



Stocks Start the Week Mixed as Markets Eye Inflation Data to Determine Fed Rate Cuts and China's Stimulus Boosts Asian Markets.

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The US and European stock markets began the week with mixed results as stocks retreated from their record highs on Monday, with technology shares underperforming as investors turned their attention to upcoming inflation data.

The S&P and Nasdaq were down, driven by Nvidia, whose shares fell more than 2% after a Chinese regulatory body announced an investigation into the company for potential violations of antimonopoly laws. Nvidia, a key player in the artificial intelligence sector, has seen a remarkable 180% gain in 2024.

Asian markets saw positive movement as China announced additional stimulus measures, including higher government spending and lower interest rates, to help drive economic growth.

Markets are focusing on inflation data this week as November's consumer price index (CPI) is set to be released on Wednesday. The latest Inflation Nowcasting has the CPI with a slight increase to 2.70%, up from 2.6% in the previous month. Core CPI, which excludes volatile food and energy prices, is forecasted to remain steady at 3.30%. The anticipated modest rise in headline inflation is primarily attributed to base effects, as lower inflation readings from last year drop out of the year-over-year comparison. These projections suggest that inflation is slowly moderating, though the path may remain uneven.

Bond yields rose slightly, with the 10-year Treasury yield closing at 4.20%. Yields have been climbing since reaching a recent low in September, as markets have scaled back their expectations for Federal Reserve interest rate cuts. We expect the Fed to continue easing rates, as cooling inflation allows for a less restrictive monetary policy. However, the rate cuts will likely be slower and more gradual than anticipated. With the target range for the federal funds rate currently set at 4.5%-4.75%, a neutral rate is generally considered around 1% above inflation. Bond markets are currently pricing in a 0.25% rate cut from the Fed later this month, with an additional two cuts anticipated over the next six months. Lower interest rates would reduce borrowing costs for consumers and businesses, which should support continued economic growth and bolster the soft-landing scenario.

GDPNow Update:

- The **GDPNow** for the fourth quarter was updated on December 9, 2024, and is unchanged at 3.30%.

Key Economic Data:

- **US Wholesale Inventories MoM:** rose to 0.19%, compared to -0.23% last month.
- **US Retail Gas Price:** fell to \$3.156, down from \$3.166 last week, decreasing -0.32%.

Eurozone Summary:

- **Stoxx 600:** Closed at 521.22, up 0.78 points or 0.14%.
- **FTSE 100:** Closed at 8,352.08, up 43.47 points or 0.52%.
- **DAX Index:** Closed at 20,345.96, down 38.65 points or 0.19%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,401.93, down 240.59 points or 0.54%.
- **S&P 500:** closed at 6,052.95, down 37.32 points or 0.61%.
- **Nasdaq Composite:** closed at 19,763.69, down 123.08 points or 0.62%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,865.29, up 9.14 points or 0.24%.
- **Birling Capital US Bank Stocks Index:** closed at 6,535.88, up 19.14 points or 0.29%.
- **US Treasury 10-year note:** closed 4.20%.
- **US Treasury 2-year note:** closed 4.13%.



GDPNow 4Q24

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%	4.35%
11/27/2024	2.70%	3.85%
12/2/2024	3.20%	18.52%
12/5/2024	3.30%	3.13%
12/9/2024	3.30%	0.00%

Inflation Nowcasting CPI & Core CPI

Inflation Nowcasting	CPI Forecast	Core CPI Forecast	Updated
November	2.70%	3.30%	12.9.24



US Wholesalers Inventories & US Retail Gas Price



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