

GLOBAL MARKET SQUARE



Markets Surge as Fed Chair Powell States Time Had Come for Policy Shift at Jackson Hole and Investors Await on Upcoming PCE and Core PCE Inflation Data.

August 23, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets surged, following the Federal Reserve Chair Jerome Powell Jackson Hole Speech that signaled the time for the Fed's monetary policy to shift had arrived. However, as expected, he stopped short of specific details on when or how much rates may be cut. During his keynote at the Fed's annual symposium in Jackson Hole, Wyoming, he said, and we quote, "It's time for our policy to Shift; the path forward is becoming clearer, but the timing and extent of rate cuts will hinge on incoming data, the evolving economic outlook, and the balance of risks".

The markets reacted positively to the much-awaited guidance on the future direction of monetary policy; lastly, the Fed Chair Powell reflected on the factors that led to 11 rate hikes from March 2022 to July 2023 to curb inflation.

Part of the speech acknowledged the progress made in reducing inflation and said that the Federal Reserve can now equally prioritize the other side of its dual mandate of ensuring the economy remains close to full employment.

Next week, inflation data will once again take center stage. Investors will be closely watching the release of the Fed's preferred inflation measure, the personal consumption expenditure (PCE) index, next Friday. Inflation Nowcasting has the PCE at 2.40% inflation to fall from 2.51%, with core PCE inflation (excluding food and energy) expected to rise to 2.77% from last month's 2.63% number. Notably, both of these inflation figures are now below the Fed's projections for 2024, which anticipated 2.6% headline inflation and 2.8% core inflation. With inflation running below the Fed's forecast and the unemployment rate at 4.3%, above the Fed's expected 4.0% for 2024, provides the platform for the Fed to start lowering interest rates as soon as next month. Reducing rates benefits consumers and businesses by improving borrowing conditions, ultimately supporting more robust household spending.

Key Economic Data:

- **U.S. New Single-Family Houses Sold:** rose to 739,000, up from 668,000 last month, rose to 10.63%.
- **China Exports YoY:** fell to 7.03%, compared to 8.61% last month.
- **China Imports YoY:** rose to 7.17%, compared to -2.41% last month.
- **China Trade Balance:** fell to 84.65 billion, down from 99.05 billion last month, decreasing -14.54%.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.13, up 2.39 points or 0.46%.
- **FTSE 100:** Closed at 8,327.78, up 39.78 points or 0.48%.
- **DAX Index:** Closed at 18,633.10, up 139.71 points or 0.76%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,175.08, up 462.30 points or 1.14%.
- **S&P 500:** closed at 5,634.61, up 63.97 points or 1.15%.
- **Nasdaq Composite:** closed at 17,877.79, up 258.44 points or 1.47%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,719.18, up 8.58 points or 0.23%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,287.43, up 26.96 points or 0.51%.
- **U.S. Treasury 10-year note:** closed at 3.81%.
- **U.S. Treasury 2-year note:** closed at 3.90%.



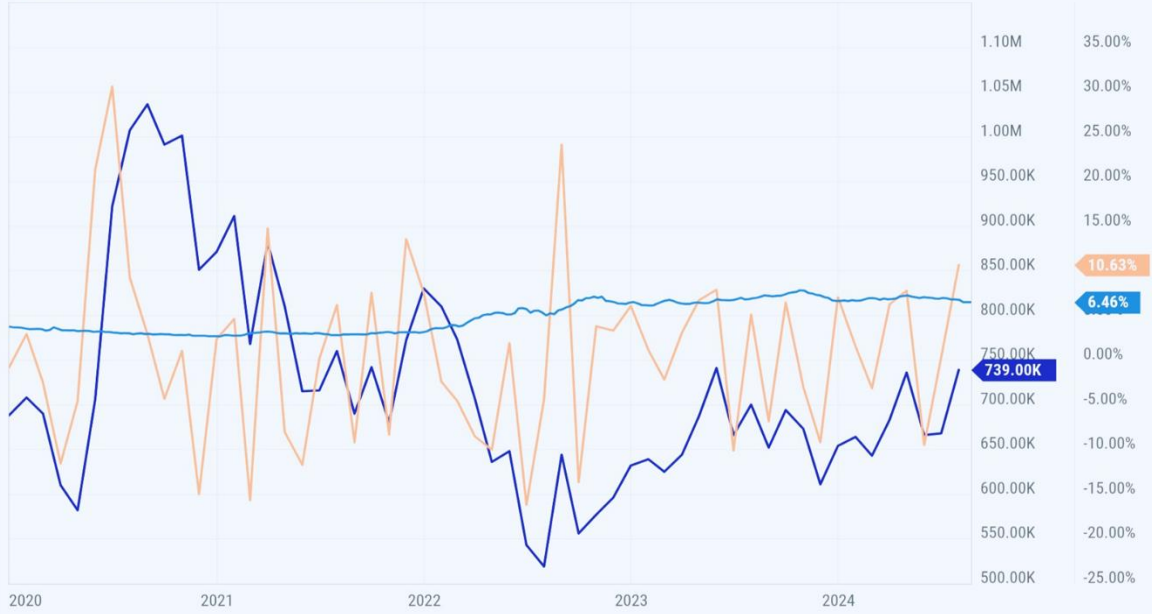
Inflation Nowcasting PCE & Core PCE

Inflation Nowcast	PCE	Core PCE	Updated
August	2.40%	2.77%	23-Aug



US Single-Families Houses Sold, US Single-Families Houses Sold MoM, versus 30-Year Mortgage Rate

● US New Single Family Houses Sold	VAL
● US New Single Family Houses Sold MoM	739.00K
● 30 Year Mortgage Rate	10.63%
	6.46%





Wall Street Recap

August 23, 2024



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.