

# S&P 500 Hits Record High as Inflation Data Exceeds Expectations, Tech Stocks Lead Gains Amid AI Boom and Labor Market Softens.

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The U.S. and European stock markets closed the session with mixed results, with the S&P 500 and the Nasdaq continuing their rise upwards driven by better-than-expected inflation readings and which today added the Producer Price Index, which fell in the month -0.25%, while consensus estimates had forecasted a 1% increase.

The S&P 500 closed again for the fourth straight day at its record high of 5 433.69, buoyed by solid investor optimism over the latest inflation report. Globally, markets were slightly weaker, with equities in Japan, China, and Europe experiencing moderate declines. Technology stocks continued to shine, driven by enthusiasm for artificial intelligence and lower interest rates supporting growth sectors. Real estate, consumer discretionary, and utilities were among today's leading sectors.

Yields dropped again, with the 10-year rate falling to close at 4.24%, down from 4.47% at the start of the week, as inflation readings eased upward pressure on yields seen earlier this year. The U.S. dollar strengthened slightly, given that global central banks are considering rate cuts sooner than the Federal Reserve. Meanwhile, gold and oil prices dipped. With a slew of employment and inflation data to digest, the broader market outlook remains positive. Thursday's lackluster movement is viewed as a breather after hitting new highs earlier this week.

The Disinflation Narrative has been pivotal this week, with Thursday's fresh look at the Producer Price Index (PPI) showing a 0.2% decline in May compared to April. This aligns with Wednesday's favorable Consumer Price Index (CPI) report. Year-over-year, core PPI (excluding food and energy) rose by 2.3%, down from 8.6% two years ago and 2.8% last year. This trend indicates a move toward lower consumer prices, boosting investor sentiment, supporting stock price increases, and declining interest rates in 2024. Although inflation may not consistently decrease, the recent CPI and PPI data encourage investors.

Labor Market Data Shows Emerging Softness with the initial jobless claims, a critical weekly employment indicator, rose 5.68% to 242,000, the highest since August last year, marking the fourth consecutive week of increases. The successive increases suggest a softening in the labor market, which has been exceptionally tight. However, unemployment remains low at 4%, and job growth continues, indicating ongoing hiring demand. While jobless claims have risen, they have increased from historically low levels. This slight loosening in employment conditions is necessary for further easing inflation and ultimately achieving a lower interest rate environment. Despite some additional softening, the labor market is expected to support consumer spending and economic growth throughout 2024 broadly.

### Key Economic Data:

- **U.S. Producer Price Index YoY:** fell to 2.24%, compared to 2.25% last month.
- **U.S. Core Producer Price Index YoY:** fell to 2.34%, compared to 2.45% last month.
- **U.S. Initial Claims for Unemployment Insurance:** rose to 242,000, up from 229,000 last week, increasing 5.68% from last week and -7.63% from one year ago.
- **30-Year Mortgage Rate:** fell to 6.99%, compared to 7.03% last week.
- **Eurozone Industrial Production Index YoY:** is at -1.00%, compared to -6.30% last month.

### Eurozone Summary:

- **Stoxx 600:** closed at 516.04, down 6.85 points or 1.31%.
- **FTSE 100:** closed at 8,163.67, down 57.81 points or 0.63%.
- **Dax Index:** closed at 18,265.68, down 365.18 points or 1.86%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 37,647.10, down 65.11 points or 0.17%.
- **S&P 500:** closed at 5,433.69, up 12.66 points or 0.23%.
- **Nasdaq Composite:** closed at 17,667.56, up 59.12 points or 0.34%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,307.14, up 66.44 points or 2.05%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,034.09, up 24.77 points or 0.49%.
- **U.S. Treasury 10-year note** closed at 4.24%.
- **U.S. Treasury 2-year note** closed at 4.68%.



# US Producer Price Index, US Core PPI & 30-Year Mortgage Rate

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● US Producer Price Index YoY	2.24%
● US Core Producer Price Index YoY	2.34%
● 30 Year Mortgage Rate	6.99%





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





# Wall Street Update

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