

# Global Markets Tumble as U.S. Jobs Data Falls Short by 34.85%, Unemployment Hits 4.3%, the highest level since 2021.

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The U.S. and European stock markets experienced a significant downturn on Friday, reacting to a disappointing jobs report that revealed an increase in the unemployment rate to its highest level since 2021. Nonfarm employment rose by 114,000 in July, falling short of the anticipated 175,000, a 34.85% miss. This development spurred a risk-averse sentiment across the markets, with consumer staples emerging as the best-performing sector of the S&P 500. In contrast, growth and cyclical sectors suffered substantial losses, including consumer discretionary, technology, and financials. Small-cap stocks also faced considerable pressure, leading the Russell 2000 to a daily loss of over 3% and a weekly decline exceeding 6%. The impact was felt globally, with Asian markets plummeting overnight—Japan's Nikkei dropped nearly 6%—and European markets declined due to concerns over U.S. economic growth.

In the bond markets, yields fell due to weak labor market data. The 10-year Treasury yield decreased by nearly 20 basis points to close at 3.80%, and the 2-year yield, sensitive to policy rates, fell by almost 30 basis points to close at 3.88%.

## Jobs Data Misses Expectations, Raising Growth Concerns

July's nonfarm payrolls increased by 114,000, falling short of the 175,000 expected, while the unemployment rate climbed to 4.3%. The increase from 3.7% at the start of the year marks the highest unemployment rate since 2021. Additionally, the number of individuals working part-time for economic reasons reached 4.6 million, which aligns with pre-pandemic levels and has been the highest since 2021. Average hourly earnings grew by 3.6% year-over-year, slightly below the expected 3.7%. The disappointing jobs report has heightened concerns about U.S. economic growth, which an increase in initial jobless claims and a weak ISM manufacturing report had already unsettled. Futures markets now predict a roughly 60% chance of a 50-basis-point interest-rate cut at the Federal Reserve's September meeting, with 100 basis points of cuts anticipated by year-end.

## Earnings Season in Focus

Earnings reports remain a central focus for the markets. Technology giants Apple and Amazon reported strong earnings after the bell yesterday. However, Amazon's cautious forward guidance is weighing on its shares in early trading, while Apple is seeing gains. Semiconductor company Intel also reported earnings below expectations and announced plans to suspend its dividend, resulting in a more than 25% drop in its stock price in early trading. Despite recent volatility, overall, second-quarter earnings have been robust. Approximately 75% of S&P 500 companies have reported results, with around 77% surpassing expectations. Earnings for the quarter are projected to grow by about 10%, up from the 8% expected at the end of June. Full-year earnings are expected to increase by approximately 11%, marking the most robust growth rate since 2021.

### GDPNow:

- The GDPNow for the Third Quarter of 2024 was updated on August 2. It decreased to 2.50% from 2.80%, a 10.71% decrease.

### Key Economic Data:

- **U.S. Nonfarm Payrolls MoM:** fell to 114,000, down from 179,000 last month, decreasing -36.31%.
- **U.S. Unemployment Rate:** rose to 4.30%, compared to 4.10% last month.
- **U.S. Labor Force Participation Rate:** rose to 62.70%, compared to 62.60% last month.
- **U.S. Durable Goods New Orders MoM:** fell to -6.66%, compared to 0.09% last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 497.85, down 13.98 points or 2.73%.
- **FTSE 100:** Closed at 8,174.71, down 108.65 points or 1.31%.
- **DAX Index:** Closed at 17,661.22, down 421.83 points or 2.33%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,737.26, down 610.71 points or 1.51%.
- **S&P 500:** closed at 5,346.56, down 100.12 points or 1.89%.
- **Nasdaq Composite:** closed at 16,776.16, down 417.98 points or 2.43%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,818.58, down 85.39 points or 2.19%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,310.22, down 127.34 points or 2.34%.
- **U.S. Treasury 10-year note:** closed at 3.80%.
- **U.S. Treasury 2-year note:** closed at 3.88%.



# **GDPNOW**

**for the Third Quarter**

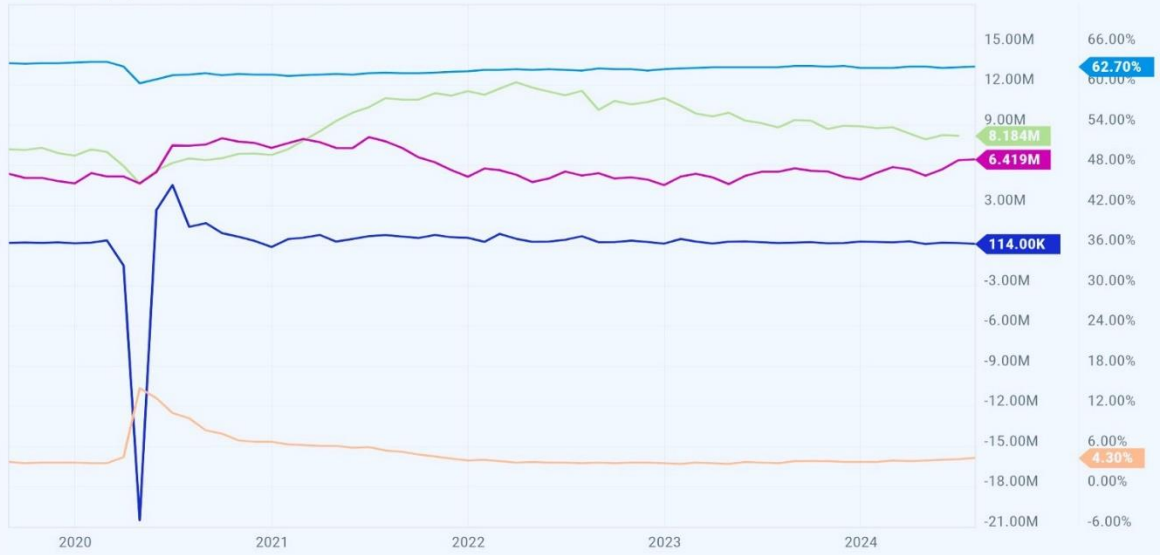
<b>Date</b>	<b>GDPNow 3Q24</b>	<b>Change</b>
<b>7/25/24</b>	<b>2.80%</b>	<b>Initial Forecast</b>
<b>8/1/24</b>	<b>2.50%</b>	<b>-10.71%</b>



# US NonFarm Payrolls, US Unemployment Rate, US Labor Participation Rate, US Job Openings & US Job Seekers

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	VAL
US Nonfarm Payrolls MoM	114.00K
US Unemployment Rate	4.30%
US Labor Force Participation Rate	62.70%
US Job Openings: Total Nonfarm	8.184M
US Unemployed Persons: Job Seeker	6.419M

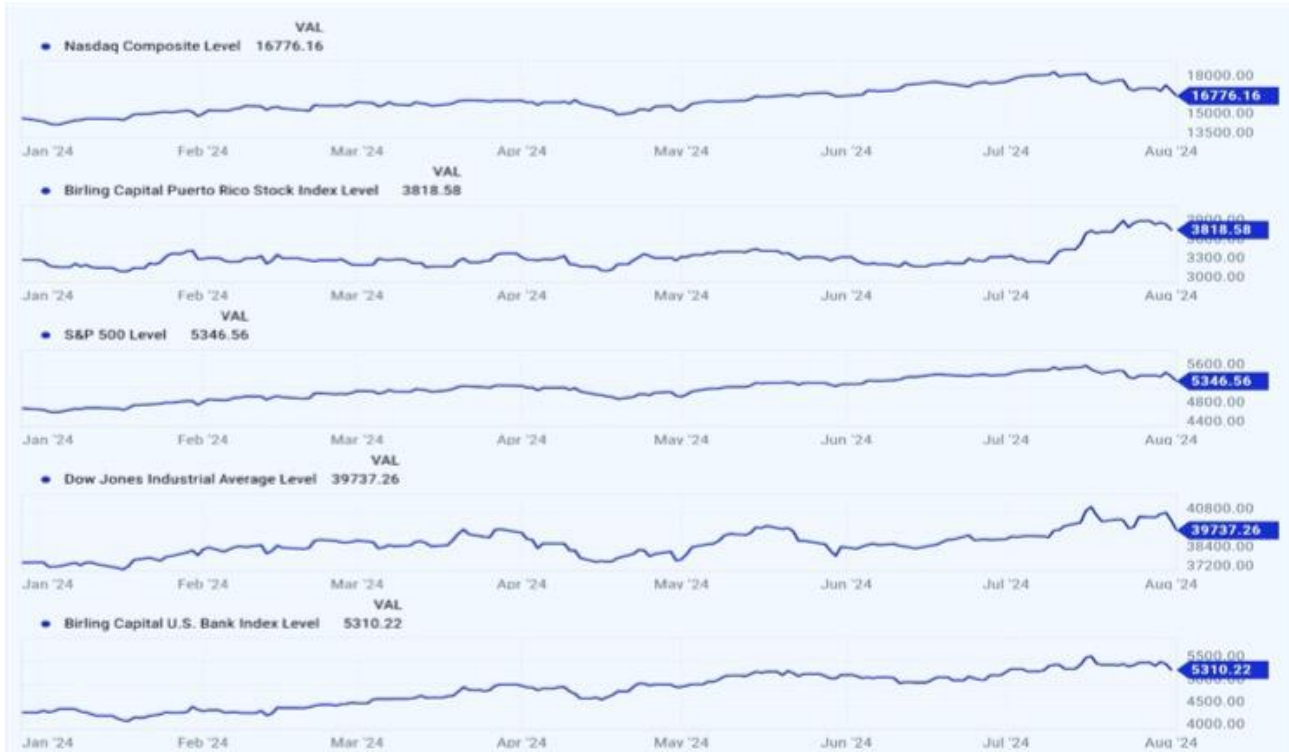




# Wall Street Update

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