

GLOBAL MARKET SQUARE



S&P 500 and Nasdaq Break records, Focus on Inflation's June CPI Data tomorrow, Corporate Earnings Parade Begins with Optimism, and GDPNow rises to 2%.

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The U.S. and European stock markets closed with gains, with the S&P 500 and Nasdaq breaking new records. Global markets are seeing varied performances, with Asia showing mixed results due to new inflation data from China and Japan. Europe is closed higher as post-election stability in France alleviates concerns over a divided government. Meanwhile, the U.S. dollar is losing ground against major currencies. WTI oil prices are falling in commodities as Gulf of Mexico production resumes after Hurricane Beryl, while gold prices are rising.

Focus on Inflation

With Thursday's release of the June Consumer Price Index (CPI), inflation will take center stage in markets this week. The Inflation Nowcasting has the CPI easing to 3.12% Y-O-Y, down from 3.27% in May, while Core CPI, excluding food and energy, is projected to reach a 3.52% annual rate. After a volatile start to the year with higher-than-expected inflation in the first quarter, recent months have shown a downward trend. Bond markets are currently pricing two Federal Reserve interest rate cuts for 2024, potentially starting in September. Two rate cuts are plausible but not guaranteed. The latest core PCE reading of 2.57% in May is still above the Fed's 2% target, but we anticipate further moderation in inflation due to lower shelter costs and slower wage growth. Government measures of shelter inflation, like CPI and PCE, should align with market-based measures indicating slower housing cost increases. Additionally, labor markets are rebalancing, which is evident in fewer job openings and rising unemployment.

Corporate Earnings Season

As the second-quarter earnings season begins, expectations are high, with year-over-year earnings growth forecast at 8.8%, marking the fastest pace since the first quarter of 2022. Growth is expected across a broad range of sectors, with eight out of eleven sectors predicted to report year-over-year increases.

We are focusing on the banks that begin reporting on Friday as well as the others that follow along with their YTD stock returns.

1. **JP Morgan Chase (JPM)**: July 12, has a YTD return of **22.23%**.
2. **Citigroup (C)**: July 12, has a YTD return of **30.19%**.
3. **Wells Fargo (WFC)**: July 12, has a YTD return of **21.29%**.
4. **Bank of America (BAC)**: July 16, has a YTD return of **23.97%**.
5. **Goldman Sachs (GF)**: July 17, has a YTD return of **24.14%**.
6. **Morgan Stanley (MS)**: July 18, has a YTD return of **10.95%**.
7. **OFG Bancorp (OFG)**: July 18, has a YTD return of **1.21%**.
8. **First Bancorp (FBP)**: July 23, has a YTD return of **11.88%**.
9. **Popular, Inc. (BPOP)**: July 24, has a YTD return of **11.14%**.

GDPNow Update:

- The latest GDPNow for 2Q24, reported on July 10, rose to 2.00%, up from 1.5%, increasing 25.0%.

Key Economic Data:

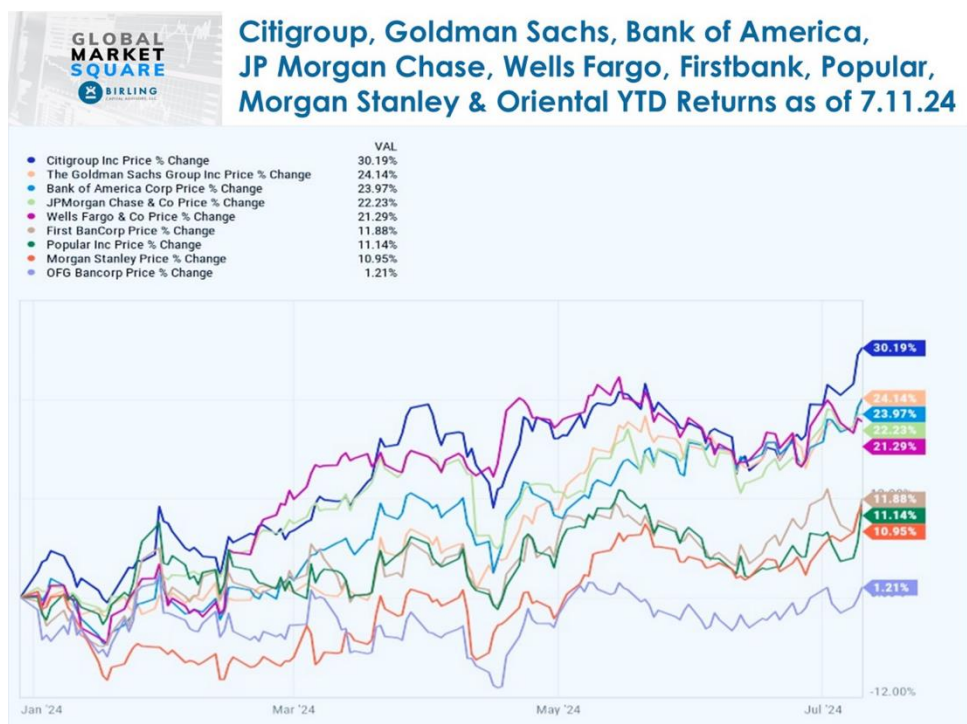
- **U.S. Wholesale Inventories MoM:** rose by 0.15%, compared to -0.48% last month.
- **Japan Machinery Orders YoY:** fell to 0.11%, compared to 6.48% last month.

Eurozone Summary:

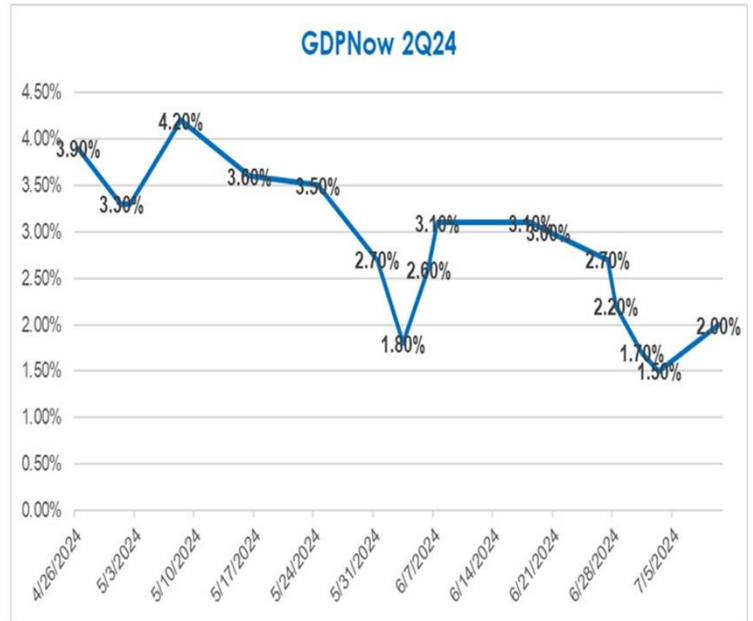
- **Stoxx 600:** Closed at 516.42, up 4.66 points or 0.91%.
- **FTSE 100:** Closed at 8,193.51, up 53.70 points or 0.66%.
- **DAX Index:** Closed at 18,407.22, up 171.03 points or 0.94%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,721.36, up 429.39 points or 1.09%.
- **S&P 500:** closed at 5,633.91, up 56.93 points or 1.02%.
- **Nasdaq Composite:** closed at 18,647.45, up 218.16 points or 1.18%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,292.21, down 22.09 points or 0.67%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,386.77, up 98.55 points or 1.86%.
- **U.S. Treasury 10-year note:** closed at 4.28%.
- **U.S. Treasury 2-year note:** closed at 4.62%.



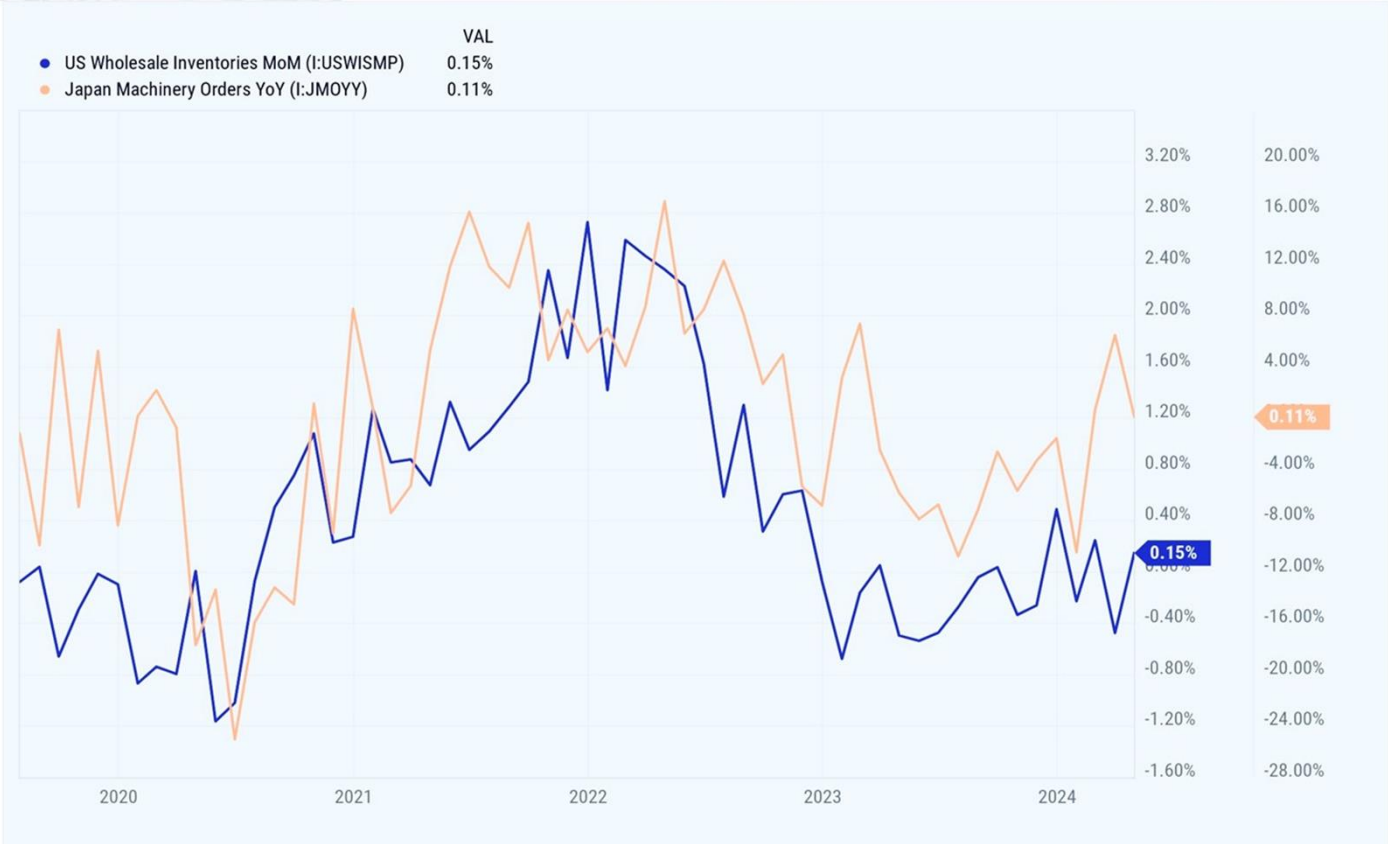
Date	GDPNow 2Q24	Change
4/26/2024	3.90%	Initial Forecast
5/1/2024	3.30%	-18.18%
5/2/2024	3.30%	0.00%
5/8/2024	4.20%	27.27%
5/16/2024	3.60%	-14.29%
5/24/2024	3.50%	-2.78%
5/31/2024	2.70%	-22.86%
6/3/2024	1.80%	-50.00%
6/6/2024	2.60%	30.77%
6/7/2024	3.10%	16.13%
6/18/2024	3.10%	0.00%
6/20/2024	3.00%	-3.33%
6/27/2024	2.70%	-11.11%
6/28/2024	2.20%	-22.73%
7/1/2024	1.70%	-29.41%
7/3/2024	1.50%	-13.33%
7/10/2024	2.00%	25.00%





US Wholesale Inventories MoM & Japan Machinery Orders YoY

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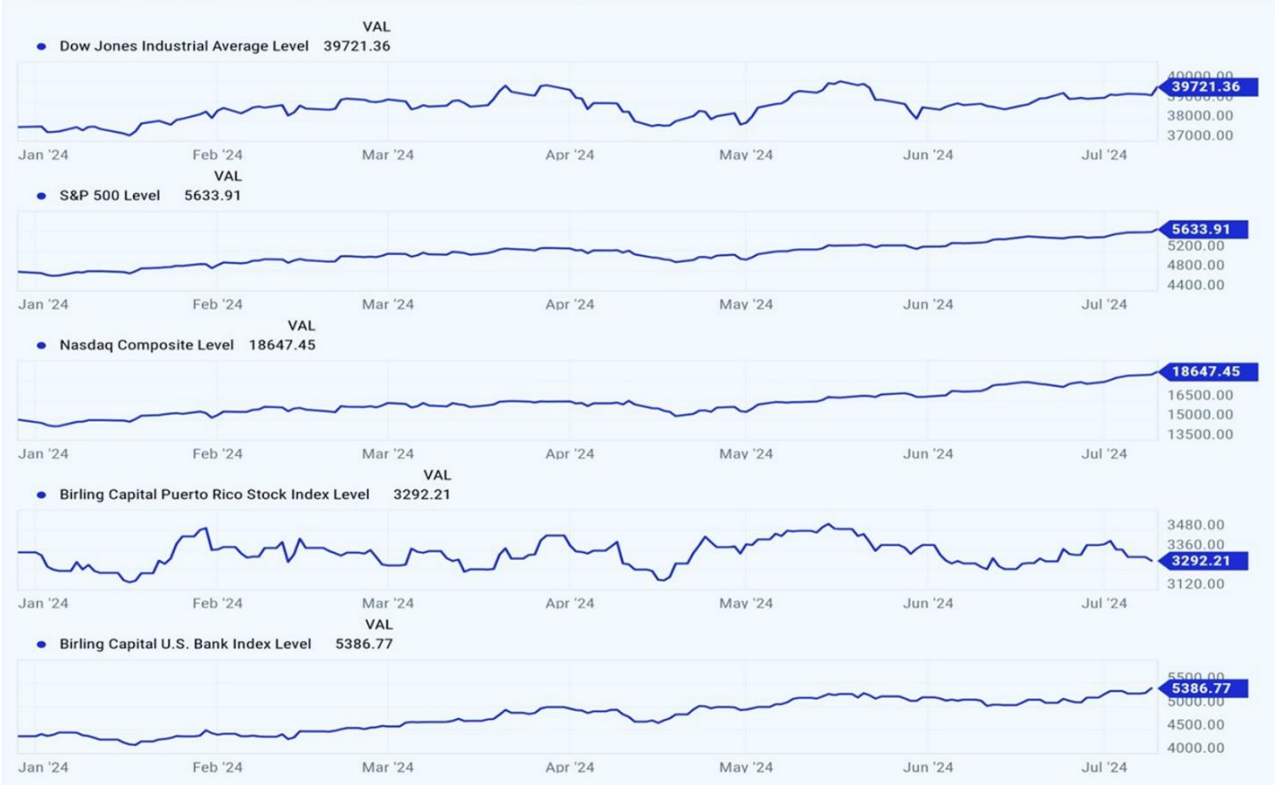




Wall Street Recap

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