

# GLOBAL MARKET SQUARE



## U.S. and European Markets Start Week on Steady Note Amid Mixed Results, With Inflation in the Spotlight.

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The U.S. and European stock markets began the week with mixed results and mainly remained unchanged today after a turbulent previous week. Although last week ended relatively flat, the S&P 500 saw a sharp 3% drop last Monday, marking its most significant single day decline in over a year before recovering those losses throughout the week. In today's session, the S&P 500 hovered near its previous close, while the Nasdaq managed a modest gain of 0.2%. Sector performance was mixed, with most sectors flat or slightly lower, except for technology, which led to the gains. Bond yields edged down, with the 10-year Treasury yield closing around 3.9% and the 2-year Treasury yield slipping to approximately 4%. In the commodities market, oil prices surged by nearly 4% due to increasing geopolitical tensions in the Middle East. The economic calendar was light today, but it is expected to pick up as the week progresses, with inflation and retail sales data being critical focus points.

### Inflation Takes Center Stage

This week, inflation will be the primary focus of the markets. The producer price index (PPI) will be released tomorrow, followed by the consumer price index (CPI) on Wednesday. The PPI is anticipated to increase by 2.3% yearly, down from the previous month's 2.6%.

The Inflation Nowcasting has the headline CPI at 3.01% and the Core CPI at 3.33%. Both forecasts are higher than last month's; if they materialize, Federal Reserve officials may become more attuned to labor market risks, raising the possibility of multiple interest rate cuts this year beyond the single cut forecasted in June.

While inflation was higher than expected in the year's first quarter, recent data suggests moderation. If inflation continues to ease and labor market conditions soften, it could pave the way for a Federal Reserve rate cut in September. Futures markets are already pricing in a rate cut in September, with a total of 100 basis points expected by the end of the year.

### The Corporate Earnings Parade Wraps Up

The second-quarter earnings season is closing, with 91% of S&P 500 companies reporting results. Earnings are on track for a robust 10.4% year-over-year growth rate in the second quarter, which would be the strongest since the fourth quarter of 2021 if achieved. The technology, utilities, and healthcare sectors have been the top performers, each on pace for earnings growth exceeding 18%. Looking ahead, the S&P 500 is expected to see earnings growth of just over 10% for 2024, with nine out of 11 sectors projected to post positive growth. Solid profit growth across multiple sectors could support broader market leadership in the coming months.

## Inflation Nowcasting for July:

- CPI 3.01%.
- Core CPI 3.33%.
- PCE 2.59%.
- Core PCE 2.73%.

## Key Economic Data:

- U.S. Retail Gas Price: fell to \$3.53, down from \$3.563 last week, decreasing -0.93%.
- China M2 Money Supply YoY: fell to 6.17%, compared to 7.02% last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 499.08, down 0.11 points or 0.022%.
- **FTSE 100:** Closed at 8,210.25, up 42.15 points or 0.52%.
- **DAX Index:** Closed at 17,726.47, up 3.59 points or 0.020%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,357.01, down 140.53 points or 0.36%.
- **S&P 500:** closed at 5,344.39, up 0.23 points or 0.00%.
- **Nasdaq Composite:** closed at 16,780.61, up 35.31 points or 0.21%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,625.29, up 6.48 points or 0.18%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,069.47, up 21.62 points or 0.43%.
- **U.S. Treasury 10-year note:** closed at 3.90%.
- **U.S. Treasury 2-year note:** closed at 4.01%.



# Inflation Nowcasting CPI, Core CPI, PCE & Core PCE

Inflation Nowcast	CPI Forecast	Core CPI	PCE	Core PCE	Updated
July	3.01%	3.33%	2.59%	2.73%	8/9/2024



# US Retail Gas Price





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