

GLOBAL MARKET SQUARE



Market Momentum Takes a Hit, taking Wall Street Lower, and The Walt Disney Company reports earnings that surpass expectations.

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The U.S. and European stock markets attempted to stabilize. European markets closed higher, but Wall Street's initial momentum fell apart after an attempt to rally for a second consecutive day; U.S. markets reversed and closed lower on Wednesday. The tech-centric Nasdaq underperformed compared to the S&P 500 and Dow Jones. This shift occurred amidst lukewarm demand for a 10-year Treasury bond auction.

In contrast, global markets showed resilience, with the Eurozone's Euro Stoxx index and Japan's Nikkei climbing over 1.0%. The Bank of Japan's commitment to maintaining low interest rates during financial instability buoyed regional market sentiment.

Meanwhile, U.S. Treasury yields increased, with the 10-year yield rising to 3.99%, significantly above its Monday intraday low of 3.66%. The VIX volatility index, often called Wall Street's fear gauge, edged up to around 28 after spiking above 65 earlier in the week, marking the highest levels since 2020. Despite the recent turbulence, we anticipate that markets may remain unpredictable through the typically weaker months of September and October leading up to the U.S. Election Day. However, the fundamentals of this bull market appear strong, supported by an expected rate cut from the Federal Reserve and continuing growth in corporate earnings.

Corporate Earnings Growth Remains Robust

Disappointing earnings reports from major technology companies like Intel and Amazon partly drove recent market volatility. But today, we highlight The Walt Disney Company results that beat expectations. Also, the S&P 500 earnings are on track to grow over 11% in the second quarter, exceeding the 7.8% forecast at the beginning of July. Earnings are projected to increase by over 10% during 2024, bolstering equity markets.

Economic Growth is Slowing but Stable

The latest jobs report revealed that nonfarm payrolls increased by 114,000 in July, below the expected 175,000, and the unemployment rate rose to 4.3%, the highest since 2021. Despite the slowdown, the three-month average payroll gains of approximately 170,000 aligns with the pre-pandemic monthly average over the past decade. The increase in unemployment was mainly due to more people entering the labor force rather than a decrease in employment. U.S. real GDP grew by 2.8% in the second quarter, and the Atlanta Fed's GDPNow estimates third-quarter growth to be 2.9%, above last quarter's GDP. While the labor market may be cooling, the economy is still growing and not collapsing.

Upcoming consumer price index (CPI) data is expected to decrease headline inflation to 2.9% year-over-year in July, down from 3.0% in June. This mix of slowing but positive economic growth, moderating inflation, and a Federal Reserve poised to cut rates supports the broader financial markets.

Corporate Earnings Parade:

- **The Walt Disney Co (DIS)** Reported 3Q24 revenues of \$23.2 billion, up 4%, net income of \$3.1 billion, up from a loss of (\$134) million, and earnings per share of \$1.43, beating expectations. The Stock has a price objective of \$122.59.

Key Economic Data:

- **U.S. Consumer Credit Outstanding MoM:** rose to \$11.35 billion, up from \$6.485 billion last month, increasing 75.07%.
- **Canada Ivey PMI:** rose to 62.50, up from 52.00 last month, increasing 20.19%.
- **Germany Industrial Production Index MoM:** rose to 1.40%, compared to -3.10% last month.
- **Japan Business Conditions Composite Coincident Index:** It fell to 113.70, down from 117.10 last month and decreasing 2.90%.
- **China Exports YoY:** rose to 8.61%, compared to 7.62% last month.
- **China Imports YoY:** fell by 2.41%, compared to 1.80% last month.
- **China Trade Balance:** rose to \$99.05 billion, up from \$82.62 billion, increasing 19.88%.

Eurozone Summary:

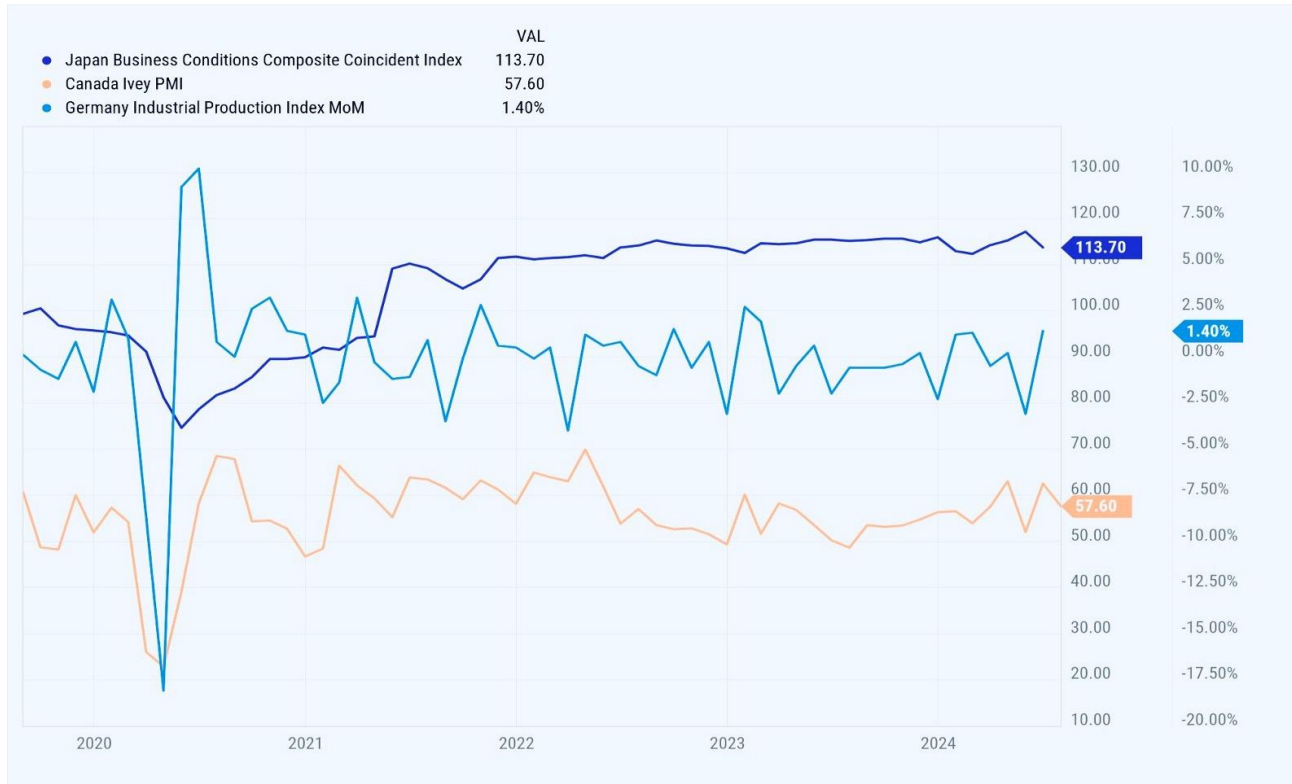
- **Stoxx 600:** Closed at 495.96, up 7.52 points or 1.54%.
- **FTSE 100:** Closed at 8,166.88, up 140.19 points or 1.75%.
- **DAX Index:** Closed at 17,615.15, up 260.83 points or 1.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 38,763.45, down 234.21 points or 0.60%.
- **S&P 500:** closed at 5,199.50, down 40.53 points or 0.77%.
- **Nasdaq Composite:** closed at 16,195.81, down 171.05 points or 1.05%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,601.07, down 2.31 points or 0.06%.
- **Birling Capital U.S. Bank Stock Index:** closed at 4,934.32, up 65.68 points or 1.35%.
- **U.S. Treasury 10-year note:** closed at 3.96%.
- **U.S. Treasury 2-year note:** closed at 4.00%.



Japan Business Conditions Composite Index, Canada Ivey PMI & Germany Industrial Production Index





China Exports , China Imports and China Trade Balance

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	VAL
● China Exports YoY (I:CEYY)	7.03%
● China Imports YoY (I:CIYY)	7.17%
● China Trade Balance (I:CTBNM)	84.65B





Wall Street Recap

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