

# GLOBAL MARKET SQUARE



## Global Markets Mixed as Investors Eye Bond Yields, Inflation Data Amid Middle East Tensions and China Stimulus Disappoints.

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The U.S. and European stock markets closed with mixed results on Tuesday. The indexes bounced back, posting gains across the board; the Nasdaq Composite led with a jump of 1.45%, and the S&P 500 rose 0.97%, recovering from a losing session on Wall Street, as investors closely watched oil prices and bond yields.

Despite a market rally late last week, spurred by a strong jobs report that pushed the Dow to a record closing high on Friday, investor optimism faded this week. Given the labor market's strength, concerns grew that the Federal Reserve may hold off on future interest rate cuts, leading to a downbeat Monday session.

European stock markets closed with mixed results. While the Stoxx 600 and FTSE 100 ended the day with slight gains, the DAX Index in Germany closed lower.

Asian markets faced losses overnight, with Japan's Nikkei falling around 1% and Hong Kong's Hang Seng Index plummeting by over 9%. The Hang Seng had seen a rally of about 35% since September 11, driven by optimism over potential fiscal stimulus from Chinese policymakers to support their faltering economy. However, China's National Development and Reform Commission's recent press conference delivered little in the way of new initiatives, sticking to previously announced measures and broadly pledging support for future growth. This letdown from China also impacts commodity markets, with crude oil slipping about 3% in early trading. Meanwhile, bond yields are trending higher, with the 10-year Treasury yield closing at 4.04%.

### **Inflation Takes Center Stage: Key CPI and PPI Data Ahead**

Inflation will be in the spotlight this week by releasing key metrics. The Consumer Price Index (CPI) is set to be announced on Thursday, followed by the Producer Price Index (PPI) on Friday. The latest Inflation Nowcasting have the CPI at 2.25% with modest price increases and the slowest pace since early 2021, driven by lower energy costs. The core CPI is at 3.11%, down from the previous month. Inflationary pressures have moderated following higher-than-expected increases earlier in the year, with the core CPI's three-month annualized rate up by 2.1% in August, close to the Federal Reserve's 2% target. While inflation is expected to continue easing, economic growth and substantial wage gains could lead to volatility.

### **Historical Stock Trends in Election Years: Potential for a Year-End Rally**

Historically, stocks have experienced volatility in October during election years but tend to recover in the final two months. Since 1952, during election cycles, the S&P 500 has declined by an average of 0.8% in October. Excluding October 2008, when the market dropped over 16% due to the Global Financial Crisis, October averaged a slight gain of 0.1%. Positive returns in October have occurred in only half of the 18 presidential election years during this period. However, stocks have typically rebounded in November and December, with November posting positive returns 61% of the time, averaging a 2% gain. December has been even more robust, with an 83% likelihood of positive returns and an average increase of 1.3%. While political uncertainty may drive market fluctuations as

Election Day approaches, historical data suggests a solid finish to the year is possible as election-related anxieties fade.

### Corporate Earnings Parade:

- **PepsiCo, Inc. (PEP):** reported 3Q24 revenues of \$23,319 billion, down 0.571%, net income of \$2,930 billion, down -5.23%, and earnings per share of \$2.31. Pepsi has a stock price objective of \$182.94.

### Key Economic Data:

- **U.S. Trade Balance on Goods:** is at -94.88B, up from -103.24B last month.
- **U.S. Trade Balance on Goods and Services:** is at -70.43B, up from -78.92B last month.
- **Euro Area Money Supply M3:** rose to 16.44 trillion, up from 16.35 trillion last month, increasing 0.55%.
- **Germany Industrial Production Index MoM:** rose to 2.90%, compared to -2.90% last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 516.64, down 2.84 points or 0.55%.
- **FTSE 100:** Closed at 8,190.61, down 113.01 points or 1.36%.
- **DAX Index:** Closed at 19,066.47, down 37.63 points or 0.20%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,080.37, up 126.13 points or 0.30%.
- **S&P 500:** closed at 5,751.13, up 55.19 points or 0.97%.
- **Nasdaq Composite:** closed at 18,182.92, up 259.01 points or 1.45%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,721.22, down 42.56 points or 1.13%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,403.43, down 5.04 points or 0.09%
- **U.S. Treasury 10-year note:** closed at 4.04%.
- **U.S. Treasury 2-year note:** closed at 3.98%.

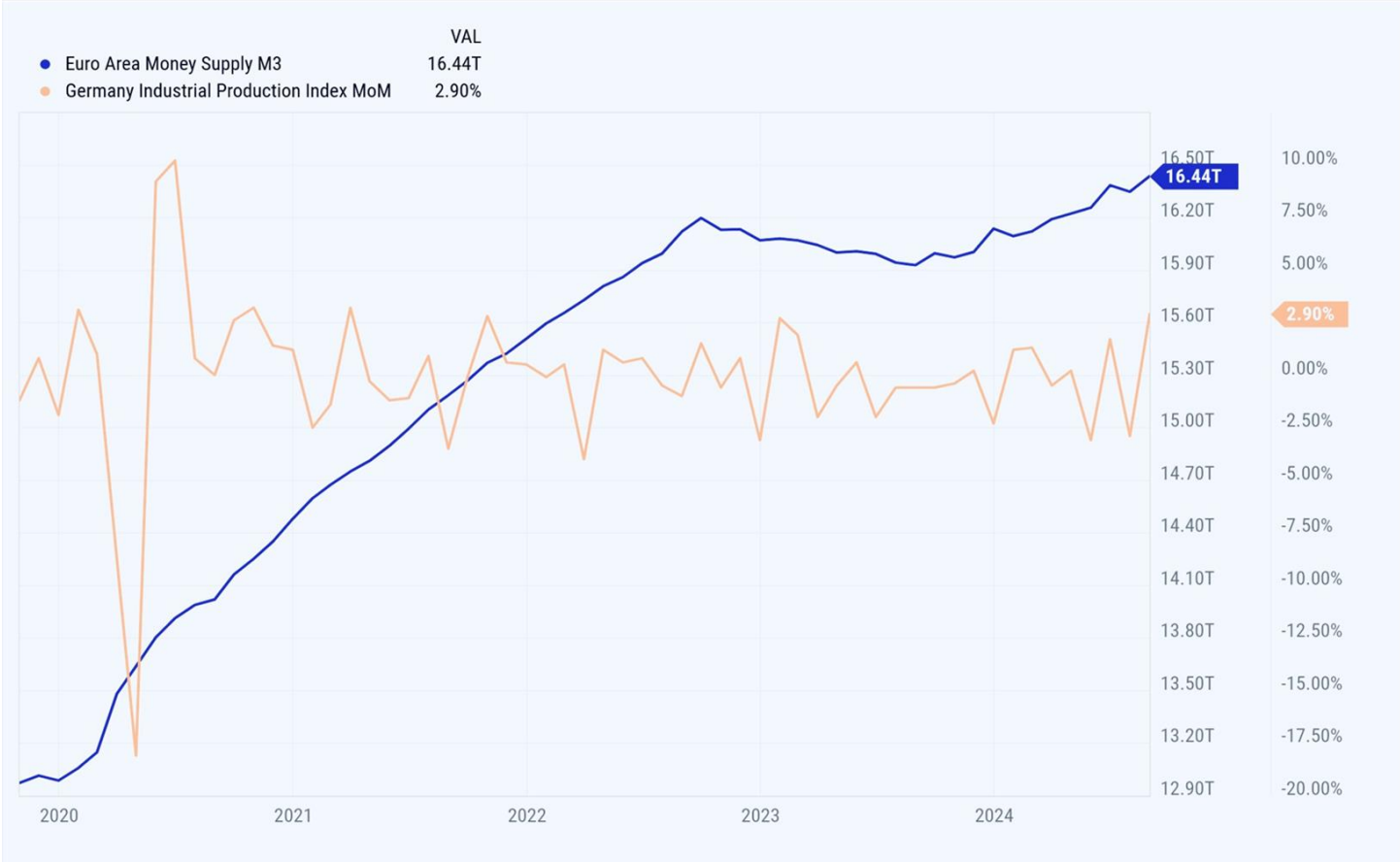
# US Trade Balance on Goods & US Trade Balance on Goods & Services

VAL  
● US Trade Balance on Goods -94.88B  
● US Trade Balance on Goods and Services -228.80B





# Euro Area Money Supply M3 & Germany Industrial Production Index





# Wall Street Recap

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