

GLOBAL MARKET SQUARE



Global Markets Mixed, U.S. Stocks Dip as Manufacturing Slowdown Fuels and Investors Eye Key Economic Data.

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The U.S. and European stock markets began the week with mixed results. On Wall Street, markets lost momentum, weighed down by manufacturing data showing the latest ISM manufacturing index. This revealed a slowdown in factory production, mainly due to a decline of -7.54% in new orders. This development spurred concerns about the economy's momentum, causing stocks to slide. Concurrently, interest rates fell, with the 10-year yield dropping to 4.41% from around 4.51% on Friday. Given the easing inflation pressures, markets interpreted the weakening manufacturing output and moderated input prices as potential indicators for future Fed rate cuts. While this single report should be viewed cautiously, it aligns with broader data suggesting the economy remains robust but shows signs of slowing after an above-trend growth period in 2023. The overarching narrative of expected Fed policy easing, positive yet decelerating economic growth, and current inflation trends continue to guide market performance as we approach summer.

With trading in June underway, we're nearing the halfway mark of 2024. U.S. large-cap stocks have surged roughly 11% year-to-date, significantly outperforming bonds and cash. Growth investments have been strong performers, particularly in tech and communication services. Recently, cyclical and defensive sectors like energy, financials, and utilities have also seen double-digit gains. Conversely, real estate remains the only sector in the red this year. International stocks have shown decent performance, with developed markets outpacing emerging-market equities due to improved European growth prospects and underwhelming growth in China.

This week promises a substantial influx of economic data, crucial for shaping market sentiment ahead of the June 12 CPI report. Despite some softening in consumption activity, concerns about stagflation (high inflation and stagnating growth) seem exaggerated. However, they underscore the persistent risk of high inflation amidst waning economic strength. Key reports this week include updates on manufacturing and services activity, culminating in the significant May employment report. This report is expected to affirm robust job growth and stable unemployment. The wage-growth figure in Friday's employment report will be of particular interest, offering insights into the balance between consumer spending power and inflationary pressures.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.698, down from \$3.706 last week, decreasing -0.22%.
- **US ISM Manufacturing PMI:** fell to 48.70, down from 49.20 last month, decreasing -1.02%.
- **US ISM Manufacturing New Orders Index:** fell to 45.40, down from 49.10 last month, decreasing -7.54%.
- **U.S. Construction Spending MoM:** is at -0.12%, compared to -0.19% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 519.85, up 1.68 points or 0.32%.
- **FTSE 100:** closed at 8,262.75, down 12.63 points or 0.15%.
- **Dax Index:** closed at 18,608.16, up 110.22 points or 0.60%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 38,571.03, down 111.29 points or 0.30%.
- **S&P 500:** closed at 5,238.40, up 5.89 points or 0.11%.
- **Nasdaq Composite:** closed at 16,828.67, up 93.65 points or 0.56%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,387.61, up 22.31 points or 0.66%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,192.90, up 72.93 points or 1.50%.
- **U.S. Treasury 10-year note** closed at 4.41%.
- **U.S. Treasury 2-year note** closed at 4.82%.



US ISM Manufacturing PMI, US ISM Manufacturing New Orders Index, US ISM Manufacturing Employment Index, and US ISM Manufacturing Prices Paid Index

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US Construction Spending and US Retail Gas Price

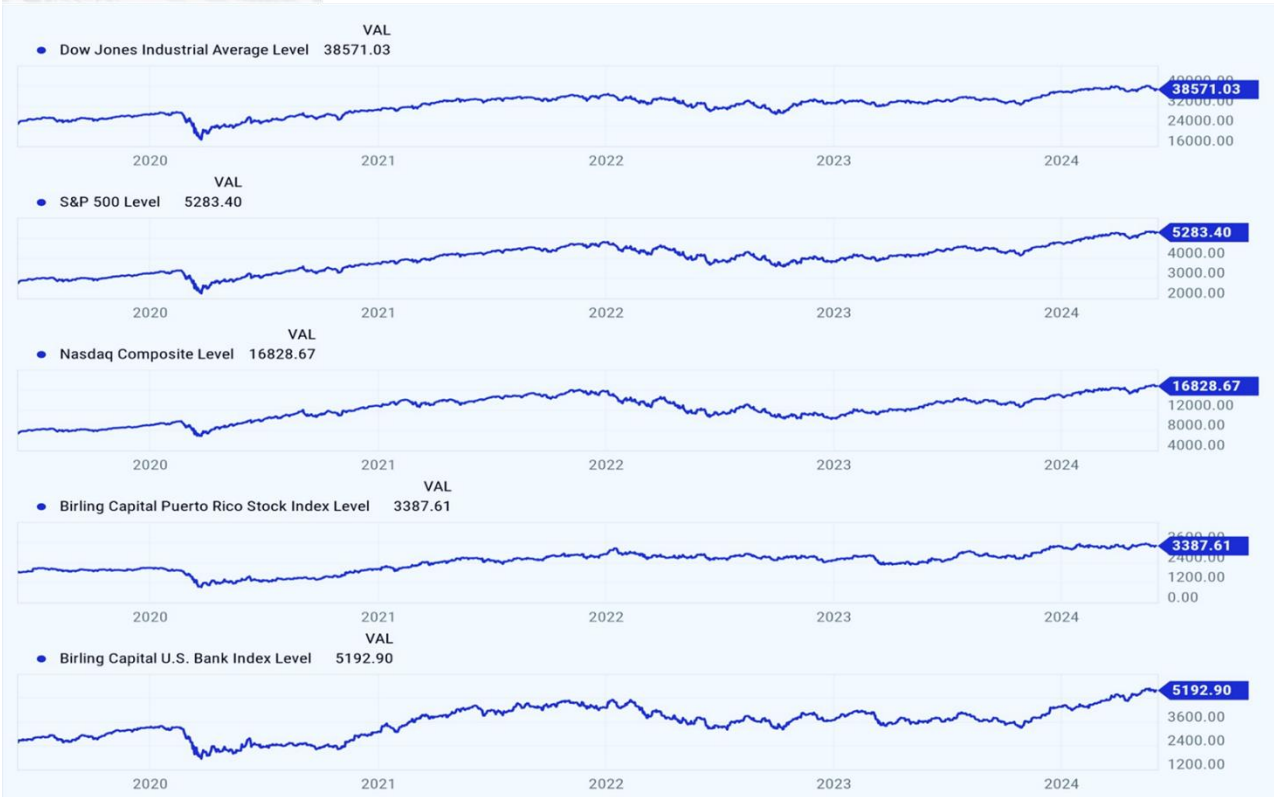




Wall Street Recap

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