

# GLOBAL MARKET SQUARE



## S&P 500 Reaches Historic High as Tech and Materials Sectors Lead Market Gains, Employment Data Shows Stability, Markets React to Subdued Economic Signals.

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The U.S. and European stock markets closed mostly higher on a quiet holiday-shortened trading day, and U.S. equity markets displayed a modestly positive trend. The S&P 500 climbed 0.5%, crossing the significant milestone of 5,500 for the first time. However, the Dow Jones Industrial Average (DJIA) did give back a tiny portion, shedding just over 23.85 points.

The driving forces behind these movements were the technology and materials sectors. Technology companies benefited from a drop in bond yields, while materials companies received a boost from higher gold prices. Given the lack of significant headlines or data catalysts on this particular day, the subdued market moves were not surprising, especially considering the low trading volume ahead of the holiday closure on Thursday.

Employment Data is the Spotlight as softening Conditions permeate employment data; recent readings suggest that conditions are lower, but not alarmingly. The ADP private payrolls report for June revealed a gain of 150,000 jobs—slightly below consensus expectations. While this is the lowest gain since January, it still reflects decent hiring demand.

Additionally, the latest figures on initial jobless claims showed a slight uptick to 238,000. However, this remains consistent with the average of the last four readings, indicating no worrisome shift yet. Although jobless claims have risen from late-2023 and early-2024 levels, they remain historically low, signaling a supportive labor-market backdrop.

All eyes are now on Friday's official nonfarm payroll report for a broader view of employment trends and their implications for consumer spending.

Interest Rates: A Recent Decline Treasury yields experienced a drop on Wednesday, with 10-year yields falling below the 4.4% mark. While no significant data releases altered the Federal Reserve's policy outlook, we attribute this move to reports on employment and ISM services activity. These reports suggest that economic growth is softening slightly, potentially easing upward inflation pressure.

Before this decline, longer-term rates had risen by 20 basis points (0.20%) since late June. This increase may be influenced by election polls, where expectations of a Trump win could lead to slightly firmer rates. His proposals related to leveraging tariffs in trade negotiations might contribute to inflationary pressures. While the outlook for interest rates and Fed policy remains stable, we anticipate occasional fluctuations as markets react to inflation data and election news.

### Key Economic Data:

- **ADP Employment Change:** fell to 150,000, down from 157,000 last month, decreasing 4.46%.
- **US Initial Claims for Unemployment Insurance:** rose to 238,000, up from 234,000 last week.
- **US ISM Services PMI:** fell to 48.80, down from 53.80 last month, a change of -9.29%.
- **US Durable Goods New Orders MoM:** fell to 0.07%, compared to 0.23% last month.
- **US Trade Balance on Goods:** is at -100.15B, down from -99.28B last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 314.67, up 3.76 points or 0.74%.
- **FTSE 100:** Closed at 8,171.12, up 49.92 points or 0.61%.
- **DAX Index:** Closed at 18,374.53, up 210.47 points or 1.16%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,308.00, down 23.85 points or 0.06%.
- **S&P 500:** closed at 5,537.02, up 28.01 points or 0.51%.
- **Nasdaq Composite:** closed at 18,188.30, up 159.54 points or 0.88%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,412.40, up 19.64 points or 0.58%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,226.54, up 65.08 points or 1.24%.
- **U.S. Treasury 10-year note** closed at 4.36%.
- **U.S. Treasury 2-year note** closed at 4.71%.



# Wall Street Recap July 3, 2024



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