

GLOBAL MARKET SQUARE



Tech Surge Lifts Nasdaq as U.S. and European Markets Closed Mixed, Earnings Season Steady as 74% of S&P 500 Beat Estimates and Focus Shifts to Labor Data for Economic Clarity.

October 25, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European markets ended the week with mixed results, as the Nasdaq rose 103.12 points, driven by technology stocks, outpaced the broader S&P 500 and the Dow Jones, both of which closed down. Technology and consumer discretionary sectors led the gains, while defensives like consumer staples and utilities lagged. Treasury yields, meanwhile, rose again, with the 10-year yield to 4.25%, and well above September's lows of 3.61%. The recent yield increase follows robust U.S. economic data, which has pressured yields upward and weighed on equities. Investors now look forward to next Friday's U.S. employment report for insights into labor market health and consumer demand.

Earnings season shows modest momentum: Roughly 36% of S&P 500 companies have reported third-quarter earnings, with mixed results. About 74% have exceeded earnings estimates, which aligns with the 10-year average but slightly below the recent five-year average of 77%. Year-over-year earnings growth is around 3.4%, slightly below the anticipated 4.1% at the start of the quarter. Sectors like financials, utilities, and consumer discretionary have delivered notable earnings surprises, suggesting a diversification in market leadership. Upcoming earnings from the Magnificent 7 Apple, Microsoft, Alphabet, and Amazon should provide insights into corporate spending and the role of AI in growth. The corporate earnings growth appears set to come from both tech and non-tech sectors, supporting a broader leadership base in the market.

Focus shifts to the U.S. labor market next week: The October nonfarm payrolls report, due on Friday, November 1, is expected to moderate job additions to roughly 100,000, down from September's 223,000—a change partly influenced by recent natural events and significant labor strikes. The unemployment rate is expected to remain at 4.1%, below the long-term U.S. average of 5.5-6%. Average hourly earnings growth may ease slightly from 0.4% to 0.3% month-over-month, signaling potential moderation in service-sector inflation. Despite signs of a labor market slowdown, such as fewer job openings and quits, this reflects a normalization from the post-pandemic hiring surge rather than a prolonged downturn.

GDPNow Update:

- **The GDPNow** for the Third Quarter of 2024 was updated on October 25, 2024, to 3.30% GDP, decreasing 2.94% from 3.40%.

Corporate Earnings Parade:

- **New York Community Bancorp, Inc. (NYCB)** reported 3Q24 revenues of \$623 million, net income (loss) of (\$289) million, and earnings per share of (\$0.79), missing estimates. NYCB has a stock price objective of \$12.41.

Key Economic Data:

- **U.S. Index of Consumer Sentiment:** rose to 70.50, up from 70.10 last month, increasing 0.57%.
- **U.S. Durable Goods New Orders MoM:** is at -0.78%, compared to -0.89% last month.
- **Germany Ifo Business Climate Index:** rose to 86.50, up from 85.40 last month.
- **Germany Ifo Business Expectations Index:** rose to 87.30, up from 86.40 last month.
- **Germany Ifo Business Situation Index:** rose to 85.70, up from 84.40 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.81, down 0.17 points or 0.03%.
- **FTSE 100:** Closed at 8,248.84, down 20.54 points or 0.25%.
- **DAX Index:** Closed at 19,463.59, up 20.59 points or 0.11%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,114.40 down 259.96 points or 0.61%.
- **S&P 500:** closed at 5,808.12, down 1.74 points or 0.03%.
- **Nasdaq Composite:** closed at 18,518.61, up 103.12 points or 0.56%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,501.74, down 8.74 points or 0.25%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,812.53, up 46.74 points or 0.81%.
- **U.S. Treasury 10-year note:** closed at 4.25%.
- **U.S. Treasury 2-year note:** closed at 4.11%.

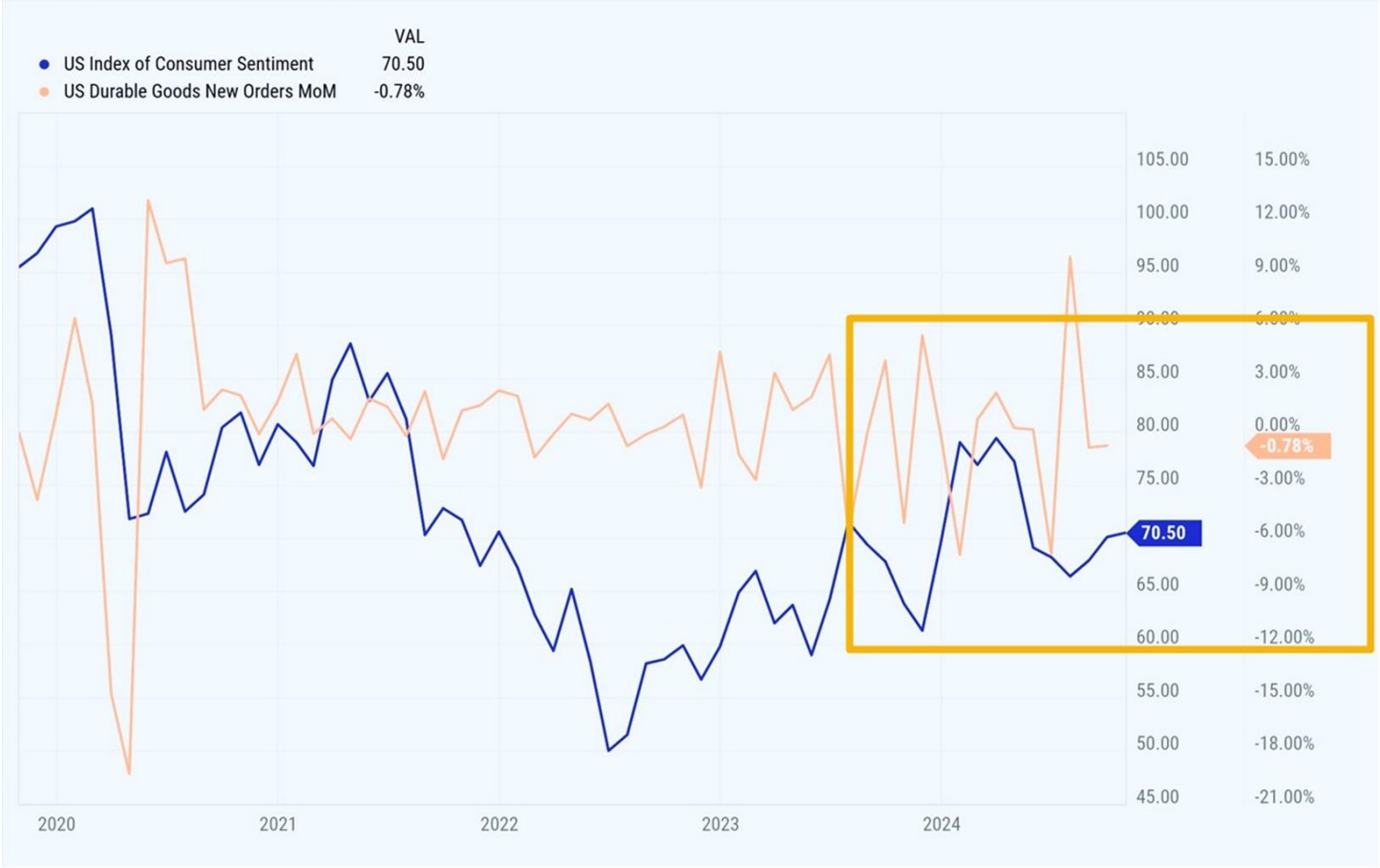


GDPNow 3Q24

Date	GDPNow 3Q24	Change
7/25/2024	2.80%	Initial Forecast
8/1/2024	2.50%	10.71%
8/6/2024	2.90%	16.00%
8/8/2024	2.90%	0.00%
8/15/2024	2.40%	-17.24%
8/15/2024	2.00%	-16.67%
9/3/2024	2.00%	0.00%
9/4/2024	2.10%	5.00%
9/9/2024	2.50%	19.05%
9/17/2024	3.00%	20.00%
9/18/2024	2.90%	-3.33%
9/27/2024	3.10%	6.90%
10/1/2024	2.50%	-19.35%
10/8/2024	3.20%	28.00%
10/9/2024	3.20%	0.00%
10/17/2024	3.40%	6.25%
10/18/2024	3.40%	0.00%
10/25/2024	3.30%	-2.94%



US Index of Consumer Sentiment & US Durable Goods New Orders MoM





Germany Ifo Business Climate Index, Germany Ifo Business Expectations Index & Germany Ifo Business Situation Index

www.birlingcapital.com

	VAL
● Germany Ifo Business Climate Index (I:GIBCI)	86.50
● Germany Ifo Business Expectations Index (I:GIBEI)	87.30
● Germany Ifo Business Situation Index (I:GIBSI)	85.70





Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.