



# Record-Breaking Heights: S&P 500, Stoxx 600, and Nikkei Soar in the Global Markets.

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The U.S. and European stock markets ended on a high note, except the Nasdaq, which saw a decline. The overall mood remained optimistic, buoyed by corporate earnings surpassing expectations and the buzz around AI. It's worth noting that European markets also experienced a boost, with the Stoxx 600 mirroring the S&P 500 closing at a record high, while Japan's Nikkei soared beyond its 1989 peak.

Around 90% of companies listed on the S&P 500 have shared their results, revealing a robust earnings growth of 7.5% for the quarter, marking an increase from the previous quarter. NVIDIA took the lead, securing its position as the third-largest company in the S&P 500 with a market capitalization of \$1.975 trillion. While the stock market return of the previous year was solely propelled by valuation expansion, this year, the earnings growth is expected to light the way forward. Current projections for a surge in earnings growth in 2024 indicate that the upward trend in stocks is likely to persist, albeit with the potential for increased volatility following the steady rally of the past three months.

As the earnings season concludes, attention will pivot back to inflation and the forthcoming Federal Reserve meeting in March. This exciting meeting will provide updated economic and interest rate projections. Recent statements from several Fed officials suggest a cautious approach towards rate cuts, given the robust state of the economy and some ambiguity surrounding the rate of disinflation. This has led to a market adjustment in the anticipated timing of the initial rate cut, now forecasted for June rather than March.

Next week, the release of the Fed's favored inflation measure, the core PCE, is eagerly awaited, especially in light of the recent CPI reading, which exceeded expectations. The latest Inflation Nowcasting has the PCE at 2.30%, and the Core PCE is at 2.74%. While the journey to a 2% inflation rate won't be a straight line, we anticipate a further slowdown in housing costs and a continued cooling of wage growth, which should help moderate inflation in other services. Additionally, increased productivity and the normalization of supply chains are expected to maintain low inflation for goods. Collectively, these factors should nudge inflation closer to the Fed's target, potentially paving the way for rate cuts in the latter half of the year.

Investors will monitor upcoming government funding deadlines beyond financial markets and the broader economy.

#### GDPNow:

- The GDPNow for the first quarter of 2024 decreased to 2.90% from 3.40% GDP on 2/8/24, a 17.20% decrease.

#### Eurozone Summary:

- **Stoxx 600** closed at 497.25, up 2.15 points or 0.43%.
- **FTSE 100** closed at 7,706.28, up 21.79 points or 0.28%.
- **Dax Index** closed at 17,419.33, up 48.88 points or 0.28%.

#### Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,131.53, up 60.42 points or 0.16%.
- **S&P 500** closed at 5,088.80, up 1.77 points or 0.06%.
- **Nasdaq Composite** closed at 15,996.82, down 44.80 points or 0.28%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,323.23, down 14.93 points or -0.45%
- **Birling Capital U.S. Bank Stock Index:** closed at 4,571.22, up 32.82 points or 0.73%.
- **U.S. Treasury 10-year note** closed at 4.26%.
- **U.S. Treasury 2-year note** closed at 4.67%.



## Inflation Nowcasting

| Inflation Nowcasting |       |          |
|----------------------|-------|----------|
| Month                | PCE   | Core PCE |
| January              | 2.30% | 2.74%    |

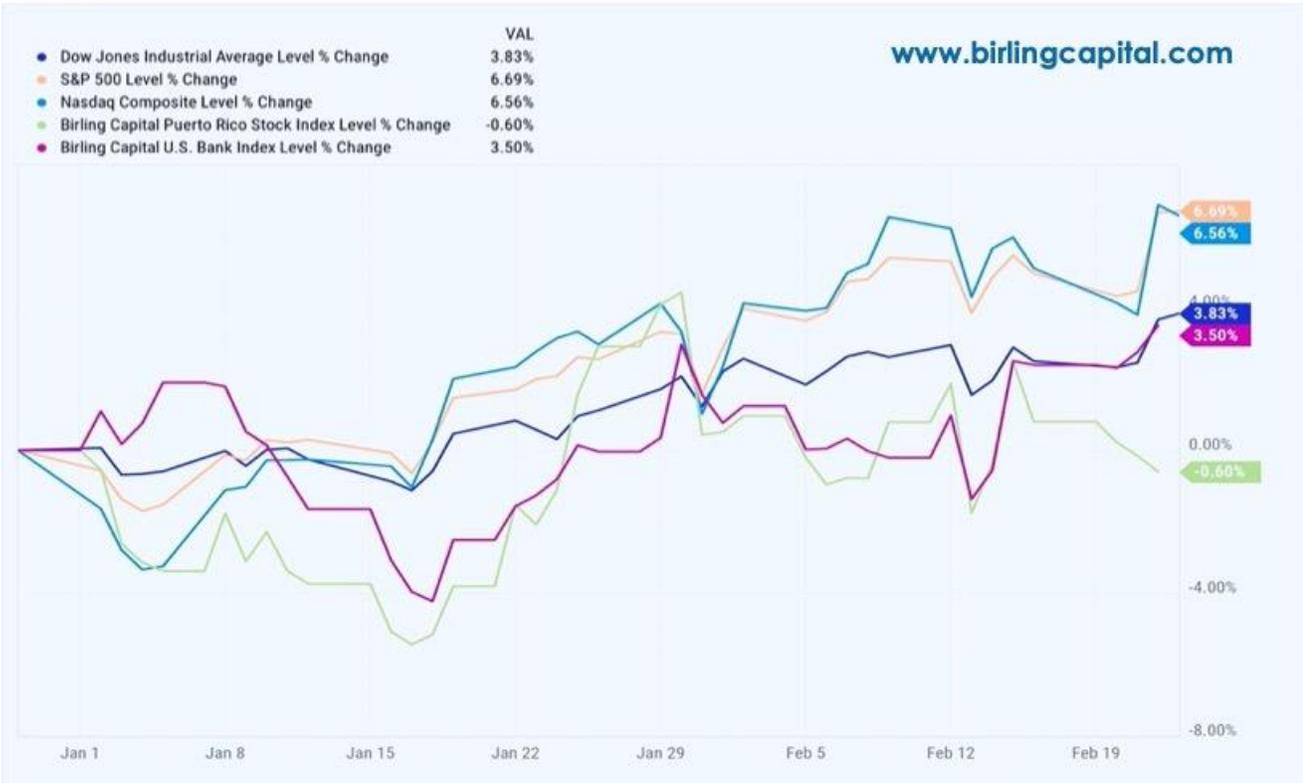


# GDPNow 1Q24

| Date    | GDPNow 1Q24 | Change           |
|---------|-------------|------------------|
| 1/26/24 | 3.00%       | Initial Forecast |
| 2/8/24  | 3.40%       | 13.3%            |
| 2/16/24 | 2.90%       | -17.2%           |



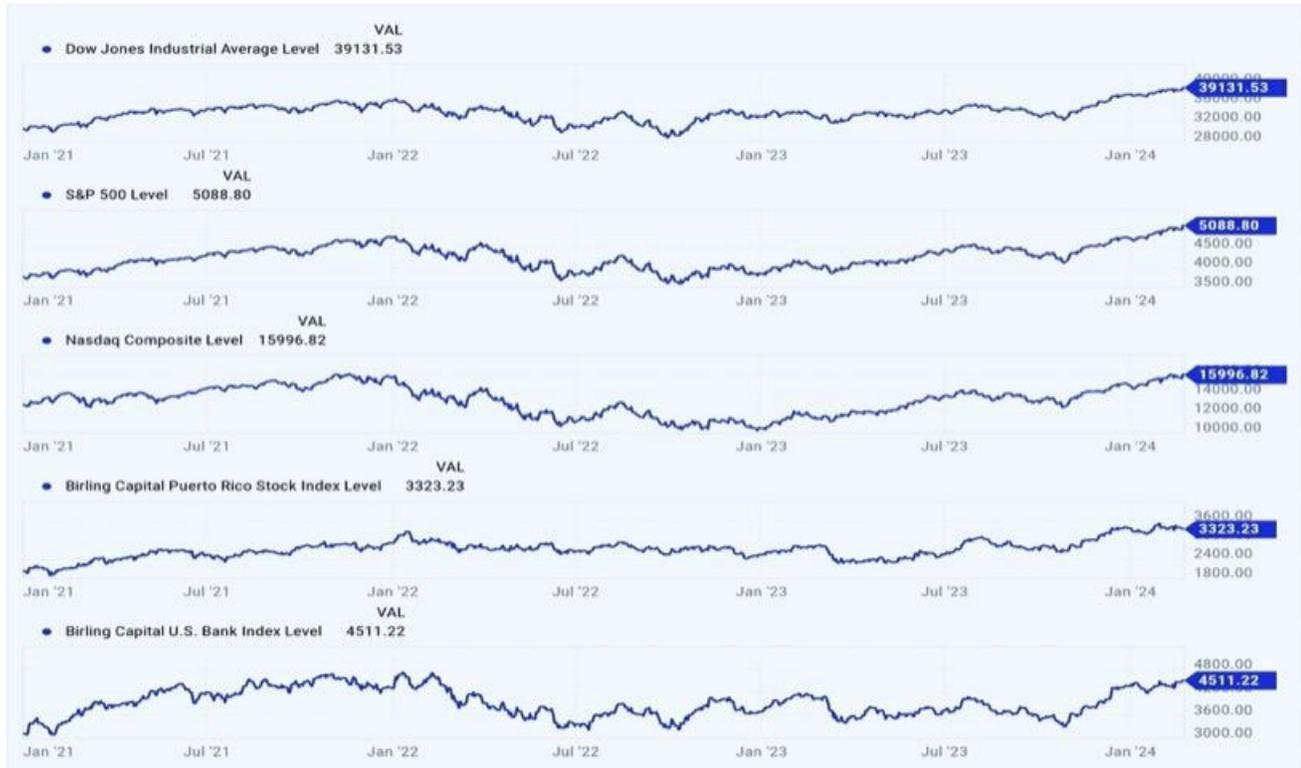
## Dow Jones, S&P 500, Nasdaq, Birling Puerto Rico Stock Index and Birling U.S. Bank Index YTD Returns





# Wall Street Update

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