

Monthly Commentary 6th of December 2024

Global equities rallied in November following the US presidential election. The S&P500 Index benefited the most, surging 5.73%. The FTSE 100 also added 2.18% for the month. However, certain markets ex-US weren't as upbeat about the election outcome, as Emerging Markets fell 3.6% and European markets as measured by MSER Index slipped 0.47%.

The price of gold took a pause in its historic rally, but Bitcoin soared 38.47% in November and came within inches of USD100,000. The US Dollar was also strong, adding 1.69%.

Bond activity was also positive in November with the Global Aggregate Bond Index reporting gains of 1.19%

The case for Ferrari (RACE) by Compounding Quality Research

Not many businesses in the world can say they “choose” their clients, Ferrari is one of them. Ferrari has successfully integrated its racing heritage with its ultra-premium brand strategy, focusing on exclusivity and luxury.

Maintains Strong Brand: The company limits its annual production to maintain scarcity, ensuring demand consistently outstrips supply. This strategy bolsters the resale value, ensures its ultra-luxury status continues, and maintains its unique brand reputation.

Has a Sustainable Competitive Advantage: Ferrari takes an exceptionally personalized approach to client relationship management. Each Ferrari customer is considered a part of an exclusive club, and the company goes to great lengths to ensure its unique customer experience. The purchase of a Ferrari is usually just the beginning of a client relationship.

Operates in a Niche Market: Luxury Car Market Insights expects that the end market will grow at a CAGR of 9.2% per year until 2031. Most customers are price inelastic. This means the demand for a Ferrari is not heavily influenced by the economic cycle.

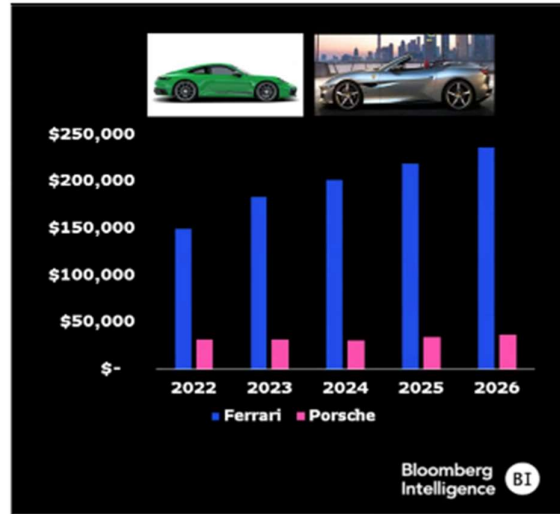
Management is aligned with Shareholder Interests: The Vice Chairman and son of founder Enzo Ferrari, Piero Ferrari owns 10.46% of shares outstanding. All of this indicates a strong alignment of management interests with shareholders.

The below two charts show some interesting statistics from Bloomberg between Ferrari and its competitor Porsche.



Ferrari vs Porsche

Ferrari Beats Porsche on Ebitda Per Car



Source: Bloomberg Intelligence

	Market capitalization	Vehicles sales (2023)
Ferrari	€74.7 Billion	13,663
Porsche	63.0	320,221
Mercedes	57.0	2,491,841
BMW	49.2	2,554,200
VW	48.2	9,239,512

Source: Bloomberg

Bloomberg Opinion

There is no need for further comment.

The Elgin Analysts Team

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