

The Nasdaq Composite climbed .65%, driven by tech sector gains, particularly in NVIDIA, soaring over 2% ahead of its earnings report.

May 20, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed mostly up, except the Dow. Jones closed down, with the S&P 500 and Nasdaq climbing 0.1% and 0.6% respectively. Tech stocks led the charge with a gain of over 1%, while consumer discretionary and financials trailed behind. NVIDIA, a semiconductor giant, boosted the tech sector, closing over 2% higher in anticipation of its earnings release on Wednesday.

The Five indexes we follow have had intense highs, and we highlight their YTD returns:

- **Dow Jones** has a YTD return of **5.62%**.
- **S&P 500** has a YTD return of **11.29%**.
- **Nasdaq Composite** has a YTD return of **11.88%**.
- **Birling PR Stock Index** has a YTD return of **4.29%**.
- **Birling U.S. Bank Index** has a YTD return of **20.77%**.

Bond yields also rose, with the 10-year yield closing at 4.44% and the 2-year yield at 4.82%. On the international front, Asian markets closed higher, with Chinese stocks continuing their upward trend following policy measures to bolster the Chinese property market. Oil prices dipped to close around \$79 per barrel in commodities, while gold saw a 0.6% increase.

This week, the market will focus on corporate earnings, with several retailers, including Lowe's, Target, TJ Max, and Ross, set to report. The week's highlight will likely be the earnings report from tech heavyweight NVIDIA, which is due on Wednesday. So far, about 93% of the S&P 500 companies have reported that earnings growth is on track to hit 5.5% year-over-year, surpassing the 3% growth forecasted at the end of March. Approximately 80% of reporting companies have beaten earnings expectations, with an average upside surprise of around 7.9%. If this trend continues, it would be the most significant average upside surprise since Q4 2021. Earnings growth has been widespread, with eight of the 11 sectors in the S&P 500 expected to post positive earnings growth for Q1.

Communication services, utilities, technology, and consumer discretionary are leading the pack, each expected to grow earnings by over 20% in Q1. Full-year estimates project the S&P 500 to grow earnings by 10.8% in 2024, up from the 10.6% estimate at the end of March. Given the limited room for S&P 500 valuations to expand, robust corporate profit growth will be essential for continued market strength in 2024.

The Housing Market Trends on the Radar, starting with Wednesday's release of April's existing home sales data. The forecast is for a seasonally adjusted annual rate of 4.2 million, similar to March's 4.19 million. New-home sales data will follow on Thursday, with April's new-home sales expected to be at a seasonally adjusted annual rate of 672,000, down from March's 693,000. Existing-home sales have been below the long-term median of 5.3 million since 2022, partly due to a shortage of homes for sale as homeowners are hesitant to sell and give up their low mortgage rates secured before 2022. While existing home sales have been weak, new ones have been around their long-term median of 654,000

for the past two years. Home prices have recovered after a slump in mid-2023, with the S&P Case-Shiller Nationwide Home Price Index up 6.4% year-over-year in the latest reading. Homebuilders have benefited from the tight supply of existing homes for sale, with the S&P 1500 Homebuilders Sub-Index up 96% since the start of 2023, doubling the S&P 500's 38% gain. Looking ahead, we expect a better balance between housing supply and demand. The Fed will likely cut interest rates later this year, leading to lower mortgage rates and more supply in the market through increased construction and more inventory of existing homes for sale.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.731, down from \$3.766 last week, decreasing -0.93%.

Eurozone Summary:

- **Stoxx 600:** closed at 523.89, up 0.27 points or 0.05%.
- **FTSE 100:** closed at 8,424.30, up 3.94 points or 0.65%.
- **Dax Index:** closed at 18,766.96, up 64.54 points or 0.35%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,806.77, down 196.82 points or 0.49%.
- **S&P 500** closed at 5,308.15, up 4.86 points or 0.09%.
- **Nasdaq Composite** closed at 16,794.88, up 108.91 points or 0.65%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,485.40, down 2.34 points or 0.07%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,264.15, up 22.74 points or 0.43%.
- **U.S. Treasury 10-year note** closed at 4.44%.
- **U.S. Treasury 2-year note** closed at 4.82%.



Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index

	VAL
● Dow Jones Industrial Average Level % Change	5.62%
● S&P 500 Level % Change	11.29%
● Nasdaq Composite Level % Change	11.88%
● Birling Capital Puerto Rico Stock Index Level % Change	4.25%
● Birling Capital U.S. Bank Index Level % Change	20.77%





Wall Street Update

May 20, 2024



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.