

Investors Digest PPI Data, Tech Sector Leads Earnings Surge, Propelling S&P 500 Upward and Wall Street Closed Up.

May 14, 2024

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The U.S. and European stock markets closed the session primarily up as markets assess the latest U.S. inflation data. The April Producer Price Index (PPI) exceeded expectations due to downward revisions to March's figures. Despite the higher-than-expected PPI, markets appeared unfazed, with stocks closing up and bond yields declining. Meanwhile, European markets closed mixed following a favorable report on German economic sentiment, which reached its highest level since 2022. All eyes remain on inflation, with the Consumer Price Index (CPI) data set to be released tomorrow. The latest Inflation Nowcasting updated today has the CPI at 3.50% and the Core CPI at 3.65%; we shall see tomorrow's data.

The April headline PPI rose by 0.5% month-over-month, surpassing the anticipated 0.3% increase. Core PPI, excluding food and energy, rose by 0.5% compared to the expected 0.2% gain. However, these figures were influenced by revisions to March's data, which saw both headline and core PPI revised down from a 0.2% increase to a -0.1% decline. Year-over-year, the headline PPI increased by 2.2% in April, slightly below expectations, while the core PPI rose by 2.4% above forecasts. Given that the monthly increase was partly due to previous revisions, today's inflation data might be less concerning than it appears. We anticipate a downward trend in inflation over the coming months despite potential fluctuations. The CPI data release tomorrow will keep inflation at the forefront of market considerations.

Corporate Earnings add fuel to Equity Markets.

Robust corporate earnings have significantly bolstered equity markets in recent weeks. With over 90% of S&P 500 companies having reported their first-quarter earnings, approximately 80% have surpassed expectations, leading to an overall earnings growth of over 5% year-over-year. The information technology, consumer discretionary, and communication services sectors have been standout performers, each on track for over 20% earnings growth in the first quarter. Defensive sectors like utilities, consumer staples, and financials have also shown strong profit growth. The S&P 500 is projected to achieve nearly 11% earnings growth year-over-year. Given the limited scope for valuation expansion, sustained profit growth will likely be crucial for maintaining market strength throughout the year.

Key Economic Data:

- **U.S. Producer Price Index YoY:** rose to 2.17%, compared to 1.83% last month.
- **U.S. Core Producer Price Index YoY:** rose to 2.37%, compared to 2.11% last month.
- **Canada Wholesale Sales MoM:** is at -1.08%, compared to 2.31% last month.
- **Germany Consumer Price Index YoY:** is unchanged at 2.20%, compared to 2.20% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** rose to 47.10, up from 42.90 last month.
- **UK ILO Unemployment Rate: Aged 16-64:** rose to 4.40%, compared to 4.30% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 520.86, up 0.10 points or 0.02%.
- **FTSE 100:** closed at 8,414.99, down 18.77 points or 0.22%.
- **Dax Index:** closed at 18,742.22, down 30.63 points or 0.16%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,558.11, up 126.60 points or 0.32%.
- **S&P 500** closed at 5,246.68, up 25.26 points or 0.48%.
- **Nasdaq Composite** closed at 16,511.18, up 122.94 points or 0.75%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,463.76, down 10.00 points or 0.29%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,165.56, down 15.72 points or 0.30%.
- **U.S. Treasury 10-year note** closed at 4.45%.
- **U.S. Treasury 2-year note** closed at 4.81%.



Inflation Nowcasting

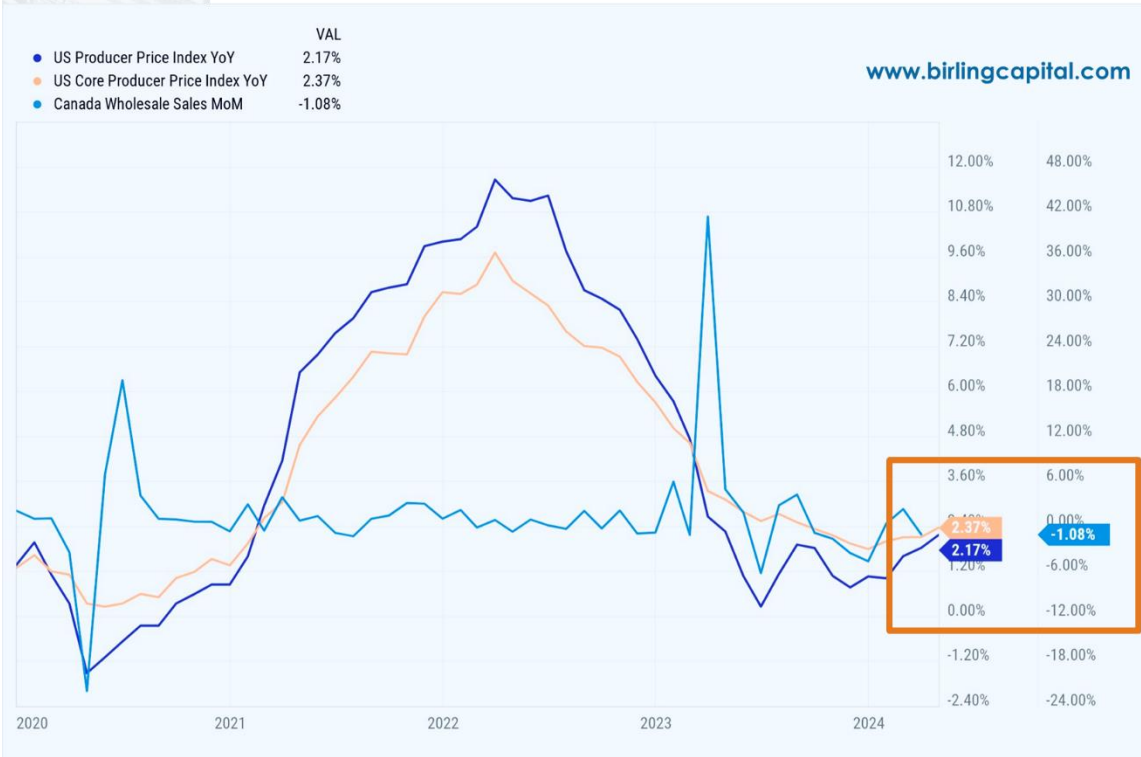
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Index	CPI	Core CPI	Updated
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April	3.50%	3.65%	5/14/2024
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US Producer Price Index, US Core PPI and Canada Wholesale Sales





Germany Consumer Price Index, ZEW Indicator for Germany and UK ILO Unemployment Rate

- Germany Consumer Price Index YoY VAL 2.20%
- ZEW Indicator of Economic Sentiment for Germany 42.90
- UK ILO Unemployment Rate: Aged 16-64 4.40%





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Wall Street Recap

May 14, 2024

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