



Dow Jones and S&P 500 Hit All-Time Highs Amid Volatile Week Fed Probability of Rate Cut in Q1 2024 Drops to 50%.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed the week with divergent. While Europe mainly closed down, Asian Markets closed up, fueled by Japan reaching its lowest inflation level since early 2022.

However, on Wall Street, the markets closed markedly higher to end this volatile week on a high note.

Most key indexes are up, with the Dow Jones and S&P 500 hitting new all-time high records.

As the Corporate Earnings season marches ahead, north of 10% of the S&P 500 companies have reported 4Q23 earnings, and so far, results have been mixed. As of today, 84% of the companies have beaten earnings, with 45% having to exceed them.

During next week, a whopping 15% of the S&P companies reported results, and it will be a busy week that promises to either enhance or impact the markets.

Later on, Fed Watch the narrative that called for the rate to be lowered by late in the first quarter of 2024 has fallen from a 70% chance to a 50% chance; in our view, the Fed must begin to decrease rates sooner rather than later, even though inflation has had setbacks we are much closed to the 2% inflation target moreover the Inflation Nowcasting is currently the Fed's preferred inflation benchmark the PCE for December 2023 is at PCE 2.70% and Core PCE 3.02%. The November PCE was 2.64%, so if the Inflation Nowcasting reaches the PCE at 2.70%, it would be a slim 2.27% rise, not enough to curtail the rate cuts.

Key Economic Data:

- **U.S. Existing Home Sales:** fell to 3.78 million, down from 3.82 million last month, falling -1.05%.
- **U.S. Index of Consumer Sentiment:** rose to 78.80, up from 69.70 last month and up 13.06%.
- **Germany Producer Price Index YoY:** fell to -8.60%, compared to -7.90% last month.
- **U.K. Retail Sales YoY:** fell to -2.40%, compared to 0.20% last month.

Eurozone Summary:

- **Stoxx 600** closed at 469.24, down 1.21 points or 0.26%.
- **FTSE 100** closed at 7,461.93, up 2.84 points or 0.04%.
- **Dax Index** closed at 16,555.13, down 12.22 points or 0.07%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,883.80, up 395.19 points or 1.05%
- **S&P 500** closed at 4,839.88, up 58.87 points or 1.23%.
- **Nasdaq Composite** closed at 15,310.97, up 255.32 points or 1.70%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,170.77, up 9.13 points or 0.29%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,174.73, down 11.50 points or 0.27%.
- **U.S. Treasury 10-year note** closed at 4.15%.
- **U.S. Treasury 2-year note** closed at 4.39%.



US Existing Home Sales, US Index of Consumer Sentiment and 30-Year Mortgage Rate





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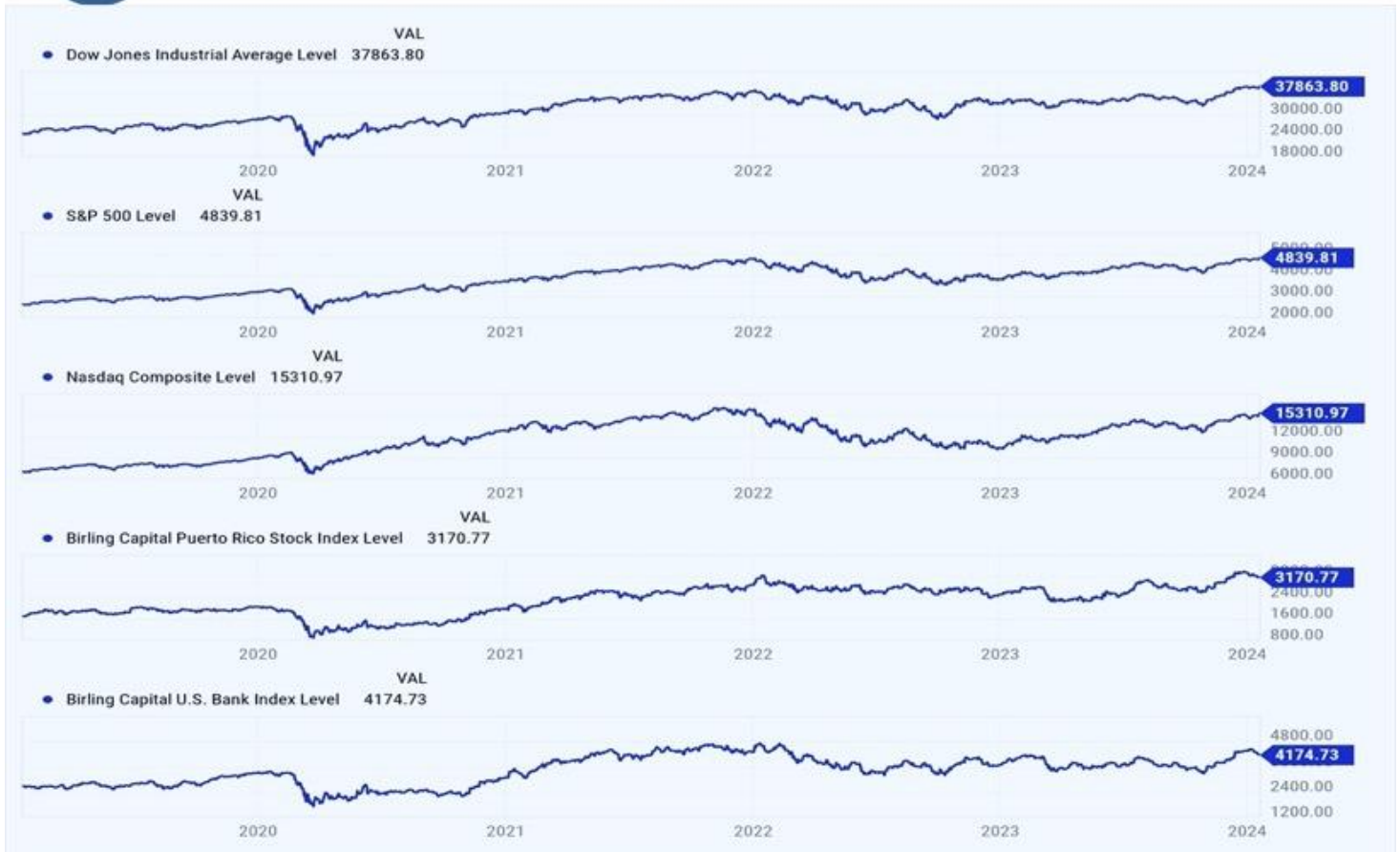
Dow Jones, S&P 500, Nasdaq Composite, Birling P.R. Stock Index & Birling U.S. Bank Percentages off all time highs





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