

US and European Stock Markets Close with Divergent Performance and Consumer Spending is Under Scrutiny.

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The US and European stock markets closed with asymmetrical results, with no significant data releases or headlines to drive movement, and equities on Wall Street are near all-time highs.

Meanwhile, European markets closed broadly lower.

The prevailing sentiment is general optimism, fueled by strong corporate earnings growth and the anticipation of more accommodative Federal Reserve policies later this year. Ten-year Treasury yields have dipped slightly, closing at 4.41%, down from 4.7% at the beginning of May. In other markets, oil and gold prices have fallen today, while the utility and healthcare sectors are leading gains, indicating a cautious stance amid today's subdued market activity.

Despite concerns about the timing of expected Fed rate cuts, equities maintain robust gains, mainly due to upbeat corporate earnings. As first-quarter earnings season wraps up, all eyes are on NVIDIA, which reports after the bell on Wednesday. Given the recent surge in NVIDIA's stock, expectations are high, and their results are expected to significantly influence market sentiment, particularly regarding the ongoing excitement around AI. Corporate earnings have met expectations for solid profit growth this year, providing a strong foundation for potential market gains.

Strong household spending has driven above-trend GDP growth over the past year. However, higher interest rates, reduced savings, and slowing wage growth are starting to challenge this trend. While we don't foresee a complete drop in consumer spending this year, a slight slowdown is expected, leading to a slower overall GDP growth rate. Recent earnings reports from consumer-focused companies have highlighted the current state of consumer spending. Target, set to report tomorrow, has preemptively announced price cuts on frequently purchased items, mirroring comments from McDonald's, Walmart, and Starbucks about early signs of reduced discretionary spending. We believe the labor market will remain strong enough to support ongoing consumer spending and stave off a recession. Still, given persistent inflation, consumer behavior will be scrutinized moving forward.

Key Economic Data:

- **Canada Consumer Price Index YoY:** fell to 2.69%, compared to 2.90% last month.
- **Canada Inflation Rate:** fell to 2.69%, compared to 2.90% last month.
- **Germany Producer Price Index YoY:** fell to -3.30%, compared to -2.90% last month.
- **Japan Machinery Orders YoY:** rose by 0.66%, compared to -10.48% last month.

Eurozone Summary:

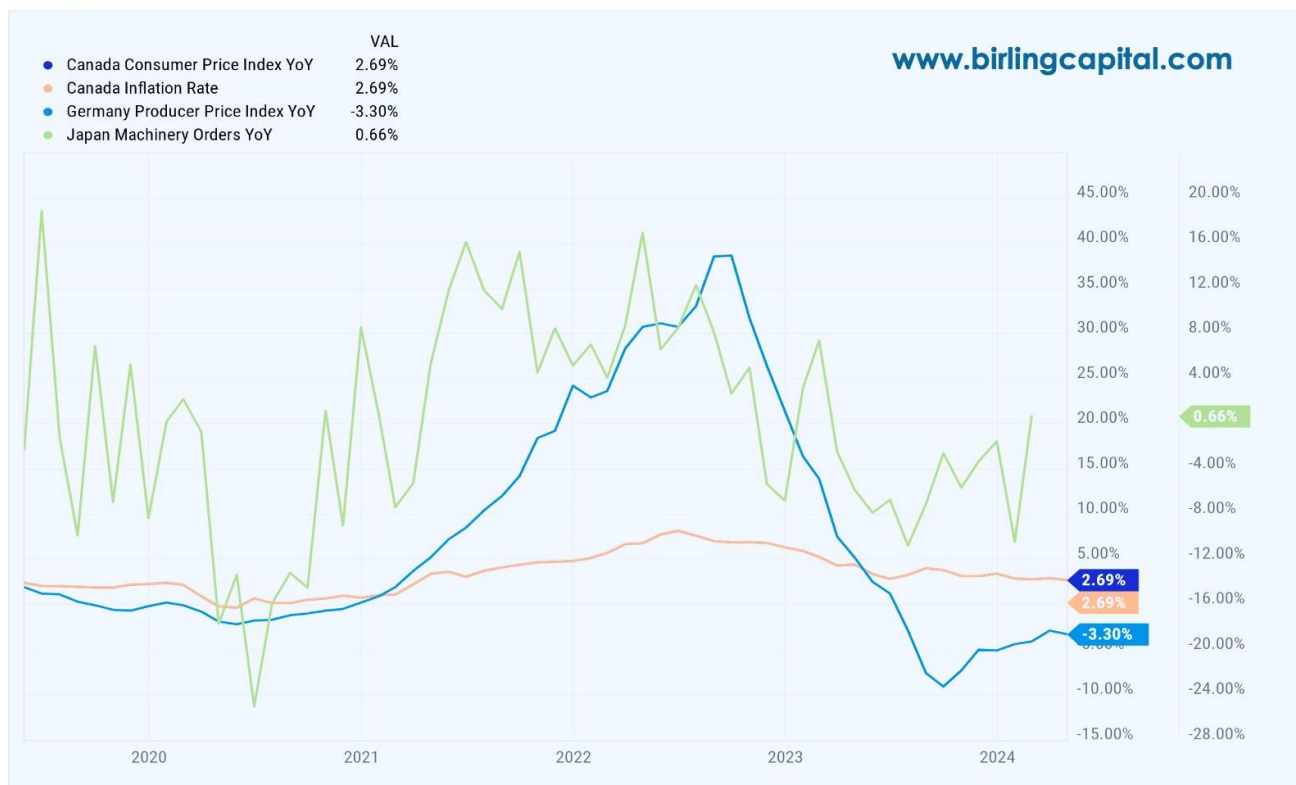
- **Stoxx 600:** closed at 522.95, down 0.94 points or 0.18%.
- **FTSE 100:** closed at 8,416.45, down 7.75 points or 0.092%.
- **Dax Index:** closed at 18,726.76, down 42.20 points or 0.22%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,872.99, up 66.22 points or 0.17%.
- **S&P 500** closed at 5,321.41, up 13.28 points or 0.25%.
- **Nasdaq Composite** closed at 16,832.62, up 37.75 points or 0.22%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,442.82, down 42.57 points or 1.22%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,188.58, down 75.57 points or 1.44%.
- **U.S. Treasury 10-year note** closed at 4.41%.
- **U.S. Treasury 2-year note** closed at 4.82%.



Canada CPI, Canada Inflation Rate, Germany PPI & Japan Machinery Orders YoY





Wall Street Recap

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