

GLOBAL MARKET SQUARE



US Markets Extend Losses Amid Year-End Portfolio Rebalancing to End 2024 a Banner Year for U.S. Stocks.

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The US stock markets closed the session with losses, with all the indexes losing ground. The asset rotation that began last Friday continues with the Dow Jones losing 418.48 points, the S&P 500 losing 63.90 points and the Nasdaq Composite losing 235.25 points.

Because of the lack of significant corporate or economic updates in the past two sessions clearly suggests that today's losses are driven by profit-taking and portfolio rebalancing, as investors lock in gains after a strong year for stocks. Asian markets delivered mixed results overnight, while European markets are mainly trending down. In the bond market, yields are decreasing, with the 10-year Treasury yield falling to close at 4.55% and the 2-year yield at 4.24%.

U.S. Stocks Outshine in 2024

This year has been another banner period for US equities, with the S&P 500 rising nearly 27%, including dividends, through the end of last week. Small- and mid-cap stocks have also delivered impressive gains, with the Russell 2000 and Russell Mid-Cap Indexes advancing over 12% year-to-date.

International equities, however, have struggled to keep pace. The MSCI EAFE Index, which tracks large-cap stocks in developed markets, has only managed a 5% gain, while the MSCI Emerging Markets Index is up approximately 8.8%. US stocks have benefited from strong economic growth and robust corporate earnings, while a strengthening US dollar, especially in recent months, has dampened returns for international investors.

As we prepare to welcome 2025, we favor an allocation strategy that favors US stocks over their developed-market counterparts, as the factors driving outperformance remain intact.

Housing Market Trends Highlighted

Today's release of November's pending home sales data will shed light on housing market trends. This indicator, which tracks signed real estate contracts for existing homes, condos, and co-ops, is a forward-looking measure of home sales. October's pending home sales index showed an uptick to 77.4, recovering from its July low of 70.2 but still significantly below the long-term average of approximately 102.

Elevated interest rates have been a key headwind for the housing market, raising borrowing.

Key Economic Data:

- **US Pending Home Sales YoY:** rose to 5.45%, compared to 2.71% last month.
- **US Retail Gas Price:** rose to \$3.145, up from \$3.137 last week, increasing 0.26%.
- **Japan Housing Starts YoY:** is at -1.81%, compared to -2.93% last month.
- **China PMI:** rose to 50.30, up from 50.10 last month, increasing 0.40%.
- **China Non-Manufacturing PMI:** fell to 50.00, down from 50.20 last month, decreasing -0.40%.

Eurozone Summary:

- **Stoxx 600:** Closed at 504.85, down 2.33 points or 0.46%.
- **FTSE 100:** Closed at 8,121.01, up 28.77 points or 0.35%.
- **DAX Index:** Closed at 19,909.14, down 75.18 or 0.38%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,573.73, down 418.48 points or 0.97%.
- **S&P 500:** closed at 5,906.94, down 63.90 points or 1.07%.
- **Nasdaq Composite:** closed at 19,722.03, down 235.25 points or 1.19%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,670.09, down 21.53 points or 0.58%.
- **Birling Capital US Bank Stocks Index:** closed at 6,319.09, down 48.09 points or 0.76%.
- **US Treasury 10-year note:** closed at 4.55%.
- **US Treasury 2-year note:** closed at 4.24%.

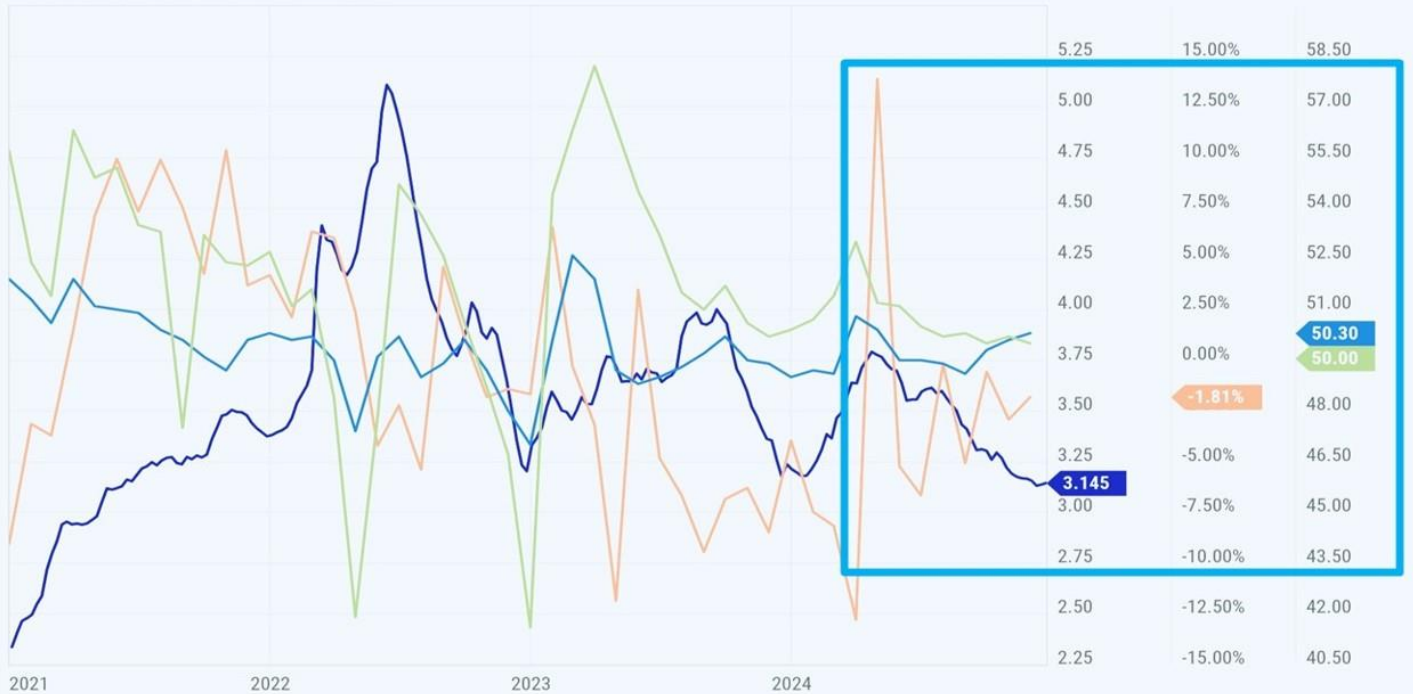


US Pending Home Sales & 30-Year Mortgage Rate



US Retail Gas Price, Japan Housing Starts, China PMI & China Non-Manufacturing PMI

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● US Retail Gas Price	3.145
● Japan Housing Starts YoY	-1.81%
● China PMI	50.30
● China Non-Manufacturing PMI	50.00



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