

GLOBAL MARKET SQUARE



Shifts in Market Dynamics Took Down the Dow Jones 299.05 Points as A.I. Enthusiasm Powers the S&P 500 and Nasdaq's Resilience with Nvidia Recovering.

June 25, 2024

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The U.S. and European stocks closed with mixed Tuesday as Stock Rotation took hold of Wall Street. The resurgence in Nvidia shares propelled the S&P 500 and Nasdaq Composite higher, following a significant sell-off in the chipmaking giant the previous day.

Nvidia shares rebounded by 6.87% to close at \$126.22 with a market cap of \$3.10 trillion a \$190 Billion swing in one day, after plunging over 6% in the previous session—their most significant single-day drop since April 19, when they fell by 10%.

This recent downturn has pushed Nvidia, a key player in the artificial intelligence sector, further into correction territory. Other semiconductor stocks, including Super Micro Computer, Qualcomm, and Broadcom, faced pressure on Monday.

Nvidia's decline contributed to the Nasdaq's over 1% drop on Monday, marking its steepest fall.

Last week, NVIDIA briefly held the title of the largest market-cap company globally, but it has since fallen over 15% from that peak, affecting market performance in recent days. Despite this, enthusiasm around A.I. has been a significant driver of market gains over the past several months. Year-to-date, the Nasdaq has climbed 18.09%, the S&P 500 14.66%, and the Birling U.S. Bank Index has risen 18.38%. On the other hand, the Dow Jones has only increased 3.77% and the Birling P.R. Stock Index by 0.62%.

Bonds are relatively stable, with the 10-year Treasury yield closing at 4.23%, down from its early June level of 4.6% due to softer inflation and jobs data exerting downward pressure on yields.

Sector performance has been shifting, which highlights the importance of diversification. The leading sectors year-to-date are communication services at 16.98%, technology at 15.55%, and financials at 10.61%, underscoring the strong momentum behind the A.I. trend and a broadening of leadership into cyclical and defensive sectors. All these results align with our expectation that market gains would extend beyond the "Magnificent 7". Over the past month, however, the macroeconomic landscape has shown some softness, particularly in consumer activity. This has narrowed the tech sector's lead, with real estate, consumer discretionary, communication services, and health care emerging as top performers. The equity markets have performed well recently, with signs of moderating consumer demand suggesting a potential slowdown in inflation, which could support an upcoming Fed rate cut as early as September.

The latest Case-Shiller home price index in the housing market is 7.16%, a year-over-year increase higher than the long-term average of 5.20%. On the other hand, the 30-year mortgage Rate is 6.87%, lower than the long-term average of 7.73%.

This data presents two contrasting narratives: The steady rise in home prices challenges the outlook for falling inflation as shelter costs remain persistently high. This is likely due to a limited housing supply, with homeowners reluctant to sell and lose their low-rate mortgages. On the other hand, this marks the lowest rate of home-price appreciation in four months and the first decline in the annual rate down from 7.4% the previous month in a year, suggesting that high mortgage rates and tight monetary policy are starting to impact the market.

While we do not anticipate a sharp decline in home-price appreciation, we expect shelter price pressures to moderate throughout 2024, giving the Fed more leeway to consider rate cuts later in the year.

Key Economic Data:

- **Case-Shiller Composite 20 Home Price Index YoY:** fell to 7.16%, compared to 7.46% last month. This is higher than the long-term average of 5.20%.
- **Case-Shiller Home Price Index:** National: rose to 319.05, up from 318.22 last month.
- **Richmond Fed Manufacturing Index:** fell by -10.00, down from 0.00 last month.
- **Canada Consumer Price Index YoY:** rose to 2.87%, compared to 2.69% last month.
- **Canada Inflation Rate:** rose to 2.87%, compared to 2.69% last month.
- **Japan Business Conditions Composite Coincident Index:** rose to 115.20, up from 114.20 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 517.70, down 1.17 points or 0.23%.
- **FTSE 100:** Closed at 8,247.79, down 33.76 points or 0.41%.
- **Dax Index:** Closed at 18,177.62, down 147.96 points or 0.81%.

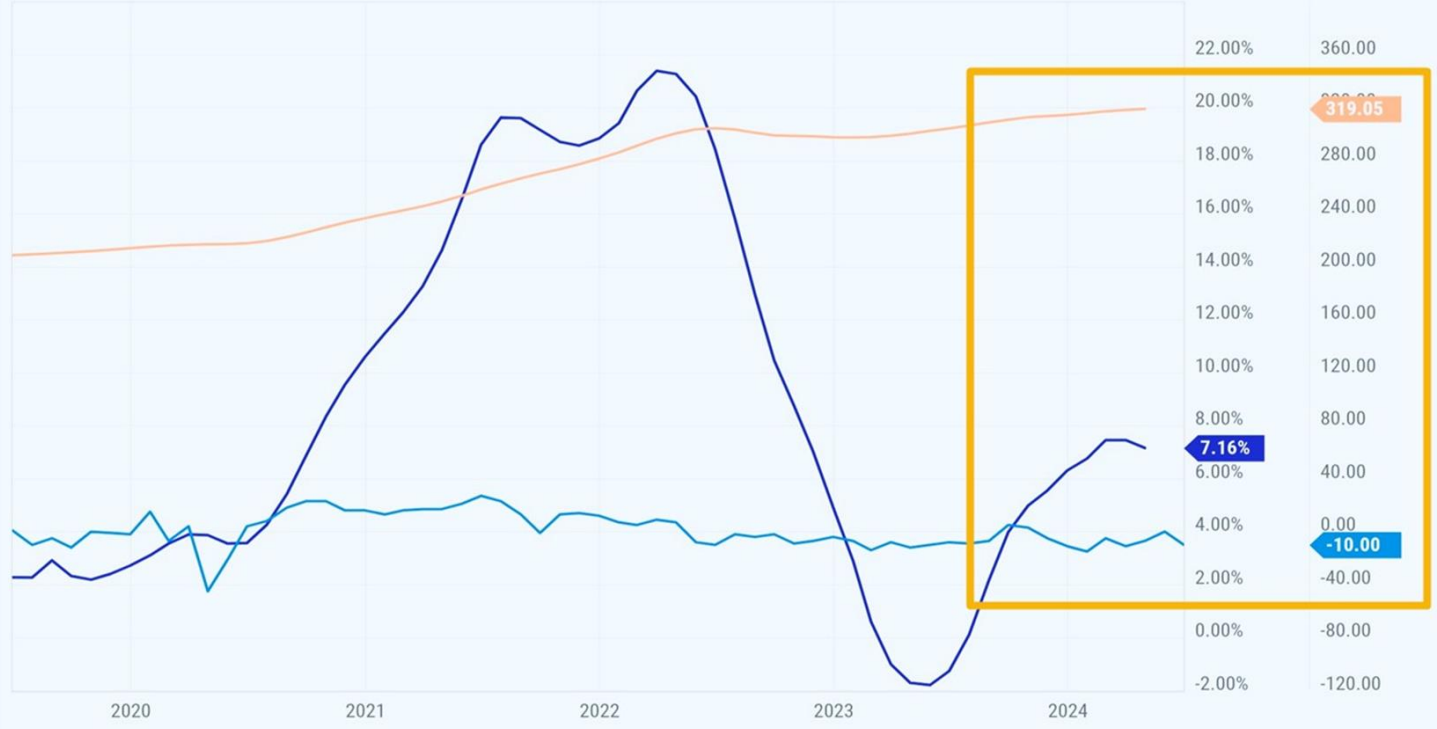
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,112.16, up 299.05 points or 0.76%.
- **S&P 500:** closed at 5,469.30, up 21.43 points or 0.39%.
- **Nasdaq Composite:** closed at 17,717.65, up 220.84 points or 1.26%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,363.90, up 75.65 points or 2.30%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,160.15, up 85.35 points or 1.68%.
- **U.S. Treasury 10-year note** closed at 4.23%.
- **U.S. Treasury 2-year note** closed at 4.65%.



Case-Shiller Composite 20 Home Price Index, Case-Shiller Home Price Index National & Richmond Fed Manufacturing Index

- Case-Shiller Composite 20 Home Price Index YoY VAL 7.16%
- Case-Shiller Home Price Index: National 319.05
- Richmond Fed Manufacturing Index -10.00

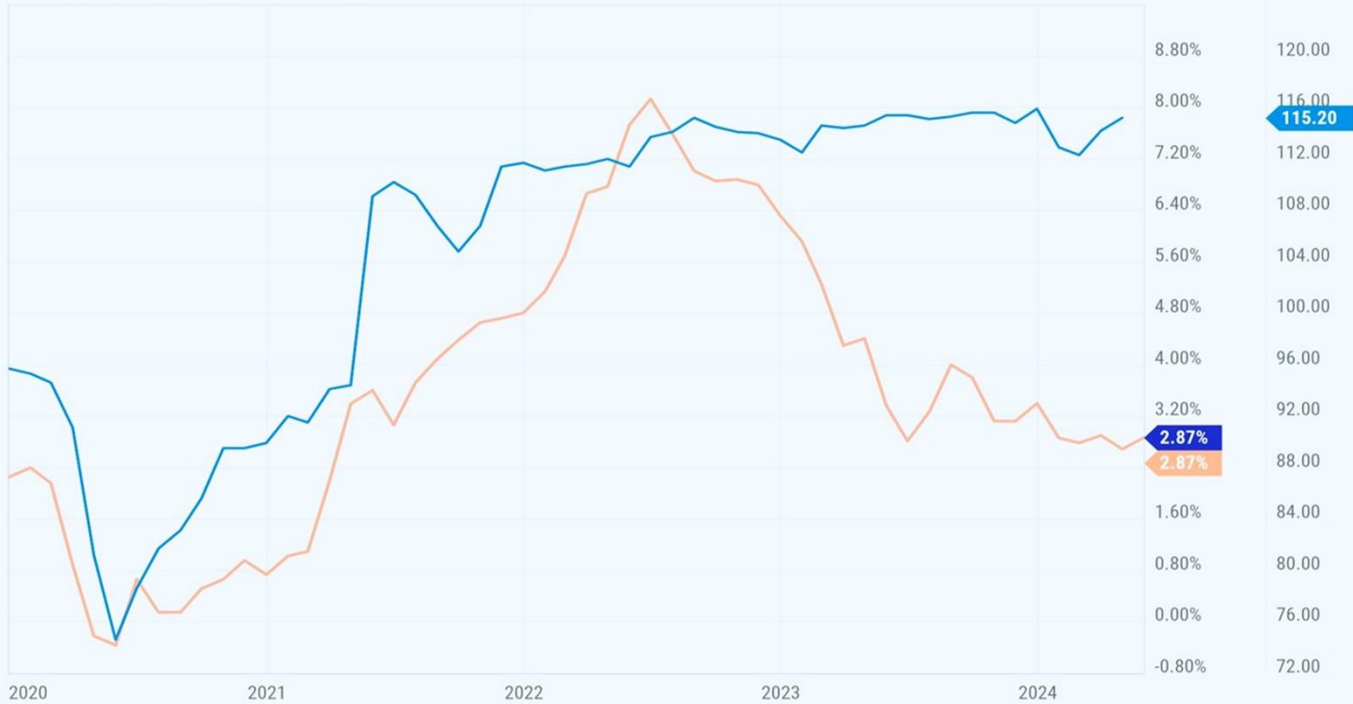




Canada Consumer Price Index, Canada Inflation Rate & Japan Business Conditions Composite Coincident Index

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- Canada Consumer Price Index YoY
 - Canada Inflation Rate
 - Japan Business Conditions Composite Coincident Index
- | | VAL |
|--|--------|
| Canada Consumer Price Index YoY | 2.87% |
| Canada Inflation Rate | 2.87% |
| Japan Business Conditions Composite Coincident Index | 115.20 |





Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 6.25.24

	VAL
● Dow Jones Industrial Average Level % Change	3.77%
● S&P 500 Level % Change	14.66%
● Nasdaq Composite Level % Change	18.03%
● Birling Capital Puerto Rico Stock Index Level % Change	0.62%
● Birling Capital U.S. Bank Index Level % Change	18.38%

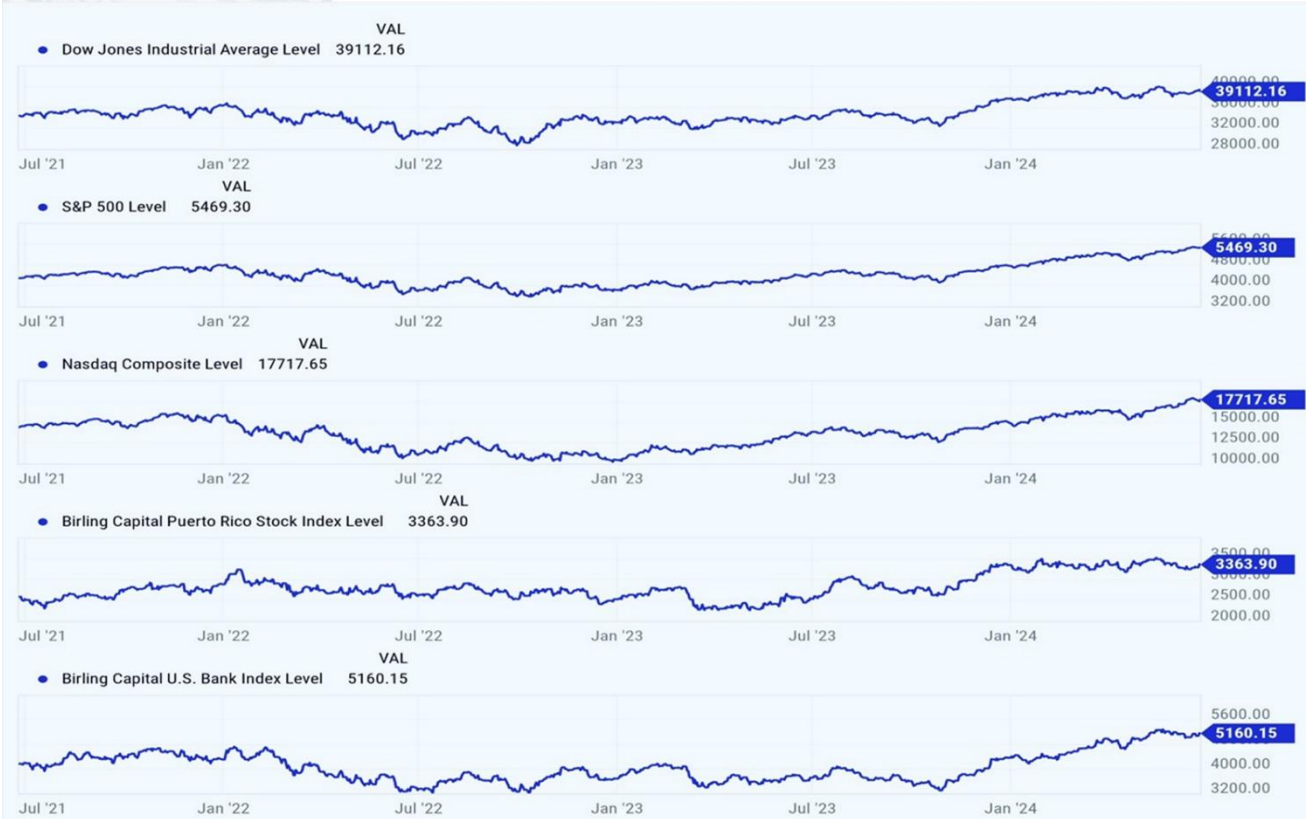




Wall Street Recap

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