



Wall Street Wavers, Europe Slips as Inflation, Earnings, and Fed Minutes Dominate Focus.

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The U.S. and European stock markets closed with mixed results as investors are awaiting key after-hours earnings reports, most notably from technology leader NVIDIA. Market activity is subdued, with little in the way of major economic data releases. The most anticipated item on today's calendar is the release of the Federal Reserve's minutes from its May policy meeting, which may offer insights into the central bank's latest thinking on inflation and interest rates.

European equities closed in the red, while Asian markets posted mixed results overnight. Meanwhile, bond yields are inching higher, with the 10-year U.S. Treasury yield closing at 4.47%.

Focus Shifts to Inflation Data Later This Week

The spotlight will soon return to inflation, as the Fed's preferred gauge—the Personal Consumption Expenditures (PCE) index for April is due out on Friday. The Inflation Nowcasting anticipates a modest 0.15% monthly gain in headline PCE and a 2.23% rise year-over-year. Core PCE, which strips out food and energy, is expected to increase by 0.1% month-over-month and 2.60%.

Earlier this month, the Consumer Price Index (CPI) showed a 2.31% annual increase, its slowest pace since February 2021, with minimal immediate impact from tariffs. However, we expect that as tariffs take effect, businesses will begin passing some of the increased costs on to consumers. Still, we view this as a one-time shift in price levels rather than a sustained driver of inflation. As such, the Fed will remain focused on its longer-term objectives and look past these temporary fluctuations. Futures markets are currently pricing in two rate cuts in 2025—an outlook we believe is aligned with current economic conditions.

NVIDIA Results in the Spotlight as Q1 Earnings Season Nears Conclusion

Investor's attention will be squarely on NVIDIA after the bell, with the chipmaker reported its first-quarter earnings. Analysts had forecasted earnings per share of \$0.73, and it delivered \$0.96 which would represent a 31.50% increase from the same quarter last year. 1Q revenues rose to \$44.06 billion, above expectations.

At the broader index level, the first-quarter earnings season has delivered solid results. S&P 500 companies are on track for approximately 13% earnings growth.

Economic Update:

- **U.S. Retail Gas Price:** rose to \$3.302, up from \$3.249 last week, up 1.63%.
- **Richmond Fed Manufacturing Index:** is at -9.00, up from -13.00 last month.
- **Eurozone Unemployment Rate:** is unchanged at 6.20%, compared to 6.20% last month.
- **Germany Unemployment Rate:** fell to 6.20%, compared to 6.30% last month.

- **Japan Consumer Confidence Index:** fell to 31.20, down from 34.10 last month, decreasing - 8.50%.

Eurozone Summary:

- **Stoxx 600:** Closed at 548.93, down 3.39 points or 0.61%.
- **FTSE 100:** Closed at 8,726.01, down 52.04 or 0.59%.
- **DAX Index:** Closed at 24,038.19, down 188.30 or 0.78%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,098.70, down 244.95 points or 0.58%.
- **S&P 500:** closed at 5,888.55, down 33.99 points or 0.56%.
- **Nasdaq Composite:** closed at 19,100.94, down 98.26 points or 0.51%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,924.01, up 66.54 points or 1.72%.
- **Birling Capital U.S. Bank Index:** closed at 6,699.23, up 156.79 points or 2.40%.
- **U.S. Treasury 10-year note:** closed at 4.47%.
- **U.S. Treasury 2-year note:** closed at 3.96%.



Inflation Nowcasting PCE & Core PCE

| Inflation Nowcasting | PCE Forecast | Core PCE Forecast | Updated |
|-------------------------|-----------------|-------------------------|---------|
| April | 2.23% | 2.60% | 28-May |

US Retail Gas Price, Richmond Fed Manufacturing, EU Unemployment Rate, Germany Unemployment Rate & Japan Consumer Confidence Index



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