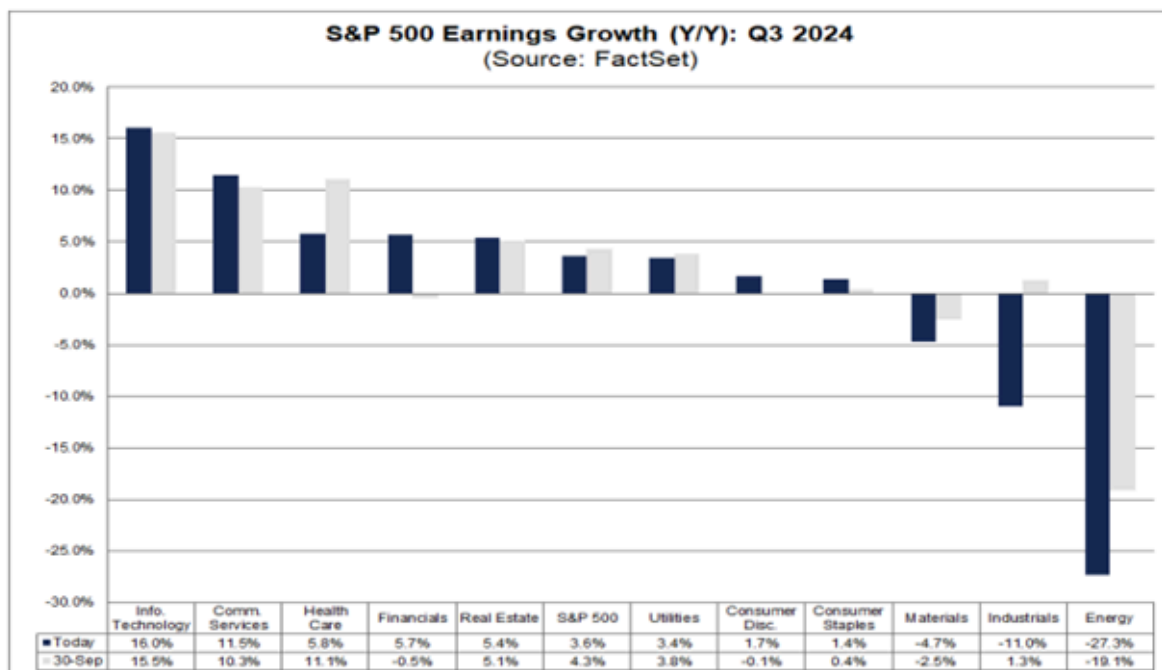
take all trading. Revenue growth is 4.9% this week up from 4.6% last week and above the 4.7% expected at the start of 3Q reporting. Top line vs. Bottom Line matters for macro as the revenue upticks show companies have the ability to continue with strong EPS but for managing their expenses. This puts inflation and the role of labor into sharper focus. The ongoing risk of higher layoffs leading to a recession remains in play for 2025. Further, the ability for stocks to outperform will require even higher profits as the P/E remains well over historical averages.

As FactSet notes, analysts expect (year-over-year) earnings growth rates of 13.4%, 13.4%, and 12.6% for Q4 2024, Q1 2025, and Q2 2025, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 9.3%. For CY 2025, analysts are predicting (year-over-year) earnings growth of 15.2%. The forward 12-month P/E ratio is 21.7, which is above the 5-year average (19.6) and above the 10-year average (18.1).

Bottom Line: Markets are set to open and trade on the risk of higher oil, lower JPY, higher US rates into a week of US bond supply, heavy earnings reports and globally important data culminating in US jobs. The US election is likely a key worry and set up for position adjustments into month-end and the role of the UK budget in driving bond markets is a foreshadowing of US risks into January and the new Congress. Markets have been prepared for more volatility, the question is whether that set up plays out as they expect and if investors can continue to scale the wall of worry.

Exhibit #8: What sectors win matter to the cycle ahead?

Q3 2024: Growth



Source: FactSet, BNY

Please direct questions or comments to: iFlow@BNY.com

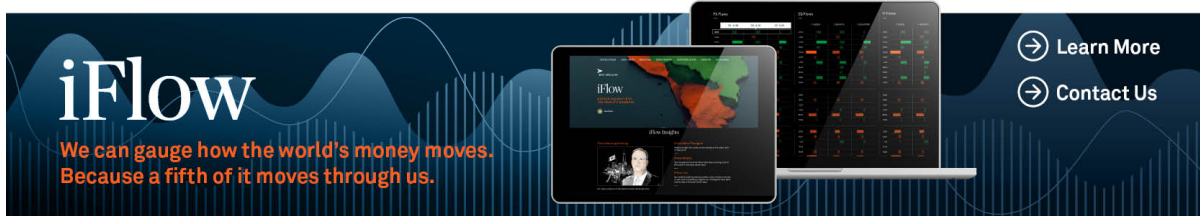


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