



Inflation's Tango: PPI, Retail Sales, and the Dance of Economic Optimism moves markets down.

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The U.S. and European stock markets closed with mixed results, unable to develop a rising market rhythm as the financial landscape eagerly anticipates the release of critical data, including the February U.S. Producer Price Index (PPI) inflation and retail sales figures to be released on Thursday.

The focus shifts to the upcoming release of PPI inflation data and retail sales for February. Forecasts suggest a 1.1% year-over-year increase in headline PPI, marking an improvement from the January reading of 0.9%. PPI, excluding food and energy, is expected to rise by 1.9% year-over-year, slightly below January's 2%. Simultaneously, February retail sales are anticipated to rebound after a slowdown in January, with headline retail sales expected to rise by 0.7% month-over-month.

While the easing core PPI data indicates a potential moderation in input pricing for manufacturers, the resilient U.S. consumer is evident in the retail sales figures. Nonetheless, concerns linger regarding consumption growth cooling after several quarters of above-trend growth rates. Factors such as moderated excess savings rates and increased household debt levels contribute to this outlook.

We are looking toward the second semester of 2024 with optimism as inflation gradually moderates, and the Federal Reserve embarks on a rate-cutting cycle, potentially enhancing the overall consumer backdrop.

The Five U.S. Indexes we follow have the following YTD Returns ranked from best to worst:

- **S&P 500** YTD return **8.29%**.
- **Nasdaq Composite** YTD return **7.77%**.
- **Birling U.S. Bank Index** YTD return **7.59%**.
- **Dow Jones Industrial** YTD return of **3.59%**.
- **Birling Puerto Rico Stock Index** YTD return **-1.58%**.

Corporate Earnings Parade:

- **Arcos Dorados Holdings Inc (ARCO)** reported its 4Q23 earnings, with revenues of \$1.18 billion, up 15.4%, a Net Income of \$55.8 million, and earnings per share of \$0.26, beating estimates. Full-year 2023 Revenues reached \$4.35 billion with a Net Income of \$181.3 million, the highest ever. The stock had a price objective of \$13.91; the stock closed at \$11.26, down 5.73%. Arcos operates McDonald's branded restaurants in approximately 20 countries and territories in Latin America and the Caribbean.

Key Economic Data:

- **Eurozone Industrial Production Index YoY:** fell -6.70%, compared to 0.20% last month.
- **UK Industrial Production Index YoY:** fell 0.50%, compared to 0.60% last month.

Eurozone Summary:

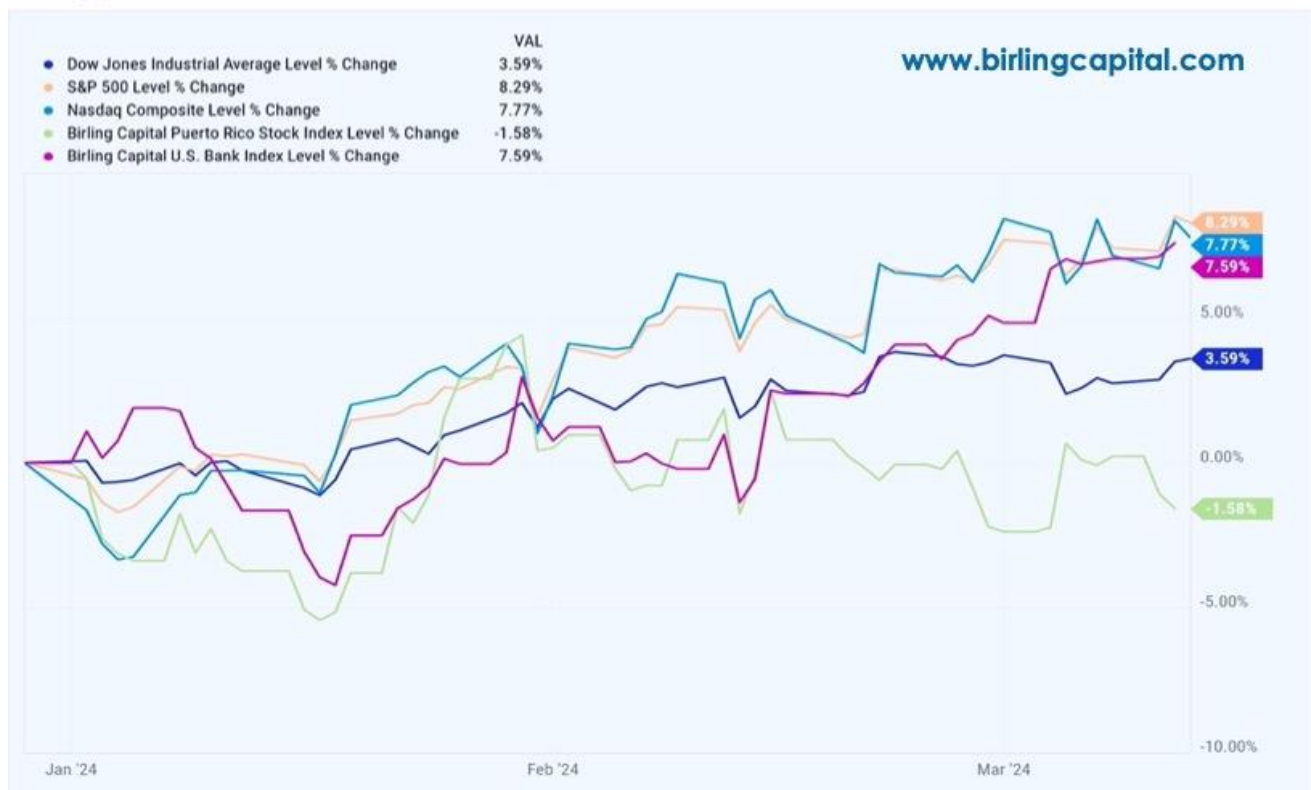
- **Stoxx 600** closed at 507.33, up 0.81 points or 0.16%.
- **FTSE 100** closed at 7,772.17, up 24.36 points or 0.31%.
- **Dax Index** closed at 17,961.38, down 3.73 points or 0.02%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,043.32, up 37.83 points or 0.10%.
- **S&P 500** closed at 5,165.34, down 9.93 points or 0.19%.
- **Nasdaq Composite** closed at 16,177.77, down 87.87 points or 0.54%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,290.45, down 17.13 points or 0.52%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,689.68, up 20.54 points or 0.44%.
- **U.S. Treasury 10-year note** closed at 4.19%.
- **U.S. Treasury 2-year note** closed at 4.61%.

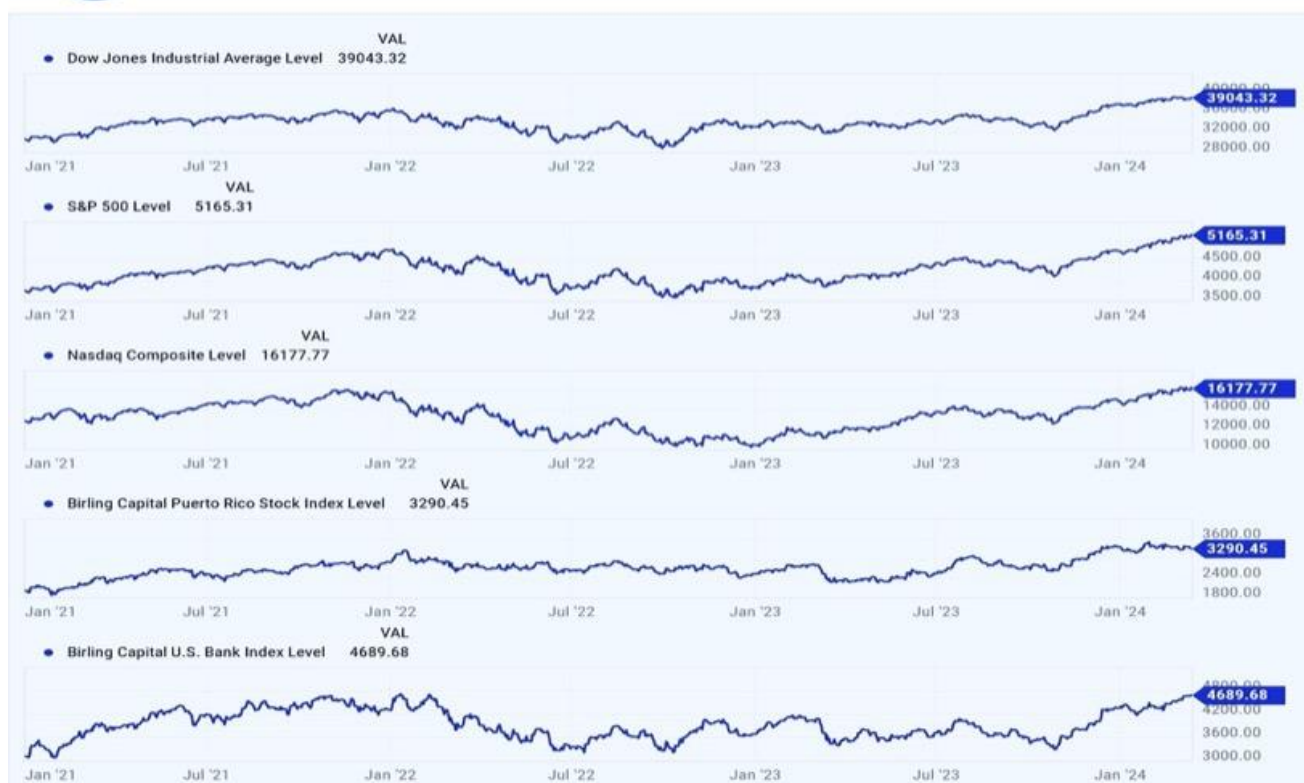


Dow Jones, S&P 500, Nasdaq, Birling Puerto Rico Stock Index and Birling U.S Bank Index YTD Returns





Wall Street Update March 13, 2024



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