



Mixed Markets Reflect Cautious Optimism Amid Shifting Economic Signals as the GDPNow for the 4Q24 Falls to 2.60%.

January 3, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US and European stock markets closed with mixed results on Friday, and the GDPNow for the fourth quarter is at 2.60%, decreasing 16.13%, down from 3.10%, creating a weaker-than-expected economic scenario.

Manufacturing Activity Surprises to the Upside:

The Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI) rose to 49.3 in December, beating expectations and improving from November's reading of 48.4. Although still below the 50.0 threshold that indicates expansion, the index shows a gradual recovery from October's low of 46.5. The improving trend signals a stabilization in manufacturing activity.

Additionally, the services PMI—covering the bulk of the economy—remains in expansion territory, reinforcing the narrative of resilient economic growth and a potential soft landing.

Bond Yields Continue to Climb:

The yield on the 10-year US Treasury note rose to 4.60%, extending the upward trend seen in recent months. Since September's low, yields have increased by approximately 90 basis points as bond markets and the Federal Reserve have adjusted expectations for interest rate cuts. Current market projections anticipate only one additional rate cut in 2025, reflecting slower disinflation and a resilient labor market.

With the federal funds rate near 4.5% and core personal consumption expenditures (PCE) inflation at approximately 2.8%, there is room for monetary policy to transition to a less restrictive stance. A target range of 3.5% to 4% for the federal funds rate could strike a balance, potentially easing borrowing costs for businesses and consumers. Such a shift would likely support economic growth by stimulating spending and investment.

GDPNow Update:

- The GDPNow for the fourth quarter was updated on January 2, 2025, and fell to 2.60% GDP, a 16.13% decrease.

Key Economic Data:

- **Natural Gas Storage Change:** fell to -93.00 billion, up from -125.00 billion last week.
- **Germany Unemployment Rate:** rose to 6.00%, compared to 5.90% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 508.19, down 2.48 points or 0.49%.
- **FTSE 100:** Closed at 8,223.98, down 36.11 points or 0.44%.
- **DAX Index:** Closed at 19,906.08, down 118.58 or 0.59%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,544.22, down 29.51 points or 0.07%.
- **S&P 500:** closed at 5,942.47, up 73.92 points or 1.26%.
- **Nasdaq Composite:** closed at 19,621.68, up 340.88 points or 1.77%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,598.01, down 40.45 points or 1.11%.
- **Birling Capital US Bank Stocks Index:** closed at 6,264.87, down 1.60 points or 0.03%.
- **US Treasury 10-year note:** closed at 4.60%
- **US Treasury 2-year note:** closed at 4.28%.



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%

Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.