

# FedEx Soars 15.53% on Earnings Beat Amid European Market Dip Driven by Hawkish ECB Remarks; U.S. Housing Market Shows Split Trends.

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by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

The U.S. and European stocks closed with mixed results on a quiet day with few macroeconomic headlines. Wall Street was able to find its winning ways, with the broader indexes closing higher. In Asia, markets closed higher overnight, while European markets dipped slightly following a consumer confidence report from Germany that fell short of expectations. The E.U. and the Stoxx 600 were notably impacted by a significant decline in the healthcare sector, which fell by 1.1%. Broader E.U. markets suffered from hawkish comments from central bank officials at the Federal Reserve and the European Central Bank (ECB), which influenced market movements. Anticipation of tighter monetary policies contributed to bearish sentiment.

On the corporate front, FedEx shares surged 15.53% following strong earnings that exceeded estimates. So far this month, the Nasdaq has risen 6.39%, the S&P 500 3.80%, and the Dow Jones 1.14%, mainly driven by ongoing strength in mega-cap technology stocks.

Treasury yields inched up, with the 10-year yield closing at 4.32%, while the 2-year yield closed at 4.71%. The Bloomberg U.S. Aggregate Bond Index has gained around 1.7% this month, buoyed by a decline in Treasury yields following lower-than-expected U.S. inflation data earlier in the month.

Housing market data was the focus today with the release of new home sales for May, which came in at a seasonally adjusted annualized rate of 619,000, 4.47% below expectations of 648,000. The median sales price for new homes in May was \$417,400, down from \$433,500 in April. Despite high borrowing costs and near-record selling prices, new home sales have held up well, with the May figure only moderately below the 10-year average of around 640,000. However, existing home sales have shown significant weakness, impacted by higher borrowing costs. Last week's data revealed that existing home sales fell to an annualized rate of 4.1 million in May, 22.64% below the 10-year average of 5.3 million, marking the third consecutive monthly decline.

The disparity between new and existing home sales can be attributed to current homeowners' reluctance to sell and lose their lower mortgage rates. This hesitancy is reflected in the inventory of existing homes for sale, which is at the low end of its 10-year range, while the inventory of new homes for sale has steadily risen over the past year. Tight housing inventory has likely supported home prices despite higher borrowing costs and reduced affordability. Should lower interest rates lead to more existing homes being listed, potential Federal Reserve rate cuts could help slow the rise in home prices.

## Corporate Earnings Parade:

- **FedEx Corp (FDX):** reported fiscal 2024 full-year revenues of \$22.1 billion, up 0.91%, and Net Income of \$1.56 billion, up 17.59% and beating estimates. FedEx has a price objective of \$308.15 and reached an EPS of \$5.94 ahead of Estimates of \$4.90. The Stock closed at \$296.19, up \$39.81 or 15.53%.

### Key Economic Data:

- **U.S. New Single-Family House Sold:** fell to 619,000, down from 698,000 last month.
- **U.S. New Single-Family Houses Sold MoM:** fell -11.32%, compared to 2.05%.

### Eurozone Summary:

- **Stoxx 600:** Closed at 514.81, down 2.89 points or 0.56%.
- **FTSE 100:** Closed at 8,225.33, down 22.46 points or 0.27%.
- **Dax Index:** Closed at 18,155.24, down 22.38 points or 0.12%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,127.80, up 15.64 points or 0.04%.
- **S&P 500:** closed at 5,477.90, up 8.60 points or 0.16%.
- **Nasdaq Composite:** closed at 17,805.16, up 87.50 points or 0.49%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,333.72, down 30.18 points or 0.90%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,117.21, down 42.94 points or 0.83%.
- **U.S. Treasury 10-year note** closed at 4.32%.
- **U.S. Treasury 2-year note** closed at 4.71%.



# The Divergence between New Single-Family Homes Sold and Existing Home Sales Versus 30-Year Mortgage Rate

- US New Single Family Houses Sold 619.00K
- US Existing Home Sales 4.11M
- 30 Year Mortgage Rate 6.87%



# The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate & 10-year US Treasury





# Wall Street Update

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