

GLOBAL MARKET SQUARE



Markets Close 2024 with Strong Annual Gains Despite Year-End Declines and Birling US Bank Index Soars 43.75% in 2024.

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The year-end edition of Global Market Square is nearly 24 hours delayed due to a massive blackout that affected Puerto Rico from 5:30 a.m. on December 31, 2024, until just an hour ago on January 1, 2025. Despite the challenges, we wish you a Happy New Year.

The US and European stock markets ended the Year on a down note, with the Dow Jones falling 0.087%, the S&P 500 declining 0.43%, the NASDAQ shedding 0.90%, the Birling Puerto Rico Stock Index falling 0.04%, and the Birling US Bank Index losing 0.03%, to end the year 2024. Despite a four-day losing streak to close the Year, the five indexes we follow recorded double or single-digit returns, and the S&P 500 finished 2024 up 23.31%, marking its second consecutive year of returns exceeding 20%. Our preferred Five Indexes achieved these returns for 2024:

- **Birling US Bank Index** achieved a **43.75% Return**.
- **Nasdaq Composite** achieved a **28.64% Return**.
- **S&P 500** achieved a **23.31% Return**.
- **Dow Jones** achieved a **12.88% Return**.
- **Birling Puerto Rico Stock Index** achieved an **8.83% Return**.

Asian equities mostly declined overnight, while European indices mainly closed up, and for the Year, the Stoxx 600 achieved a 6% return, the FTSE 100 an 11.40% Return, and the Dax Index an 18.90% Return. In the bond market, longer-term yields ticked higher, with the 10-year Treasury yield rising to 4.58%, while the 2-year yield held steady at 4.25%. For 2024, the 10-year note that began at 3.95% saw a 15.94% rise, and the 2-year note that started at 4.33% fell 1.84%. Commodities saw a boost, with oil prices climbing over 1% and gold closing 0.8% higher.

Positive Returns for Bonds in 2024

US investment-grade bonds deliver another year of gains, with the Bloomberg U.S. Aggregate Index up 1.4% through the end of the Year, which follows a 5.5% gain in 2023, though the Index remains about 9% below its August 2020 all-time high.

For 2025, elevated yields should support robust returns for investment-grade bonds in the coming years. Globally, international bonds closed up 4.9% for the Year, while cash investments gained 5.3%. Lower-quality issuers have led the way in the high-yield space, with high-yield bonds advancing 8.2% and emerging-market debt up 6.6%.

The Birling Puerto Rico Stock Index Deliver Solid Returns

Our two proprietary indexes delivered consistent results during 2024; we begin with the Birling Puerto Rico Stock Index, which offered an 8.83% return, down from 32.63% in 2023.

As we dig down deeper, let's check the double-digit performance of Puerto Rico's three of the four public companies that reflect Puerto Rico's economic landscape:

- **Popular, Inc. (BPOP):** 2024 return of 14.61%.
- **First BanCorp. (FBP):** 2024 return of 13.01%.
- **OFG Bancorp. (OFG):** 2024 return of 12.91%.
- **Evertec, Inc. (EVTC):** 2024 return of -15.66%.

Evertec's negative return of -15.66% has acted as a substantial drag on the overall index performance, offsetting some significant gains posted by the financial sector components.

Birling US Bank Index Beats All Indexes

The Birling US Bank Index delivered a 43.75% return, up from 18.23% in 2023 at a 139.90% increase. As we dig down deeper, let's check the double-digit performance of the six largest US Banks that reflect the US economic landscape:

- **Goldman Sachs Group, Inc. (GS):** 2024 return of 48.44%.
- **Wells Fargo & Co (WFC):** 2024 return of 42.71%.
- **JPMorgan Chase & Co (JPM):** 2024 return of 40.92%.
- **Citigroup, Inc. (C):** 2024 return of 36.84%.
- **Morgan Stanley (MS):** 2024 return of 34.82%.
- **Bank of America Corp. (BAC):** 2024 return of 30.53%.

Housing Prices Remain Resilient Despite Higher Rates

Housing data took center stage on Tuesday, with fresh insights into October's price trends. The S&P/Case-Shiller National Home Price Index rose 0.3% in October and 3.6% year-over-year, while the FHFA Home Price Index posted a 0.4% monthly gain and a 4.5% annual increase.

Home prices have stayed strong despite elevated borrowing costs, with both indexes reaching record highs. This resilience can be attributed to low inventory levels, as homeowners remain reluctant to sell and relinquish pre-2022 mortgage rates. Healthy labor-market conditions and strong household balance sheets have also provided a buffer for housing demand.

Looking forward, we anticipate home prices will grow in line with wage increases, likely in the 3%- 4% annual range. Low inventory and stable economic conditions should continue to support the housing market.

Key Economic Data:

- **Case-Shiller Composite 20 Home Price Index YoY:** fell 4.57%, compared to 5.21% last month.
- **Case-Shiller Home Price Index:** National fell to 324.80, down from 325.13 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 507.62, up 0.44 points or 0.087%.
- **FTSE 100:** Closed at 8,173.02, up 52.01 points or 0.64%.
- **DAX Index:** Closed at 19,909.14, down 75.18 or 0.38%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,544.22, down 29.51 points or 0.07%.
- **S&P 500:** closed at 5,881.63, down 25.31 points or 0.43%.
- **Nasdaq Composite:** closed at 19,310.79, down 175.99 points or 0.90%.

- **Birling Capital Puerto Rico Stock Index:** closed at 3,638.46, down 1.61 points or 0.04%.
- **Birling Capital US Bank Stocks Index:** closed at 6,266.47, down 1.74 points or 0.03%.
- **US Treasury 10-year note:** closed at 4.58%.
- **US Treasury 2-year note:** closed at 4.25%.



Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index YTD Returns 12.31.24





Birling Puerto Rico Stock Index: Popular, First Bancorp., OFG Bancorp & Evertec, Inc. YTD Returns as of 12.31.24





Birling US Bank Index: Goldman Sachs, Wells Fargo, JP Morgan Chase, Citi Morgan Stanley, Bank of America

	VAL
• The Goldman Sachs Group Inc Price % Change	48.44%
• Wells Fargo & Co Price % Change	42.71%
• JPMorgan Chase & Co Price % Change	40.92%
• Citigroup Inc Price % Change	36.84%
• Morgan Stanley Price % Change	34.82%
• Bank of America Corp Price % Change	30.53%
• Birling Capital U.S. Bank Index Level % Change	43.75%



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