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Corporate earnings provide tailwind - Update from the Investment Division

Erste AM Communications



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What's happened since yesterday?

We reported last week that the interest rate cuts were a major driving force for the equity markets in recent weeks. In addition, the surprisingly good corporate earnings also provided a tailwind.

In the US, more than half of the companies have already published their Q2 results. In the process, 85 % have exceeded analysts' estimates, while only 13 % have disappointed. In Europe, about one-third of the companies have reported. The profit growth here is -18%. Although the sector composition differs between the US and Europe, a similar pattern can be seen: Oil and gas (more heavily weighted in Europe) is the weakest sector this year, while technology (heavily weighted in the US), consumer goods and healthcare are among the strongest sectors.

Equity markets were little changed yesterday. The leading US index, the S&P 500, closed up 0.36%. The Asian trading session also brought little change.

The gold price, on the other hand, continued to rise, reaching a new all-time high of over USD 2,030. In our opinion, the reason for the significant price increase in recent weeks is mainly due to low real interest rates at a global level. Concerns about the longer-term development of inflation are also prompting some market participants to invest in the precious metal.

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