

Dow Jones Falls 605.78 points the worst Day of 2024, NVIDIA's Earnings Optimism, Fed Rate Cuts on the Horizon? Markets Suggest a Shift.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets attempted a surge following the impressive Earnings Report from NVIDIA, while the tech-centric Nasdaq initially rose, it fizzled along with the other indexes closing down. The Dow Jones fell hard 605.78 points recording the worst trading day of 2024, the S&P fell 0.74% and the Nasdaq fell 0.39%. The robust earnings from NVIDIA, a leading player in the artificial intelligence (AI) industry, not only surpassed analysts' predictions but also provided an optimistic outlook for the nascent AI industry and announced a 10-for-1 stock split, set to take effect on June 7. This positive news from NVIDIA tried to ease market concerns that a mediocre performance could hinder the ongoing market rally. Concurrently, Treasury bond yields closed on Thursday, with the 10-year yield at 4.47%.

NVIDIA's Earnings Report Highlights AI's Growing Influence in the Bull Market – NVIDIA's first-quarter earnings report underscored its continued strong demand for AI chips across various sectors and regions. The company's revenues rose 262%, net income rose 428% from the previous year, and second-quarter guidance surpassed analyst expectations. Lastly, NVIDIA announced a 10-for-1 stock split and an increased dividend payout. NVIDIA CEO Jensen emphasized the expanding application of generative AI in sectors like automotive and healthcare beyond its traditional cloud-service clientele. AI is still in the early stages of a long-term bull market. While the initial stock gains have been predominantly observed in AI enablers, such as the semiconductor industry, we anticipate that productivity benefits will eventually permeate other sectors, including financial services, healthcare, industrials, and manufacturing.

The market anticipates potential Fed Rate Cuts in 2024 as the Fed minutes reveal that FOMC officials are still apprehensive about the higher-than-anticipated inflation figures for the first quarter. However, more recent data has shown improved inflation trends and some cooling in the labor market and consumer sectors, which benefits the rate cut probability. The Fed needs to observe two or three improved inflation figures before indicating a rate cut, which could be a plausible trajectory for inflation by the end of the year. Indicators such as softer labor market data, weak retail sales, and certain corporate earnings suggest a retreating consumer, which could lead to lower wage growth and potentially softer services inflation. A combination of easing inflation and moderating economic growth could set the stage for a Fed rate-cutting cycle and a diversification in market leadership.

Corporate Earnings Parade:

- **Medtronic PLC (MDT)** reported 4Q24 revenues of \$8.6 billion, up 0.5%, net income of \$659 million, down 44.10%, and Earnings Per Share of \$1.46, beating expectations. The stock closed at \$81.38, down -5.11%. The company has a Price Objective of \$94.77.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 215,000, down from 223,000 last week and decreasing -3.59%.
- **U.S. New Single-Family House Sales:** fell to 634,000, down from 665,000 last month and decreasing -4.66%.
- **30-Year Mortgage Rate:** fell to 6.94%, compared to 7.02% last week.
- **Kansas City Fed Manufacturing Production Index:** is at -1.00, up from -13.00 last month.
- **Eurozone Consumer Confidence Indicator:** is at -14.70, up from -14.90 last month.
- **Eurozone Economic Sentiment Indicator:** fell to 95.60, down from 96.20 last month.
- **China Exports YoY:** rose 1.49%, compared to -7.55% last month.
- **China Imports YoY:** rose 8.36%, compared to -1.95% last month.
- **China Trade Balance:** rose to 72.35 billion, up from 58.60 billion last month, increasing 23.47%.

Eurozone Summary:

- **Stoxx 600:** closed at 521.56, up 0.38 points or 0.07%.
- **FTSE 100:** closed at 8,339.23, down 31.10 points or 0.37%.
- **Dax Index:** closed at 18,691.32, up 11.12 points or 0.06%.

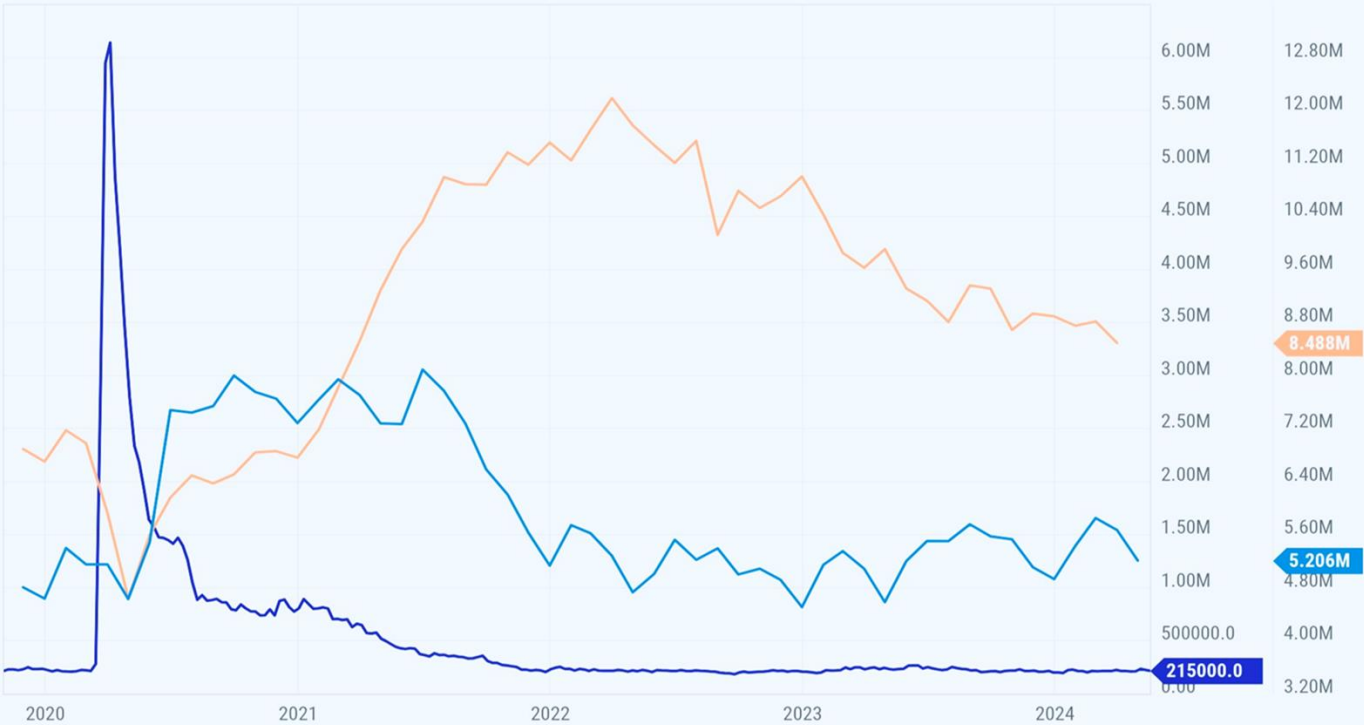
Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,065.26, down 605.78 points or 1.53%.
- **S&P 500** closed at 5,265.62, down 41.39 points or 0.74%.
- **Nasdaq Composite** closed at 16,736.03, down 65.51 points or 0.39%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,405.73, down 48.18 points or 1.39%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,235.82, down 45.08 points or 0.85%.
- **U.S. Treasury 10-year note** closed at 4.47%.
- **U.S. Treasury 2-year note** closed at 4.91%.



US Initial Claims for Unemployment, US Job Openings Nonfarm and US Job Seekers

- US Initial Claims for Unemployment Insurance 215000.0
- US Job Openings: Total Nonfarm 8.488M
- US Unemployed Persons: Job Seeker 5.206M





US New Single-Family Houses Sold, 30-Year Mortgage Rate, and Kansas City Fed Manufacturing Production Index

- US New Single Family Houses Sold VAL 634.00K
- 30 Year Mortgage Rate 6.94%
- Kansas City Fed Manufacturing Production Index -1.00

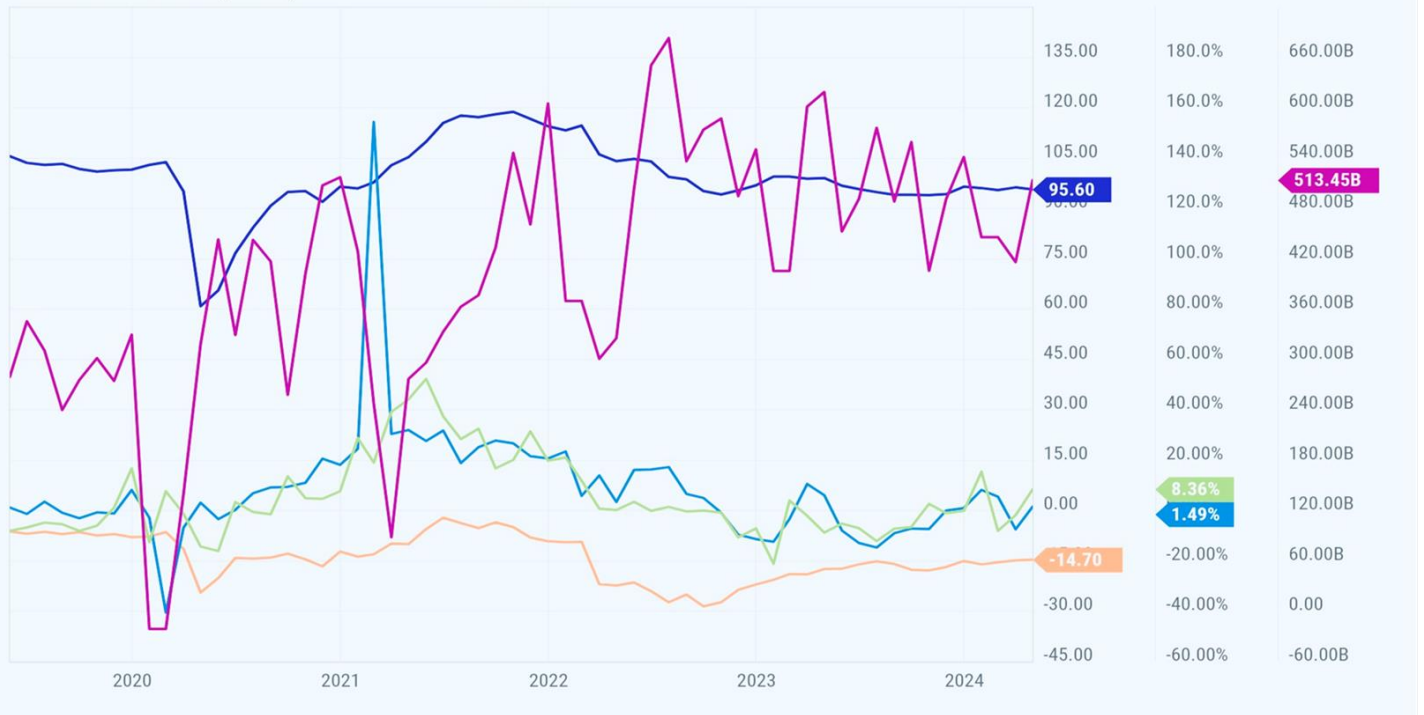




EU Economic Sentiment, EU Consumer Confidence, China Exports, China Imports and China Trade Balance

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	VAL
● Eurozone Economic Sentiment Indicator (I:EESI)	95.60
● Eurozone Consumer Confidence Indicator (I:ECCISM)	-14.70
● China Exports YoY (I:CEYY)	1.49%
● China Imports YoY (I:CIYY)	8.36%
● China Trade Balance (I:CTB01)	513.45B



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