

Solid Corporate Earnings Drive Markets Higher as Fed Rate Cut Hopes Intensify Amid Anticipation of Jackson Hole Symposium.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets began the week building on last week's gains. Bond yields have decreased, with the 10-year Treasury yield closing at 3.86%. Asia showed mixed results in global markets as investors await new inflation data and central bank interest rate decisions this week. On the other hand, Europe continued its upward trend, building on last week's gains. The U.S. dollar weakened against major currencies.

All eyes are on the Federal Reserve's symposium in Jackson Hole: The Fed is set to begin its annual monetary-policy symposium in Jackson Hole, Wyoming. The 2024 Economic Policy Symposium, "Reassessing the Effectiveness and Transmission of Monetary Policy", will be held Aug. 22-24, with Fed Chair Jerome Powell delivering an economic outlook on Friday morning.

All investors will watch for hints on the timing and pace of expected interest rate cuts. Current bond market trends indicate expectations for a 1.75% rate reduction over the next 12 months. As the labor market gradually cools and inflation eases, aligning better with the Fed's dual mandate of maximum employment and stable prices, the Fed could start lowering rates as early as September.

The solid corporate earnings parade season is almost over, and its results have been impressive, with 93% of S&P 500 companies reporting their second-quarter earnings. Of those companies, 78% exceeded analyst expectations, with an average surprise of 3.5%. Year-over-year earnings growth for the quarter is 11.0%, the highest since Q4 2021. The performance has been broad-based, with nine out of 11 sectors showing year-over-year earnings growth. We expect the continued broadening of earnings growth to help lagging sectors catch up with the technology and communication services sectors, which have been driving markets higher.

GDPNow Update:

- The GDPNow for the Third Quarter of 2024 was updated on August 16 and fell to 2.00% from 2.40%, a 16.67% decrease.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.53, down from \$3.563 last week, decreasing -0.93%.
- **China Loan Prime Rate:** fell to 3.35%, compared to 3.45% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 514.59, up 3.14 points or 0.61%.
- **FTSE 100:** Closed at 8,356.94, up 45.53 points or 0.55%.
- **DAX Index:** Closed at 18,421.69, up 99.29 points or 0.54%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,892.53, up 236.77 points or 0.58%.
- **S&P 500:** closed at 5,608.25, up 54.00 points or 0.97%.
- **Nasdaq Composite:** closed at 17,876.77, up 245.05 points or 1.39%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,740.35, up 57.61 points or 1.56%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,301.80, up 57.74 points or 1.10%.
- **U.S. Treasury 10-year note:** closed at 3.86%.
- **U.S. Treasury 2-year note:** closed at 4.06%.



GDPNow

Third Quarter 2024

Date	GDPNow 3Q24	Change
7/25/24	2.80%	Initial Forecast
8/1/24	2.50%	-10.71%
8/6/24	2.90%	16.00%
8/8/24	2.90%	0.00%
8/15/24	2.40%	-17.24%
8/16/24	2.00%	-16.67%



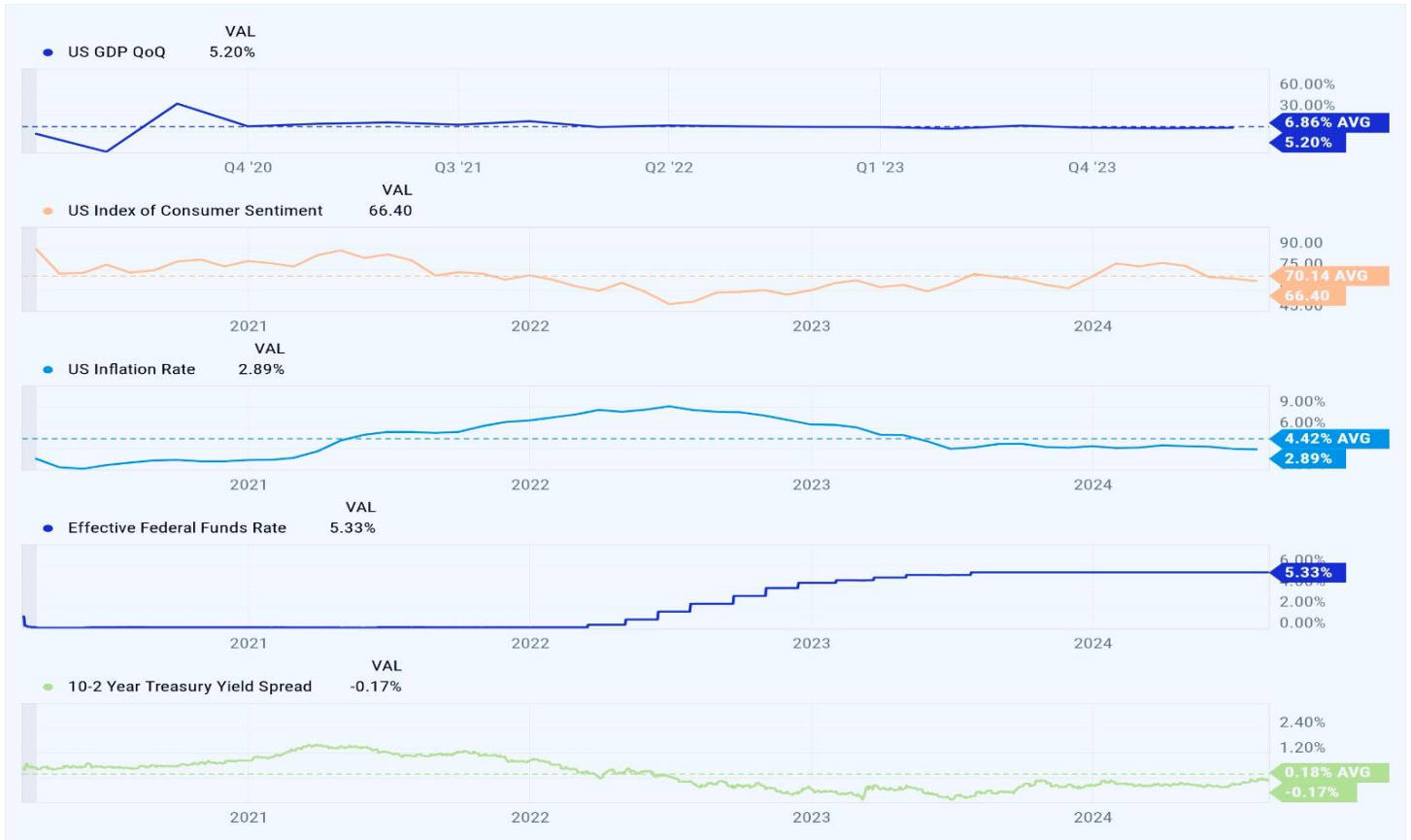
US Retail Gas Price & China Loan Prime Rate





The Economy Cycle

March 15, 2020 to August 19, 2024





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