

U.S. Unemployment Claims Drop, Walmart's Strong Q1 Earnings Highlight E-commerce Growth and Wall Street Falls.

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The U.S. and European stock markets closed with losses; on the side of the Atlantic, Wall Street erased gains from earlier in the week and could not reach new highs even after the Dow Jones touched 40,000.

Meanwhile, European markets closed down after evaluating corporate earnings, and Asian markets closed higher. In the U.S., another piece of the complex labor market puzzle was reported today: Initial Claims for Unemployment fell to 222,000, decreasing -4.31%.

Large-cap stocks continue to outperform small- and mid-cap stocks. Sector performance varies, with consumer staples, technology, and financials leading the way. The U.S. dollar's performance is mixed against major currencies. WTI oil is approaching **\$80 per barrel** in commodities due to strong demand, while gold has seen a slight decline, reversing some recent gains.

As the corporate earnings season winds down, attention is shifting toward retailers. This morning, Walmart reported its first-quarter results, surpassing earnings expectations thanks to increased e-commerce activity and comparable-store sales. The company also noted a rise in sales to higher-income consumers, likely influenced by persistent inflation. With 92% of S&P 500 companies having reported first-quarter earnings, results have been robust, supporting the recent rise in stock prices. Of the reported companies, 78% exceeded analyst expectations, with an average surprise of 7.5%. Year-over-year earnings growth for the first quarter stands at 5.4%, the highest since Q2 2022, and is expected to accelerate to 11% for the year. Broad sector performance, with eight out of eleven sectors showing year-over-year earnings growth, indicates that lagging sectors might catch up, furthering economic expansion.

Treasury yields are modestly higher, with the 10-year yield near 4.3%, down about 0.4% from mid-April highs. Yesterday's favorable inflation report has strengthened expectations that the Federal Reserve might cut rates later this year. Ongoing signs of abating inflation will keep the Fed on course to reduce rates in the latter half of the year, which would benefit the economy and markets overall.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 222,000, down from 232,000 last week, decreasing -4.31%.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** rose 3.00 from -0.60 the previous month.
- **U.S. Building Permits** fell to 1.44 million, down from 1.485 million last month, and decreased by 3.03%.
- **U.S. Housing Starts:** rose to 1.36 million, up from 1.287 million last month, increasing 5.67%.

Eurozone Summary:

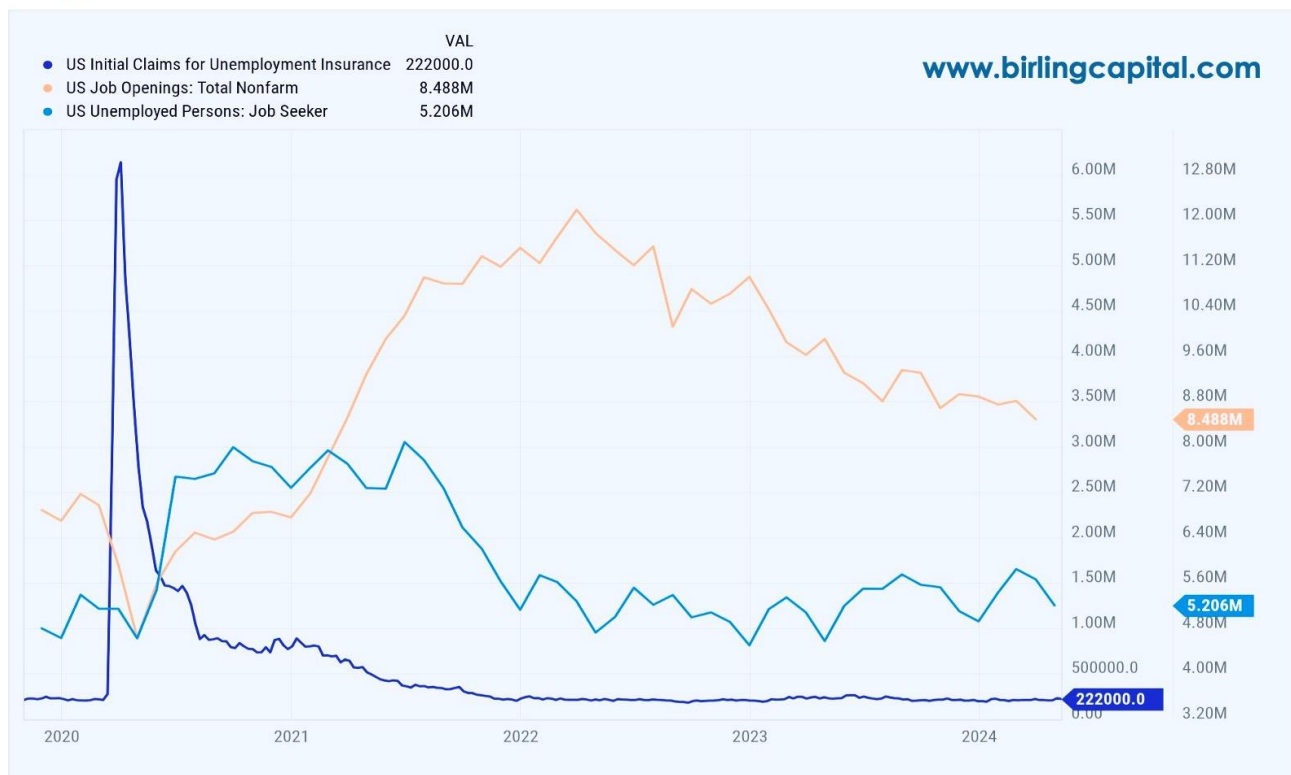
- **Stoxx 600:** closed at 523.62, down 1.09 points or 0.55%.
- **FTSE 100:** closed at 8,438.65, down 7.15 points or 0.08%.
- **Dax Index:** closed at 18,738.81, down 130.55 points or 0.69%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,869.38, down 38.62 points or 0.10%.
- **S&P 500** closed at 5,197.10, down 11.05 points or 0.21%.
- **Nasdaq Composite** closed at 16,698.32, down 44.07 points or 0.26%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,516.16, up 19.35 points or 0.55%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,236.66, up 51.84 points or 0.99%.
- **U.S. Treasury 10-year note** closed at 4.38%.
- **U.S. Treasury 2-year note** closed at 4.78%.



US Initial Claims for Unemployment, US Job Openings & US Job Seekers,



NY Fed Business Leaders Survey, US Import Prices & US Export Prices

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- NY Fed Business Leaders Survey Current Business Activity VAL 3.00
- US Import Prices YoY 1.07%
- US Export Prices YoY -0.99%





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