

Wall Street Attempts to Rebound Stalls, Europe Digests Germany's Election Results Amid Upcoming Key US Economic Releases.

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The US and European stock markets began the week with mixed results, attempting to regain their winning ways.

This week, the spotlight is on the Fed's preferred inflation metrics, the PCE and Core PCE, and crucial housing market indicators. On Tuesday, the S&P CoreLogic Case-Shiller 20-City Home Price Index for December is expected, with predictions suggesting a 4.4% YoY increase, above the previous month's 4.3%. Additional reports on new home sales, building permits, and pending home sales for January are slated for release later in the week.

Then, on Friday, the Bureau of Economic Analysis is set to release the PCE and Core PCE; the latest Inflation Nowcasting has the PCE at 2.51% and the Core PCE at 2.66%. This rate remains above the Federal Reserve's 2% target. Notably, the shelter component of the PCE, a significant factor in inflation dynamics, continues to exert pressure at around 4.7% for 2024.

In Europe, the markets reacted mixed after Germany's federal election, where a coalition of two conservative parties emerged with the largest share of votes, positioning Friedrich Merz to succeed Olaf Scholz as Chancellor. Despite their victory, the conservative bloc garnered only 29% of the votes, marking their second-lowest tally historically. This outcome has contributed to a more divided political landscape, with a broader array of parties gaining traction. Germany's DAX responded positively, while France's CAC 40 and the UK's FTSE 100 declined.

Bond yields have decreased on the fixed income front, with the 10-year Treasury yield dropping, closing at 4.40%. However, as housing inflation moderates, as evidenced by indices like Zillow's Observed Rent Index, which rose by 3.4% in January 2025, inflation is expected to align more closely with the Fed's target.

Economic Data:

- **US Retail Gas Price:** rose to \$3.276, up from \$3.253 last week, increasing 0.71%.
- **Eurozone Monthly Inflation Rate:** Excluding Energy, Food, Alcohol, and Tobacco: fell by -0.90%, compared to 0.50% last month.
- **Germany Ifo Business Climate Index:** is unchanged at 85.20 from 85.20 last month.
- **Germany Ifo Business Expectations Index:** rose to 85.40, up from 84.30 last month.
- **Germany Ifo Business Situation Index:** fell to 85.00, down from 86.00 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 553.39, down 0.46 points or 0.083%.
- **FTSE 100:** Closed at 8,658.98, down 0.39 points or 0.0045%.
- **DAX Index:** Closed at 22,425.93, up 138.37 points or 0.62%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,461.21, up 33.19 points or 0.08%.
- **S&P 500:** closed at 5,983.25, down 29.88 points or 0.50%.
- **Nasdaq Composite:** closed at 19,286.92, down 237.08 points or 1.21%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,701.53, down 64.76 points or 1.72%.
- **Birling Capital US Bank Index:** closed at 6,811.41, down 117.01 points or 1.69%.
- **US Treasury 10-year note:** closed at 4.xx%.
- **US Treasury 2-year note:** closed at 4.xx%.



Inflation Nowcasting PCE & Core PCE

Inflation Nowcasting	PCE Forecast	Core PCE Forecast	Updated
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January

2.51%

2.66%

24-Feb



US Retail Gas Price, WTI Oil Price & Brent Crude Oil Price

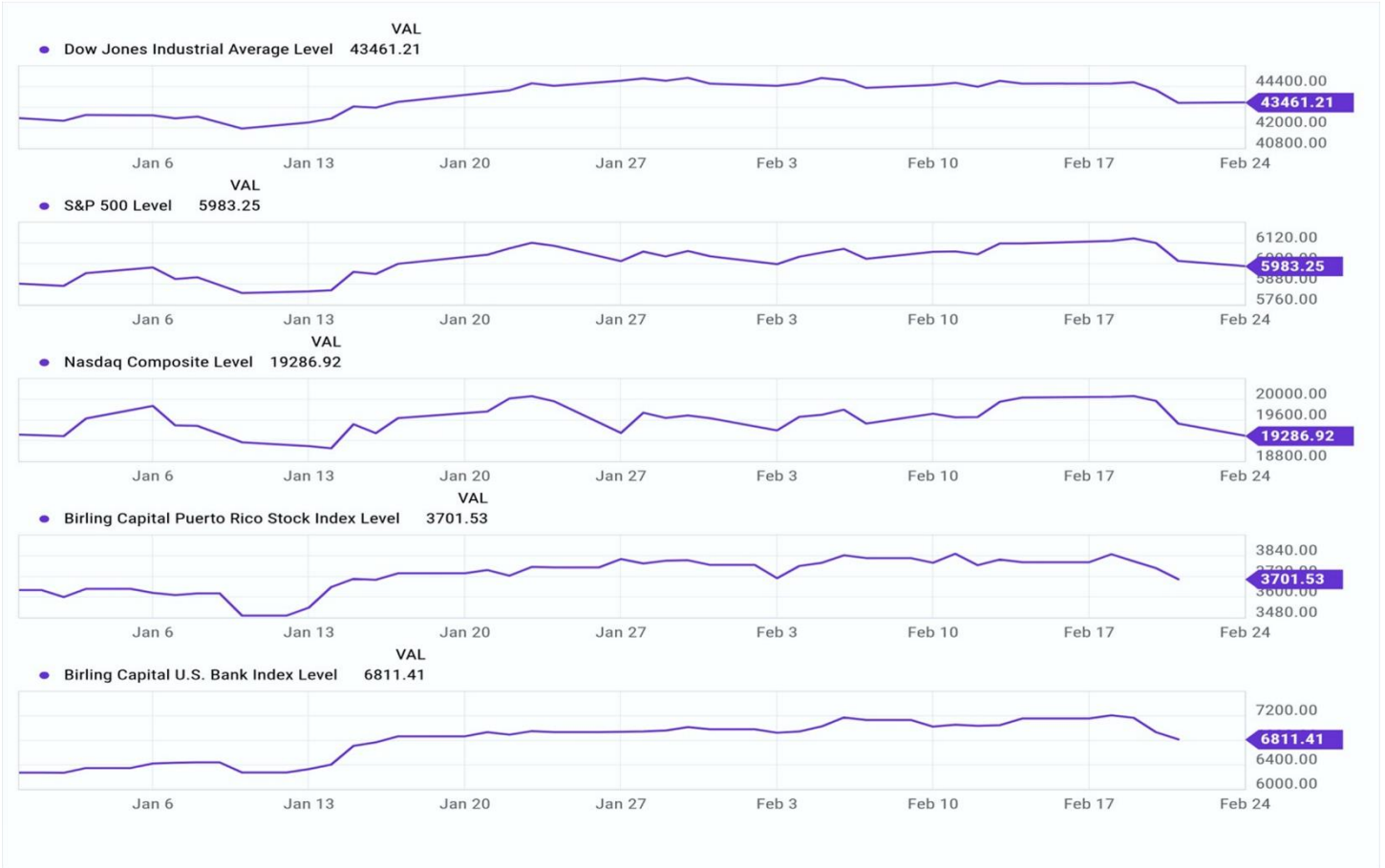
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Eurozone Inflation Rate, Germany Ifo Business Climate Index, Germany Ifo Business Expectations Index & Germany Ifo Business Situation Index

● Eurozone Monthly Inflation Rate: Excluding Energy, Food, Alcohol, and Tobacco	VAL
● Germany Ifo Business Climate Index	85.20
● Germany Ifo Business Expectations Index	85.40
● Germany Ifo Business Situation Index	85.00





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