

GLOBAL MARKET SQUARE



The Dow Jones Snaps a 21-Day Slump, Our Preferred Five Indexes on Route to Achieve Double Digits Returns for the Year 2024.

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The US stock markets closed the session with mixed results, with most sectors closing slightly lower. However, our preferred five indexes were able to record a winning week, allowing the Dow Jones to snap a 21-day slump by increasing 0.35% or 320.95 points during the week, the S&P 500 rose 0.67% or 42.25 points, the Nasdaq Composite rose 0.76% or 100.92 points, the Birling PR Stock Index rose 2.03% or 73.61 points and the Birling US Bank Index rose 2.84% or 127.12 points. Asian markets presented a mixed picture overnight, with Japan's Nikkei surging 1.8%, but China's markets remained unchanged. In bond markets, longer-term yields are inching higher, with the 10-year Treasury yield closing at 4.62%, while the 2-year yield is at 4.31%.

With today's close, the 10-year U.S. Treasury yield continues its upward trajectory since the Federal Reserve's 0.5% rate cut on **September 18**. Since then, the yield has increased by nearly 1%. This rise is fueled by robust economic data and lingering uncertainty surrounding inflation.

The spike in yields has weighed on investment-grade bond performance. As of September 18, the Bloomberg U.S. Aggregate Bond Index had posted a year-to-date return of 4.7%. However, gains have significantly eroded, with the index now up just 1.2% year-to-date.

Looking ahead, we anticipate the 10-year Treasury yield to stabilize in the 4% to 4.5% range for much of 2025. While Federal Reserve rate cuts should cap yields below 4.5%, strong economic growth, persistent inflationary concerns, and widening deficits will likely keep yields from dipping significantly below 4%.

Equity Market Recap: Growth Sectors Shine

As we continue tracking year-to-date returns, we note that as of today's close, the five indexes we follow have the following results:

- **Dow Jones** has a return of **14.07%**.
- **S&P 500** has a return of **25.18%**.
- **Nasdaq Composite** has a return of **31.38%**.
- **Birling Puerto Rico Stock Index** has a return of **10.42%**.
- **Birling US Bank Index** has a return of **46.06%**.

Growth sectors have led the charge, with communication services and information technology surging over 40% year-to-date. Consumer discretionary isn't far behind, with a 36% gain. These three sectors were also the top performers in 2023, driven by excitement around artificial intelligence and strong corporate profit growth.

While the outlook for mega-cap tech remains optimistic, 2025 could see a broader distribution of market leadership. Value-oriented stocks have lagged in recent years and are poised for an earnings recovery. Moreover, their heavier reliance on domestic revenue streams may make them more

resilient to potential trade-policy volatility. This backdrop suggests a favorable environment for diversified portfolios, with opportunities across various sectors.

Key Economic Data:

- **Continental US Working Natural Gas in Underground Storage WoW:** is at -93.00B, up from -125.00B last week.
- **Natural Gas Storage Change:** is at -93.00B, up from -125.00B last week.
- **US Crude Oil Stocks WoW:** fell by -4.237M, down from -934.00K last week.

Eurozone Summary:

- **Stoxx 600:** Closed at 507.18, up 3.37 points or 0.67%.
- **FTSE 100:** Closed at 8,149.78, up 12.79 points or 0.16%.
- **DAX Index:** Closed at 19,984.32, up 135.55 points or 0.68%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,002.21, down 333.59 points or 0.77%.
- **S&P 500:** closed at 5,970.84, down 66.75 points or 1.11%.
- **Nasdaq Composite:** closed at 19,722.03, down 298.33 points or 1.49%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,691.62, up 18.34 points or 0.50%.
- **Birling Capital US Bank Stock Index:** closed at 6,367.18, up 20.74 points or 0.33%.
- **US Treasury 10-year note:** closed at 4.62%.
- **US Treasury 2-year note:** closed at 4.31%.



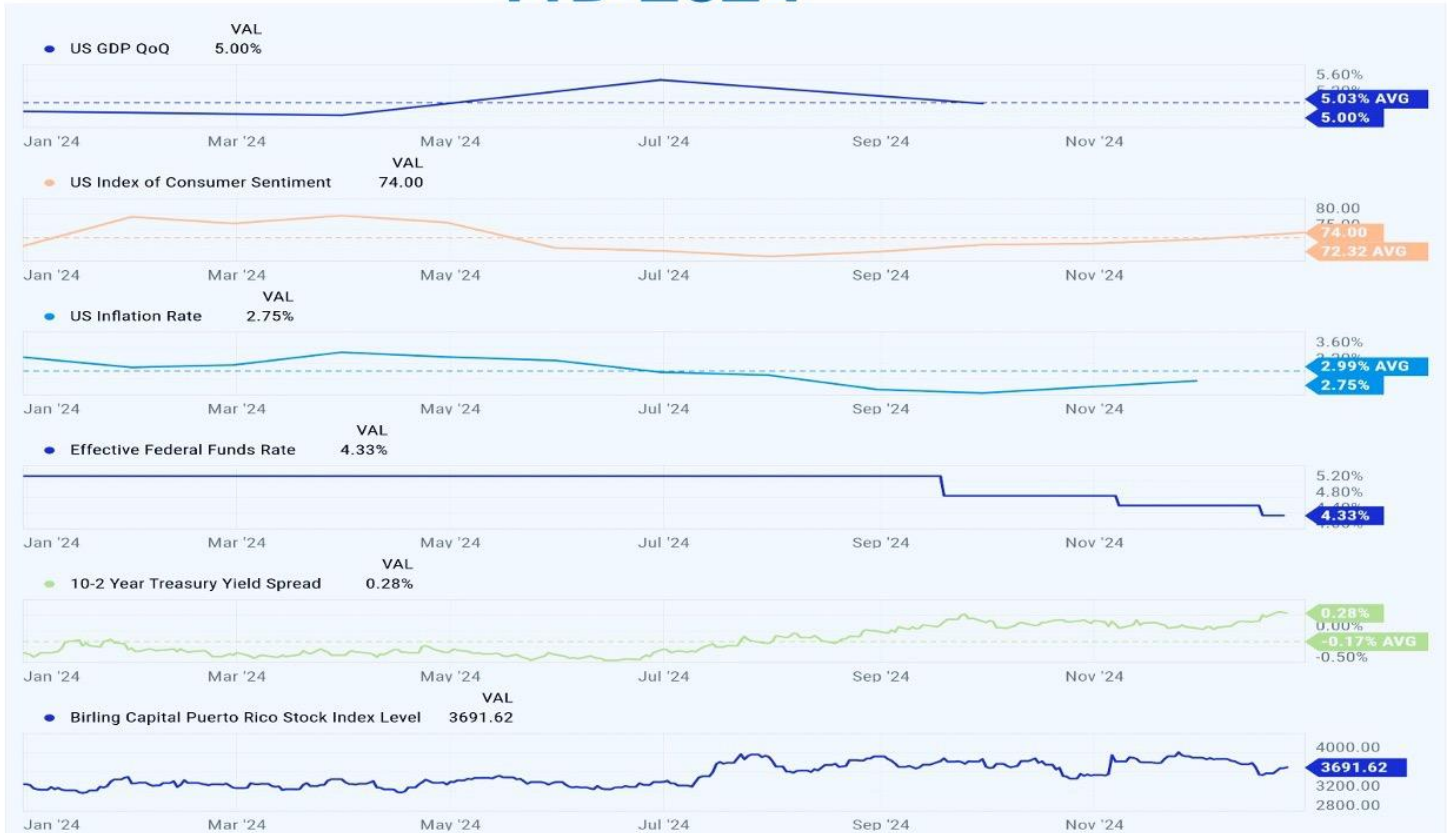
Dow Jones, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns YTD 12.27.24





The Economic Cycle

YTD 2024





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