

ASAS CAPITAL
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WEEKLY UPDATE

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WEEKLY UPDATE

✨ MUSINGS

“A ship in harbor is safe, but that’s not what ships are built for.”

G.T. SHEDD

📈 LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	7,623 ▼	-0.47% ▼	11.36% ▲
Nasdaq Composite	25,955 ▼	-0.71% ▼	11.67% ▲
10Y UST Yield	4.999 ▼	-1.61% ▼	20.08% ▲
Crude oil	103.45 ▲	4.44% ▲	80.23% ▲
Gold	3,995 ▼	-4.08% ▼	-7.48% ▼
DXY	101.751 ▼	-0.03% ▼	3.53% ▲
USD/INR	94.93 ▼	-0.02% ▼	5.68% ▲
Bitcoin	81,076 ▼	-0.54% ▼	-7.34% ▼
Euro STOXX 50	6,066 ▼	-1.62% ▼	4.36% ▲
India (Nifty)	22,600 ▼	-2.36% ▼	-13.51% ▼
Japan (Nikkei)	62,693 ▼	-4.03% ▼	24.54% ▲
China (CSI 300)	4,105 ▼	-1.56% ▼	0.66% ▲
Saudi (TASI)	9,695 ▼	-4.07% ▼	-7.58% ▼
Abu Dhabi (ADX)	9,588 ▼	-2.24% ▼	-4.05% ▼
Dubai (DFM)	5,734 ▼	-2.27% ▼	-5.18% ▼

📰 NEWS FROM THE MARKETS

AI Spending Doubts Hit Tech Hard

Investors suddenly questioned whether the massive money being poured into artificial intelligence is paying off soon enough. The trigger came from Meta Platforms’ results. While revenue was strong, the company showed its first negative free cash flow in more than a decade and announced plans to issue a new class of non-voting shares to fund more AI spending. That combination reminded markets how expensive the AI arms race has become.

The reaction was sharp. On Thursday the Nasdaq fell 2.6 percent, its biggest one-day drop since early June, and the broader S&P 500 lost 1.2 percent. Chip stocks were hit especially hard, with the **Philadelphia Semiconductor Index down more than 6 percent**. Amazon and Nvidia each fell around 4.5 percent that day. By Friday tech shares steadied a little, but the S&P 500 still finished the week down about 0.5 percent and the Nasdaq was off 0.7 percent.

The concern is straightforward: companies are spending tens of billions on data centers and chips, yet the return on that investment is still uncertain. When one of the biggest spenders shows rising costs and weaker cash flow, markets take notice. **Treasury yields fell sharply on the same day as investors sought safety, with the 10-year yield dropping as much as 19 basis points at one point.**

Corporate earnings spotlight:

Meta reported third-quarter revenue of \$64.6 billion, up 26 percent and ahead of forecasts. Advertising remained the engine. Adjusted earnings were \$7.40 a share once a nearly \$10 billion legal charge was excluded. However, free cash flow turned negative at \$2.1 billion because capital spending stayed very high.

Tesla's numbers were more mixed. Revenue was roughly flat at \$28.05 billion. Adjusted earnings of 48 cents a share beat estimates, but GAAP profit fell 43 percent to \$787 million as research and development spending rose sharply. Vehicle deliveries were slightly lower than a year earlier, though better than expected. Energy storage revenue also declined.

Other names such as Procter & Gamble, Spotify, Lockheed Martin and Blackstone delivered solid results and helped limit the damage outside tech. **Overall, the earnings season so far shows consumer and industrial companies holding up better than the AI-heavy names that have driven the market for most of the year.**

Oil Climbs as Middle East Tensions Rise

Oil prices jumped after a series of Houthi attacks inside Saudi Arabia and reports of an oil spill off the UAE coast. Brent crude settled Friday at \$116.72 a barrel, its highest close since late April and up about 6 percent for the week. US West Texas Intermediate finished at \$103.27, up 3.8 percent on the day and 2.3 percent for the week.

The energy sector of the S&P 500 rose 2.5 percent on Friday and hit a new record high, providing one of the few bright spots in an otherwise soft market. Higher oil prices feed directly into inflation worries. With the Federal Reserve already watching price pressures carefully, a sustained rise in energy costs makes the path for interest rates less clear. Traders noted that **the market is still pricing a high chance of no change at the next Fed meeting, but the oil spike adds uncertainty.**

French Debt Worries Return

Political unrest and questions about France's public finances pushed the country's borrowing costs higher. The 10-year French bond yield moved above 5 percent for the first time since 2002. The gap between French and German 10-year yields widened to around 175–178 basis points, levels last seen during the euro-zone debt crisis of 2011.

Street protests over the cost of living and difficulties passing a budget have unsettled investors. The French government faces a large deficit and rising debt, and markets are demanding a higher risk premium. **While the situation has not spilled over heavily into US markets, it is a reminder that Europe still carries political and fiscal risks that can affect global sentiment, especially when combined with higher energy prices.**

Looking Ahead: The Week of October 26–30

The coming week is packed. **The Federal Reserve meets and is widely expected to keep rates unchanged at its decision on October 28.** Markets currently see only a small chance of a move this month, with more focus on the December meeting. The same week brings the Bank of Canada, Reserve Bank of New Zealand and European Central Bank decisions, plus the Bank of Japan on Friday.

On the data front, the **first look at third-quarter US GDP is due Thursday, expected around 3 percent annualized growth. Core PCE inflation, the Fed's preferred gauge, also arrives that day.** Consumer confidence and durable-goods orders appear earlier in the week.

Earnings remain heavy. Microsoft, Alphabet and Amazon all report, giving markets another major test of AI-related spending and cloud demand. Other large names such as Visa, ExxonMobil, Intel and Caterpillar are also on the calendar. Any surprise on capital-expenditure plans or guidance from the big technology companies could move stocks sharply.

Implications for Portfolios

The week highlighted three risks that matter for investment portfolios: the high cost and uncertain payoff of AI investment, rising energy prices that can keep inflation sticky, and renewed European fiscal stress. Tech-heavy growth portfolios felt the pressure most clearly. Energy exposure helped offset some of the weakness. Looking forward, the Fed decision, GDP and inflation data, and the next wave of mega-cap earnings will set the tone. Diversification across sectors and a careful eye on valuations in the AI complex remain sensible. Higher oil prices and European political noise argue for maintaining some defensive holdings and liquidity. **Overall, markets are still supported by solid underlying growth, but the recent volatility shows that sentiment can shift quickly when big-spending companies disappoint on cash flow or geopolitical risks escalate.**

COMING THIS WEEK Key Economic Events

October 26th	US Fed Manufacturing Index (Oct)
October 27th	- US Building Permits, New Home Sales (Sep) - Robinhood, Seagate, SK Hynix, Coca-Cola, Visa, PayPal earnings
October 28th	- US Fed Interest Rate Decision - India Industrial, Manufacturing Production Data (Sep) - Microsoft, Alphabet, UBS, Fortinet earnings
October 29th	- US Core PCE Price Index (Sep) - US Initial Jobless Claims Data - US GDP Data (Q3) - ECB Interest Rate Decision - Euro Area Economic Sentiment (Sep) - Intel, Amazon, Sandisk, Eli Lilly, Caterpillar earnings
October 30th	- BoJ Interest Rate Decision - Japan Unemployment Rate (Sep) - Euro Area Unemployment Rate (Sep) - Euro Area GDP Data (Q3) - BP, ExxonMobil, AstraZeneca, Chevron earnings

CHART OF THE WEEK

Technical chart of the Week: Meta Platforms (META)

CMP: \$642.62
Stop Loss: \$615
Target : \$720

META broke out of its multi-month descending triangle in September, ran to about \$780, and has since pulled back sharply. The price is now retesting the breakout zone from above. The latest candle is a doji that held right on the 100-day SMA (~\$631) and 200-day SMA (~\$633), which also line up with the 0.618 Fib retracement (~\$630) of the August–September rally. That stacking of supports makes this a logical area for a reversal.



Disclaimer : The trade ideas, price levels, stop losses, and targets shown are based solely on technical analysis and personal market views, and may not be suitable for all investors. Technical analysis is not predictive, and past price behavior does not guarantee future results. Readers should conduct their own research and consult a qualified financial advisor before making any investment decisions.

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