

GLOBAL MARKET SQUARE



Stock Markets Show Mixed Results as US Tariff Proposals Fuel Volatility, Inflation Expectations Steady as Economic Data Weighs on Fed's Rate Cut Path.

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The US and European stock markets closed with mixed results; Wall Street moved higher as Tariff Tensions escalated following statements from President-elect Trump on social media, proposing a 25% tariff on goods imported from Canada and Mexico, alongside a 10% tariff on Chinese imports. The suggested tariffs on Canada and Mexico represent a slight increase from the previously discussed 10%-20% range. In contrast, the 10% tariff on China is lower than the 60% threshold mentioned during the election campaign. Sector performance was varied, with material, industrial, and real state leading the gains.

Our Five Preferred Indexes Showing Double Digit Returns

As of today's market, close, the five indexes we follow all have double-digit returns YTD 2024 with the results as follows:

- Dow Jones Industrial has a YTD return of **19.03%**.
- S&P 500 has a YTD return of **26.24%**.
- Nasdaq Composite Friday's YTD return of **27.73%**.
- Birling Puerto Rico Stock Index has a YTD return of **19.12%**.
- Birling US Bank Index has a YTD return of **51.56%**.

Asian markets mainly saw positive movement as investors await key data, including China's industrial output, India's Q3 GDP, and Australia's inflation.

Meanwhile, European markets were down as investors reassessed the potential impact of US tariff decisions. The US dollar strengthened against major currencies. In commodities, both WTI oil and gold saw price increases.

Inflation Data in Focus for the Week

The Inflation Nowcasting forecast is expected to rise to 2.29% annually, and the Core PCE up to 2.76%, in sync with the Federal Reserve's forecast for 2024 inflation. These expectations suggest that inflation is easing gradually, though the pace could remain uneven. We foresee the Fed continuing its interest rate cuts, though at a slower rate. Current bond market expectations suggest a 0.75% rate reduction over the next 12 months. The target range for the Fed funds rate is currently 4.5%-4.75%; monetary policy is restrictive, as a neutral rate is generally viewed as one with just 1% above inflation. Short-term Treasury yields have surged in recent months, reflecting a shift in market expectations for Fed rate cuts. The 2-year Treasury yield has recently increased by about 75 basis points (0.75%), the 10-year Treasury closed at 4.30% and the 2-year at 4.21%.

Key Economic Data:

- **US New Single Family Houses Sold:** fell to 610,000, down from 738,000 last month, decreasing -17.34%.

- **Richmond Fed Manufacturing Index:** is unchanged at -14.00, unchanged from -14.00 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 505.90, down 2.88 points or 0.57%.
- **FTSE 100:** Closed at 8,258.61, down 33.07 points or 0.40%.
- **DAX Index:** Closed at 19,295.98, down 109.22 points or 0.56%.

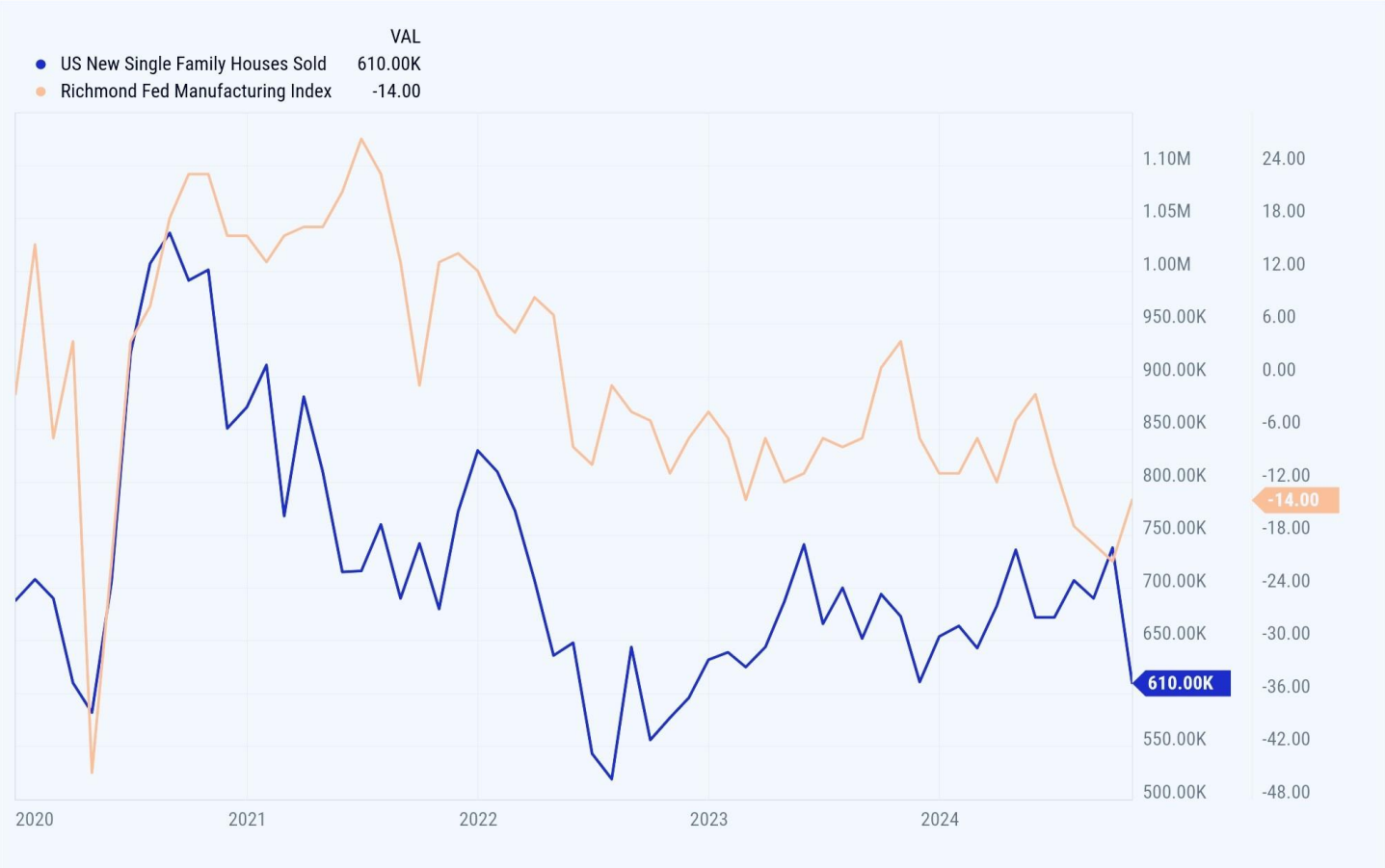
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,860.31, up 123.74 points or 0.28%.
- **S&P 500:** closed at 6,021.63, up 34.26 points or 0.57%.
- **Nasdaq Composite:** closed at 19,174.33, up 119.46 points or 0.63%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,002.46, up 82.51 points or 2.10%.
- **Birling Capital US Bank Stock Index:** closed at 6,606.87, up 38.68 points or 0.59%.
- **US Treasury 10-year note:** closed 4.30%.
- **US Treasury 2-year note:** closed 4.21%.



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US New Single Family Houses Sold Richmond Fed Manufacturing Index





Dow Jones, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns

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● Dow Jones Industrial Average Level % Change	19.03%
● S&P 500 Level % Change	26.24%
● Nasdaq Composite Level % Change	27.73%
● Birling Capital Puerto Rico Stock Index Level % Change	19.72%
● Birling Capital U.S. Bank Index Level % Change	51.56%





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