

GLOBAL MARKET SQUARE



Global Markets Reel from Dow Jones' Worst Day of 2024; Fed's Anticipated Single Rate Cut in 2024 and U.S. Consumer Sentiment Falls.

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The U.S. and European stock markets ended the week with mixed results as investors sought a regroup following a two-day sell-off that impacted the global markets and caused the Dow Jones to record its worst day of 2024 yesterday. Wall Street was able to regroup and finished with slim gains.

European stocks, following New York and Asia, were impacted and were lower as traders pushed back expectations of the Federal Reserve's interest rate cuts to later in 2024 following robust U.S. economic activity data.

The Market is pricing Reserve's Rate Cut in 2024

The financial markets are currently factoring in a single rate reduction by the Federal Reserve in 2024. This shift in expectations, from two to one rate cut, has been influenced by the recent release of the Fed minutes and robust S&P PMI data unveiled on Thursday. The anticipated rate cut is likely to occur in September 2024.

The Fed meeting minutes reveal that Federal Open Market Committee (FOMC) officials continue to express concerns over the higher-than-anticipated inflation figures from the first quarter. However, more recent data suggests an improvement in inflation trends and a slight cooling in the labor market and consumer sector.

Before hinting at a rate cut, the Fed requires at least two or three more favorable inflation reports. This could be a plausible trajectory for inflation by the end of the year. Indications of a softer labor market, sluggish retail sales, and certain corporate earnings suggesting a somewhat retreating consumer all point towards slower wage growth and milder services inflation.

A mix of declining inflation and slowing economic growth could set the stage for initiating a Fed rate-cutting cycle. This could also lead to a diversification in market leadership.

GDPNow Update:

- The GDPNow for the second quarter of 2024 was updated on May 24. It decreased to 3.50% GDP, down from 3.60%, a 2.78% decrease.

Key Economic Data:

- **U.S. Index of Consumer Sentiment:** It fell to 69.10, down from 77.20 last month, a 10.49% decrease.
- **U.S. Durable Goods New Orders MoM:** fell to 0.68%, compared to 2.19% last month.
- **U.K. Retail Sales YoY:** fell by -2.70%, compared to 0.40% last month.

- **U.K. Retail Sales excluding Fuel YoY:** fell -3.00%, compared to 0.00% last month.
- **Germany Real GDP QoQ:** rose to 0.20%, compared to -0.50% last quarter.

Eurozone Summary:

- **Stoxx 600:** closed at 520.57, down 0.99 points or 0.19%.
- **FTSE 100:** closed at 8,317.59, down 21.64 points or 0.26%.
- **Dax Index:** closed at 18,693.37, up 2.05 points or 0.011%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,8069.59, up 4.33 points or 0.01%.
- **S&P 500** closed at 5,304.72, up 36.88 points or 0.70%.
- **Nasdaq Composite** closed at 16,920.79, up 184.76 points or 1.10%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,352.51, down 53.21 points or 1.56%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,164.07, down 71.76 points or 1.37%.
- **U.S. Treasury 10-year note** closed at 4.46%.
- **U.S. Treasury 2-year note** closed at 4.93%.



GDP NOW

Date	GDPNow 2Q24	Change
4/26/24	3.90%	Initial Forecast
5/1/24	3.30%	-15.4%
5/2/24	3.30%	0.0%
5/8/24	4.20%	21.4%
5/16/24	3.60%	-16.7%
5/24/24	3.50%	2.78%



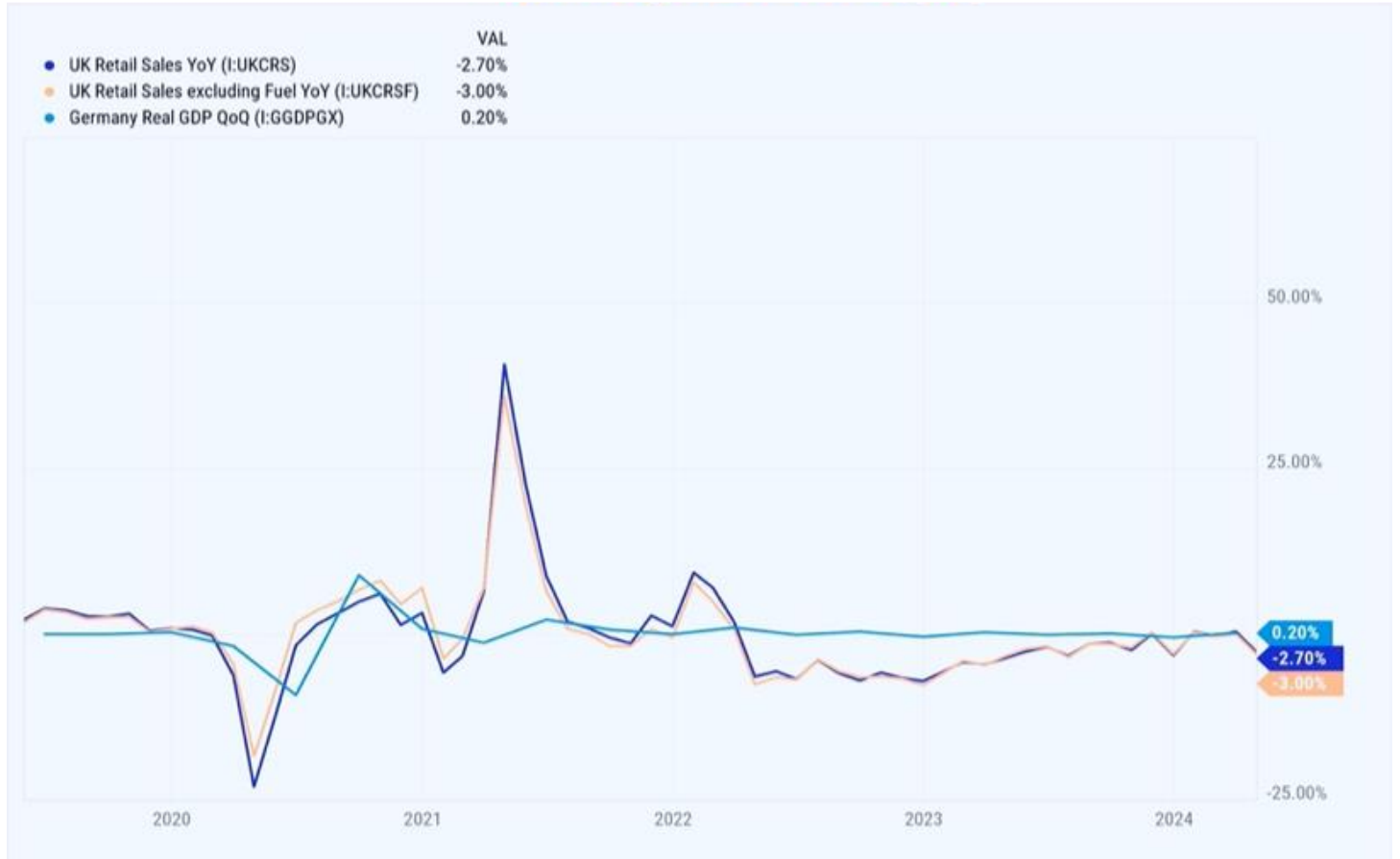
US Index of Consumer Sentiment & US Durable Goods New Orders





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UK Retail Sales YoY, UK Retail Sales Excluding Fuel YoY, Germany Real GDP QoQ





Wall Street Recap May 24, 2024



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