

# Inflation Takes Center Stage as Investors Seek Fed Clues, A.I. Boom Propels Nasdaq to Record Highs, and Wall Street Closed Mixed.

May 28, 2024

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The U.S. and Europe stock following the U.S. holiday, markets opened with modest gains on Tuesday but ultimately closed with mixed results, and Europe closed lower. The uptick in government bond yields, spurred by less-than-stellar Treasury auctions and assertive remarks from the Federal Reserve, pushed the 10-year benchmark yield to close at 4.54%. Despite this, the Nasdaq, buoyed by the tech sector, managed to secure a slight increase, partly thanks to NVIDIA's continued surge post-earnings. As we look ahead, inflation and central bank policies remain at the forefront of economic discussions. Market participants eagerly await Friday's inflation data and insights from Federal Reserve officials to gauge the likelihood of interest rate reductions. WTI oil experienced a 3% upswing today in the commodities sector, building on yesterday's 1% gain amid escalating tensions in the Middle East. Nonetheless, oil prices hover around the \$80 mark, consistent with the average over the previous year.

The fervor surrounding artificial intelligence (A.I.) has propelled the Nasdaq to unprecedented heights, allowing U.S. equities to rebound from their April downturn. NVIDIA, a frontrunner in the A.I. domain, saw its shares soar as it surpassed lofty expectations, signaling robust investment in A.I. technologies. A.I. promises to enhance productivity across various industries, yet such transformation will be gradual. Initially, those facilitating A.I. benefit most, but eventually, companies' adept at integrating A.I. to refine their operations will also see advantages. This month, the technology sector leads in performance, with a more widespread uptick across industries than the previous year—energy being the sole exception. Globally, international markets are beginning to parallel the U.S. performance, with indices in Europe, the U.K., and China matching or surpassing the S&P 500, aided by a weakening U.S. dollar and signs of global economic recovery.

Inflation takes center stage during the week, as the economic and earnings agenda is relatively light, with the PCE and Core PCE inflation index taking the spotlight on Friday. The Inflation Nowcasting has the PCE at 2.68%, down from 2.71% last month, and the Core PCE at 2.74%, down from 2.82% last month. Despite a pause in inflationary progress earlier in the year, the overall downward trend persists, hinting that the Federal Reserve might implement one or two rate reductions later in the year. November uncertainties, including the Fed's future policies and the presidential election in November, may introduce market volatility.

## Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.698, down from \$3.706 last week, decreasing -0.22%.
- **Case-Shiller Composite 20 Home Price Index YoY:** rose to 7.37%, compared to 7.35% last month.
- **Case-Shiller Home Price Index: National:** rose to 318.14, up from 317.19 last month.
- **Japan Consumer Confidence Index:** fell to 38.30, down from 39.50 last month, a -3.04% decrease.

### Eurozone Summary:

- **Stoxx 600:** closed at 519.08, down 3.13 points or 0.60%.
- **FTSE 100:** closed at 8,254.18, down 63.41 points or 0.76%.
- **Dax Index:** closed at 18,677.87, down 96.84 points or 0.52%.

### Wall Street Summary:

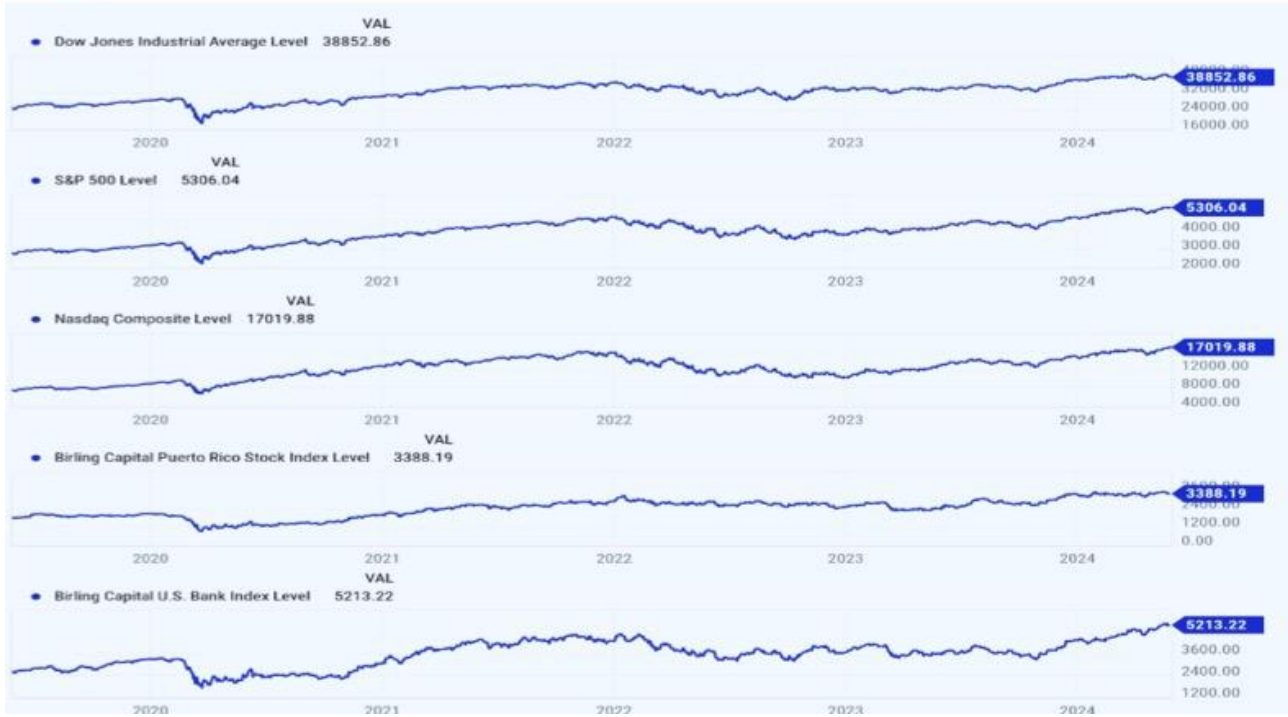
- **Dow Jones Industrial Average** closed at 38,852.86, down 216.73 points or 0.55%.
- **S&P 500** closed at 5,306.04, up 1.32 points or 0.02%.
- **Nasdaq Composite** closed at 17,019.88, up 99.09 points or 0.59%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,388.19, up 35.68 points or 1.06%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,213.22, up 49.16 points or 0.95%.
- **U.S. Treasury 10-year note** closed at 4.54%.
- **U.S. Treasury 2-year note** closed at 4.94%.



# Inflation Nowcasting PCE & Core PCE

## Inflation Nowcasting

Month	PCE	Core PCE	Updated
April	2.68%	2.74%	28-May



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