

Central Bank Signals Drive Global Markets to Five-Month Highs, Rate Cuts on Horizon, and Focus on PCE Release.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets ended the week with mixed results, taking a brief hiatus from yesterday's record highs. Having said that, the five indexes we follow had one of their best weeks so far in the years and have recorded the following YTD returns ranked from best to worst:

1. Birling U.S. Bank Index YTD Return of **12.99%**.
2. S&P 500 YTD Return of **9.74%**.
3. Nasdaq Composite YTD Return of **9.24%**.
4. Dow Jones Industrial Avg. YTD Return of **4.74%**.
5. Birling Puerto Rico Stock Index YTD Return of **0.72%**.

With no significant economic releases scheduled, attention turns to corporate developments. FedEx shares surged by 8% after surpassing earnings forecasts and unveiling a \$5 billion stock-repurchase initiative. Conversely, Nike and Lululemon saw declines due to profit warnings, while Tesla's stock dipped by 4.5% on reports of reduced electric-car production in China amid slowing E.V. sales. Despite today's pause, the week is poised to close with substantial gains, buoyed by dovish signals from central banks. Government bond yields are down, and the dollar is rallying against major currencies, reaching a one-month high.

Global equity markets are set to post their most robust weekly performance in five months, propelled by indications from several major central banks signaling an impending start to rate cuts. The Federal Reserve, while acknowledging robust growth and inflation projections, maintains a clear bias towards easing, with expectations of three rate cuts this year. Similarly, the Bank of Canada signaled potential rate cuts in 2024, while the Swiss National Bank initiated its first rate cut in nine years. The Bank of England, although keeping policies unchanged, exhibited a dovish shift in votes, hinting at increased support for rate reductions. Conversely, the Bank of Japan's rate hike, the first in 17 years, was anticipated and didn't disrupt market expectations. This collective move towards accommodative policies in response to easing inflationary pressures, rather than an economic slowdown, bolsters the case for a soft landing and validates the ongoing bull market in equities.

The holiday-shortened week will feature the release of the Fed's preferred inflation benchmark on March 29, the Personal Consumption Expenditure (PCE) index; currently, the Inflation Nowcasting for the PCE is at 2.45%, with Core PCE at 2.78%.

Despite expectations of a solid monthly gain, the market reaction might be muted, given Chair Powell's previous dismissal of hotter inflation readings as temporary. The first quarter has been notably positive for equities, with the S&P 500 rising by nearly 10%, supported by resilient economic fundamentals, corporate profit growth, and anticipation of a Fed policy shift.

Key Economic Data:

- **Germany Ifo Business Climate Index:** rose to 87.80, up from 85.70 last month, increasing 2.45%.
- **Germany Ifo Business Expectations Index:** rose to 87.50, up from 84.40 last month, increasing 3.67%.
- **Germany Ifo Business Situation Index:** rose to 88.10, up from 86.90 last month, increasing 1.38%.
- **U.K. Retail Sales YoY:** fell to -0.40%, compared to 0.50% last month.

Eurozone Summary:

- **Stoxx 600** closed at 509.64, down 0.13 points or 0.03%.
- **FTSE 100** closed at 7,930.92, up 48.37 points or 0.61%.
- **Dax Index** closed at 18,205.94, up 26.69 points or 0.15%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,475.90, down 305.47 points or 0.73%.
- **S&P 500** closed at 5,234.18, down 7.35 points or 0.14%.
- **Nasdaq Composite** closed at 16,428.82, up 26.98 points or 0.16%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,367.43, up 37.25 points or 1.25%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,924.89, up 104.09 points or 2.16%.
- **U.S. Treasury 10-year note** closed at 4.22%.
- **U.S. Treasury 2-year note** closed at 4.59%.



Inflation Nowcasting

Inflation Nowcasting

Month	PCE	Core PCE	Updated
February	2.45%	2.78%	22-Mar



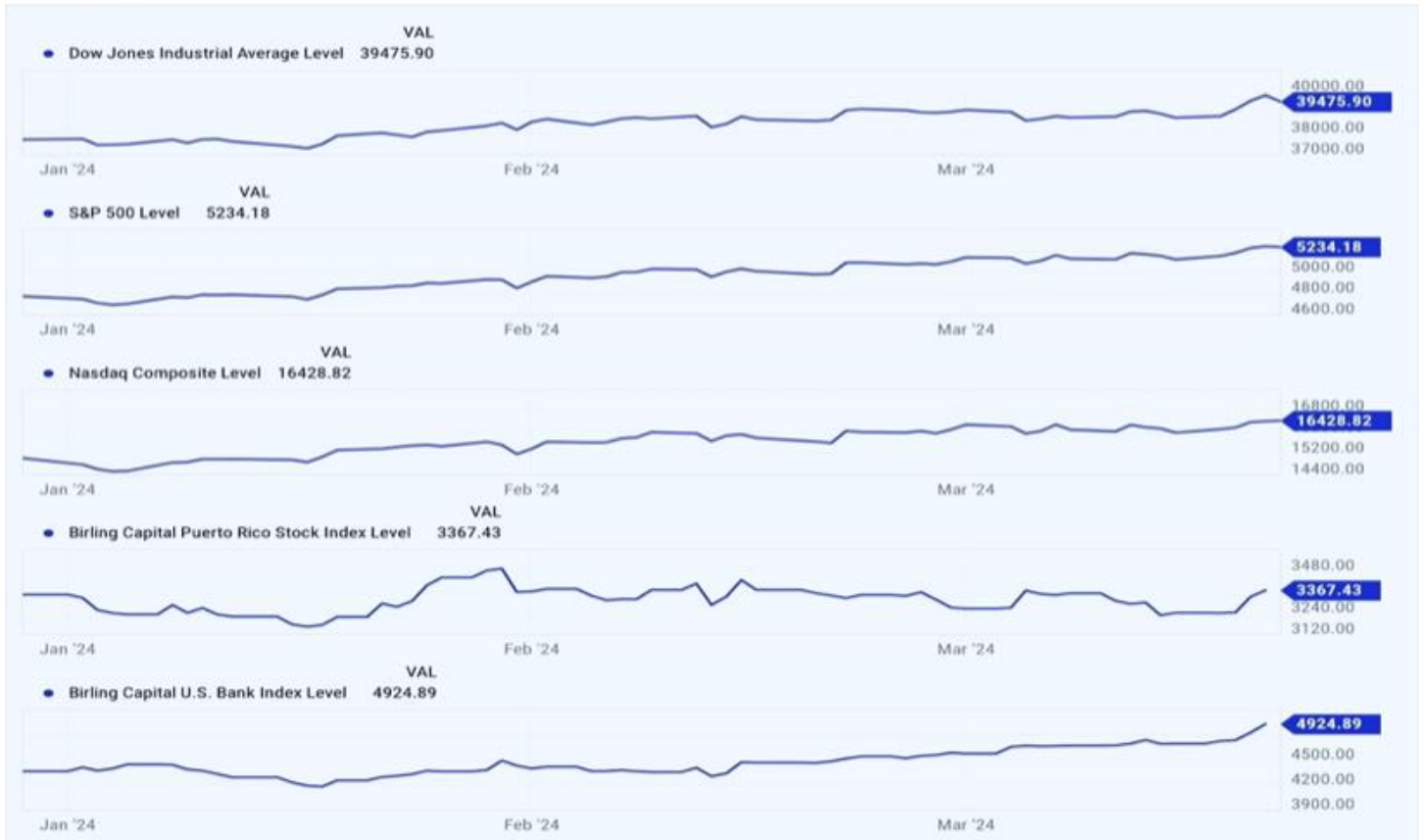
Germany Ifo Business Climate, Germany Ifo Business Expectations Germany Ifo Business Situation and UK Retail Sales





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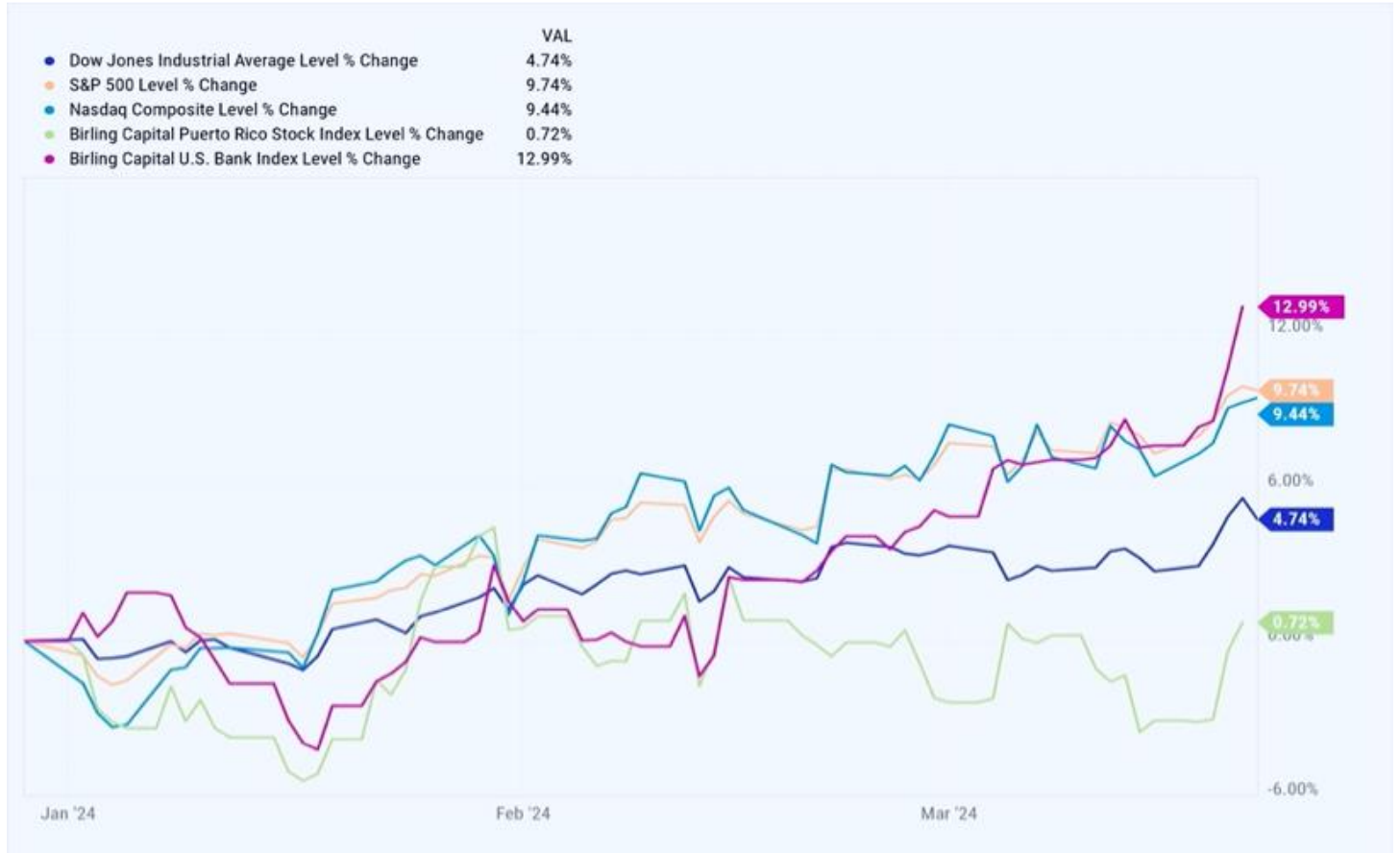
Wall Street Update March 22, 2024





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Dow Jones, S&P 500, Nasdaq Composite, Birling P.R. Stock Index & Birling U.S. Bank YTD Returns



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