

U.S. GDP at 2.80% Surpasses Expectations, Market Stabilizes Amid Tech Weakness That Persists, and Economic Data Is Mixed.

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The U.S. and European stock markets closed with mixed results as Wall Street displayed a mixed performance, showing some stabilization after recent declines led by tech sector weaknesses. Despite spending most of the day in positive territory, the S&P 500 closed slightly lower, while the Dow gained 81 points, and small caps outperformed with gains exceeding 1%. The Nasdaq, however, continued to lag, closing nearly 1% lower. The bond market saw gains, pushing 10-year Treasury yields down to 4.27%, while gold prices fell, and oil prices rose by 1%.

The day was marked by various earnings reports, with positive surprises from IBM and Chipotle offset by disappointments from Ford and American Airlines. Economic data provided some support as second-quarter GDP exceeded expectations, indicating a robust economic performance.

Strong GDP Report Indicates Economic Resilience

The U.S. economy grew by 2.8% in the second quarter, surpassing the GDPNow at 2.70%. The growth was fueled by increased household consumption and a notable rise in investment spending, especially equipment.

Key takeaways from this report include:

- **Consumer Resilience with** strong personal consumption highlights that consumers remain active despite labor market softness, slower wage growth, and depleted savings.
- **Labor Market:** Although some softness is appearing, the overall labor market conditions are still strong.
- **Federal Reserve Outlook:** The growth suggests the economy doesn't need immediate monetary support, likely leading the Fed to hold rates steady in the short term. However, a potential rate cut in September remains on the table.

Friday's PCE index report, the Fed's preferred inflation measure, will be crucial. Barring an unexpected rise in consumer prices, moderating inflation and solid GDP growth support a "soft landing" scenario that has driven this year's equity rally.

Perspective on Recent Market Volatility

Recent stock market volatility has created headlines and some market anxiety. However, perspective is essential to remind ourselves that the S&P 500 dropped about 4% since early last week, but the decline comes from an all-time high. The S&P 500 is up 13.26% this year, and the Nasdaq Composite, even with the sell-off, is up 14.46% YTD; the recent tech sector dip is mainly due to weakness in extensive tech stocks, which have been significant outperformers this year. The Nasdaq is down 7% from its highs, while the Dow and Russell 2000 have only seen modest declines, indicating the pullback is not a broad market issue but a correction in the most overvalued sectors.

Key Economic Data:

- **U.S. Real GDP QoQ:** rose to 2.80%, compared to 1.40% last quarter, a 100% increase.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 235,000, down from 245,000 last week, decreasing -4.08%.
- **U.S. Durable Goods New Orders MoM:** fell by -6.56%, compared to 0.12% last month.
- **U.S. Total Vehicle Sales:** fell to 15.79 million, down from 16.42 million last month, decreasing -3.86%.
- **Kansas City Fed Manufacturing Production Index:** fell -12.00, down from -11.00 last month.
- **US Gross Domestic Purchases Price Index QoQ:** fell to 2.30%, compared to 3.10% last quarter.
- **30-year mortgage Rate:** rose to 6.78%, compared to 6.77% last week.
- **Germany Ifo Business Climate Index:** fell to 87.00, down from 88.60 last month.
- **Germany Ifo Business Expectations Index:** fell to 86.90, down from 88.80 last month.
- **Germany Ifo Business Situation Index:** fell to 87.10, down from 88.30 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 508.63, down 3.67 points or 0.72%.
- **FTSE 100:** Closed at 8,186.35, up 32.66 points or 0.40%.
- **DAX Index:** Closed at 18,298.72, down 88.74 points or 0.48%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,935.07, up 81.20 points or 0.20%.
- **S&P 500:** closed at 5,399.22, down 27.91 points or 0.51%.
- **Nasdaq Composite:** closed at 17,181.72, down 160.69 points or 0.93%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,856.33., down 104.92 points or 2.65%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,383.23, down 53.26 points or 0.88%.
- **U.S. Treasury 10-year note:** closed at 4.27%.
- **U.S. Treasury 2-year note:** closed at 4.41%.



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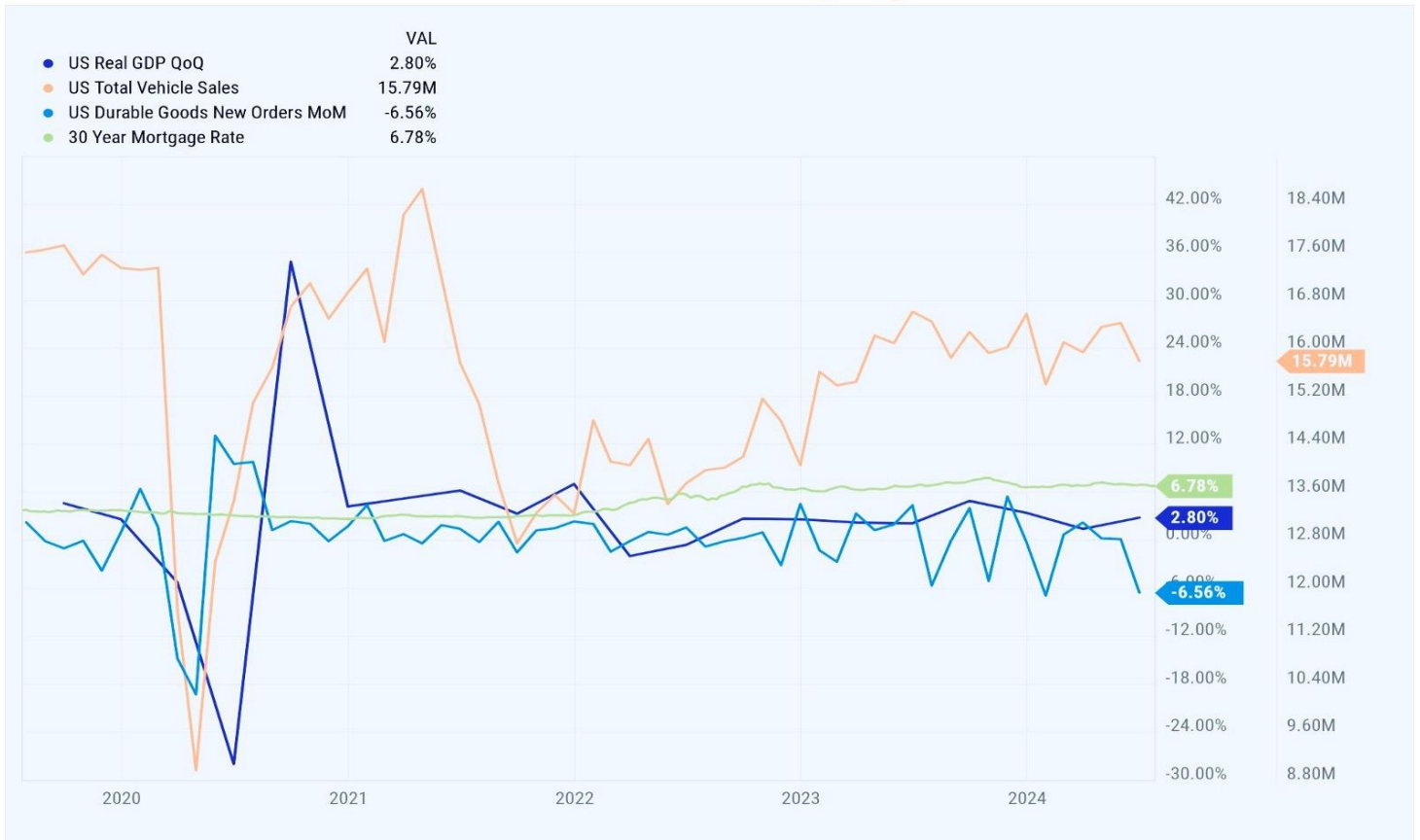
US Gross Domestic Product Versus GDPNow Forecast

Date	2Q24 GDP Actual	GDPNow 2Q24	Change
7/25/24	2.80%	2.70%	3.70%



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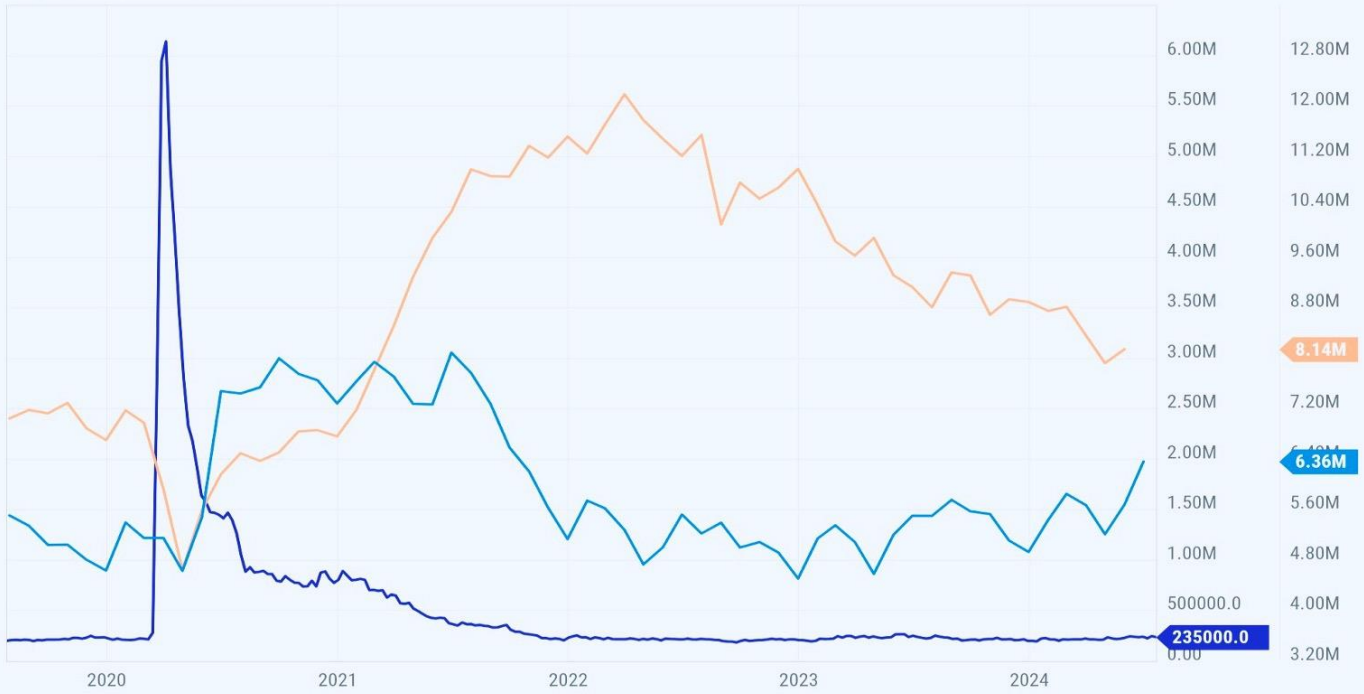
US Real GDP, US Total Vehicle Sales, US Durable Goods New Orders & 30-Year Mortgage Rate





US Initial Claims for Unemployment, US Job Openings and US Job Seekers

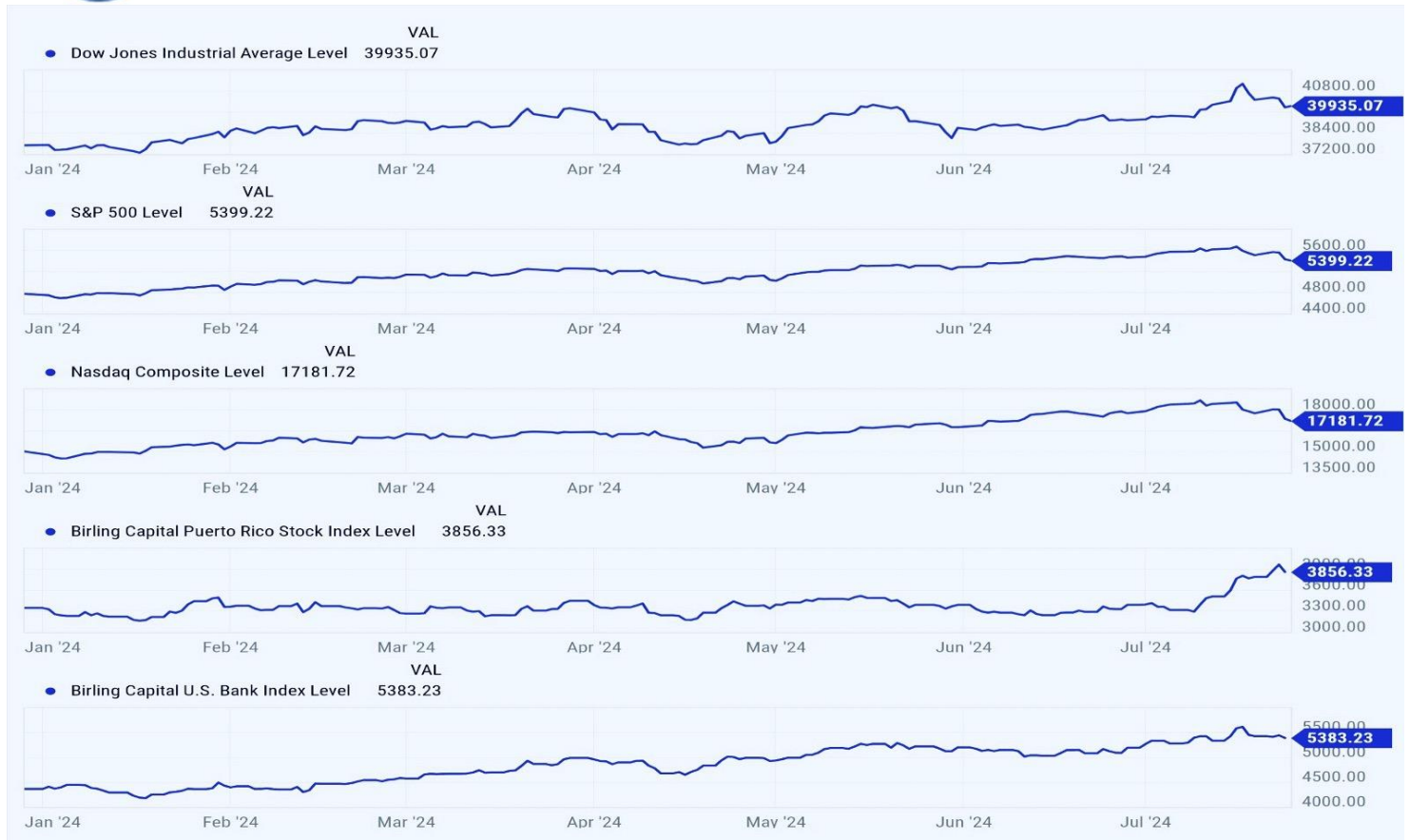
- US Initial Claims for Unemployment Insurance 235000.0
- US Job Openings: Total Nonfarm 8.14M
- US Unemployed Persons: Job Seeker 6.36M





Wall Street Update

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