

GLOBAL MARKET SQUARE



Market Rally Pushes Dow Jones to 40,000; Banks Lead Corporate Earnings Parade, Results Mixed, and Economic Data Points to Fed Rate Cut in September.

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The U.S. and European stock markets closed broadly higher, taking the Dow Jones to 40,000, as stocks soared to new record highs, and recent economic data bolstered expectations for a Federal Reserve rate cut in September.

On Friday, approximately 90% of S&P 500 stocks advanced, pushing the index back above 5,600. Tech giants rebounded, while smaller companies also saw gains. However, banks struggled as the U.S. earnings season kicked off, with Wells Fargo & Co., JPMorgan Chase & Co., and Citigroup Inc. delivering results that didn't ignite the sector.

In global markets, Asia showed mixed results, with China seeing gains due to higher-than-expected exports, while Japan's Nikkei index declined after hitting record highs earlier this week. Meanwhile, European markets closed up. Bond yields have decreased slightly, with the 10-year Treasury bond yield closing at 4.18%. The U.S. dollar is weakening against major currencies. WTI oil prices are up in the commodities market, whereas gold is trading lower.

Wholesale inflation exceeded expectations, with the Producer Price Index (PPI) inflation at 2.63% annualized in June, higher than May's 2.42% and the anticipated 2.3%. Core PPI, which excludes volatile food and energy prices, increased by 3.0% y-o-y, compared to the previous reading of 2.56% and the consensus estimate of 2.4%. The rise was mainly due to a 1.9% increase in wholesaler margins. Investors seem more relaxed about the wider margins, as they are sustainable only when end demand is strong. Despite the higher inflation, bond markets still anticipate two Fed interest-rate cuts in 2024, with the first expected in September and the other in December. However, the latest core PCE reading of 2.6% in May remains above the Fed's 2% target. The labor market is also improving, with fewer job openings and rising unemployment.

The corporate earnings season has begun with JP Morgan Chase, Citigroup, and Wells Fargo; we discuss the results below.

Corporate Earnings Parade:

- **JP Morgan Chase (JPM):** Reported 2Q24 revenues of \$50.2 billion, increasing 20%, net income of \$18,149 billion, rising 25%, and earnings per share of \$6.13, beating expectations—the stock price objective of \$221.60 and reached a Tier 1 Capital of 16.70%.
- **Citigroup Inc (C):** Reported 2Q24 revenues of \$20.139 billion, increasing 4%, net income of \$3,217 billion, rising 10%, and earnings per share of \$1.52, beating expectations—the stock price objective of \$69.69 and reached a Tier 1 of 15.30%.
- **Wells Fargo & Co (WFC):** Reported 2Q24 revenues of \$20.689 billion, increasing 1%, net income of \$4,910 billion, falling (1%), and earnings per share of \$1.33, beating expectations—the stock price objective of \$64.16 and reached a Tier 1 Capital of 13.80%.

Key Economic Data:

- **U.S. Producer Price Index YoY:** rose to 2.63%, compared to 2.42% last month.
- **U.S. Core Producer Price Index YoY:** rose to 3.00%, compared to 2.56% last month.
- **U.S. Index of Consumer Sentiment:** fell to 66.00, down from 68.20 last month, falling -3.23%.
- **China Trade Balance:** rose to \$99.05 Billion, up from \$82.62 Billion last month, up 19.88%.
- **China Exports YoY:** rose to 8.61%, compared to 7.62% last month.
- **China Imports YoY:** fell -2.41%, compared to 1.80% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 524.08, up 4.57 points or 0.88%.
- **FTSE 100:** Closed at 8,252.91, up 29.57 points or 0.36%.
- **DAX Index:** Closed at 18,748.18, up 213.62 points or 1.15%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,000.90, up 247.15 points or 0.62%.
- **S&P 500:** closed at 5,615.35, up 30.87 points or 0.55%.
- **Nasdaq Composite:** closed at 18,398.44, up 115.04 points or 0.63%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,482.43, up 92.01 points or 2.71%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,417.39, up 0.27 points or 0.00%.
- **U.S. Treasury 10-year note:** closed at 4.18%.
- **U.S. Treasury 2-year note:** closed at 4.45%.



Citigroup, Goldman Sachs, Bank of America, JP Morgan Chase, Wells Fargo, Firstbank, Popular, Morgan Stanley & Oriental YTD Returns as of 7.12.24

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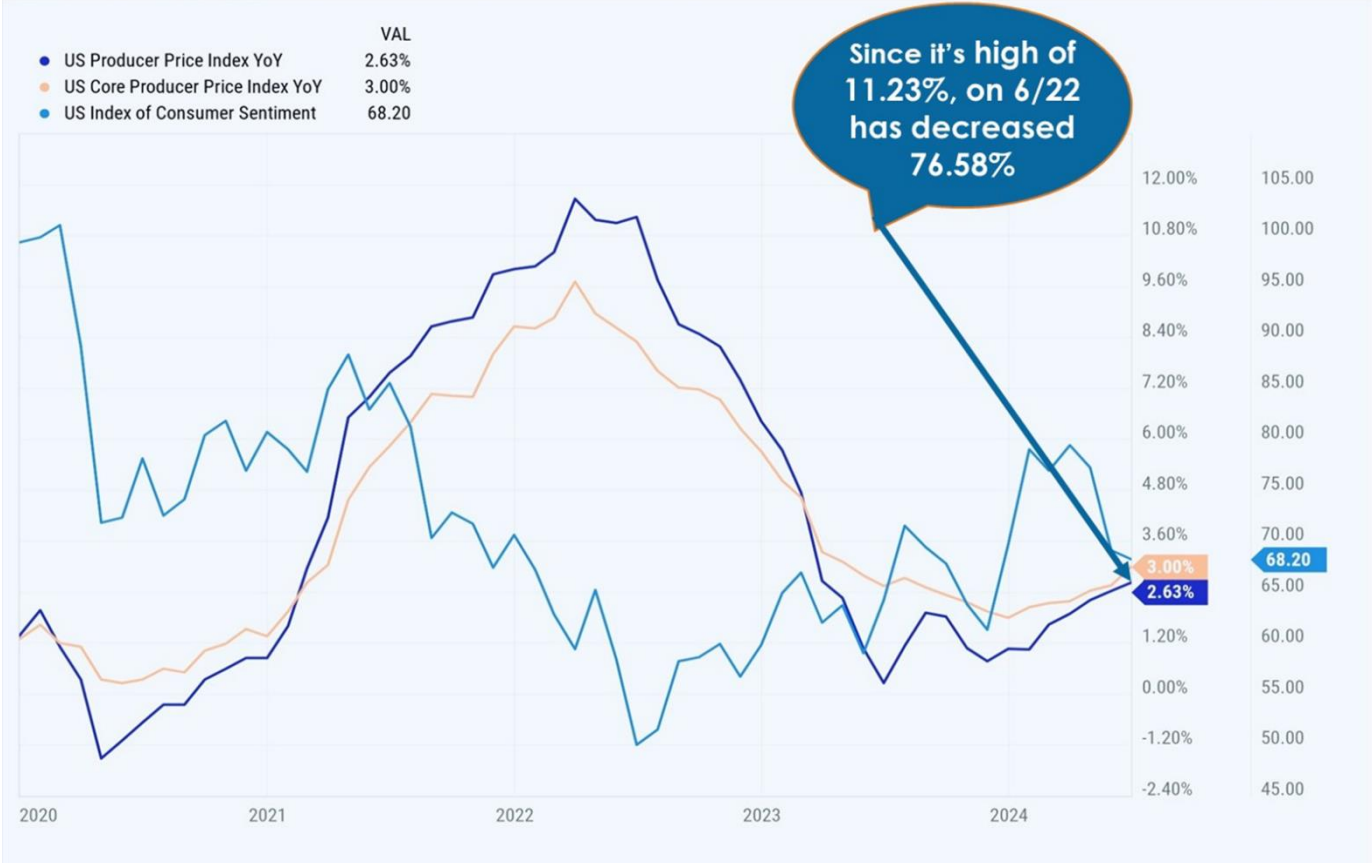
	VAL
● Citigroup Inc Price % Change	25.45%
● The Goldman Sachs Group Inc Price % Change	24.42%
● Bank of America Corp Price % Change	23.55%
● JPMorgan Chase & Co Price % Change	20.54%
● Wells Fargo & Co Price % Change	14.91%
● First BanCorp Price % Change	15.38%
● Popular Inc Price % Change	13.50%
● Morgan Stanley Price % Change	11.56%
● OFG Bancorp Price % Change	5.31%





US Producer Price Index, US Core PPI & US Index of Consumer Sentiment

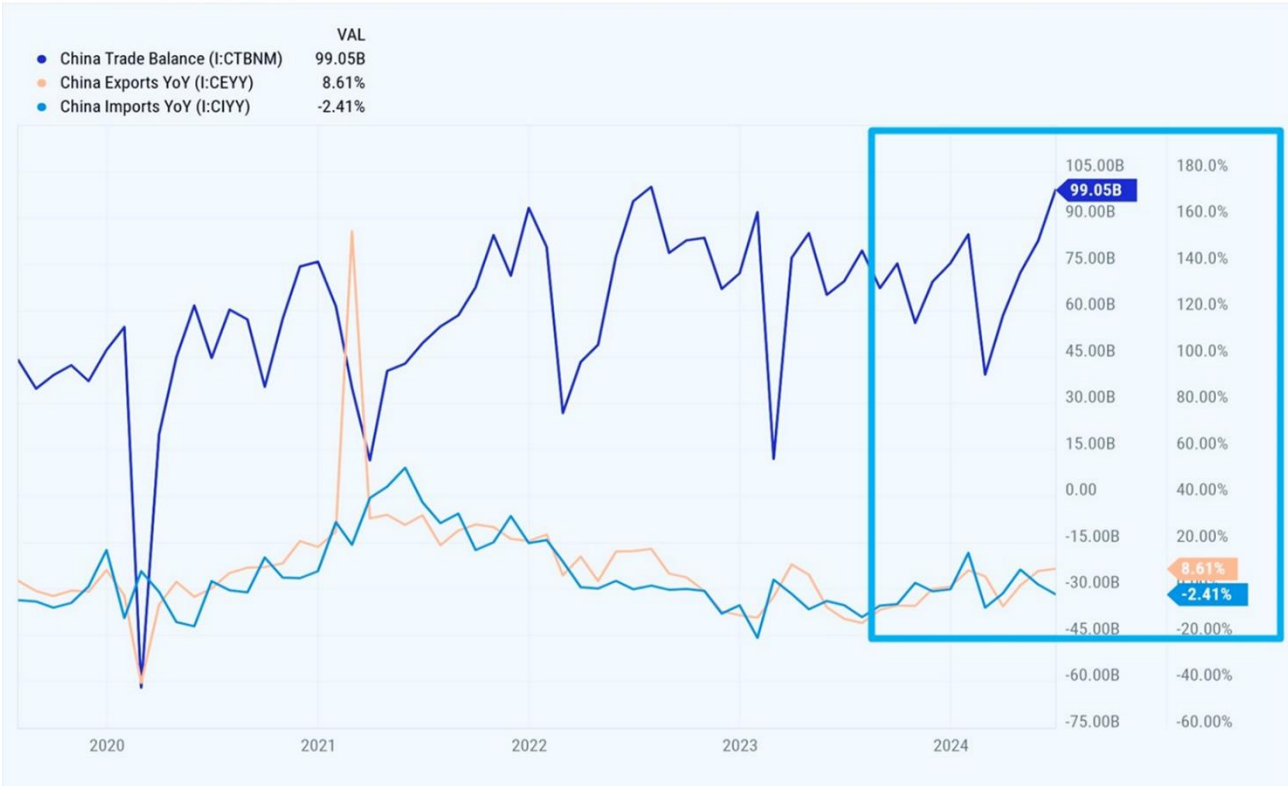
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China Trade Balance, China Exports & China Imports

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Wall Street Recap

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