



The GDPNow for the Fourth Quarter rises to 3.20%, increasing 18.35%; the week focuses on labor markets and Wall Street closed mixed.

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The US and European stock markets opened the new month mostly higher, except for the Dow Jones, which closed down.

Asian markets gained ground, driven by stronger-than-expected data from China's November manufacturing purchasing managers index (PMI), which reached its highest level since April. The US dollar strengthened against major currencies, while in the commodities market, WTI crude oil prices rose, while gold prices edged lower.

This week, attention turns to the labor market, with job openings data due on Tuesday. Analysts predict a slight decrease to 7.42 million openings in October, down from 7.44 million the previous month.

Despite the drop, job openings are expected to remain higher than the total unemployed, around 7 million. On Friday, the release of nonfarm payroll data is expected to show a gain of 200,000 jobs in November, a significant rebound from just 12,000 in October. The unemployment rate is forecast to rise to 4.2% from 4.1%. If these forecasts hold, it suggests a labor market that is cooling gradually, offering support for continued economic growth and a soft-landing scenario.

Bond yields rose slightly, with the 10-year Treasury yield closing at 4.19%. Since September's lows, bond yields have increased by approximately 0.6%, reflecting a decrease in expectations for Federal Reserve interest rate cuts. As the labor market returns to a more balanced state and inflation continues to moderate, the Fed will likely stay on course with rate cuts, although the pace may slow. This balance between maximum employment and stable prices suggests a steady but cautious approach from the central bank moving forward.

Puerto Rico Economic Update **Economic Activity Index (EAI) In Contraction**

Puerto Rico's Economic Activity Index (EAI) presents a troubling trend. Since November 2023, the EAI has steadily declined, reaching negative territory in March 2024. By September 2024, it stood at -1.20%, signaling a contraction in vital sectors such as employment, consumer spending, and cement sales. This downturn is the true story—highlighting a faster-than-expected economic slowdown. Puerto Rico faces a more challenging 2025 than initially anticipated without swift and strategic intervention.

Labor Market: The Bright Spot Amid Structural Challenges

Puerto Rico's labor market offers some hope, with the unemployment rate falling to 5.7% in September, the lowest in 50 years. The labor participation rate has also improved significantly, rising to 43.9%, up 60% from 2021. However, underlying structural issues persist. Approximately 226,000 working-age Puerto Ricans, or 24% of the population, remain outside the labor force, often reliant on government assistance like the "Food Stamps or NAP card".

GDPNow Update:

- The **GDPNow** for the fourth quarter was updated on December 2, 2024, rising to 3.20%, increasing 18.52% from 2.70%.

Key Economic Data:

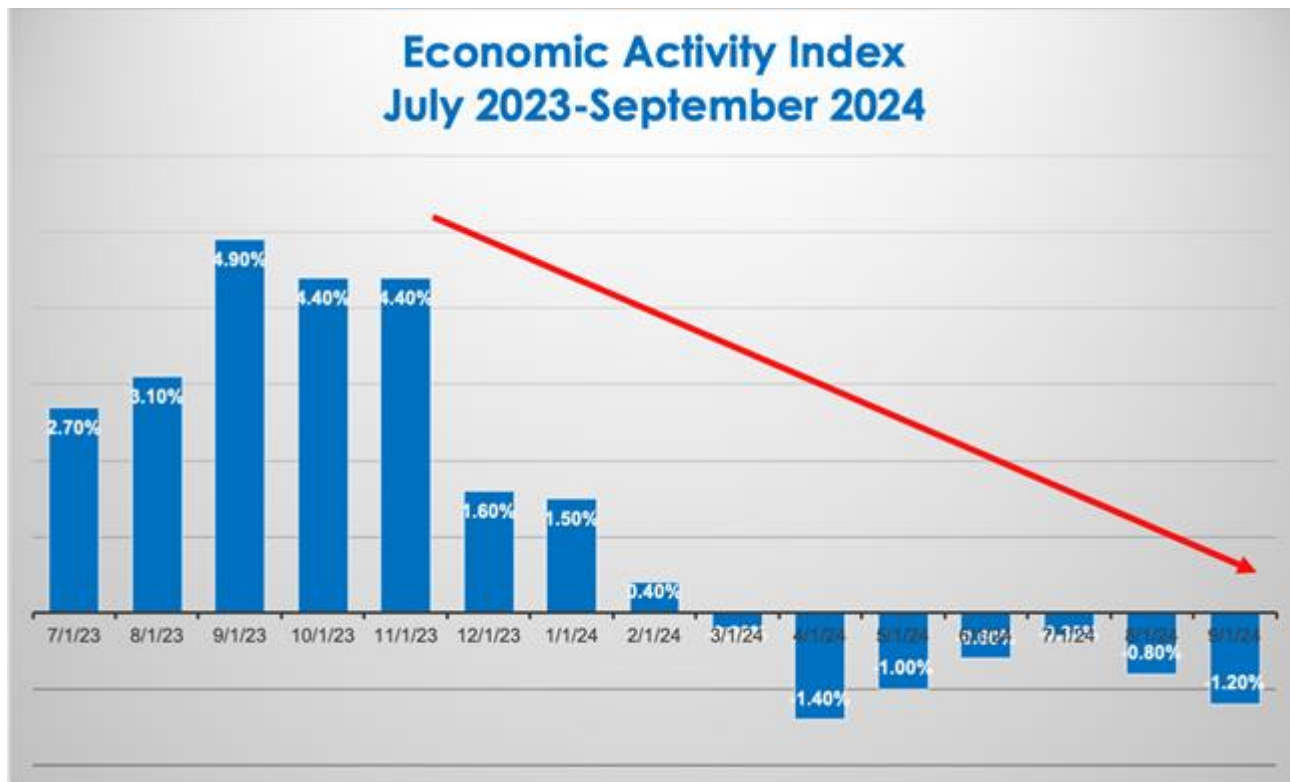
- **US Retail Gas Price:** fell to \$3.166 from \$3.168 last week, down -0.06%.
- **US Construction Spending MoM:** rose to 0.43%, compared to 0.12% last month.
- **Eurozone Unemployment Rate:** is unchanged at 6.30%, compared to 6.30% last month.

Eurozone Summary:

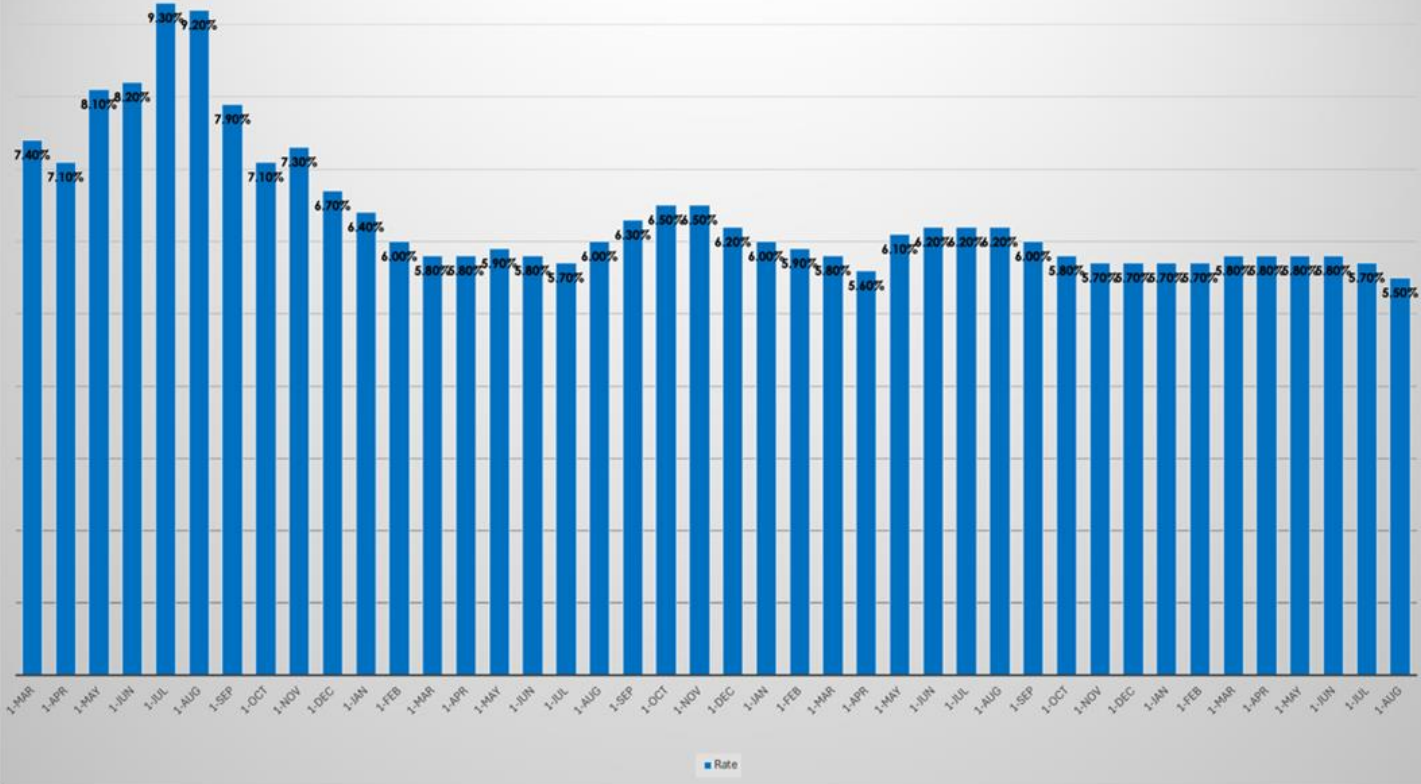
- **Stoxx 600:** Closed at 513.61, up 3.36 points or 0.66%.
- **FTSE 100:** Closed at 8,312.89, up 25.59 points or 0.31%.
- **DAX Index:** Closed at 19,933.62, up 307.17 points or 1.51%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,782.00, down 128.65 points or 0.29%.
- **S&P 500:** closed at 6,047.15, up 14.75 points or 0.24%.
- **Nasdaq Composite:** closed at 19,403.95, up 185.78 points or 0.97%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,891.48, down 27.70 points or 0.71%.
- **Birling Capital US Bank Stock Index:** closed at 6,588.92, down 1.90 points or 0.03%.
- **US Treasury 10-year note:** closed 4.19%.
- **US Treasury 2-year note:** closed 4.17%.



Puerto Rico Unemployment Rate Jan 2021-August 2024



Date	GDPNow 4Q24	Change
10/31/2024	2.70%	Initial Forecast
11/1/2024	2.30%	-14.81%
11/5/2024	2.40%	4.35%
11/7/2024	2.50%	4.17%
11/15/2024	2.50%	0.00%
11/19/2024	2.60%	4.00%
11/27/2024	2.70%	3.85%
12/2/2024	3.20%	18.52%

US Retail Gas Price, US Construction Spending, Eurozone Unemployment Rate,

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- US Retail Gas Price (I:USRGP) VAL 3.166
- US Construction Spending MoM (I:USCCONS) 0.43%
- Eurozone Unemployment Rate (I:EURSM) 6.30%



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