EONVERA CAPITAL

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Theme: When Ballots Meet Earnings Reports: Who Is Deciding Wall Street's Next Move?

Audrey 1

Dear friends, good morning, everyone! ❤

Today is November 3, U.S. midterm Election Day. Yesterday's U.S. stock market and the Apple and Palantir earnings reports, along with the security incident in the crypto market, have all given today's market plenty more to watch.

There's a lot of news, but we don't need to be led around by every headline.

Today, I'll walk through a few things with you so they're clear: what the market is really worried about, what kind of report card companies have turned in, and which risks investors should be watching most right now.

I hope that when we're done talking, what we've gained isn't just news, but judgments of our own.

Audrey 2

Let's start with yesterday's U.S. stock market close: the Dow Jones rose 0.41%, the S&P 500 fell 0.51%, and the Nasdaq fell 1.07%.

The market rebounded for a time early in the session, but tech stocks then came under pressure, and the Nasdaq ended lower. The Dow still rose, though, which shows that capital hasn't been leaving the stock market indiscriminately.

My view is that the market is re-comparing different companies' earnings quality, financing pressure, and valuations, rather than simply turning broadly bearish on the U.S. economy.

So when watching the market, beyond the three major indexes, it matters even more to see who is rising and who is falling.

Audrey 3

Yesterday, international oil prices fell noticeably, with Brent crude down about 7.6%.

For industries with high fuel costs, such as airlines and transportation, that is a relatively direct benefit.

But the issues drawing the most attention for AI companies right now are enormous data center investment, financing costs, and future cash flow.

Falling oil prices can't solve these problems right away.

And since data centers mainly consume electricity, electricity prices won't fall in step with a single day's drop in crude.

The conclusion is clear: the same macro tailwind can affect different industries in completely different ways.

That is also one of the important backdrops to yesterday's divergence between the Dow and the Nasdaq.

Audrey 4

Friends,

Tech stocks have been adjusting repeatedly lately, and behind that is an increasingly clear main thread: investors no longer ask only how fast AI can grow, but also how long it will take these investments to turn a profit.

Chips, servers, data centers, and power contracts each require funding. Borrowing means paying interest, and issuing new shares can dilute existing shareholders' ownership.

So even a company with large AI orders has to prove its cash flow can keep up with its expansion.

Our view is that the market isn't rejecting AI technology; it's repricing AI capex and financing risk.

For investors, growth rate and returns on capital have to be looked at together.

Audrey 5

The U.S. ISM Manufacturing PMI for October, released yesterday, reached 55.5, above September's 54.5; the production index rose to 59.0, showing that manufacturing activity continued to expand.

But the prices paid index is still at 75.2. That doesn't mean prices rose 75.2%; it shows that upward pressure on input prices remains widespread in the report.

More orders are certainly something to be happy about.

But if materials, energy, and transportation costs are also rising, profits won't necessarily improve in step.

The conclusion from this data is that manufacturing demand is fairly strong, but companies' cost pressure can't be ignored yet.

Audrey 6

Today is midterm Election Day, and all 435 seats in the U.S. House of Representatives, along with about one-third of the Senate's seats, are up for election.

The market cares about the election because the makeup of Congress could affect taxes, the budget, trade, energy, and tech regulation.

But from voting results to policy implementation, there is still a process of legislation and execution in between.

Polls will close at different times in different states today, and some results may take longer to confirm.

For investors, the election is the starting point for policy expectations, not an automatic switch for stock market gains and losses.

We can watch for policy changes, but we don't need to treat either side's win or loss as a direct investment conclusion.

Audrey 7

After the close yesterday, Apple (AAPL) reported fiscal Q4 2026 results: revenue of $114.48 billion and EPS of $2.10, both above market expectations.

Of that, iPhone revenue was $57.58 billion and gross margin was 47.9%, which shows that its core product and profitability remain resilient.

But memory chip costs, future product demand, and valuation still need to be watched.

After the report, the stock briefly weakened in after-hours trading, which also reminds us that surpassing expectations doesn't necessarily mean the stock will rise.

My view is that Apple delivered solid results, but its investment value still has to be assessed in light of future growth and the buying price.

Audrey 8

Let’s take another look at Palantir (PLTR). Its Q3 revenue was about $2.313 billion, up 96% YoY; both GAAP and adjusted EPS were $0.44.

Even more striking, U.S. commercial revenue grew 148% YoY, and the company also raised its full-year revenue outlook to about $8.53 billion.

This shows that AI software is more than just a concept; actual demand from enterprise customers is turning into revenue.

The adjusted free cash flow the company reported was also quite strong.

But the conclusion can’t stop at “strong results”: high growth proves commercial potential, but a high valuation still depends on future results continuing to deliver.

Audrey 9

Friends,

We've seen that Apple and Palantir both exceeded market expectations, yet they represent two different kinds of tech investment logic.

Apple has a mature product ecosystem and a huge user base; Palantir, meanwhile, attracts investors with the rapid growth of its AI software.

The former leans more on earnings resilience and cash flow; the latter has more need to keep delivering high growth.

Both models have advantages, and each carries its own risks.

I hope everyone will remember this: you can't judge which is the better buy by revenue growth rate alone.

Profit quality, cash flow, valuation, and your own risk tolerance matter just as much.

Audrey 10

Recently, there has been one more development in the crypto market worth being wary of: Binance, the world's largest crypto exchange, suffered a major security attack involving about $6.3 billion in stolen crypto assets.

After the Binance exchange restored service, customers' cumulative net outflows came to about $4.72 billion. Binance said it is using reserves and other funds to cover the losses, and outflows have since stabilized somewhat.

The incident has the market paying renewed attention to exchange custody, the safety of customer assets, and liquidity risk.

Our view is that investing in crypto means judging not only the price, but also where the assets are held and whether the platform can meet its obligations.

Audrey 11

The Binance incident has also led investors to take a fresh look at crypto-related stocks among U.S. stocks, such as Coinbase (COIN), Strategy (MSTR), Robinhood (HOOD), and Circle (CRCL).

But these companies are not the same: trading platforms focus on trading volume and customer trust; companies that hold crypto are more sensitive to crypto prices; and stablecoin companies face a different set of reserve, regulatory, and operational risks.

So we can't simply attribute every one of these stocks' swings to the same hack.

The more reasonable conclusion for now is that when trust in the industry takes a hit, risk scrutiny increases.

But specific stocks still have to come back to their own business and financial condition.

Audrey 12

Some friends may think: the price has dropped, so just wait for a rebound. But the risks of crypto assets go far beyond price.

First is price volatility; second is leveraged liquidations; third is platform custody and withdrawal liquidity. They can amplify one another, but they are not the same thing.

After the Binance incident, there were outflows, and some capital also flowed back in. That shows market trust is being tested, but we can't conclude from this that the entire crypto market has lost liquidity.

What matters more right now isn't guessing the bottom, but avoiding excessive leverage and getting clear on how your assets are held in custody and on trading platform risk.

Audrey 13

After the stock market closes today, AMD will report earnings.

The market will focus on data center revenue, AI accelerator demand, margins, and management's outlook for follow-on orders.

Even if demand for AI computing power keeps growing, that doesn't mean every chip company can grow its earnings at the same pace.

Product competition, customer mix, and the software ecosystem will all affect the outcome.

So today we'll first look at market expectations, and we won't call the earnings report good news or bad news in advance.

Once the official numbers are released, we'll compare the gap between actual results and expectations.

Audrey 14

Today, the U.S. also released JOLTS job openings and factory orders data.

The former helps us gauge hiring demand, and the latter helps us judge changes in manufacturing orders.

Combined with yesterday's expansion in the ISM Manufacturing PMI, we can look further at whether business demand is improving, whether the job market is still resilient, and whether cost pressure is hurting profits.

That said, a single data point won't automatically decide Fed policy, and it certainly won't tell us directly whether to buy or sell a particular stock.

Our view is that macro data has to be cross-validated to form a more reliable explanation of the market.

Audrey 15

Dear investor friends,

Today, we talked about the election, oil prices, manufacturing, and tech earnings, and also about the security incident in the crypto market.

These pieces of information may seem scattered, but they can influence one another through interest rates, financing costs, corporate earnings, and risk appetite.

In the research framework of EONVERA ADI, data understanding, model validation, multi-agent deliberation, causal and scenario analysis, and risk constraints all need to take part in the judgment together.

The conclusion most worth taking away today is this: one piece of good news can’t explain an entire market, and one decline can’t define a company. Investing requires putting facts, valuation, and risk in the same picture.

Audrey 16

Friends, that's all for today's class. ❤

News from Election Day will keep coming, and earnings reports from AMD and other companies will follow in the days ahead.

The market may be lively, but we don't need to change course with every swing.

I hope everyone will remember three things today: look at the data, and at the costs; look at growth, and at valuations; look at opportunities, and even more at risks.

Thank you all for being with me today. If there's anything you still haven't figured out, or you have your own observations and questions, feel free to contact me anytime through the following

Wishing everyone a smooth Tuesday,

See you tomorrow! 🌷