

Fed Chair Powell Backtracks Basel III Endgame Facing 97% Opposition Not Just from the Banking Sector, ADP Data Reveals 26% Jump in Employment and Wall Street Rises.

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The U.S. and European stock markets closed higher in contrast to yesterday's pullback pushed down by weakness in the tech sector, which today closed marginally up, led by NVIDIA, which for the week is up 7.93%, while the rest of the magnificent seven, all are down during this week as follows, Amazon down -2.64%, Alphabet down -4.02%, Apple down -5.88%, Meta Platforms down -1.09%, Microsoft down -3.15%, NVIDIA up 7.93% and Tesla down -13.29%.

During testimony in Congress, the Federal Reserve Bank Chairman Jay Powell stated his willingness to implement significant changes to proposed revisions of banks' capital rules. Jay Powell acknowledged concerns from lenders regarding the U.S. interpretation of global capital standards outlined by the Basel Committee on Banking Supervision. Powell emphasized that the current proposals would demand increased capital holdings by the largest U.S. banks. The proposed adjustments involve compelling large U.S. banks to maintain higher capital levels to absorb potential losses against their assets. Banks contend that these measures may restrict their lending capacities, with the U.S. interpretation being stricter than that of other nations.

Powell expressed surprise at the criticism of the regulatory proposal, acknowledging "real concerns" that the plans might elevate risks to the banking system and negatively impact market competition.

The banking sector's opposition to the Basel III endgame has been notable. Powell welcomed the industry's extensive feedback, noting that 97 percent of responses were negative, reinforcing the belief that concerns extend beyond the banking sector.

In his remarks on the economy, Powell acknowledged progress but remained cautious about reaching the Federal Reserve's 2 percent inflation goal. While interest rates are currently at a 23-year high, Powell emphasized the need for confidence in achieving inflation targets before considering rate cuts.

The release of the ADP private payroll data today showed that U.S. companies added 140,000 jobs last month, a 26.13% increase month over month; we look forward to tomorrow's Unemployment claims and Fridays' U.S. Total Nonfarm Payrolls, Unemployment Rate, and the Labor Force Participation Rate.

GDPNow:

- The GDPNow for the first quarter of 2024 increased to 2.50% from 2.10% GDP, a 16% increase.

Key Economic Data:

- **ADP Employment Change:** rose to 140,000, up from 111,000 last month, increasing 26.13%.
- **U.S. Job Openings: Total Nonfarm:** fell to 8.863 million, down from 8.889 million last month, a change of -0.29%.
- **U.S. Wholesale Inventories MoM:** fell by -0.26%, compared to 0.38% last month.
- **Canada Ivey PMI:** fell to 53.90, down from 56.50 last month, decreasing -4.60%.
- **Eurozone Retail Trade YoY:** fell by -1.00%, compared to -0.50% last month.
- **Germany Exports MoM:** rose by 6.30%, compared to -4.50% last month.
- **Germany Trade Balance:** rose to 27.50B, up from 23.30B last month, increasing 18.03%.
- **China Exports YoY:** rose by 0.92%, compared to -0.33% last month.
- **China Imports YoY:** is at -0.23%, compared to -1.05% last month.
- **China trade balance** rose to 540.90 billion, up from 490.82 billion last month, rising 10.20%.

Eurozone Summary:

- **Stoxx 600** closed at 498.21, up 1.94 points or 0.39%.
- **FTSE 100** closed at 7,679.31, up 33.15 points or 0.43%.
- **Dax Index** closed at 17,716.71, up 18.31 points or 0.10%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,661.05, up 75.86 points or 0.20%.
- **S&P 500** closed at 5,704.76, up 26.11 points or 0.51%.
- **Nasdaq Composite** closed at 16,031.54, up 91.95 points or 0.58%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,365.91, up 97.21 points or 2.97%.
- **Birling Capital U.S. Bank Stock Index:** closed at 4,665.35, up 14.78 points or 0.32%.
- **U.S. Treasury 10-year note** closed at 4.11%.
- **U.S. Treasury 2-year note** closed at 4.55%.



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%
2/29/24	3.00%	3.3%
3/1/24	2.10%	30.0%
3/6/24	2.50%	16.0%



US Job Openings, ADP Employment Change and Canada Ivey PMI



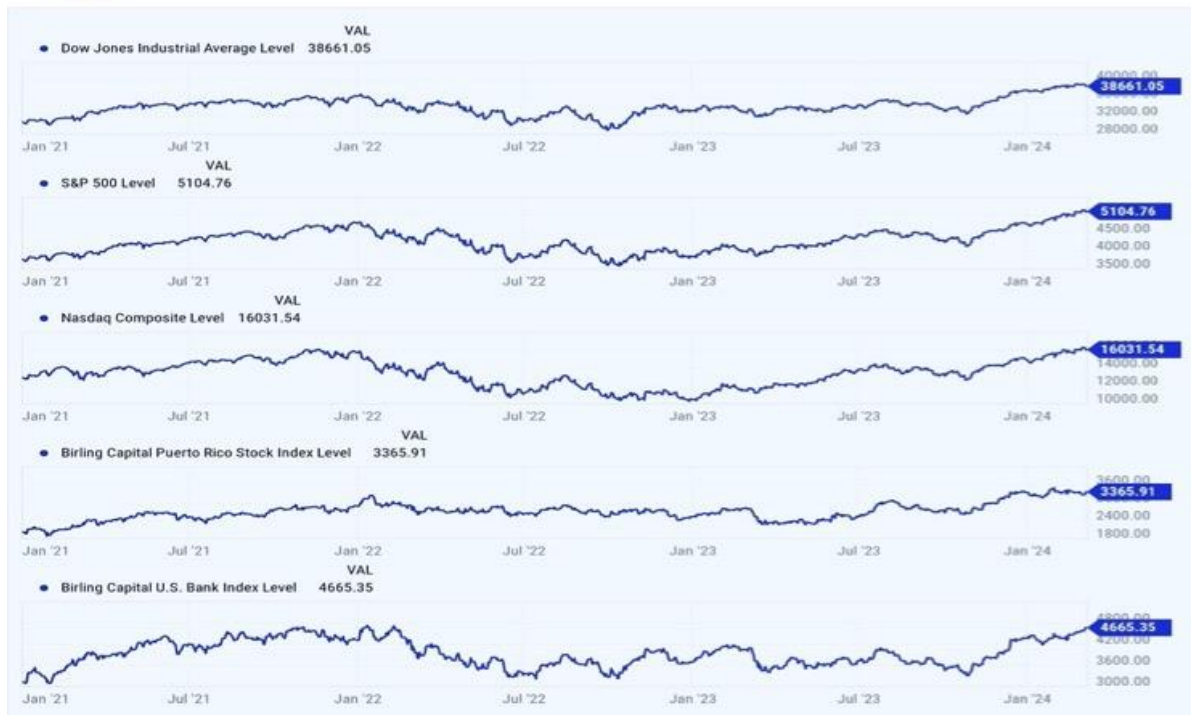


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Wall Street Update

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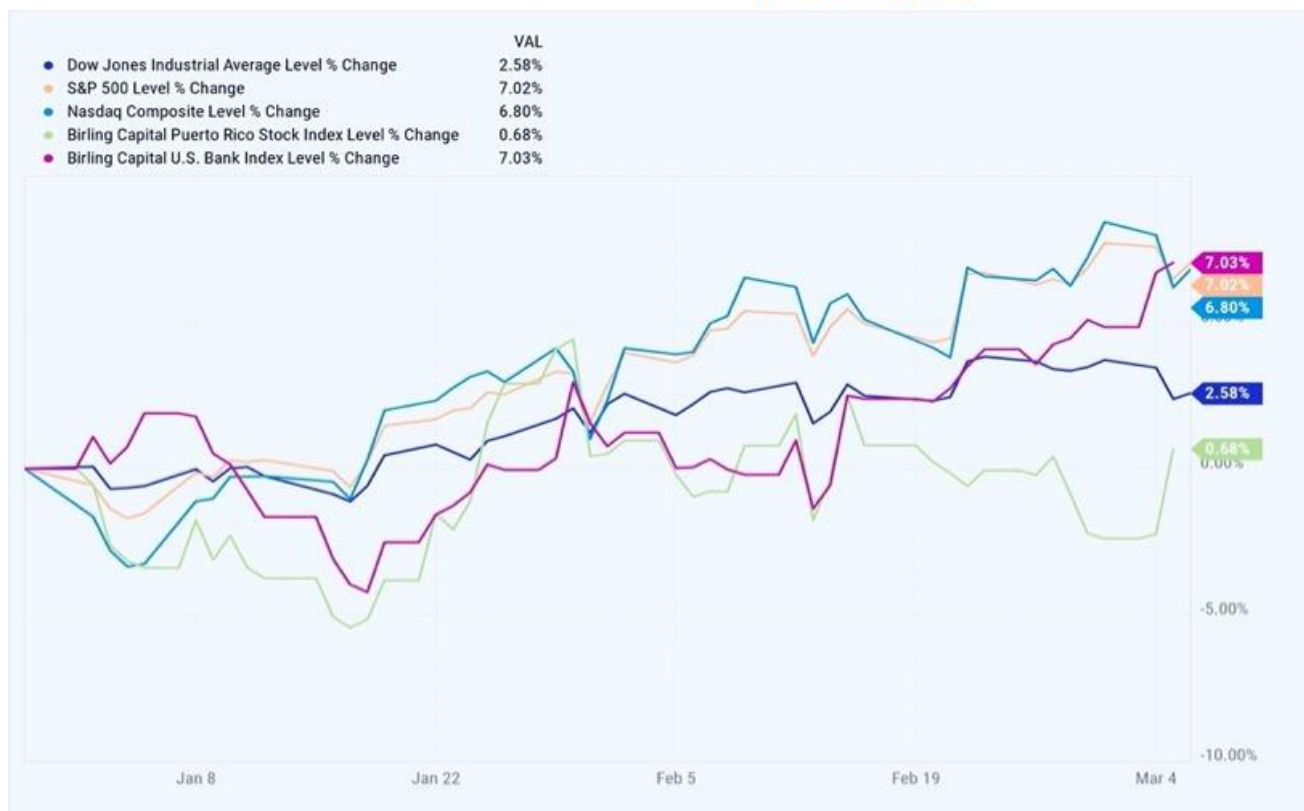
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Dow Jones, S&P 500, Nasdaq Composite, Birling P.R. Stock Index & Birling U.S. Bank YTD Returns



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