



# GLOBAL MARKET SQUARE



**BIRLING**  
CAPITAL ADVISORS, LLC

## U.S. Markets Hold Steady Amid Anticipation of Key Economic Data and Fed Commentary and Corporate Earnings Season begins.

July 8, 2024

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

The U.S. and European stock markets closed with mixed results; after reaching new all-time highs last week, Wall Street closed with the S&P and Nasdaq building on their records on Monday. The market appears poised to remain in a holding pattern as investors await key events later in the week, including midweek commentary from Fed Chair Powell and a crucial inflation report on Thursday. Bond markets are similarly stable, with short- and long-term rates holding steady after the 10-year yield dropped to 4.28% as political uncertainties are also in the spotlight, with speculation surrounding President Biden's 2024 bid and surprising results in France's election. However, the primary market drivers remain inflation, Fed policy, and the overall economic outlook, resulting in steady markets today as investors wait for new data to refine their expectations.

Economic indicators from last week suggest the economy may be slowing down. The June jobs report and initial jobless claims indicate a slight easing in the labor market, while ISM manufacturing and services data show a deceleration in activity. Although we do not foresee an imminent recession, the economy is shifting into a lower gear. These signals prompt the Fed to ease policy sooner to support growth before the economy weakens further. This is complicated because inflation has yet to reach a level that would fully justify monetary stimulus.

Consequently, Fed Chair Powell's semiannual policy testimony on Capitol Hill will be closely watched by investors this Tuesday and Wednesday. We expect him to emphasize that progress is being made on inflation and that the timing of a rate cut will depend on incoming economic data. With the labor market showing early signs of softening, the Fed's message will likely focus on balancing low inflation and full employment. Markets will be keen to discern any hints about the Fed's timing for a rate cut, with September being a possibility but not a certainty.

This week is pivotal, with Chair Powell's Congressional testimony and the latest inflation readings taking center stage. The consumer price index (CPI) report, due Thursday, and the producer price index (PPI) report, due Friday, will provide further insights into price trends. Core CPI is forecast to be around 3.4%, consistent with the previous month and the lowest since early 2021. Any deviation from this forecast could prompt a market reaction, likely influencing expectations for a September rate cut. The week concludes with second-quarter corporate earnings announcements, beginning with several major U.S. banks on Friday. While big tech earnings will be a crucial focus, results from cyclical sectors like consumer discretionary and industrial companies will also be scrutinized as markets assess recent economic trends through corporate profit performance and management commentary. We believe corporate earnings growth will significantly influence market performance in the latter half of 2024.

## Corporate Earnings in the Spotlight this Week:

This week, we shift attention to corporate earnings, a crucial determinant of the bull market's trajectory. Second-quarter earnings season starts with reports from Money Three centers banks that report before the market opens as follows:

1. **JP Morgan:** July 12, EPS Estimate of \$4.355
2. **Citi:** July 12, EPS Estimate of \$1.402
3. **Wells Fargo:** July 12, EPS Estimate of \$1.283

Consensus expectations forecast a 9-10% year-over-year growth in earnings per share (EPS) for the quarter.

## Key Economic Data:

- **US Retail Gas Price:** rose to \$3.595, up from \$3.557 last week, increasing 1.07%.
- **US Consumer Credit Outstanding MoM:** rose to \$6.403B, up from -\$1.099B last month.
- **Germany Exports MoM:** rose 1.60%, compared to 0.90% last month.
- **Germany Trade Balance:** is at a current level of 22.10B, down from 22.30B last month decreasing -0.90%.

## Eurozone Summary:

- **Stoxx 600:** Closed at 516.43, down 0.17 points or 0.033%.
- **FTSE 100:** Closed at 8,193.49, down 10.44 points or 0.13%.
- **DAX Index:** Closed at 18,472.05, down 3.40 points or 0.018%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,344.79, down 31.08 points or 0.08%.
- **S&P 500:** closed at 5,572.85, up 5.66 points or 0.10%.
- **Nasdaq Composite:** closed at 18,403.74, up 50.98 points or 0.28%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,314.85, down 45.24 points or 1.35%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,272.21, down 54.88 points or 1.03%.
- **U.S. Treasury 10-year note** closed at 4.28%.
- **U.S. Treasury 2-year note** closed at 4.62%.



# Wall Street Recap July 8, 2024



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.