

MARKET UPDATE

25/07/2024

Stocks dragged down by megacap tech.

Stocks sagged worldwide on Wednesday as earnings from Tesla (NASDAQ:TSLA) and European luxury brands disappointed, while oil prices edged higher after trading near-six week lows due to concerns over weak global demand.

The U.S. dollar edged lower, with traders watching out for an inflation reading on Friday and a Federal Reserve meeting next week, while the yen climbed to a seven-week high ahead of a central bank meeting next week.

"I think the big story is clearly the earnings front and you've kind of seen reports all over the map, with Tesla probably the disappointing one," said Garrett Melson, portfolio strategist at Natixis Investment Managers Solutions in Boston.

On Wall Street, all three main indexes finished lower, led by losses in technology, consumer discretionary and communication services stocks.

Sanofi lifts 2024 profit forecast on strength in Dupixent.

Sanofi on Thursday raised its full-year profit outlook after strong demand for blockbuster asthma drug Dupixent and better-than-expected sales of new launches helped its second-quarter results beat estimates.

The French drugmaker forecast 2024 earnings per share would remain stable versus 2023 levels, an improvement on its previous expectation of a low single-digit percentage fall, at constant currency exchange rates.

Peers AstraZeneca (NASDAQ:AZN) and Roche also lifted their profit forecasts on Thursday.

Sanofi (NASDAQ:SNY)'s shares rose 2.9%. The upgraded outlook should be well-received by investors, Jefferies analyst Peter Welford said.

CFO Francois-Xavier Roger said the improved forecast reflected strength across the board, not just Dupixent but also new products such its Beyfortus shot to protect infants from a common respiratory virus.

Investors have been closely watching the new launches, after Sanofi unexpectedly abandoned its 2025 margin targets in October to account for an expected increase in research and development spending, sparking a selloff in its stock.



Tech slump knocks Asia shares.

Asian shares were hammered on Thursday as a slump in global tech stocks sent investors fleeing into less risky assets, including short-dated bonds, the yen and Swiss franc.

Chinese stocks, iron ore and oil prices dropped further after the country's central bank sprang a surprise cut in longer-term interest rates, only stoking further worries about the world's second-largest economy.

European markets are set for a lower open, with EUROSTOXX 50 futures down 0.6% while FTSE futures slipped 0.2%. Nasdaq futures, however, rebounded 0.3% and S&P 500 stock futures rose 0.2%.

The sell-off in stocks saw investors ramp up bets on rate cuts globally, with futures implying a 100% chance of a Federal Reserve easing in September. A spike in market volatility fuelled a vicious squeeze on carry trades which saw the U.S. dollar sink another 0.7% to 152.78 yen on Thursday.

MSCI's broadest index of Asia-Pacific shares outside Japan lost 1%, while Japan's Nikkei tumbled 3.3%, exacerbated by a 11% plunge in Nissan (OTC:NSANY) Motor after its quarterly profit slumped 99%.

Taiwan's markets were closed for a second day due to a typhoon.

Chinese blue-chips slid 0.9% with the Shanghai Composite index falling 0.9% to a five-month low. Hong Kong's Hang Seng plunged 1.7%, finding little support from Beijing's latest easing step.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

