



GLOBAL MARKET SQUARE



BIRLING
CAPITAL ADVISORS, LLC

Stock Markets Cool After Two Week 7% Surge Ends, Eyes on Fed's Upcoming Policy Decisions and Potential Rate Cuts.

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The U.S. and European stock markets closed the session with losses after seeing the market surge in the last two weeks of more than 7%, which allowed markets to recover relatively quickly from a downturn triggered by recession fears and turmoil in the Japanese markets. The markets may remain jittery as investors await insights from the Fed's annual symposium later this week. The attention focuses on the central bank's commentary and its plans for upcoming rate cuts, which are expected to begin in September.

Interest rates remain relatively stable today, with the 10-year Treasury yield closing at 3.82% and 2-year yields at 3.99%. The Longer-term yields have experienced a significant decline in recent weeks since their peak in April. Recent data shows that inflation has eased, and slow economic momentum has decreased rates over the last few months. After the exaggerated fears of recession, yields have steadied, likely reflecting anticipation of upcoming Fed statements and awaiting further labor market and inflation data to determine the next direction for both short- and long-term rates. We don't foresee a sharp drop in the near term, but long-term yields could see additional downside as the Fed navigates its rate-cutting cycle. However, we don't expect the economy to take a significant hit, which should prevent 10-year rates from falling back to levels seen between 2019 and 2021.

Lowe's reported better-than-expected earnings today as the second-quarter earnings season winds down. However, the focus was on the company's lowered profit guidance due to a slowdown in home improvement spending amid a changing economic environment. While we're cautious about reading too much into this as a broader consumer spending issue, it aligns with our view that consumer spending will likely cool off. Home improvement spending may feel the impact of the recent surge in home investments, combined with sustained high interest rates. Last week's retail sales report indicated that consumer spending has yet to run out of steam, and we expect slower but still positive household spending to play a vital role in sustaining this year's economic expansion.

The Five Indexes we follow Year to Date returns remain pretty healthy:

- **Dow Jones Industrial Average** has a YTD Return of **8.35%**.
- **S&P 500** has a YTD Return of **17.34%**.
- **Nasdaq Composite** has a YTD Return of **18.69%**.
- **Birling Capital Puerto Rico Stock Index** has a YTD Return of **12.62%**.
- **Birling Capital U.S. Bank Stock Index** has a YTD Return of **22.61%**.

Corporate Earnings Parade:

- **Lowes Companies Inc (LOW)** Reported Second-Quarter 2024 Revenues of \$23.586 billion, down 5.48%, Net Income of \$2.383 billion, down 10.84%, and Earnings Per Share of \$4.17, beating on revenues and lowered its guidance on earnings. Lowes has a Price Objective of \$250.80, and the Stock closed at \$240.33, down -1.18%.

Key Economic Data:

- **Canada Consumer Price Index YoY:** fell to 2.53%, compared to 2.67% last month.
- **Canada Inflation Rate:** fell to 2.53%, compared to 2.67% last month.
- **Eurozone Inflation Rate:** Excluding Energy, Food, Alcohol, and Tobacco is unchanged at 2.90%, compared to 2.90% last month.
- **Germany Producer Price Index YoY:** fell by -0.80%, compared to -1.60% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 512.27, down 2.32 points or 0.45%.
- **FTSE 100:** Closed at 8,273.32, down 83.62 points or 1.00%.
- **DAX Index:** Closed at 18,357.52, down 64.17 points or 0.35%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,834.97, down 61.56 points or 0.15%.
- **S&P 500:** closed at 5,597.12, down 11.13 points or 0.20%.
- **Nasdaq Composite:** closed at 17,816.94, down 59.85 points or 0.33%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,765.31, up 24.96 points or 0.67%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,345.11, up 43.32 points or 0.82%.
- **U.S. Treasury 10-year note:** closed at 3.82%.
- **U.S. Treasury 2-year note:** closed at 3.99%.

Canada CPI, Canada Inflation Rate, Eurozone Inflation & Germany PPI

- Canada Consumer Price Index YoY 2.53%
- Canada Inflation Rate 2.53%
- Eurozone Inflation Rate: Excluding Energy, Food, Alcohol, and Tobacco 2.90%
- Germany Producer Price Index YoY -0.80%





Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 8.20.24

	VAL
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● S&P 500 Level % Change	17.34%
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● Birling Capital Puerto Rico Stock Index Level % Change	12.62%
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Wall Street Recap

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