

InvestorCoffee (07.31.2024) : Rotation out of megacap technology stocks continues

written by InvestorNews | July 31, 2024

Canadian futures jumped as oil and gold prices advanced, ahead of the country's May GDP figures. Nasdaq futures climbed, supported by chip stocks following a bullish forecast from Advanced Micro Devices, Inc. (NASDAQ: AMD), while Microsoft Corporation (NASDAQ: MSFT) slipped ahead of the Federal Reserve's policy decision. Investors expect the U.S. central bank to hold rates steady and open the door for a September rate cut. European shares rose, led by gains in Dutch chip equipment manufacturer ASML Holding N.V. (NASDAQ: ASML) and other corporate updates. Meanwhile, the Bank of Japan's rate hike [announcement](#) and Governor Kazuo Ueda's comments drove Nikkei higher and strengthened the yen. The U.S. dollar, however, weakened against a basket of currencies. Companies reporting today include Agnico Eagle Mines Limited (NYSE: AEM | TSX: AEM) with expected Q2 earnings of 92 cents per share, Alamos Gold Inc. (TSX: AGI | NYSE: AGI) with 19 cents per share, and Cameco Corp. (TSX: CCO | NYSE: CCJ) with 26 Canadian cents per share, among others. Euro STOXX 50 futures were up 3 points, FTSE futures added 26.5 points, and German DAX futures gained 5 points.

Asian stocks rose and the yen was volatile after the Bank of Japan raised interest rates, while investors assessed contrasting results from tech bellwether Microsoft and chipmaker AMD that suggested a divide in the AI landscape. Oil futures rebounded more than \$1 a barrel from 7-week lows after the [killing](#) of Hamas leader Ismail Haniyeh in Iran ratcheted up

tensions in the Middle East, but prices stayed under pressure from concerns about weak China demand.

The S&P 500 and Nasdaq Composite moved lower yesterday as the rotation out of megacap technology stocks continues. The broad market index fell around 0.6%, and the Nasdaq declined even more at 1.2%. On the other hand, the Dow Jones Industrial Average saw gains, closing the session out 0.3% higher. This comes amid a strong earnings season so far, with around 80% of the 230 S&P 500 companies that have already posted results beating expectations. According to Mona Mahajan, Edward Jones principal and senior investment strategist, earnings growth is "[broadening](#)." Advanced Micro Devices increased its 2024 [forecast](#) for artificial intelligence chip sales by \$500 million and said supplies would remain tight through 2025. Biogen and Eisai's Alzheimer's drug Leqembi showed increased benefits with continued use and no new safety issues, according to three-year data. Citigroup repeatedly [breached](#) a U.S. Federal Reserve rule that limits intercompany transactions, leading to errors in its internal liquidity reporting.

DuPont de Nemours, Inc. (NYSE: DD) [raised](#) full-year forecasts, benefiting from strong demand for electronics and AI-based technology. Intel Corporation (NASDAQ: INTC) plans to cut thousands of jobs to finance a recovery and cope with eroding market share. Microsoft said it would spend more money this fiscal year to build out AI infrastructure even as growth slowed in its cloud business. Smurfit Westrock reported a 51% drop in Smurfit Kappa's quarterly profit due to softer consumer spending on goods. Starbucks' store operation improvements helped the coffee chain meet Wall Street expectations for quarterly profit. Stryker Corp. posted an upbeat second-quarter profit as demand for its medical and surgical devices rose. T-Mobile US Inc. raised its full-year forecast for monthly bill-paying phone subscriber additions.

Publisher's Note: Tracy Hughes uses a variety of sources for her daily market update series called "InvestorCoffee." This series is intended to be a brief summary of daily market highlights that the InvestorNews team finds interesting. This summary is meant to inspire research, investigation, and due diligence, and we encourage you to always seek licensed professional advice with any investment decision. While Tracy is a professional writer, she is not a licensed investment advisor. And yes, Tracy uses ChatGPT and other technology devices to help distill information and prioritize business data – while sipping her daily coffee! For more information email us at info@investornews.com.
