

Elite Capital International – Busy Earnings Week – US Markets Optimistic

Stocks rose Monday at the start of a packed week of corporate earnings results.

HONG KONG, October 22, 2019
/EINPresswire.com/ -- Here's where the markets settled Monday:

- S&P 500: +0.69%, or 20.51 points
- Dow: +0.21%, or 55.61 points
- Nasdaq: +0.91%, or 73.44 points
- 10-year Treasury yield: +5.3 bps to 1.803%
- WTI crude oil prices: -0.9% to \$53.31 per barrel
- Gold: -0.57% to \$1,485.60 per ounce

The S&P 500 closed within 1% of its all-time closing high of 3,025.86 it achieved back in late July. With more than 100 component companies set to report quarterly earnings this week, hopes are running high that better-than-expected results will help push the blue-chip index past its prior peak.

Investors were broadly bearish heading into this earnings season given factors including the overhang of the trade war, global slowdown and lapping of early 2018's cut to the corporate tax rate. Most investors anticipated aggregate S&P 500 earnings per share (EPS) would decline by about 4% over last year.

So far, however, results have not been as soft as feared.

As of Monday morning, companies comprising about one-fifth of the S&P 500's market capitalization had reported third-quarter results, with earnings beating by 4.7% and 77% of companies topping their bottom-line expectations.

That said, these results have topped expectations by a smaller degree compared to beats in the past. The historical average of beats over the past five years sits at 5.4%.

"Q3 earnings season so far is not as strong as the headlines indicate. Yes, more companies are beating but by [smaller] amounts than usual. The problem is margin pressure; revenue surprises are running ahead of historical averages," Jenny Cohen, Lead US Researcher for [Elite Capital](#), wrote in a note Monday. "Analysts are still cutting Q3/Q4 numbers as a result."

Companies announcing results this week include consumer names like Procter & Gamble and McDonald's, tech giants Microsoft and Amazon and industrial and aerospace companies United Technologies, Caterpillar and Boeing.

The packed slate of quarterly results comes as investors continue to [eye ongoing geopolitical](#)



Earnings Season Kicks into Another Gear this Week

[concerns](#), with headline risks posing a threat to equity indices' performance even as earnings roll in.

Overseas, the British pound fluctuated below 1.30 per dollar after House of Commons Speaker John Bercow shot down an attempt to invoke a second parliamentary vote on Prime Minister Boris Johnson's Brexit agreement.

This came after Parliament had voted Saturday to postpone making a final decision on Johnson's Brexit deal, complicating Johnson's aim to exit the EU by the October 31 deadline.

Meanwhile, U.S.-China trade deal updates have mostly underlined progress as of late. White House economic adviser Larry Kudlow told Fox Business Monday morning that President Donald Trump could remove a tranche of tariff increases set to take effect December 15 if further talks with China go well.

Rhetoric out of Beijing has been similarly upbeat. China's Vice Premier Liu He said publicly Saturday that the sides had made "substantial progress in many fields" and had laid the foundation for signing a multi-part agreement.

U.S., UK and German government debt yields rose Monday across their respective curves. Federal Reserve officials remain in a blackout period this week and will not deliver public remarks ahead of their Oct. 29-30 rate-setting meeting. As of Monday afternoon, markets priced in a more than 90% probability of another quarter point cut to benchmark interest rates after the October meeting.

To find out more, contact us at info@elitecapitalinternational.com or visit www.elitecapitalinternational.com to see how we can secure your financial future.

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