

Wealth Daily

Friday, 30 October 2026

AI Cash Costs Weigh on Tech as Growth Stays Firm

Today's Must-Know News

Market Movers: At the 29 October close, the S&P 500 fell 0.30%. Alphabet (GOOGL US) lost 12.64% in its first cash reaction to 3Q results: revenue rose 25% YoY to US\$127.6bn, but free cash flow was negative US\$9.07bn. After the U.S. close, Amazon (AMZN US) fell 5.66% by 06:07 SGT after its US\$240–247bn holiday-quarter sales forecast left the midpoint below consensus. Intel (INTC US) dropped 20.22% by 05:45 SGT after forecasting 4Q sales of US\$15–16bn, below estimates, as an Israeli plant disruption adds to weak PC demand. The reactions sharpen scrutiny of cash returns and execution. (Alphabet / Reuters / Intel / Reuters / Market data / Market data / Market data / J.P. Morgan) **Alphabet (GOOGL US) and Amazon (AMZN US) are our Core Recommendations.**

Macro: U.S. 3Q GDP grew 3.4% annualised, up from 2.2%, while September headline PCE inflation reached 3.6% YoY and core inflation 3.1%. The ECB held its deposit rate at 2.50%; Christine Lagarde will step down on 7 February 2027. These developments leave inflation and policy continuity in focus. The forthcoming BoJ decision is expected to hold rates at 1.25%. Watch its inflation projections and December tightening signals: unexpectedly hawkish guidance could strengthen the yen and pressure rate-sensitive assets. Governor Ueda's press conference is at 14:30 SGT. (BEA / BEA / ECB / ECB / BoJ / Reuters)

FICC: The U.S. 10-year Treasury par yield fell 7bps to 4.98%. December silver was down 3.37% at US\$52.220/oz in late U.S. trading. Divergent moves keep portfolio sensitivity in focus. (U.S. Treasury / Market data)

Trader's Corner (Details on Page 6-7)

Ticker	Security	Rec.	Support	Resistance
0267.HK	CITIC	-	HKD 11.52 / 10.24	HKD 12.54 / 12.84
0175.HK	Geely Automobile	CR	HKD 12.37 / 10.87	HKD 14.53 / 15.28

Hong Kong IPO Calendar

Ticker	Company Name	Sector / status	Next date
3275.HK	Microintelligence	Industrial AI / postponed	Not announced

Overnight Markets

Indices

	Price	1D	YTD
STI	5,396.03	-0.03%	+16.14%
KLCI	1,611.16	-0.17%	-4.10%
Dow Jones	52,342.56	-0.25%	+8.90%
S&P 500	7,720.39	-0.30%	+12.78%
Nasdaq	26,184.72	-1.38%	+12.66%
Hang Seng	22,958.65	-0.59%	-10.42%
CSI 300	4,041.84	-1.03%	-12.70%

Government Bond Yields

Term	Yield	1D	YTD
US 2Y	4.61%	-6bps	+114bps
US 10Y	4.98%	-7bps	+80bps
Germany 2Y	3.09%	-1bps	+97bps
Germany 10Y	3.36%	-1bps	+51bps

Precious Metals

	Price	1D	YTD
Gold (US\$/oz)	4,033.30	-1.17%	-9.95%
Silver (US\$/oz)	52.220	-3.37%	-28.07%

Currencies & Crude Oil

	Price	1D	YTD
DX	101.891	-0.24%	+3.68%
EUR/USD	1.1130	-0.03%	-5.28%
Brent (US\$/bbl)	114.88	-0.38%	+90.77%
WTI (US\$/bbl)	102.00	-0.76%	+79.20%

Must Watch Events

Date / SGT	Event
30 Oct 2026 Time not set	BoJ decision and Outlook
30 Oct 2026 14:30 SGT	BoJ press conference
30 Oct 2026 20:30 SGT	US 3Q Employment Cost Index

AI

- **Alphabet cash burn drives reassessment.** Alphabet (GOOGL US) shares closed 12.64% lower after earnings. Cloud revenue rose 103% YoY to US\$30.7bn, but quarterly free cash flow was negative US\$9.07bn. Search growth of 12% missed the 14.7% consensus, highlighting pressure on the advertising engine financing AI investment despite the rapid expansion in cloud computing. (Alphabet / Reuters / Market data) **Alphabet (GOOGL US) is our Core Recommendation.**
- **Amazon cloud growth cannot offset cash concerns.** Amazon (AMZN US) shares fell 5.66% after hours by 06:07 SGT. AWS revenue rose 39% YoY to US\$46.0bn, but trailing annual free cash flow swung to negative US\$42.4bn from positive US\$14.8bn. Holiday-quarter sales guidance of US\$240–247bn brackets US\$244.51bn consensus; funding demands constrain otherwise strong cloud growth. (Amazon / Reuters / Market data) **Amazon (AMZN US) is our Core Recommendation.**
- **Microsoft returns to bond market.** Reuters reported Microsoft (MSFT US) plans to raise about US\$25bn in its first US investment-grade bond sale in over nine years. The proposed offering spans up to ten tranches; final size remains variable. Quarterly free cash flow of US\$18.6bn and Azure growth of 48% YoY indicate comparatively resilient internal funding. (Reuters / Reuters) **Microsoft (MSFT US) is our Investment Opportunity.**
- **Intel weak outlook exposes supply and PC risks.** Intel (INTC US) shares slumped 20.22% after hours by 05:45 SGT. Fourth-quarter revenue guidance of US\$15–16bn missed US\$17.07bn consensus, despite quarterly revenue rising 21% YoY to US\$16.51bn. An Israeli factory explosion and weakening PC demand constrain the outlook; strong server demand cannot eliminate manufacturing or consumer-cycle exposure. (Intel / Reuters / Market data)

Americas

- **Eli Lilly lifts its sales outlook.** Eli Lilly (LLY US) revenue rose 39% YoY to US\$24.4bn, led by Mounjaro and Zepbound; shares gained 6.63%. Management raised the annual revenue midpoint by US\$5.5bn to US\$91–92bn. Approximately US\$900m of quarterly benefits, including milestones and rebate adjustments, temper the underlying run rate; sustained volume growth remains the key test. (Eli Lilly / Market data) **Eli Lilly (LLY US) is our Core Recommendation.**
- **Caterpillar backlog fails to satisfy expectations.** Caterpillar (CAT US) shares fell 9.25% despite quarterly revenue rising 17% YoY to US\$20.7bn and adjusted EPS increasing to US\$7.20 from US\$4.95. Annual sales-growth guidance remained in the mid-to-high teens. Capacity expansion limits conversion of data-centre power demand into deliveries, leaving execution and tariff costs central to returns. (Caterpillar / Reuters / Market data)
- **ServiceNow forward growth signal overwhelms earnings.** ServiceNow (NOW US) shares plunged 26.95% after fourth-quarter current remaining performance-obligation growth guidance of 18.5% missed 19.4% consensus. Subscription revenue rose 21% YoY to US\$3.99bn. Investors remain sensitive to future contracted growth as AI competition intensifies, despite management raising its annual AI contract-value target to US\$1.7bn. (ServiceNow / Yahoo Finance / Market data)

- **Fortinet services outlook unsettles cybersecurity investors.** Fortinet (FTNT US) shares dropped 20.09% after annual service-revenue guidance fell to US\$5.15–5.17bn from US\$5.18–5.22bn. Quarterly revenue grew 20% YoY to US\$2.08bn and billings increased 29% to US\$2.34bn. Converting hardware demand into recurring services remains the key test, making growth quality more important than aggregate bookings strength. (Fortinet / Yahoo Finance / Market data)
- **DoorDash agrees to acquire Instacart.** DoorDash (DASH US) reported the definitive deal values Instacart's equity at approximately US\$17bn, or US\$65 per share, with at least 75% cash consideration. The price represents a 26% premium to the unaffected reference close. Combining logistics with grocery technology expands scale, but shareholder and regulatory approvals leave execution and competition risks. (DoorDash / BusinessWire)
- **Linde electronics demand supports earnings.** Linde (LIN US) reported that quarterly sales rose 9% YoY to US\$9.40bn and adjusted EPS increased 9% to US\$4.59. Underlying growth comprised 3% pricing and 2% volume, with electronics among stronger markets. Annual adjusted EPS guidance of US\$17.82–17.92 and US\$7.9bn gas-project backlog support visibility, although capital intensity and execution constrain returns. (Linde / EQS)
- **Merck broader portfolio supports its outlook.** Merck (MRK US) reported the revenue rose 5% YoY to US\$18.1bn, with Keytruda-related sales up 6% to US\$8.6bn and Winrevair up 93% to US\$694m. Adjusted EPS fell 3% to US\$2.49, including a licensing charge. The raised US\$66.8–67.3bn annual sales range supports commercial progress, although oncology dependence makes diversification essential. (Merck)
- **Twilio selloff accompanies a slower growth outlook.** Twilio (TWLO US) reported the revenue grew 20% YoY to US\$1.56bn, with 16% organic growth, but fourth-quarter organic guidance slows to 11–12%. Shares fell 16.39% after hours by 06:03 SGT. Expectations remain demanding for communications software despite management raising its full-year reported revenue-growth outlook to 20%. (Twilio / Market data)
- **Bristol Myers Squibb raises sales guidance; charges weigh.** Bristol Myers Squibb (BMJ US) posted the quarterly revenue rose 7% YoY to US\$13.1bn, with newer medicines growing 12%. Management lifted annual revenue guidance to US\$49.75–50.25bn but cut adjusted EPS to US\$6.35–6.55 from US\$6.75–7.00 after an acquisition-related charge. Commercial momentum supports pipeline renewal, although investors must separate operating progress from acquisition costs. (Reuters)
- **Starbucks recovery brings stronger profit.** Starbucks (SBUX US) reported that fiscal fourth-quarter comparable sales grew 7.2%, while revenue fell 4% YoY to US\$9.1bn following the China joint-venture conversion. Adjusted EPS rose 54% to US\$0.80. Fiscal 2027 guidance calls for US\$3.15–3.25 adjusted EPS and roughly 1% lower revenue, separating improving store economics from ownership-related accounting changes. (Starbucks / BusinessWire / Reuters)
- **ADT agrees to a Thrive take-private.** ADT (ADT US) shareholders would receive US\$10 cash per share, a 45.6% premium to the unaffected close. The deal values equity at US\$7.6bn and the enterprise at US\$15.3bn. Closing is expected in first-quarter 2027, subject to approvals. A 30-day solicitation period allows competing bids; completion risk remains. (ADT / GlobeNewswire)

- **Altria increases shareholder returns.** Altria (MO US) revenue excluding excise taxes rose 3.6% YoY to US\$5.44bn and adjusted EPS advanced 4.8% to US\$1.52. Management raised annual adjusted EPS guidance to US\$5.66–5.74; the board expanded buyback authority by US\$1bn. Cash generation supports distributions, but guidance assumes NJOY ACE stays off the market this year. (Altria)

Greater China

- **BYD's quarterly rebound faces working-capital demands.** BYD (1211.HK) reported after-market Q3 attributable profit of RMB10.02bn, up 28.1% YoY, on revenue growth of 13.6% to RMB221.49bn. Nine-month profit remained 4.2% lower, while inventories were 60.1% above year-end. The quarterly recovery improves momentum, but expanding overseas operations make cash conversion an important test. (Company / Reuters)
- **Midea's profit growth needs an accounting distinction.** Midea Group (0300.HK) posted after-market Q3 attributable profit of RMB14.95bn, up 25.9% YoY, despite revenue falling 4.1%. Profit excluding non-recurring items fell 15.7%; foreign-exchange losses and offsetting derivative gains receive different classifications. Nine-month operating cash flow fell 29.6%, making cash conversion a useful earnings-quality check. (Company) **Midea Group (0300.HK) is our Core Recommendation.**
- **Sinopec's refining recovery lifts profit and cash generation.** Sinopec (0386.HK) reported after-market Q3 attributable profit under international accounting standards of RMB13.60bn, up 63.6% YoY. Revenue rose 9.3% to RMB769.74bn; nine-month operating cash flow increased 41.1% to RMB161.99bn. Refining and chemical margins supported earnings, leaving product spreads and demand central to sustained returns. (Company)
- **Geely's richer sales mix supports underlying profitability.** Geely Automobile (0175.HK) reported Q3 attributable profit of RMB4.84bn, up 28% YoY on restated comparatives. Revenue rose 10% to RMB98.96bn, ahead of 7% vehicle-volume growth. Shares fell 4.37% despite the midday release. Export growth and higher-value products support margins, although currency effects complicate underlying comparisons. (Company / Gasgoo / Market data) **Geely Automobile (0175.HK) is our Core Recommendation.**
- **Unicom's computing growth cannot offset earnings pressure.** China Unicom (0762.HK) disclosed after-market nine-month attributable profit of RMB13.28bn, down 33.6% YoY, despite revenue increasing 0.6% to RMB294.65bn. Computing revenue grew 12.2%. Employee-benefit expenses rose to RMB50.83bn from RMB42.66bn. Digital growth needs to generate sufficient returns to absorb the group's rising cost base. (Company)

Asia ex. China

- **Samsung's record profit leaves payout questions.** Samsung Electronics (005930.KS) fell 4.13% after detailed Q3 results confirmed operating profit of KRW107.4tn, up 783% YoY. Full-year capital spending is expected to reach KRW84.4tn; final capital-return plans wait until January 2027. Strong memory demand backs investment, but distribution timing remains uncertain. (Company / Yonhap / Reuters / Market data)

- **Hitachi's sell-off contrasts with stronger underlying earnings.** Hitachi (6501.T) fell 9.77% in its first cash session after prior-evening results. Q2 net profit fell 19% YoY to ¥227.1bn, chiefly reflecting a prior-year disposal gain. Management raised full-year profit guidance to ¥920bn from ¥900bn. Delivering the improved forecast remains the key investment test. (Company / Investing.com / Market data)
- **Keppel's recurring businesses offset legacy-asset pressure.** Keppel (BN4.SI) said nine-month New Keppel profit rose over 20% YoY, excluding non-core assets and discontinued operations; overall profit fell 40%. Announced asset monetisation reached S\$3.7bn versus a S\$2–3bn annual target. Recurring growth supports ordinary dividends, while completed disposals determine capacity for special distributions. (Company / RTTNews)

EMEA and Others

- **Shell channels strong refining cash flow into buybacks.** Shell (SHEL.L) reported Q3 adjusted earnings of US\$10.81bn. Free cash flow reached US\$16.3bn, up 63% YoY, and it announced US\$5bn of buybacks over three months. Shares rose 2.06%. Record refining margins and gas earnings support distributions, while acquisitions and capital spending compete for cash. (Company / Reuters / Market data)
- **TotalEnergies balances exceptional earnings with measured distributions.** TotalEnergies (TTE.PA) reported Q3 adjusted net income of US\$9.10bn, up 129% YoY, and cash flow of US\$12.3bn. It maintained a €0.90 interim dividend and planned US\$2.5bn buybacks in each of Q4 and Q1. Cash generation reinforces distributions, while normalising energy margins remain the principal sensitivity. (Company / Company / Reuters)
- **Airbus keeps delivery targets despite working-capital strain.** Airbus (AIR.PA) rose 2.30% in its first cash session after results. Nine-month revenue increased 7% YoY to €50.6bn and adjusted EBIT rose 8.4% to €4.50bn. Guidance held, but free cash outflow before customer financing widened to €1.27bn from €0.91bn. Back-loaded deliveries determine cash conversion. (Company / Reuters / Market data)
- **BBVA's strong lending growth meets capital scrutiny.** BBVA (BBVA.MC) fell 2.58% after results. Nine-month attributable profit rose 13.6% YoY in current euros to €9.07bn; lending grew 20.4% in constant euros. Return on tangible equity reached 22%, with CET1 capital at 12.21%. Strong profitability supports distributions, but loan growth makes capital generation critical. (Company / Reuters / Market data)
- **STMicro's recovery broadens beyond traditional chip demand.** STMicroelectronics (STM US ADR) reported Q3 revenue of US\$3.76bn, up 17.9% YoY, and adjusted operating income of US\$429m, up 98%. Q4 revenue midpoint of US\$4.15bn implies 24.7% annual growth. AI data centres and satellite communications supplement the recovery, but capacity expansion needs durable customer demand. (Company / Reuters)
- **Volkswagen's write-downs expose pressure on profitability.** Volkswagen (VOW3.DE) reported a Q3 after-tax loss of €5.82bn versus €1.07bn a year earlier; revenue fell 6.3% to €75.28bn. Nine-month special charges included €6.4bn of Porsche goodwill impairment. The 3.8% operating margin before special items underlines why its €31bn cost programme must also restore underlying competitiveness. (Company)

Traders' Corner



Source: TradingView

CITIC (0267.HK)

Last Price: HKD 12.17

Support: HKD 11.52 (-5.3%) /
HKD 10.24 (-15.9%)

Resistance: HKD 12.54 (+3.0%) /
HKD 12.84 (+5.5%)

Our Technical View

- Price encountered a downside rejection upon retesting its support-turned-resistance zone, marked by the printing of a Doji candlestick pattern.
- The RSI is in bearish territory and continues to slope downward with negative velocity.
- As long as price remains capped beneath this defended resistance, we see continued downward expansion toward lower support.

Traders' Corner



Source: TradingView

Geely Automobile (0175.HK)	
Last Price:	HKD 13.57
Support:	HKD 12.37 (-8.8%) / HKD 10.87 (-19.7%)
Resistance:	HKD 14.53 (+7.1%) / HKD 15.28 (+12.9%)

Our Technical View

- Price was rejected at its support-turned-resistance zone.
- The RSI is falling sharply and approaching oversold parameters with strong negative velocity.
- As long as price remains suppressed beneath this converted resistance, we see continued downward expansion toward lower support.

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