

ECB Cuts Rates to 3.75%, European Markets Rise, U.S. Job Market Shows Rising Jobless Claims with Nonfarm-Payrolls Next and Wall Street Closes Mixed.

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The U.S. and European stock markets closed with mixed results following Wednesday's significant rise, which propelled the S&P 500 and Nasdaq to unprecedented levels. European markets rose following the European Central Bank's determination to reduce interest rates.

The quarter-point reduction to 3.75 percent on Thursday, a move not yet mirrored by the central banks of the U.S. and U.K., happens for the first time in nearly five years and marks a significant step in combating inflation following the largest price increase in recent history.

On Wall Street, a combination of excitement about A.I. has fueled the recent surge to new peaks and hoping for Federal Reserve rate cuts, given recent indicators of a slightly weakening economy. Today's trading could be a pause, considering the S&P 500 has risen over 3% from its lows just five days ago. However, the spotlight will remain on big tech and the Fed's response to signs of slowing economic growth as we move into the summer.

In response to softer economic indicators, yields have been declining. The bond market has aided the recent rise in stock prices, with interest rates dropping significantly. After peaking at 4.99% last week, 2-year Treasury yields closed at 4.72%. Similarly, 10-year benchmark rates reached 4.6% a few days ago and closed at 4.28%. This shift has been triggered by a series of economic activity readings that were slower than expected, including manufacturing and employment measures. While we're not particularly excited or surprised by the slower GDP growth, the upside is that it should ease inflation pressures, supporting the case for the Fed to consider a rate cut later this year.

This week, the labor market is clearly in focus, with a series of employment reports offering a new perspective on consumer conditions. Wednesday saw a slower-than-expected ADP private payrolls report. Today's update on weekly initial jobless claims revealed an increase to 229,000, the highest since the beginning of May and the second-highest reading since August 2023. Two key points can be drawn from this data: 1) the recent upward trend in jobless claims over the past two months suggests a slight loosening in the jobs market, and 2) this loosening is starting from a very healthy base, and overall employment conditions remain favorable compared to historical standards. The focus will continue on employment with the release of the May nonfarm payrolls report on Friday. The consensus is for approximately 180,000 new jobs in the month and for the unemployment rate to remain below 4%, both of which are strong indicators in the broader narrative of consumer spending.

GDPNow Update:

- The **GDPNow** for the second quarter of 2024 was updated on June 6. It rose to 2.60% GDP, up from 1.80%, a 30.77% increase.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance** rose to 229,000, up from 221,000 last week, and increased by 3.62%.
- **U.S. Productivity**: fell to 0.20%, compared to 3.50% last quarter.
- **U.S. Trade Balance on Goods**: fell to -99.21 billion, down from -93.35 billion last month.
- **30-Year Mortgage Rate**: rose to 7.03%, compared to 6.94% last week.
- **Canada Ivey PMI**: fell to 52.00, down from 63.00 last month, decreasing -17.46%.
- **ECB Deposit Facility Interest Rate**: fell to 3.75%, compared to 4.00% yesterday.
- **Eurozone Retail Trade YoY**: fell to 0.00%, compared to 0.70% last month.

Eurozone Summary:

- **Stoxx 600**: closed at 524.68, up 3.45 points or 0.66%.
- **FTSE 100**: closed at 8,285.34, up 38.39 points or 0.47%.
- **Dax Index**: closed at 18,652.67, up 76.73 points or 0.41%.

Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 38,886.17, up 78.84 points or 0.20%.
- **S&P 500**: closed at 5,352.96, down 1.07 points or 0.02%.
- **Nasdaq Composite**: closed at 17,173.12, down 14.78 points or 0.09%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,275.82, down 17.09 points or 0.52%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,143.25, up 20.74 points or 0.40%.
- **U.S. Treasury 10-year note** closed at 4.28%.
- **U.S. Treasury 2-year note** closed at 4.72%.

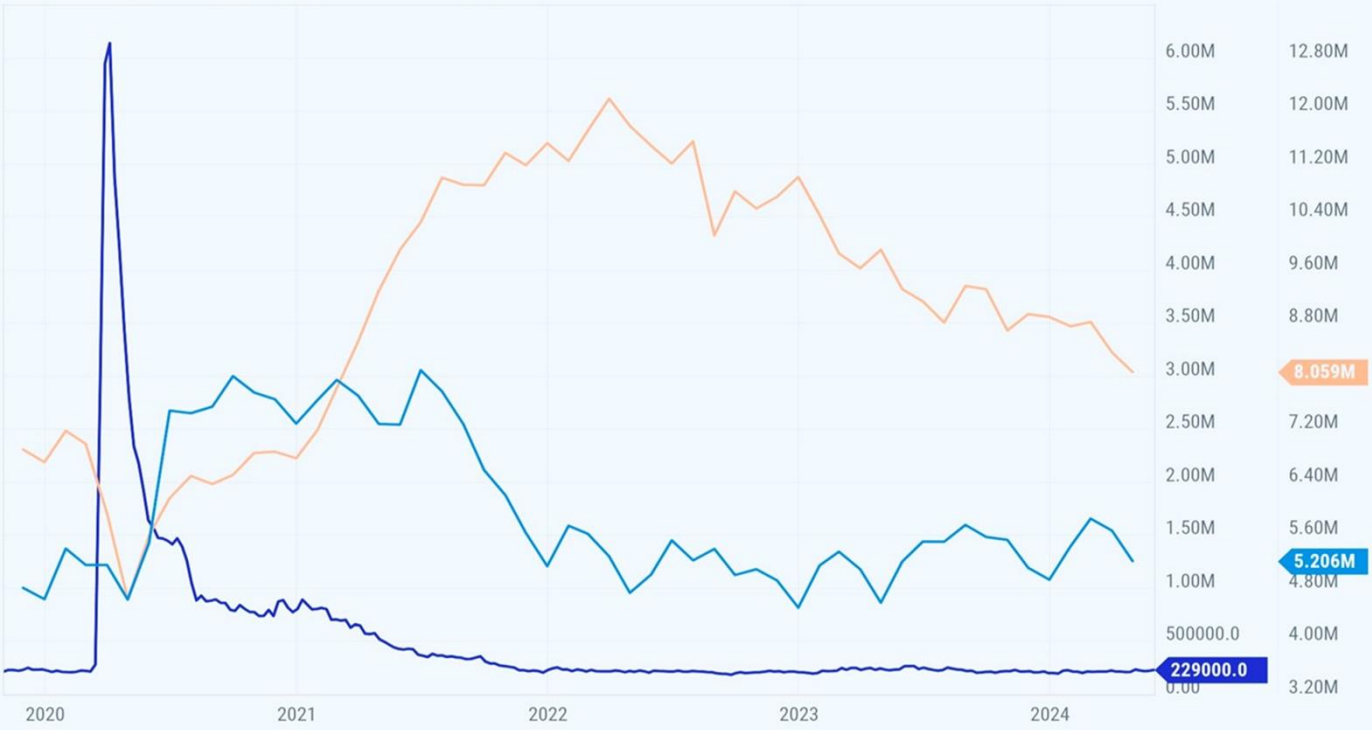


Date	GDPNow 2Q24	Change
4/26/2024	3.90%	Initial Forecast
5/1/2024	3.30%	-18.18%
5/2/2024	3.30%	0.00%
5/8/2024	4.20%	27.27%
5/16/2024	3.60%	-14.29%
5/24/2024	3.50%	-2.78%
5/31/2024	2.70%	-22.86%
6/3/2024	1.80%	-50.00%
6/6/2024	2.60%	30.77%



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

- US Initial Claims for Unemployment Insurance 229000.0
- US Job Openings: Total Nonfarm 8.059M
- US Unemployed Persons: Job Seeker 5.206M





US Productivity, 30-Year Mortgage Rate & Canada Ivey PMI

- US Productivity VAL 0.20%
- 30 Year Mortgage Rate 7.03%
- Canada Ivey PMI 52.00





European Central Bank Interest Rates & Eurozone Retail Trade YoY

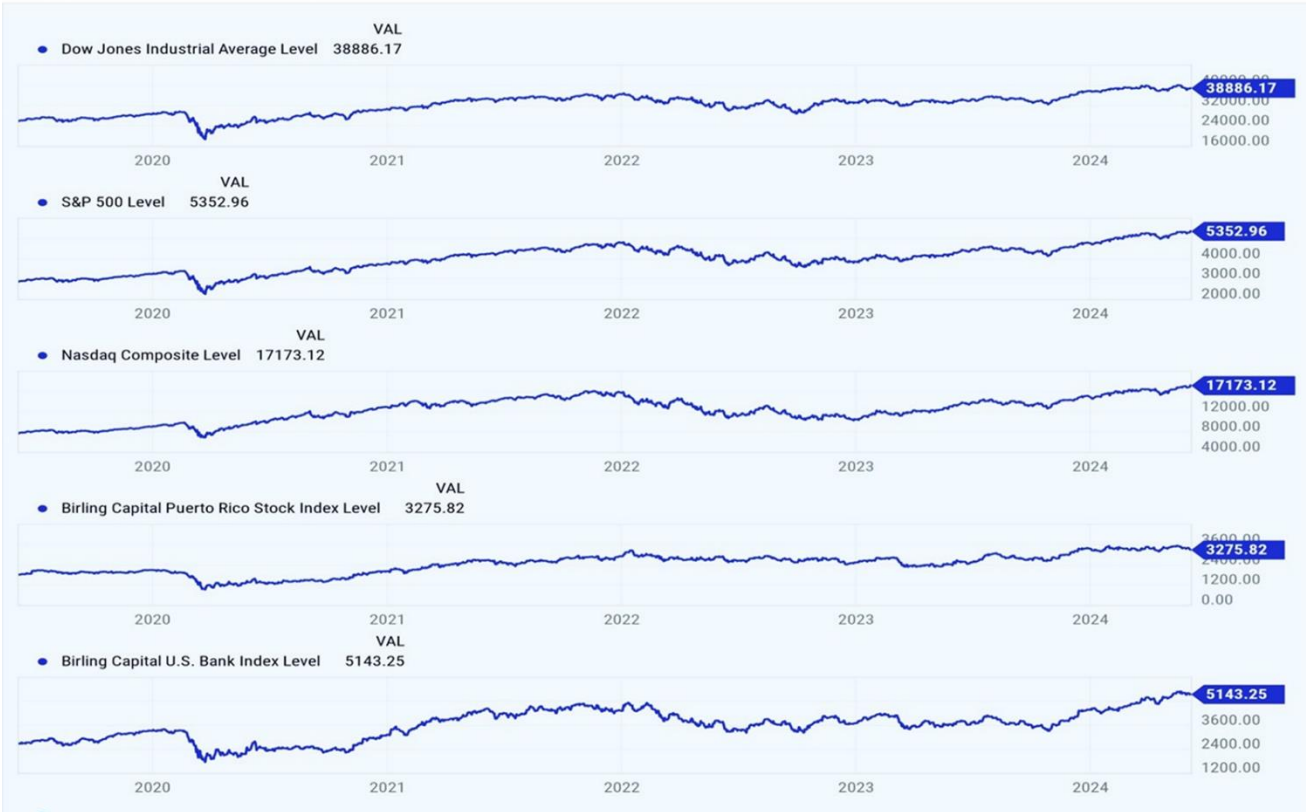




Wall Street Recap

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