

Wall Street and Global Markets Tumble as a 20.75% Rise in the US Jobs Report May Shift Interest Rate Cut Expectations.

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The US and European stock markets closed the week with losses, and equity markets plunged on Friday after the nonfarm payrolls report dampened Wall Street's expectations for more interest rate cuts from the Federal Reserve this year while European stocks fell, led by rate-sensitive utilities.

The Dow Jones fell 696.75 points, followed by the Nasdaq with 317.25 points and the S&P 500 with 91.21 points. Traders now estimate a 97% likelihood that the Federal Reserve will keep interest rates unchanged at its upcoming January meeting. Futures markets also indicate growing confidence that the central bank will maintain current rate levels during the March meeting.

Asian markets ended in the red, weighed down by the continued depreciation of China's yuan. Meanwhile, the US dollar is strengthening against major currencies. In commodities, WTI crude oil is trending higher on concerns about potential supply cuts involving Russia and Iran.

Labor Market Surprises with Faster Job Growth

The US labor market demonstrated unexpected strength in December, with total nonfarm payrolls increasing by 256,000, significantly exceeding forecasts of 153,000 and the 2024 monthly average of 186,000. Revisions to October and November payroll data showed a slight net reduction of 8,000 jobs. The unemployment rate peaked at 4.1%, while annualized hourly earnings rose 3.9%, slightly below expectations of 4.0%. These figures suggest a resilient but gradually cooling labor market, which could bolster consumer spending and support continued economic expansion.

Rising Bond Yields Reflect Strong Jobs Data

The stronger-than-expected jobs report has pushed bond yields higher, with the 10-year US Treasury yield closed at 4.77%, its highest level since 2023. This shift reflects reduced market expectations for aggressive rate cuts by the Federal Reserve, as inflation remains above target. Core personal consumption expenditure (PCE) inflation is at 2.82%, compared to the Fed's goal of 2.0%. While the Fed will likely ease rates in the future, the pace may slow, supported by a projected moderation in shelter inflation throughout 2025.

GDPNow Update:

- The GDPNow for the fourth quarter was updated on January 10, 2025, and is unchanged at 2.70% GDP.

Key Economic Data:

- **US Nonfarm Payrolls MoM:** rose to 256,000, up from 212,000 last month, increasing 20.75%.
- **US Unemployment Rate:** fell to 4.10%, compared to 4.20% last month.
- **US Labor Force Participation Rate:** is unchanged at 62.50%, compared to 62.50% last month.

- **US Average Hourly Earnings YoY:** fell to 3.93%, compared to 3.97% last month.
- **US Index of Consumer Sentiment:** fell to 73.20, down from 74.00 last month, decreasing -1.08%.
- **Canada Employment Net Change:** rose to 90,900, up from 50.500 last month, increasing 80.00%.
- **Canada Unemployment Rate:** fell to 6.70%, compared to 6.80% last month.
- **Canada Labour Force Participation Rate:** is unchanged at 65.10%, compared to 65.10% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 115.30, down from 116.80 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 511.50, down 4.34 points or 0.84%.
- **FTSE 100:** Closed at 8,248.49, down 71.20 points or 0.86%.
- **DAX Index:** Closed at 20,214.79, down 102.31 points or 0.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** Closed at 41,938.45, down 696.75 or 1.63%.
- **S&P 500:** Closed at 5,827.04, down 91.21 or 1.54%.
- **Nasdaq Composite:** Closed at 19,161.63, down 317.25 or 1.63%.
- **Birling Capital Puerto Rico Stock Index:** Closed at 3,618.82, up 9.03 points or 0.25%.
- **Birling Capital US Bank Index:** Closed 6,434.21, up 4.34 points or 0.67%.
- **US Treasury 10-year note:** closed at 4.77%.
- **US Treasury 2-year note:** closed at 4.40%.

GDPNow 4Q24

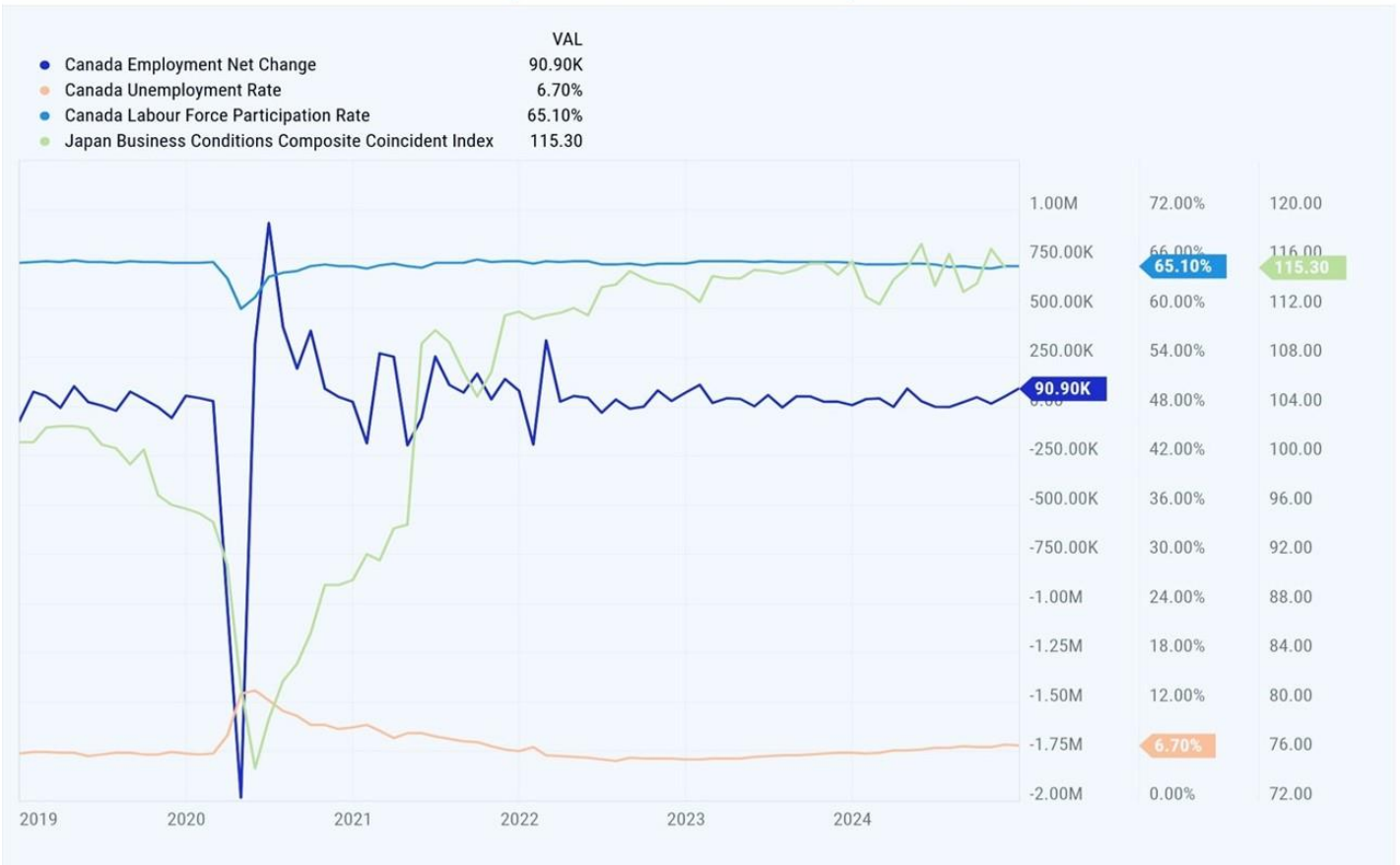
Date	GDPNow 4Q24	Change
10/31/2024	2.70%	Initial Forecast
11/1/2024	2.30%	-14.81%
11/5/2024	2.40%	4.35%
11/7/2024	2.50%	4.17%
11/15/2024	2.50%	0.00%
11/19/2024	2.60%	4.35%
11/27/2024	2.70%	3.85%
12/2/2024	3.20%	18.52%
12/5/2024	3.30%	3.13%
12/9/2024	3.30%	0.00%
12/17/2024	3.10%	-6.06%
12/18/2024	3.20%	3.23%
12/20/2024	3.10%	-3.13%
12/24/2024	3.10%	0.00%
1/2/2025	2.60%	-16.13%
1/3/2025	2.40%	-7.69%
1/7/2025	2.70%	12.50%
1/9/2025	2.70%	0.00%

US Nonfarm Payrolls, US Unemployment Rate, US Labor Participation Rate & US Index of Consumer Sentiment

	VAL
● US Nonfarm Payrolls MoM	256.00K
● US Unemployment Rate	4.10%
● US Labor Force Participation Rate	62.50%
● US Index of Consumer Sentiment	74.00



Canada Employment Net Change, Canada Unemployment Rate, Canada Labour Participation Rate & Japan Business Conditions



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