



## MARKET ANALYSIS

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## Table of Contents

<i>EMEA Markets</i> .....	2
<i>Indexes and Key Events Moving the Market</i> .....	2
<i>Market Sentiment and Upcoming Events</i> .....	4
<i>Performer of the Period</i> .....	7
<i>SWOOT Analysis</i> .....	8
<i>North America Markets</i> .....	10
<i>Indexes and Key Events Moving the Market</i> .....	10
<i>Market Sentiment and Upcoming Events</i> .....	11
<i>Performer of the Period</i> .....	13
<i>SWOOT Analysis</i> .....	14
<i>APAC Markets</i> .....	16
<i>Indexes and Key Events Moving the Market</i> .....	16
<i>Market Sentiment and Upcoming Events</i> .....	17
<i>Performer of the Period</i> .....	20
<i>SWOOT Analysis</i> .....	21
<i>Sources</i> .....	23

*EMEA Markets**Indexes and Key Events Moving the Market***Market Around the World**

Europe (30 October 2023 - 3 November 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
EUROSTOXX 50	4,023.42	4,174.67	3.76	8.26
DAX 40	14,770.95	15,189.25	2.83	7.96
FTSE 100	7,291.28	7,417.73	1.73	-1.81
CAC 40	6,826.95	7,047.50	3.23	6.51
FTSEMIB	27,405.09	28,674.83	4.63	18.70

## 10Y Government Bonds

Country	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
Italy	4.809	4.446	-7.55	-2.59
Germany	2.834	2.648	-6.56	7.99
France	3.459	3.235	-6.48	8.27
Spain	3.928	3.689	-6.08	4.53
United Kingdom	4.547	4.293	-5.59	17.49

**Comment**

The main European stock exchanges show resilience, wrapping up the week with a further rise and ending the week with the best results since March, supported by interest rate-sensitive real estate stocks as signs of an end to monetary policy tightening by major central banks boosted sentiment. Decisions by the Federal Reserve, the Bank of England, the European Central Bank and others to leave policy unchanged have underpinned investor hopes that interest rates have peaked. Such downward expectations on interest rates have led to a reduction in bond yields.

## Europe (6 November 2023 – 10 November 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
EURO STOXX 50	4,158.64	4,197.36	0.93	8.85
DAX 40	15,135.87	15,234.39	0.65	6.85
FTSE 100	7,417.76	7,360.55	-0.77	-2.56
CAC 40	7,045.04	7,013.73	0.44	6.35
FTSEMIB	28,592.60	28,504.43	-0.30	17.99

## 10Y Government Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
Italy	4.446	4.556	2.47	0.04
Germany	2.648	2.719	2.68	10.88
France	3.235	3.297	1.36	0.04
Spain	3.689	3.775	2.31	6.40
United Kingdom	4.293	4.332	0.90	18.55

**Comment**

In local currency terms, it is possible to observe that the major stock indexes were mixed. Compared to the last week, all the indexes show less variation and this is due to the lower as optimism about a peak in interest rates dimmed. As consequence of hawkish commentary from policymakers, regarding the prospect of interest rates remaining “higher for longer”, the European bond yields increased; especially in Germany, Spain and United Kingdom. The ECB president Christine Lagarde claimed that it will take more than “a couple of quarters” for the ECB to start cutting rates.

## Market Sentiment and Upcoming Events

### Market sentiment

In recent months, central banks have announced that the series of aggressive interest rate hikes to curb price pressures may soon come to an end. This would conclude policies that have brought benchmark borrowing rates in the United States and Europe to their highest levels in over a decade. Any signal that rates will start decreasing has triggered a rush to bond prices, lowering yields. This reduces borrowing costs, which can alleviate the tight financial conditions that central banks have sought to create to bring inflation back to target.

After the ECB left rates at 4%, President Christine Lagarde emphasized that it was "absolutely premature" to consider rate cuts. However, markets are pricing in cuts of more than 0.8 percentage points by the end of 2024.

The ECB is not alone. Andrew Bailey, Governor of the Bank of England, warned that it was "too early" to think about rate cuts, days after his chief economist Huw Pill suggested that it was reasonable for markets to expect rate cuts from the middle of next year.

Lagarde stated that inflation in the eurozone could still recover from its recent two-year low, especially if there is another supply shock in the energy sector. Inflation in the 20-country single currency bloc slowed to 2.9% in October, down from its peak of 10.6% a year earlier. However, core inflation, which excludes volatile energy and food prices, remained at 4.2%, more than double the ECB's target.

Now, central banks are trying to perform a delicate balancing act: keeping borrowing costs at an elevated level long enough to ensure that price pressures have been tamed, without causing a destabilizing recession or a renewed debt crisis in the region. The eurozone economy practically stalled this year, with GDP shrinking by 0.1% in the three months to September after growing only 0.2% in the previous three quarters. Some economists believe it could contract again in the fourth quarter.

In September 2023, the seasonally adjusted unemployment rate in the eurozone was 6.5%, up from 6.4% in August 2023 and down from 6.7% in September 2022. The EU unemployment rate was 6.0% in September 2023, stable compared to August 2023 and down from 6.1% in September 2022.

Eurostat estimates that in September 2023, there were 13.026 million unemployed people in the EU, of which 11.017 million were in the euro area. Compared to August 2023, unemployment increased by 95 thousand in the EU and by 69 thousand in the euro area. Compared to September 2022, unemployment decreased by 126 thousand in the EU and by 212 thousand in the euro area. The estimate of pay rolled employees in the UK for September 2023 is largely unchanged from the previous month, down 11,000 from the revised August 2023 figure, to 30.1 million. The September 2023 estimate should be treated as provisional and is likely to be revised when more data are received next month.

**Expected events for the upcoming period**

## Europe

<b>Event</b>	<b>Date</b>	<b>About/description</b>
<i>EMEA November Economic Calendar</i>		
EUR Deposit Facility Rate & Interest Rate	26 Oct 2023	The Governing Council decided to keep the three key ECB interest rates unchanged, ending an unprecedented streak of 10 consecutive rate hikes, even as it insisted that rising market talk of rate cuts was premature.
EUR CPI and GDP	31 Oct 2023	Inflation in the euro zone is falling fast and the economy has begun contracting, data showed on Tuesday, illustrating the dual impact of a steady diet of European Central Bank interest rate hikes. Prices rose by just 2.9% in October, their slowest pace since July 2021, a Eurostat flash reading showed, a time when the ECB was still worried about inflation getting stuck below its 2% target.
EUR Unemployment Rate (Sep)	3 Nov 2023	The Eurozone Unemployment Rate is at 6.50%, compared to 6.40% last month and 6.70% last year. This is lower than the long term average of 9.10%.
BoE Governor Bailey Speaks	8 Nov 2023	Bank of England governor Andrew Bailey has pushed back against market speculation about the prospect of interest rate cuts, insisting it is too soon to discuss easing policy given the continued risk posed by inflation. The BoE this month kept its key rate at 5.25 per cent, joining other systemically important central banks including the Federal Reserve and the European Central Bank in leaving rates on hold.
ECB President Lagarde Speaks	10 Nov 2023	Eurozone inflation could tick up in the coming months but European Central Bank interest rates held at their current level at least for several quarters could still get price growth back to 2%, ECB President Christine Lagarde said on Friday.
<i>Upcoming events</i>		
ECB's De Guindos Speaks	13 Nov 2023	Luis de Guindos, Vice-President of the European Central Bank, is set to speak. His speeches often contain indications on the future possible direction of monetary policy

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BoE MPC Member Mann	13 Nov 2023	Dr Catherine L Mann serves as a member of the Monetary Policy Committee (MPC) of the Bank of England. Her public engagements are often used to drop subtle clues regarding future monetary policy
UK Average Earnings Index + Bonus (Sep)	14 Nov 2023	The Average Earnings Index measures change in the price businesses and the government pay for labour, including bonuses. It gives a good indication of personal income growth during the given month, but also potential inflationary pressures
UK Unemployment Rate (Sep)	14 Nov 2023	The Unemployment Rate measures the percentage of the total workforce that is not working, yet actively seeking employment. In the U.K., this measure spans the prior three months.
EUR GDP (YoY)	14 Nov 2023	Gross Domestic Product (GDP) measures the annualised change in the inflation-adjusted value of all goods and services produced by the economy. It is the broadest measure of economic activity and the primary indicator of the economy's health.
UK CPI (YoY) (Oct)	15 Nov 2023	The Consumer Price Index (CPI) measures the change in the prices of goods and services contained in a basket of consumer items. The Central bank pays very close attention to this figure in its role of maintaining price stability.
EUR Trade Balance	15 Nov 2023	The Trade Balance measures the difference in value between imported and exported goods and services over the reported period. A positive number indicates that more goods and services were exported than imported (a trade surplus)
ECB President Lagarde Speaks	16 Nov 2023	ECB President Christine Lagarde is to speak. As head of the ECB, which sets short term interest rates, she has a major influence over the value of the euro. Traders watch
		her speeches closely as they are often used to drop subtle hints regarding future monetary policy and interest rate shifts. Her comments may determine a short-term positive or negative trend.

UK Core Retail Sales (YoY) (Sep)	17 Nov 2023	Retail Sales gauges the change in the aggregate value of sales at the retail level across the country. It is an important indicator of consumer spending accounting for the majority of overall economic activity. The Core number excludes Auto sales and Fuel, which tend to be very volatile.
EUR CPI (YoY) (Oct)	17 Nov 2023	The Consumer Price Index (CPI) measures the change in the prices of goods and services contained in a basket of consumer items. The Central bank pays very close attention to this figure in its role of maintaining price stability.

### *Performer of the Period*

Rolls-Royce Holdings PLC was selected as the performer of the week because not only is it one of the top performers within this timeframe, but also because compared to the FTSE 100 index, it is the top-performing company on a 1-year and 3-year horizon.

### Company Overview

Market Cap	19.59bn £ / 22.39 bn €
Beginning of period price	202 £ / 230.15 €
End-of-period price	232.50 £ / 266.05 €
% change	15.10%

### Company Description

Rolls-Royce Holdings PLC (LSE: RR) is a company based in the United Kingdom that specializes in developing power and propulsion solutions for safety-critical applications on land, sea, and air. The company operates in four main segments. Firstly, in the Civil Aerospace segment, it develops and sells commercial aero engines and provides aftermarket services. Secondly, in the Defence segment, it develops and sells military aerial and naval engines, and submarine nuclear power plants, and provides aftermarket services. Thirdly, in the Power Systems segment, it develops and sells integrated solutions for onsite power and propulsion. Lastly, in the New Markets segment, it is involved in developing and selling small modular reactors (advanced nuclear reactors) and new electrical power. The Civil Aerospace market is RR's main source of revenue, bringing in £3,257 million in H1 2023 (~47% of total revenue).

### Industry Overview

RR operates in the Aerospace and Defence Industry. Some notable firms alongside RR include Textron Inc., Dassault Aviation SA, Axon Enterprise Inc., Heico Corp., and Howmet Aerospace Inc. Overall, the industry's revenue increased from \$795.92 billion in 2022 to \$855.62 billion in 2023, indicating a Compound Annual Growth Rate (CAGR) of 7.5%. This growth is projected to



continue in the coming years, with expectations that the industry will reach \$1076.56 billion in 2027, registering a CAGR of 5.9%.

Despite the growth, the industry faces significant challenges, including supply chain constraints attributable to the ongoing Russian-Ukraine War, inflation, and talent shortages. The war in Ukraine has resulted in supply chain shocks and a rise in the prices of critical and rare earth materials. Furthermore, OPEC's agreement with Russia to limit oil supply, coupled with the Israeli-Palestine conflict, has led to oil price volatility (and consequently higher inflation), which could reduce operational efficiency for companies in this industry.

Notwithstanding these challenges, the industry entered 2023 with optimism, buoyed by the resumption of post-COVID air travel. Total traffic has rebounded and is now at 95.6% of pre-COVID levels, as of July 2023. Several commercial airline companies, such as American Airlines, Singapore Airlines, and Ryanair, have also recorded positive profit figures in Q3. However, the ongoing Israeli-Palestine conflict could threaten this growth as recent reports highlighted that air travel was 20% compared to 2019 (up from 15% before the outbreak on October 7).

Lastly, the Aerospace & Defence industry faces the threat of retirement rates, and it is increasingly difficult to replace these workers due to competition from employment opportunities in big tech and start-ups. As of 2022, the industry's turnover rate has risen to 7.1%, from 5.7% in 2021. As such, the industry must find ways to attract young talent to the workforce to bridge this gap.

Ultimately, despite the challenges, the Aerospace & Defence industry presents significant opportunities for growth, given the increase in defence spending globally, heightened geopolitical tensions, and the ongoing Russian-Ukraine War and Israeli-Palestine conflict. Companies in Defence can capitalise on these developments to grow and expand their operations.

## **SWOOT Analysis**

### **Strengths**

#### **Strong Partnerships with Governments**

The UK government is currently RR's third-largest customer and partner. Additionally, RR has been providing for the Indian government since its inception, demonstrating its ability to secure deals needed to drive growth with increased governmental spending on defence. RR is also embarking on new programs for the US Department of Defence. This is in addition to its partnership with the UK under Project Tempest and the UK-led Next-Generation Fighter Program (GCAP).

#### **Strong Partnerships with Key Market Players in the Aviation Industry**

In terms of commercial engines, RR has a 100% market share in the Airbus A320neo, Airbus A350, and Airbus A330neo as of H1 2023. The former two have 358 engines on order for the Trent 7000 and 929 for the Trent XWB, respectively. As Airbus is the current market leader in the commercial aircraft market, RR's higher ranking as a supplier compared to its peers such as GE, CFM International, and Pratt & Whitney will allow it to remain competitive.

### **Weaknesses**

#### **Lack of in-production wide-body engine**

Currently, Rolls-Royce (RR) only has one wide-body engine in production (the Trent XWB). Furthermore, the engine is smaller compared to its main market competitor, GE. Typically, wide-body aircraft can lead to significant savings in fuel consumption and improved efficiency, potentially reducing CO2 emissions as well, making it more environmentally friendly.

#### **Weak Balance Sheets**

Compared to its European Civil Aero peers, RR has significantly weaker balance sheets. This is mainly due to its pricing model on long-term service agreements (LTSAs) for almost all its large engines. Under this model, airlines pay RR based on the number of engine flying hours. Until the cash is received, these agreements sit on RR's balance sheet as a liability. Moreover, RR's pricing for LTSAs is too low to generate good returns for its business.

### **Opportunities**

#### **Increased Operating Profits**

Large engine flying hours have increased by 36% compared to 1H2022, and they are at 83% of 2019 levels, with expectations for them to continue around 80-90% of 2019 levels. RR is confident that it can perform 1200-1300 shop visits for FY2023, which is up from 1044 in FY2022, and 953 in FY2021. Coupled with Erginbilgic's drive to raise prices in all its major divisions while bringing more discipline on costs and capital allocation, this would mean higher operating profits for RR.

#### **Expansion of Global Services Infrastructure**

According to FactSet, RR generates 61.02% of its revenue from the provision of aerospace equipment, with over 32.1% of its revenue coming from the US alone. By opening a new Aircraft on Ground support storage location in New York (near airports such as JFK, La Guardia, and Newark), RR can improve its customer relationship management and customer service experience. RR has also expanded its Authorised Service Centres by adding two new locations in Springfield, Illinois, and Van Nuys, California. Beyond North America, RR has also partnered with Air China to create a jointventure overhaul facility that will support 250 shop visits per year.

### **Threats**

#### **Long-term Trends: Sustainability**

Presently, RR's Power System accounts for ~26% of its revenue, with its New Market segment experiencing operating losses and losses in trading cash flow. While RR is making investments in the latter, there are no guarantees that this venture will be profitable for the business.

#### **Geopolitical Uncertainty**

As of FY2022, RR has stopped doing business in Russia, which means that it no longer relies on Russia for titanium (which accounts for 20% of its supplies). RR is currently seeking alternative suppliers. Additionally, with the outbreak of the Israeli-Palestinian conflict, supply chain management could be further aggravated by a rise in oil prices driving inflation.

## *North America Markets*

### Indexes and Key Events Moving the Market

#### North America Markets

North America (30<sup>th</sup> October 2023 – 3<sup>rd</sup> November 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
Dow Jones	32928.96	34061.32	3.44	5.12
S&P	4166.82	4358.34	4.60	15.59
Nasdaq	12789.48	13478.28	5.39	28.67
NYSE	14825.89	15475.20	4.38	5.25
Russel 2000	1647.29	1760.70	6.88	-2.18

US Treasury Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
5Y	4.80	4.49	-0.31	0.21
10Y	4.88	4.57	-0.31	0.43
30Y	5.04	4.77	-0.27	0.59

North America (6<sup>th</sup> November 2023 – 10<sup>th</sup> November 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
Dow Jones	34095.86	34283.10	0.55	1.59
S&P	4365.98	4415.24	1.13	10.58
Nasdaq	13518.78	13798.11	2.07	21.86
NYSE	15440.50	15388.44	-0.34	0.23
Russel 2000	1737.94	1705.32	-1.88	-9.42

US Treasury Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
5Y	4.60	4.65	0.05	0.70
10Y	4.67	4.61	-0.06	0.47
30Y	4.84	4.73	-0.11	0.70

#### Comment

There has been a rise in the value of stocks in the US market especially after the report of consumer price index only seeing a 3.2% rise instead of the expectation of close to 3.7%. This has shown signs of encouragement for the Federal Reserve and this can be seen in the rise of value of the indexes over the last couple of weeks. However, this does not mean that the central bank will reduce rates, as the fall in bond yields has eased borrowing, easing the tight financial conditions which the central

bank was trying to create meaning that the policy makers may extend the high interest rates for longer.

## Market Sentiment and Upcoming Events

### Market sentiment

According to CNN Business's economic market indicator, market sentiment seems to be quite neutral at the moment. Market momentum has been rolling in a positive wave as the S&P has been moving above the 125-day moving average. However, stock price breadth and strength are both showing slightly negative trends.

However, more recently, we have been seeing a market surging due to the recent Consumer Price Index (CPI) inflation report. The stock market rallied power gains earlier this week, as the October CPI inflation report showed a lower inflation rate than expected, thus sending Treasury yields into sharp decline. Several powerhouse stocks soared, and consequently leading to the Dow Jones future rising modestly along with the S&P 500 futures and Nasdaq futures. Both Dow Jones futures and S&P 500 futures advanced 0.3% and Nasdaq 100 futures climbed 0.4%. The 10-year Treasury edged up to 4.45%.

Another factor affecting market sentiments regards Microsoft artificial intelligence news looming and U.S President Joe Biden meeting Chinese President Xi Jinping for only the second time since both becoming world leaders.

Microsoft will announce its latest artificial intelligence advancements at its Ignite 2023 event this week. Market investors expecting them to unveil its own AI chip which will reduce their dependence on Nvidia, who unveiled their new AI chip earlier this week.

Meanwhile, both presidents will meet at the annual Asia-Pacific Economic Cooperation conference in San Francisco, which is unclear if the meeting will offer clear signals of easing U.S – Sino relations which could have a significant effect on the market. Regardless, it is expected to stabilize relations as both sides are keen to do so amidst Biden's upcoming election campaign and the rising tensions between both countries.

Overall, although earlier this week market sentiment seemed to be relatively neutral, after October's CPI inflation report, the market rally continuous to flash a green light for adding exposure as the major indexes power on, breaths improves and a large number of leading stocks have been flashing buy signals.

**Expected events for the upcoming period**

Event	Date	Description
Biden and Xi Jinping Meeting	15 <sup>th</sup> Nov 2023	U.S. President Joe Biden and Xi Jinping will meet at the sidelines of the Asia-Pacific Economic Cooperation forum in San Francisco. It will be only their second in person meeting as leaders and both sides are keen to stabilize relations after a period of growing tensions regarding Taiwan and US efforts to stop Chinese acquisition of American cutting-edge technology.
U.S Core PPI	15 <sup>th</sup> Nov 2023	The monthly U.S Producer Price index is set to release mid Nov, which of course measures the average changes in price received by domestic producers for their output
Fed Vice Chair for Supervision Michael Barr Testifies to House Panel	15 <sup>th</sup> Nov 2023	Fed Vice Chair for Supervision Michael Barr will testify on the 15 <sup>th</sup> regarding current conditions in the banking sector, supervision, and the recent regulatory proposals.
Import Price Index	16 <sup>th</sup> Nov 2023	Reported monthly by the International Price Program (IPP) of the U.S Bureau of Labor Statistics. Measures the average changes in prices of goods and services imported into the U.S.

## Performer of the Period

Korro Bio Inc., a U.S.-company specializing in RNA technologies, soared to the top as the standout performer of the week in North America.

### Company overview

Market Cap	\$406.39 million
Beginning of period price	\$14.10
End of the period price	\$50.79
% Change	260.21%

### Company Description

Korro Bio Inc. is a biopharmaceutical company dedicated to discovering, developing, and commercializing a new class of genetic medicines based on ribonucleic acid (RNA) editing technology. The company leverages the body's natural RNA editing processes to modulate protein function, embodying a commitment to precision medicine in addressing genetically-driven diseases using its RNA-editing technologies.

Distinguished for its superiority over conventional gene editing and gene therapy methods, Korro is strategically developing a wholly owned portfolio of RNA editing programs. These programs, numbering six in total, aim to address diseases by either correcting mutations or creating *de novo* protein variants, offering innovative solutions to combat the underlying pathology.

### Industry Overview

Korro Bio operates in the biopharmaceutical industry, specifically focusing on genetic medicines based on RNA editing technology. RNA editing is a cutting-edge field within biotechnology that allows for the precise modification of RNA sequences, offering a targeted approach for treating various diseases, especially those with a genetic basis.

The field of biotechnology is witnessing a surge in RNA editing programs, showcasing significant progress and potential therapeutic applications.

Growjo lists Ultivue, Ohana Biosciences, and Matterworks among Korro Bio's top competitors. This diversity indicates the various approaches and specialties within the RNA therapeutics and genetic medicine field.

Korro Bio completed a merger with Frequency Therapeutics, solidifying its position in the industry with a focus on advancing a portfolio of RNA editing programs.

The newly formed entity, continuing under the name Korro Bio, traded on the Nasdaq Capital Market under "KRRO" starting from November 6, 2023. With a post-transaction cash of approximately \$170 million, Korro Bio is well-positioned to drive innovation in the development of transformative RNA therapeutics.

## *SWOOT Analysis*

### **Strengths**

Korro Bio's strength lies in its **innovative RNA editing technology**, a cutting-edge approach that utilizes the body's natural processes for precise genetic edits. This method, considered superior to conventional gene editing, positions the company at the forefront of genetic medicine.

Moreover, **its proprietary OPERA platform** is a significant asset. Integrating ADAR biology, chemistry, and machine learning, it empowers Korro Bio to efficiently and specifically edit the transcriptome. This technological prowess gives the company a distinctive edge.

Fundamental is also Korro Bio's **team of experienced professionals**, with expertise in RNA editing, biotechnology, and pharmaceuticals. This has significantly contributed to the successful development and optimization of the OPERA platform, as evidenced by its ability to achieve high editing efficiency.

Finally, the company's strategic focus on a **wholly owned portfolio of RNA editing programs** grants Korro Bio autonomy and control over its therapeutic pipeline, potentially maximizing long-term returns. For instance, the lead product candidate targeting Alpha-1 antitrypsin deficiency (AATD) has progressed to clinical trials, demonstrating the company's capability to advance programs independently.

### **Weaknesses**

One notable weakness lies in the inherent risks associated with the clinical development stage. The uncertainty of clinical trial outcomes, potential regulatory hurdles, and market acceptance pose challenges. For instance, if a clinical trial faces unexpected setbacks or fails to meet endpoints, it could impact the company's overall timeline and success.

Moreover, while Korro Bio's RNA editing approach is innovative, it also poses a potential weakness. The technology is relatively novel, and its long-term efficacy and safety in diverse patient populations are yet to be fully established. If unforeseen challenges emerge, such as unanticipated side effects or limitations in editing certain types of genetic mutations, it could impact the broad applicability of the approach.

Another weakness is posed by the fact that the company's ESG score is reported to be relatively poor, indicating potential challenges in meeting environmental, social, and governance standards.

### **Opportunities**

Korro Bio has the opportunity to expand the applications of its RNA editing technology beyond the initial focus. Exploring additional therapeutic areas and diseases can broaden the impact of the technology and open doors to new markets.

Forming strategic partnerships with established biotech firms, pharmaceutical companies, or research institutions can provide Korro Bio with access to additional resources and expertise. In fact, collaborations may lead to joint research efforts, shared knowledge, and accelerated development timelines for RNA editing therapies.

Moreover, being listed on the Nasdaq provides Korro Bio with global market access and visibility. The company can leverage this exposure to attract a wider investor base, potentially leading to

increased funding. Furthermore, the global presence opens doors to international collaborations and partnerships.

### **Threats**

The biopharmaceutical industry is competitive, and Korro Bio faces threats from established players and emerging competitors. Rivals developing alternative genetic medicine approaches may introduce competing technologies. To counter this, Korro Bio must continually innovate, differentiate itself, and demonstrate the unique advantages of its RNA editing technology.

In addition, stringent regulatory requirements pose a threat to the timely development and commercialization of RNA editing therapies. Delays in regulatory approvals or unexpected regulatory hurdles can impact the company's ability to bring its therapies to market. Staying informed about regulatory changes and maintaining open communication with regulatory authorities is therefore essential.

The success of RNA editing technologies also depends on market acceptance. Skepticism within the medical community or among patients could impede adoption. Clear communication of the technology's benefits, addressing safety concerns, and providing robust clinical evidence are critical to overcoming this threat.

Lastly, protecting intellectual property is crucial in a competitive landscape. The threat of patent disputes or challenges from competitors could impact Korro Bio's ability to maintain exclusivity over its RNA editing technology. Robust intellectual property strategies, including filing for patents and actively defending them, are necessary to mitigate this threat.

In conclusion, Korro Bio Inc. is positioned as a leader in genetic medicine, leveraging innovative RNA editing technology and a wholly owned portfolio of programs. Opportunities for expansion and strategic partnerships showcase potential avenues for growth. In order to achieve this, it is crucial for the company to continue its commitment to innovation and stay informative in the dynamic landscape of genetic medicine.



## *APAC Markets*

### *Indexes and Key Events Moving the Market*

#### **APAC Markets**

APAC (30 October 2023 – 3 November 2023)

Index	Starting Price	Ending Price	%Weekly change	% YTD change
NIKKEI 225	30663,48	31949,82	4,19	24,72
HANG SENG	17225,65	17664,12	2,56	-9,78
CHINA A50	11855,10	12178,80	2,73	-6,30
SSE	3009,61	3030,79	0,70	-2,45

10Y Government Bonds

Index	Starting Yield	Ending Yield	%Weekly Change	% YTD change
China	2,721	2,654	-2,46	-8,96
Japan	0,883	0,923	4,53	124,57

APAC (6 November 2023 – 10 November 2023)

Index	Starting Price	Ending Price	%Weekly change	% YTD change
NIKKEI 225	31949,82	32568,04	1,93	27,51
HANG SENG	17664,12	17203,26	-2,61	-12,01
CHINA A50	12178,80	12008,52	-1,39	-7,61
SSE	3030,79	3038,97	0,27	-1,62

10Y Government Bonds

Index	Starting Yield	Ending Yield	%Weekly Change	% YTD change
China	2,752	2,656	-3,49	-9,82
Japan	0,923	0,843	-8,67	108,03

#### **Comment**

In the initial week, there was a widespread uptick in index prices, despite an overall challenging situation for the Chinese market since the beginning of the year. However, during the second week, there was a decline specifically in the Chinese segment. Japan, on the other hand, emerged as the top performer, consistently demonstrating an upward trajectory throughout the two-week period.

What moves Chinese indexes the second week was that China reported that its consumer prices fell 0.2% from a year earlier in October while factory-gate prices declined 2.6%, suggesting demand remains slack as the economy struggles to recover from the economic disruptions of the pandemic. Falling prices have raised worries that China may fall into a bout of deflation, or chronically lower prices, but some analysts say much of the weakness recently is due to a decline in the cost of pork, a staple item for Chinese.

### *Market Sentiment and Upcoming Events*

#### **Market sentiment**

The Hang Seng Index experienced a robust 3.9% surge, reflecting a positive response to the easing of US inflation and suggesting a degree of optimism regarding the conclusion of the interest rate cycle. This boost was further fueled by discussions surrounding a substantial RMB1 trillion (approximately 137 billion USD) infusion by the People's Bank of China (PBoC). The funds are earmarked to support urban village renovation and affordable housing initiatives, signaling a significant stride in the authorities' endeavors to stabilize the property market—a sector grappling with its most extensive downturn in decades. This move is particularly noteworthy as it seeks to address concerns about the financial health of the nation's largest surviving property developers, following record defaults in the industry.

The PBoC's additional injection of a net RMB600 billion in liquidity further contributed to the market upswing. The market's positive momentum was sustained by encouraging data indicating faster-than-expected growth in China's retail sales and industrial production, reinforcing optimism about economic recovery.

Even the news of the USD 771 billion US Federal Retirement Thrift Investment Board's decision to exclude China- and Hong Kong-listed stocks failed to dampen market sentiment. The exclusion did not impede the overall positive trend, and Hong Kong-listed stocks experienced strong upward movements. This, in turn, attracted Fear of Missing Out (FOMO) buyers, leading to the highest trading volume witnessed in the past two months.

Against this backdrop, the CSI300 registered a commendable 0.7% gain. The confluence of factors, including favorable economic indicators, proactive measures by the PBoC, and resilient market response to external developments, collectively contributed to the buoyancy in Hong Kong's stock market. The surge in trading volume and sustained positive momentum underscore a renewed confidence among investors, marking a promising phase for the financial landscape in the region.

**Expected events for the upcoming period**

<b>Event</b>	<b>Date</b>	<b>Description</b>
Japanese Foreign Bonds Buying	1 Nov 2023	Foreign Bonds Buying measures the flow from the public sector excluding the Bank of Japan. A positive difference indicates net sales of foreign securities by residents (capital inflow), and a negative difference indicates net purchases of foreign securities by residents (capital outflow). A higher than expected number should be taken as positive to the JPY, while a lower than expected number as negative.
Japan Monetary Base	1 Nov 2023	Monetary Base measures the change in the total amount of domestic currency in circulation and current account deposits held at the Bank of Japan. An increasing supply of money leads to additional spending, which in turn leads to inflation
China Caixin Services PMI	2 Nov 2023	The Chinese HSBC Services is compiled by questionnaires sent to purchasing executives in over 400 private service sector companies. The HSBC Services PMI Index is developed for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. A higher than expected reading should be taken as positive/bullish for the CNY, while a lower than expected reading should be taken as negative/bearish for the CNY.
Singapore Retail Sales (YoY)	3 Nov 2023	Retail Sales measure the change in the total value of inflation-adjusted sales at the retail level. It is the foremost indicator of consumer spending which is the foremost indicator of economic activity. A higher than expected reading should be taken as positive/bullish for the SGD, while a lower than expected reading should be taken as negative/bearish for the SGD.

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Japanese Household Spending	6 Nov 2023	Household Spending measures the change in the inflation-adjusted value of all expenditures by consumers. A higher than expected reading should be taken as positive/bullish for the JPY, while a lower than expected reading should be taken as negative/bearish for the JPY.
China Trade Balance	6 Nov 2023	The Trade Balance measures the difference in value between imported and exported goods and services over the reported period. A positive number indicates that more goods and services were exported than imported. A higher than expected reading should be taken as positive/bullish for the GBP, while a lower than expected reading should be taken as negative/bearish for the GBP.
China FX Reserves	7 Nov 2023	Chinese FX Reserves measures the foreign assets held or controlled by the country's central bank. The reserves are made of gold or a specific currency. They can also be special drawing rights and marketable securities denominated in foreign currencies like treasury bills, government bonds, corporate bonds and equities and foreign currency loans. A higher than expected number should be taken as positive to the CNY while a lower than expected number as negative.
China CPI (YoY)	8 Nov 2023	The Consumer Price Index (CPI) measures the change in the price of goods and services from the perspective of the consumer. It is a key way to measure changes in purchasing trends and inflation. A higher than expected reading should be taken as positive/bullish for the CNY, while a lower than expected reading should be taken as negative/bearish for the CNY.

Japan IPSOS CPSI	10 Nov 2023	<p>he Thomson Reuters Ipsos Monthly Global Primary Consumer Sentiment Index is a composite index of 11 questions that run monthly via online polls . The eleven questions capture consumer views on:</p> <ol style="list-style-type: none"> <li>1. Current overall economic situation in country</li> <li>2. Current state of economy in local area</li> <li>3. Expectations of local economy in six months</li> <li>4. Current personal financial situation rating</li> <li>5. Expectations of personal financial situation in six months</li> <li>6. Comfort in making major purchases</li> <li>7. Comfort in making other household purchases</li> <li>8. Confidence about job security</li> <li>9. Confidence in ability to invest in the future</li> <li>10. Experience with job loss as a result of economic conditions</li> <li>11. Expectations of job loss as a result of economic conditions.</li> </ol>
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### *Performer of the Period*

Taiwan Semiconductor Manufacturing Company Limited soared to the top as the standout performer of the week within the APAC market.

#### **Company overview**

Market Cap	\$477.840.000.000
Beginning of period price	\$86.06
End of the period price	\$99.58
% Change	13.60%

#### **Company Description**

Taiwan Semiconductor Manufacturing Company Limited, together with its subsidiaries, manufactures, packages, tests, and sells integrated circuits and other semiconductor devices in Taiwan, China, Europe, the Middle East, Africa, Japan, the United States, and internationally. It provides complementary metal oxide silicon wafer fabrication processes to manufacture logic, mixed-signal, radio frequency, and embedded memory semiconductors. The company also offers customer support and engineering services, as well as manufactures masks. Its products are used in high performance computing, smartphone, Internet of things, automotive, and digital consumer electronics. The company was incorporated in 1987 and is headquartered in Hsinchu City, Taiwan.

## **Industry Overview**

The global semiconductor market is projected to grow from \$573.44 billion in 2022 to \$ 1,380.79 billion by 2029. The growth of this market is attributed to the increasing consumption of consumer electronics devices across the globe. Additionally, the emergence of artificial intelligence (AI), the Internet of Things, and machine learning technologies is providing new opportunities for market development. These technologies aid memory chips in processing large amounts of data in less time. Moreover, the increasing demand for faster and advanced memory chips in industrial applications will drive market growth over the forecast timeline.

## ***SWOOT Analysis***

### **Strengths:**

**First-Mover Advantage:** TSMC is a pioneer in the semiconductor foundry industry, having established itself as a leader early on.

**Key Clientele:** TSMC serves major industry players such as AMD, Apple, ARM, Broadcom, Marvell, MediaTek, and Nvidia.

**Commitment to Research & Development:** The company consistently invests in R&D and expands production capacity to stay ahead in the market, e.g. Beyond-3nm logic technology platform and applications R&D project to be completed in 2023/24

**Impressive Market Capitalization:** TSMC has outperformed Intel in market capitalization, reaching a notable \$410 billion.

**Financial Stability:** With a robust financial position and substantial profits, TSMC can make strategic capital investments (net income of US\$34.07 billion on consolidated revenue of US\$75.88 billion)

**Intellectual Property Ownership:** TSMC holds various patents and trademarks, providing exclusivity for its products (TSMC has accumulated 56,000+ patents worldwide as of end of 2022, including more than 5,500 global patents received. TSMC ranked No.3 among U.S. Patentees).

**High Product Quality:** TSMC's semiconductors and chipsets are recognized for their quality, fostering customer satisfaction and loyalty.

### **Weaknesses:**

**Talent Acquisition Challenges:** TSMC faces difficulties attracting talent, particularly in fields like AI and machine learning.

**Low Return on Investment:** The return on invested capital for TSMC is comparatively lower.

**Chipset Shortages:** The company grapples with internal and external chipset shortages, exacerbated by the impact of Covid-19.

**Competitor's R&D Spending:** TSMC lags behind competitors in R&D spending, potentially affecting innovation and market share.

**Environmental Impact Concerns:** TSMC's semiconductor production contributes to environmental concerns, particularly in terms of carbon emissions.

### **Opportunities:**

**Growth of Internet of Things Market:** IoT or Internet of Things and smart systems such as home automation are driving the demand for small and power-efficient chips that can be used in a wide range of smart and connected devices

**Expanding Practical AI Applications:** Artificial intelligence is disrupting the tech sector and specific advancements in the subfields of AI will create new classes of products and services that would require novel processing capabilities.

**Growth of the Global Semiconductor Market:** TSMC is well-positioned to benefit from the further expansion of the global semiconductor market which is expected to reach more than USD 700 billion in value in 2024.

**Enhancing Digital Presence:** With its prominent position in semiconductor production, TSMC can leverage the digital era to build stronger online relationships with customers through effective digital marketing strategies.

**Strategic Expansion:** The planned establishment of a subsidiary with JASM in Japan presents an opportunity to manufacture advanced processes, potentially revolutionizing the semiconductor industry.

**Threats:**

**Rising Cost Component:** Environmental regulations are driving up costs for semiconductors and chipsets, impacting TSMC's profitability.

**International Geo-Political Factors:** TSMC needs to closely monitor global events, such as sanctions, foreign exchange crisis, and inflation, which could affect international business. In particular, disruption to rare earth SC could be posing the business to significant operational risks.

**User Experience Issues:** Any challenges in the user experience with TSMC's products could raise questions about the company's accountability.

**Quantitative Increases in Commodities:** A shortage of skilled labor threatens TSMC's continued earnings growth. The company needs to secure a fresh talent pool hiring new talent.

**Patent Disputes:** Ongoing patent disputes, such as those with GlobalFoundries, could potentially disrupt TSMC's operations.

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