Weekly Product Report

Energy Sector

Weekly Product Report

Aidan Murphy
Associate | Energy Sector
aidanjm13@gmail.com

Niall Marley
Associate | Energy Sector
niallmarley1@gmail.com

Brigette Bednarek
Analyst | Energy Sector
brigettebk@gmail.com

Gabriel Cantero
Analyst | Energy Sector
gabrielhcantero@gmail.com

Summary of Weekly Themes

- Crude jumped 2.00% on Monday as **OPEC announced an extension to its oil production cuts** for the rest of 2024 and into 2025. The decision was made to support prices due to increased supply and weak demand
- **WTI settled down 2.70% on Friday close** to decreased uncertainty across energy markets. While geopolitics remain tense, the market overcame hurricane risks and electoral uncertainty as prices dip down
- Clean energy stocks have dove significantly following Donald Trump's election victory. Plug Power (PLUG) and SolarEdge Technologies (SEDG) both saw a **decline of over 24.00%** on Wednesday open
- The Biden administration has purchased **2.40 million Bbls of crude oil for the Strategic Petroleum Reserve (SPR)** for delivery in April through May. This purchase has significantly depleted the budget for further oil buybacks as Congress redirected funds to address the national deficit
- The incoming U.S. President Donald Trump has prepared executive orders and proclamations on **withdrawing from the Paris climate agreement** as well as shrinking the size of national monuments Biden restored for protection of the original lands to allow for additional drilling and mining
- Over 23.00% of **US Gulf of Mexico oil output** as well as 10.00% of **natural gas output is shut in** due to Hurricane Rafael. Energy producers have evacuated dozens of offshore production platforms and shutdown in over 408.00 k Bbl/d of oil and nearly 201.00 mm cf/d of natural gas
- **China's crude oil imports** continue to **weaken,** with October being the sixth consecutive month in which crude cargo arrivals have lagged behind imports on a year-over-year basis. October imports totaled 10.53 mm Bbl/d, 9.00% lower compared to October 2023 and 2.00% below September 2024

Looking Ahead

The energy market experienced heightened volatility this week due to OPEC announcements and electoral results. OPEC's decision to extend production cuts was anticipated by the sector, as regaining market share didn't align with the member countries' domestic goals for crude exports. Although crude prices saw a slight increase, the sector believes that OPEC's one-month extension is insufficient to counteract the downward pressure on prices caused by lackluster Chinese stimulus and reduced uncertainty. Replenishing the SPR with about 2.40 million barrels helps mitigate the impact of a potential oil shock. However, this purchase has left the U.S. Department of Energy in a difficult position, as the fund for buying back crude is now depleted. The sector believes this could have the opposite effect than intended if the department is forced to sell without a larger budget allocated to the fund. Oil producers within the U.S. are looking forward to less regulation on crude production under a Trump presidency which can result in a higher oil supply and lower prices. However, under the future president's "drill, baby, drill" promise, Trump's vow to additionally implement an increased amount of sanctions on Iranian and Venezuelan barrels could potentially tighten the market and boost prices as well. While Trump's influence on OPEC+ may prompt the cartel to taper production cuts faster, as well as reducing geopolitical tensions by Hamas calling for an immediate end to the war after the election, the sector has a mixed long term outlook on the market.

Weekly Product Report

Equity Derivatives Sector

Weekly Product Report

Anthony Buoscio
Associate | Equity Derivatives Sector
anthonybuoscio1@gmail.com

Sean Cherry
Associate | Equity Derivatives Sector
seancherry0@gmail.com

Mark Ruccio
Analyst | Equity Derivatives Sector
markruccio24@gmail.com

Sasha Iosava
Analyst | Equity Derivatives Sector
sasha.iosava05@gmail.com

Summary of Weekly Themes

- The major indices ended the week in the green with **the NASDAQ Composite up 5.85%, the DJIA up 4.72%, and the S&P 500 up 4.72%**
- **Donald Trump wins the 2024 U.S. Presidential Election. The S&P 500** jumped nearly **3.00%** after election day as well as major other indices
- **The Federal Reserve** held its **November FOMC** meeting and announced a **25.00 basis point rate cut**. This decision reflects concerns over the persistently weak labor market and signals the Fed's intention to pave the way for a **potential soft landing**, allowing flexibility for further cuts
- **The Michigan Consumer Sentiment Index** was released and **rose to 73.00**, the highest level since April. This report showed stronger than expected consumer confidence, surpassing the **predicted 71.00**
- **CVS Health (CVS)** released its quarterly earnings, **revealing mixed results**. Higher-than-anticipated medical costs have created additional pressure on the company's financial performance which worries investors
- **Qualcomm Inc. (QCOM)** reported its quarterly earnings, **surpassing expectations** with earnings per share of $2.59, beating the expected $2.56
- **Berkshire Hathaway (BRK.A)** reported earnings that fell short of expectations, leading to a **2.00% drop** in the company's share price
- **Airbnb Inc. (ABNB)** reported earnings that missed expectations but slightly surpassed revenue projections. The company is also focusing on expanding beyond its core markets, signaling the idea of growth and diversification
- **The Israel-Hamas** conflict appears to be nearing a resolution. Following Donald Trump's presidential election victory, **Hamas has called for an immediate end to the war**. This development is expected to impact market volatility, with investors pushing for greater global economic stability

Looking Ahead

In the next week, major U.S. inflation data will be released, offering valuable insight into the Federal Reserve's outlook for the December meeting. Key indicators such as CPI, PPI, Retail Sales, and Import/Export data will be reported. Following this week's 25.00 bps rate cut, this data will help evaluate the cumulative impact of the earlier 50.00 bps cut and the recent adjustment on inflation trends. Additionally, Fed Chair Jerome Powell is scheduled to speak on Thursday, providing further clarity on the Federal Reserve's priorities leading up to the December FOMC meeting. Earnings season continues, with several major companies set to report quarterly results, including Home Depot Inc. (HD), Cisco Systems Inc. (CSCO), Walt Disney Co. (DIS), and Spotify Technology (SPOT). The market remains focused not only on these earnings but also on upcoming inflation data and the ongoing growth of the technology sector. Qualcomm's strong earnings this week show semiconductor demand, while Cisco's results will provide valuable insights into how technology firms are leveraging AI. The release of inflation data will help the sector strategize for future rate cuts and capitalize on the recent 25.00 bps cut. Additionally, reviewing Donald Trump's first term could guide the sector in identifying growth opportunities and shaping investment strategies for the future.

AMG
PENNSYLVANIA STATE UNIVERSITY

Weekly Product Report

Foreign Exchange Sector

Weekly Product Report

Nick Bauco
Associate | Foreign Exchange
nickybauco@gmail.com

Michael McGinley
Associate | Foreign Exchange
michaelmcgin3@gmail.com

Will Hauser
Analyst | Foreign Exchange
willhauser19@gmail.com

Jacob Pausley
Analyst | Foreign Exchange
jpausley32@gmail.com

Summary of Weekly Themes

- **The DXY** experienced its largest jump of the year this week amid Trump winning the Presidential election. The expectations of Trump's inflationary policies such as imposing a 10.00% tariff on all imported goods would most likely trickle to the consumer. The DXY **rallied up 0.52% w/w**
- **USDJPY gained 0.30% throughout the week.** This increase was largely due to the gain in the U.S. Dollar, but the pairing leveled back out after Japan's finance minister spoke to the press on Thursday, saying, "We will closely monitor currency moves" which helped the Yen gain strength
- **EURUSD fell a substantial 1.45%** during the week due to the election and political turmoil in Germany. Germany's coalition practically fell apart after Chancellor Olaf Scholz fired a leader of one of the three coalition parties, resulting in three cabinet members quitting and crumbling the coalition
- **GBPUSD** experienced a very volatile week but ended up **dropping 0.50%.** The BoE cut interest rates by 25.00bps on Thursday, following in the footsteps of the Fed, although the British Pound gained as the BOE announced the rate-cutting cycle may come slower than expected
- **AUDUSD had an up-and-down week, but ended up sinking 0.51%.** Despite hawkish rhetoric coming from the RBA with no expectations of a rate cut this year. Although, the historic gain of the U.S. Dollar resulted in the greenback currency staying heightened over the Australian Dollar this week
- **CADJPY** realized minimal gains during the week as the pairing spiked after the election but flattened after the Yen regained strength as Finance Minister Kato agreed to take the "appropriate action" to a weakening Yen against many other currencies. CADJPY **jumped a significant 0.61% w/w**

Looking Ahead

The Sector will continue to monitor various reports coming out this week, especially news regarding EURGBP. The pairing fell 1.09% this week, as the pound significantly appreciated against the Euro. Tuesday comes with significant labor market data for the United Kingdom, as employment change data and an updated unemployment print release. Unemployment was at 4.00% for September and expected to tick up to 4.10% for October. If unemployment were to unexpectedly shoot up, this would cause the BOE to cut their rates at a faster pace and inherently depreciate the pound. On Wednesday, the BOE has hearings regarding their decision to cut 25.00 bps this week. This will provide an insight into the BOE and any dovish rhetoric would be a bullish indicator for EURGBP and any hawkish rhetoric would be a bearish indicator. On Friday the U.K.'s annual GDP growth rate is set to come out. The projection is growth of 1.00%, an increase from 0.70% for last month. A rise in this indicator is seen as bullish for GBP. As for the Euro Area, Germany's inflation rate will be released on Tuesday. Germany is the leading economy amongst the E.A. nations, and its metrics significantly influence the ECB and inherently the Euro. Inflation is projected to remain stagnant at 2.40% y/y but any surprise high reading would be a bullish indicator for the Euro and low reading bearish. E.A. GDP data releases Thursday and will show the direction of growth.

AMG
PENNSYLVANIA STATE UNIVERSITY

Weekly Product Report

Index Derivatives Sector

Weekly Product Report

Alex Micca
Associate | Index Derivatives Sector
alexmicca04@gmail.com

Cole Woolard
Associate | Index Derivatives Sector
colewoolard05@gmail.com

Jennifer Hsu
Analyst | Index Derivatives Sector
jenniferyhsu0@gmail.com

Jasmine Mansourov
Analyst | Index Derivatives Sector
jasminemansourov@gmail.com

Summary of Weekly Themes

- **Benchmark U.S. indices ended positively this week** with the **S&P 500 up 4.72%**, the **NASDAQ Composite at 5.85%**, and the **DJIA with 4.72%**. These huge jumps are mainly due to the results of the U.S. election as well as 25 bps cut from the Fed that occurred at this past week's meeting
- **The Japanese Index, Nikkei 225, saw an overall gain this week of 2.59%** after **President Trump's win boosted financials** stocks due to his tax policies outweighing the losses from the **negative** from **chip-related stocks** due to the **possibility** of him imposing **tougher trade policies** with China
- **The Hang Seng Index ended positively this week at 0.70%** following volatility from the U.S. election, falling after Trump's win due to **fears of trade tariffs** as technology and real estate sectors fall. **Volatility** has also been caused from **new Chinese stimulus** measures for **local governments**
- **The Euro Stoxx 600 Index ended negatively this week at (0.75%)** due to **investors assessing** what **Trump's win** would mean to them going forward regarding trade as well as the **rising political uncertainty in Germany** after Chancellor Scholz fired the Finance Minister Lindner on Wednesday
- **The FTSE 100 saw a 1.28% decline** as the **BOE cut interest rates** this past week by **25 Bps** stating that there has been **higher inflation after the budget** from the new government, leading to uncertainty among investors. **Vistry Group** has also weighed on the index from its **fall of 15.04%**
- **India's Nifty Fifty Index ended at 0.31%** as higher weighted banks in the index performed lower, such as **ICICI Bank falling 1.45% w/w**. The index has also remained under pressure from Trump's win as it led to the **dollar to rupee exchange rate** to **hit new lows** and **pressure on indian equities**

Looking Ahead

Going forward into the upcoming week, the Sector will be monitoring the German DAX Index as recent news of rising political uncertainty has caused worries for investors. The DAX index has had a volatile week from the U.S. elections but has ultimately been hit by news of the Chancellor Olaf Scholz firing his Finance Minister Christian Lindner over disagreements about Germany's weak economy. In the past, political stability has been normal in Germany with power being moved between the center-left Social Democratic Party and center-right Christian Democratic Union. Scholz stated that he fired Lindner because he was not cooperating with implementing any of his proposals for the budget as he demanded investment(s) while Lindner was looking for a more cautious government borrowing approach. Going into next week, the Sector will keep watch of the relationship between the Chancellor and the new coalition as Lindner's Free Democratic Party is out of the picture and is leaning to neutral from the once "traffic light" coalition. In the next few months, investors will see how this plays out as these new tensions in the government add on to the already stagnating and structurally weak economy. Economic data coming out next week is the ZEW Economic Sentiment that has lead to an optimistic economy in the past month from the last report of 13.10, as well as Wholesale Prices y/y expected to come out positive at 2.20% after seeing negative reports for the past 17.00 consecutive months.

Weekly Product Report

Interest Rate Product Sector

Weekly Product Report

Ryan Criste
Co-Associate | Interest Rate Products Sector
ryancriste2@gmail.com

Andre Johnson
Analyst | Interest Rate Products Sector
andretimothyjohnson@gmail.com

Jatin Patel
Analyst | Interest Rate Products Sector
jatinpatel05@yahoo.com

Summary of Weekly Themes

- **The Fed lowered their target interest rate by 25.00 bps to 4.50%-4.75%** in its November meeting, a move widely anticipated by markets. In his remarks, Powell signaled the possibility of a pause in rate cuts in their December meeting as they continue to remain data dependent
- **The BOE lowered its interest rate by 25.00 bps to 4.75% in its November meeting, as expected by markets.** This cut was largely reinforced by data as September's inflation print dropped to a three-year low of 1.70%. Additionally, service inflation fell to a two-year low of 4.90%
- **The U.S. ISM Services PMI jumped to 56.00** in October 2024, marking the largest growth since August 2022 and above expectations of 53.80%. The large jump was driven by a jump in employment, which jumped to 53.00
- **The Michigan consumer sentiment increased to 73.00** in November 2024, the highest in seven months and above forecasts of 71.00. Investor confidence remains strong, bolstered by election optimism and rate cuts
- **U.S. Initial Jobless Claims gained by 3.00 k to 221.00 k aligning with expectations.** Despite the increase, the number remained well below the averages from earlier in the month as the labor market shows resilience
- **China CPI increased by 0.30% in October 2024, below market expectations of 0.40%,** marking the lowest reading since June. Monthly, the CPI declined by 0.30% below expectations of a 0.10% decrease as the Chinese economy continues to struggle despite new stimulus
- **The Canada unemployment rate remained unchanged at 6.50% and slightly below market expectations of 6.60%.** This reading eased concerns about the significant weakening in the Canadian labor market

Looking Ahead

In the coming weeks, the Interest Rate Products Sector will look closely for key macroeconomic indicators from the U.S. as the presidential election has had a large effect on the bond market, with bond yields recently rising to monthly highs. This upcoming week is filled with important economic releases that should show whether the Fed will continue its rate cutting cycle or hold rates in its December meeting amidst increased inflation expectations, fiscal policy concerns, and increasing bond yields. Multiple Fed officials are set to speak on Tuesday to offer further guidance on recent and future monetary policy. The following day, the Inflation Rate for the U.S. will be released and confirm or dispel rumors that prices have ticked up since the last reading, most notably services inflation. If inflation were to continue on its declining path, our 3-Month SOFR futures Bear Put would be farther from profitability due to heightened expectations of rate cuts by the Fed. Fed Chair Jerome Powell is also set to speak next week as investors watch closely for differentiating rhetoric around his belief of where the economy is heading. Labor market data, such as Initial Jobless Claims, will be released and is expected to increase which would also hurt the direction of our 3-Month SOFR futures Bear Put. The state of the consumer will also be shown as m/m Retail Sales will be released at the end of the week. This data point should give investors insight into consumer spending and if it has slowed as borrowings become cheaper.

AMG
PENNSYLVANIA STATE UNIVERSITY

Weekly Product Report

Metals Sector

Weekly Product Report

Sougi Akurathi
Associate | Metals Sector
sou.akuathi@gmail.com

Matthew Hoban
Associate | Metals Sector
matthoban12@gmail.com

Max Lee
Analyst | Metals Sector
maxlee71704@gmail.com

Summary of Weekly Themes

- **Gold** prices came back down from record-highs seen over the past few weeks as investors reacted to the results of the U.S. presidential election. **Donald Trump's victory** earlier in the week caused the USD to strengthen and Treasury yields to rise, increasing the opportunity cost of investing in non-yielding assets like gold. This caused prices to **drop 1.89% w/w**
- **Silver** traded similarly to gold this week and also came down due to results of the U.S. presidential election. While Jerome Powell stated that the election won't have any near-term effects on Fed decisions, future Trump policies such as raising tariffs could lead to increased inflation, hurting rate cut expectations. This caused silver prices to come **down 3.52% w/w**
- **Iron ore** prices saw **gains of 1.16%** during the week as investors continued to assess future Chinese demand. Economic data released on Wednesday showed that China's trade surplus grew more than expected in October, showing signs that current stimulus could be helping to lift growth
- **Copper** prices had a volatile week after further news regarding Chinese stimulus left investors disappointed on the future demand outlook. China's National People's Congress concluded a four-day policy meeting on future stimulus but left many investors questioning whether or not it will end up boosting their manufacturing sector. Prices **dropped 1.30% w/w**
- Reports of potential sanctions on Russian **palladium** no longer seem like a threat to supply after Trump's election victory, causing **huge price decreases of 10.02% w/w.** The Biden administration had initially proposed these sanctions to other G-7 leaders in October, but after the results of the U.S. presidential election it is unlikely that they will ever materialize

Looking Ahead

In the upcoming weeks, the Sector will continue to monitor the outcomes of the U.S. presidential election as well as further developments with Chinese demand and their impacts on silver prices. Donald Trump's election victory looks to have massive implications on both silver's precious and industrial applications. Many analysts predict that future Trump policies will result in a stronger USD and higher Treasury yields, causing silver to look like a less attractive investment. Trump has also been very outspoken about his dislike for many current green energy initiatives which could have huge effects on silver demand as the metal is used in many forms of green energy like solar panels and electric vehicles. The Sector will also continue to monitor Chinese demand for the metal as the country is one of the world's top consumers. Investors had been hoping for news of stronger measures targeted at the manufacturing sector but were disappointed when top policymakers failed to specifically mention this type of stimulus, lowering the demand outlook for many different industrial metals. Silver was particularly impacted by this news since it is a key component in solar panels and China has been the top producer of this product. Chinese demand was also dampened by the results of the U.S. presidential election due to the potential for higher tariffs on Chinese goods. The Sector could look to potentially add some more silver to our portfolio through bearish options play to capitalize on potential price decreases.