



Global Markets Tumble as Recession Fears Surge Amid Disappointing Economic Data of Higher Unemployment Claims and A Manufacturing PMI at 46.8 a Recession Pace.

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The U.S. and European stock markets closed as investors pulled back, sending the markets tumbling amid recession fears.

The stock market, which had shown promise earlier this week, took a nosedive as fresh economic data stoked fears of a possible recession.

The Dow Jones Industrial Average plummeted by 494.82 points, the Nasdaq fell 405.26 points, and the S&P 500 also fell 75.62.

The catalyst for this sudden downturn was the release of two key economic indicators. The initial jobless claims rose to 249,000 last week, significantly higher than the forecasted 235,000 and 8.26% above last week's 230,000. This marked the highest level of jobless claims since August 2023, sending a wave of anxiety through investors. The other issue is that the ISM manufacturing index fell to a disappointing 46.8, signaling economic contraction and missing expectations, some 6.83% below the PMI above 50, which signals an expansion of the manufacturing economy.

Meanwhile, the bond market reflected the growing unease. The yield on the 10-year Treasury note fell, closing well below 4% at 3.99%.

This conflicting data arrived just a day after the Federal Reserve announced its decision to keep interest rates at their highest levels in two decades. Fed Chair Jerome Powell had offered a glimmer of hope by hinting at a potential rate cut in September, but for many investors, the damage had already been done. The combined effect of rising jobless claims, a contracting manufacturing sector, and persistent high interest rates paints a bleak picture of the U.S. economy.

On a positive note, the second-quarter labor productivity exceeded expectations, offering some relief on the inflation front, while initial jobless claims for the past week surpassed forecasts.

Meta's shares surged in early trading after it announced better-than-expected revenue and earnings for the second quarter after yesterday's market close. Approximately 68% of S&P 500 companies have reported their second-quarter earnings, with about 78% surpassing earnings expectations. Corporate earnings remain in the spotlight, with Amazon and Apple reported after the market closed today.

Asian markets closed lower overnight due to a weaker-than-anticipated manufacturing report from China. Meanwhile, European markets displayed mixed performance in response to the Bank of England's decision to reduce its policy rate from 5.25% to 5%.

Corporate Earnings Parade:

- **Amazon.com, Inc. (AMZN):** The company reported 2Q24 revenues of \$147.98 billion, up 10.10%, missing revenue estimates and net income of \$13.5 billion, up 101.49%, and earnings per share of \$1.26, beating expectations. The Stock has a price objective of \$222.07.

Key Economic Data:

- **U.S. Productivity:** rose to 2.30%, compared to 0.40% last quarter.
- **US ISM Manufacturing PMI:** fell to 46.80, down from 48.50 last month, decreasing -3.51%.
- **U.S. Initial Claims for Unemployment Insurance:** rose to 249,000, up from 235,000 last week, increasing 5.96%.
- **U.S. Construction Spending MoM:** is at -0.30%, compared to -0.39% last month.
- **30-Year Mortgage Rate:** rose to 6.78%, compared to 6.77% last week.
- **Eurozone Unemployment Rate:** rose to 6.50%, compared to 6.40% last month.
- **Bank of England Bank Rate:** fell to 5.00%, compared to 5.25% yesterday.

Eurozone Summary:

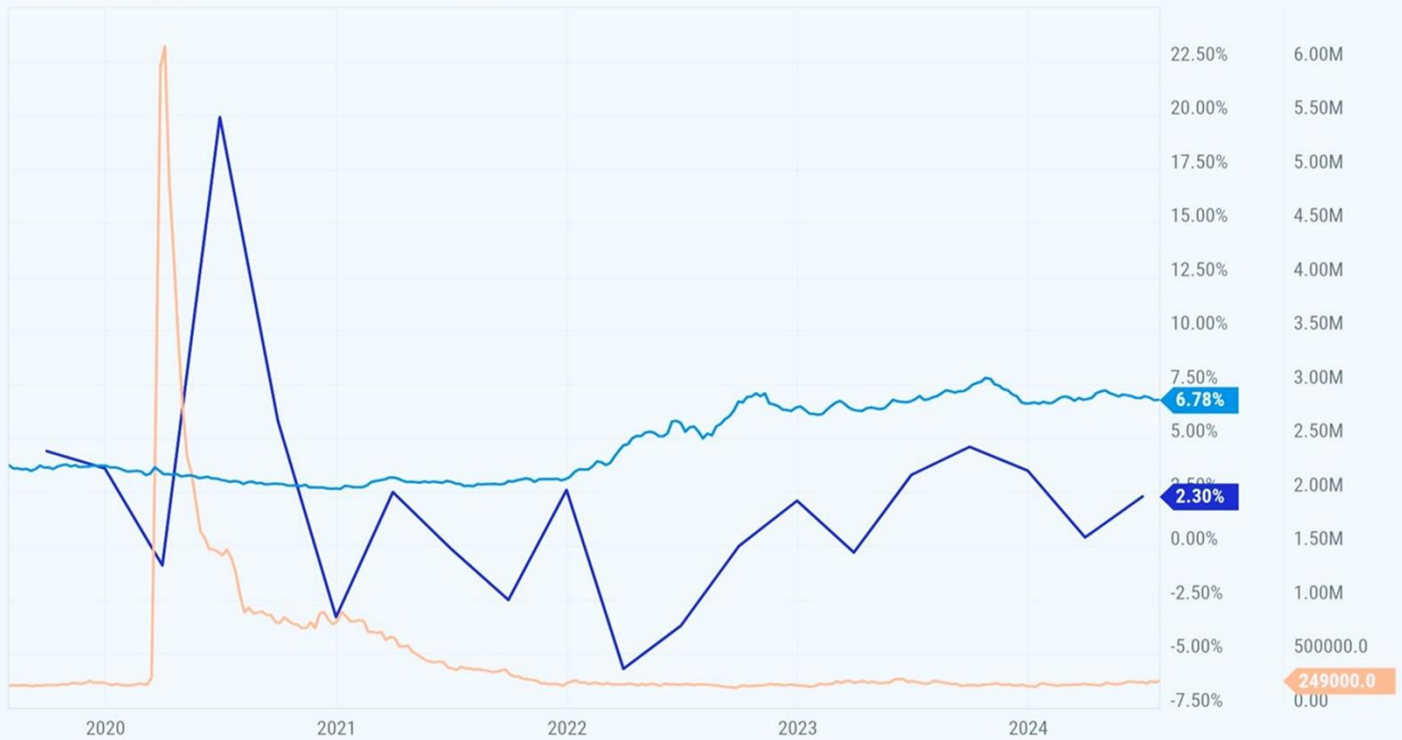
- **Stoxx 600:** Closed at 511.83, down 6.35 points or 1.23%.
- **FTSE 100:** Closed at 8,283.36, down 84.62 points or 1.01%.
- **DAX Index:** Closed at 18,083.05, down 425.60 points or 2.30%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,347.97, down 494.82 points or 1.21%.
- **S&P 500:** closed at 5,446.68, down 75.12 points or 1.37%.
- **Nasdaq Composite:** closed at 17,194.15, down 405.26 points or 2.30%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,903.97, down 29.20 points or 0.74%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,437.56, down 44.84 points or 0.82%.
- **U.S. Treasury 10-year note:** closed at 3.99%.
- **U.S. Treasury 2-year note:** closed at 4.16%.

US Productivity, US Initial Claims for Unemployment, & 30-Year Mortgage Rate

- US Productivity 2.30%
- US Initial Claims for Unemployment Insurance 249000.0
- 30 Year Mortgage Rate 6.78%





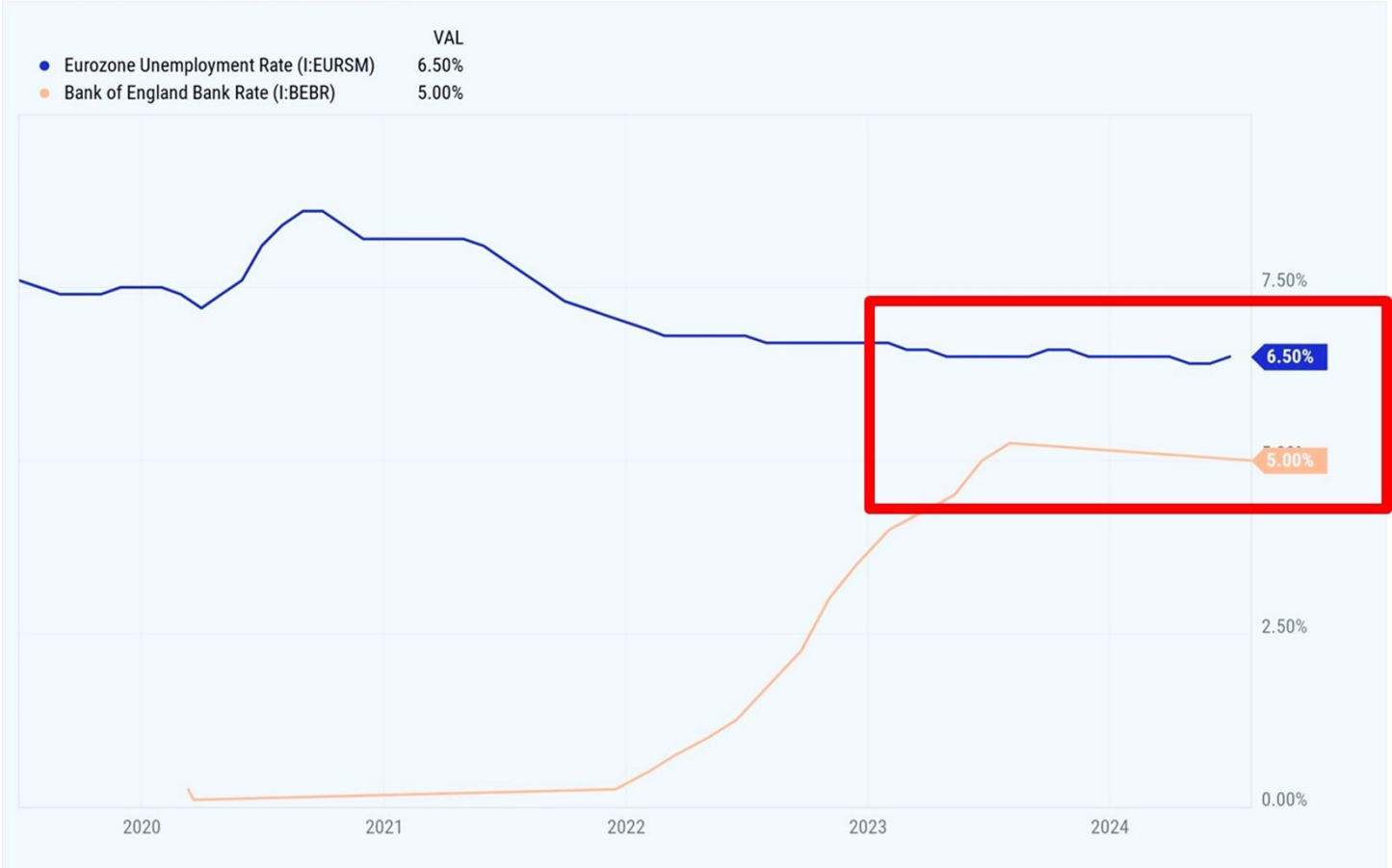
US ISM Manufacturing PMI, US Manufacturing New Orders, US Manufacturing Employment Index & US Manufacturing Prices Paid

	VAL
● US ISM Manufacturing PMI	46.80
● US ISM Manufacturing New Orders Index	47.40
● US ISM Manufacturing Employment Index	43.40
● US ISM Manufacturing Prices Paid Index	52.90





Eurozone Unemployment Rate and Bank of England Bank Rate





Wall Street Recap August 1, 2024



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