

The Fed's Preferred Inflation Metric, the PCE, Came in Slightly Ahead of Forecasts, The GDPNow Rises at 2.70% Showing Growth as Investors Eye the Fed Rate Cut, Wall Street Tanks.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US and European stock markets closed mostly lower following a plethora of economic data that points to some excellent results and other disappointing ones, beginning with the Fed's preferred inflation metrics, the PCE and Core PCE. The Inflation Nowcasting had a forecast of the PCE to rise to 2.29% YoY, and the reported number was a PCE of 2.31%, slightly ahead of estimates. In comparison, the Core PCE was forecasted to rise to 2.76% and grew ahead of estimates at 2.81%.

European markets closed broadly lower, while Asian markets had a mixed session overnight. Japan's Nikkei posted a modest decline, while Chinese equity markets saw gains.

On the economic front, the second preliminary estimate of third-quarter GDP growth was in line with expectations, remaining unchanged at 2.8%. Also, total vehicle sales rose by 3.09% to 16.25 million, durable goods new orders rose, and personal income rose, while initial unemployment claims fell, as did personal spending.

Inflation data remains a key topic, with the PCE October reading showing a 0.2% increase, bringing the YoY rate to 2.31%, while core PCE rose 0.3% for the month and 2.81% YoY, both in line with economists' expectations but slightly ahead of the Inflation Nowcasting Forecasts. Markets are pricing in a 66% chance of a 0.25% rate cut at the Federal Reserve's December 18 meeting. A December cut seems likely, but with a strong US economy and potential inflationary fiscal policies ahead, the Fed is expected to adopt a more gradual approach to rate cuts into 2025.

As Thanksgiving approaches, investors with diversified portfolios have reasons to be grateful. Over the past year, a wide range of asset classes and regions have seen strong returns, building on last year's solid performance. US large-cap stocks have gained over 33% in the past 12 months, well above the 20-year annualized growth rate of around 10%. Small-cap and mid-cap stocks have also posted impressive returns, rising more than 34%. International stocks, though underperforming recently, have seen healthy gains, with developed market stocks up about 11% and emerging markets rising roughly 14%. Despite recent yield increases, US investment-grade bonds have gained more than 7% over the last year. While replicating these returns may be challenging, broad leadership across asset classes will likely continue, underscoring the importance of maintaining a well-diversified portfolio that aligns with long-term goals.

GDPNow Update:

- The **GDPNow** for the fourth quarter was updated on November 27, 2024, rising to 2.70%, increasing 4.35% from 2.60%.

Key Economic Data:

- **US PCE Price Index YoY:** rose to 2.31%, compared to 2.10% last month.
- **US Core PCE Price Index YoY:** rose to 2.80%, compared to 2.65% last month.
- **US Initial Claims for Unemployment Insurance:** fell to 213,000, down from 215,000 last week, decreasing -0.93%.
- **US Total Vehicle Sales:** rose to 16.25 million, up from 15.76 million last month, increasing 3.09%.
- **US Durable Goods New Orders MoM:** rose to 0.24%, compared to -0.40% last month.
- **US Pending Home Sales YoY:** rose to 2.57%, compared to -3.02% last month.
- **30-Year Mortgage Rate:** rose to 6.84%, compared to 6.78% last week.
- **US Personal Income MoM:** rose to 0.59%, compared to 0.30% last month.
- **US Personal Spending MoM:** fell to 0.36%, compared to 0.65% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 504.91, down 0.99 points or 0.20%.
- **FTSE 100:** Closed at 8,274.75, down 16.14 points or 0.20%.
- **DAX Index:** Closed at 19,261.70, down 34.28 points or 0.18%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,722.06, down 138.25 points or 0.31%.
- **S&P 500:** closed at 5,998.74, down 22.89 points or 0.38%.
- **Nasdaq Composite:** closed at 19,054.83, down 115.10 points or 0.60%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,938.52, down 63.94 points or 1.60%.
- **Birling Capital US Bank Stock Index:** closed at 6,587.74, down 19.12 points or 0.29%.
- **US Treasury 10-year note:** closed 4.25%.
- **US Treasury 2-year note:** closed 4.19%.

Date	GDPNow 4Q24	Change
10/31/2024	2.70%	Initial Forecast
11/1/2024	2.30%	-14.81%
11/5/2024	2.40%	4.35%
11/7/2024	2.50%	4.17%
11/15/2024	2.50%	0.00%
11/19/2024	2.60%	4.35%
11/27/2024	2.70%	4.35%

Inflation Nowcasting PCE & Core PCE

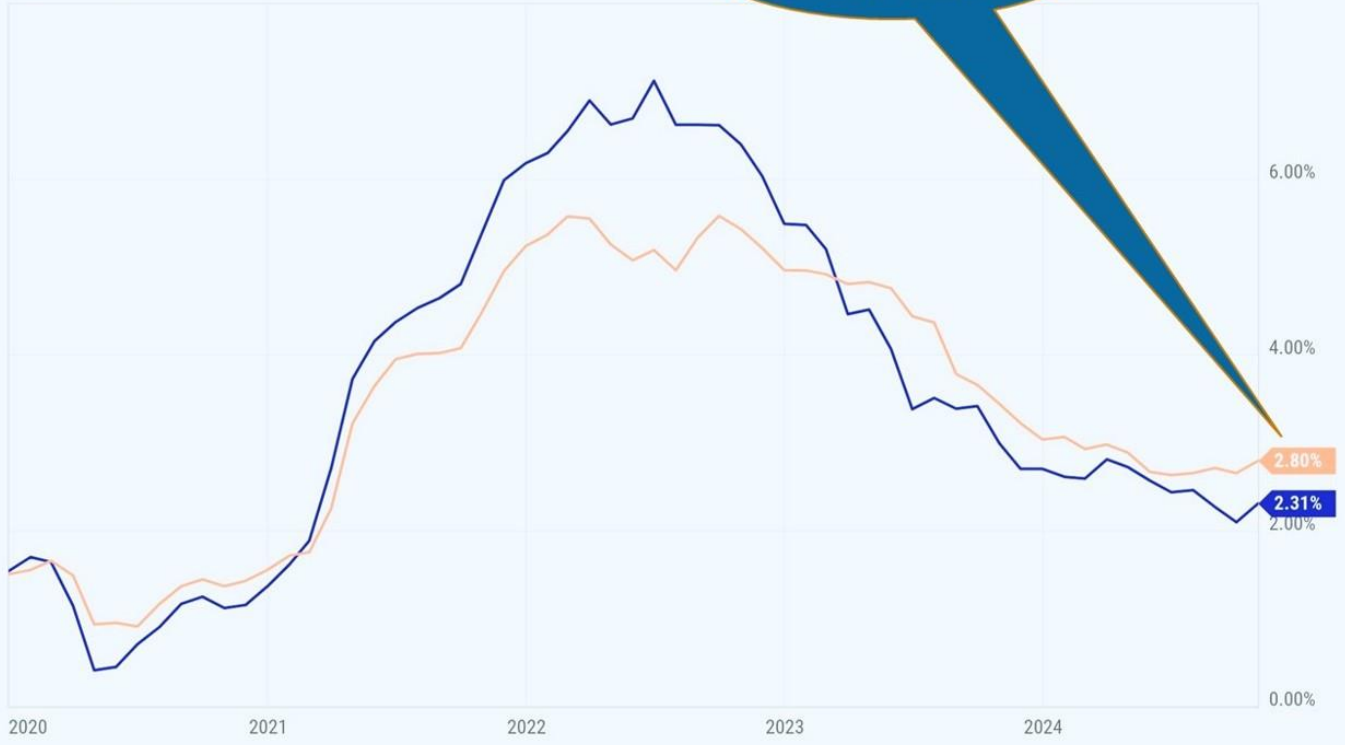
Inflation Nowcasting	PCE Forecast	PCE Actual	Change	Core PCE Forecast	Core PCE Actual	Change
October	2.29%	2.31%	0.87%	2.76%	2.80%	1.45%



US PCE, & US Core PCE,

- US PCE Price Index YoY VAL 2.31%
- US Core PCE Price Index YoY 2.80%

After Falling for three straight months the PCE and Core PCE Rose ahead of estimates





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

- US Initial Claims for Unemployment Insurance 213000.0
- US Job Openings: Total Nonfarm 7.443M
- US Unemployed Persons: Job Seeker 6.12M

VAL



US Total Vehicle Sales, US Durable Goods New Orders, US Pending Home Sales, 30-Year Mortgage Rate, US Personal Income & US Personal Spending



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