



GLOBAL MARKET SQUARE



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Megacap Earnings Up Next, Easing Global Tensions Drive Market Surge as Nasdaq Targets Highs, and the Fed's Next Move Await PCE Data.

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The U.S. and European markets began the week with gains as stocks surged, with investors anticipating a solid week for mega-cap tech earnings, which are expected to push the Nasdaq Composite to fresh highs. The markets were also aided by stabilizing global tensions, further supporting risk appetite and encouraging broader market optimism.

Meanwhile, bond yields continue climbing, with the 10-year Treasury yield closing at 4.28%, a jump of over 60 basis points from its September lows. In global markets, Asian equities are in positive territory as Japan's ruling coalition lost its majority, raising expectations that the resulting political uncertainty might delay further interest rate hikes by the Bank of Japan. The U.S. dollar is softening against major currencies, and in commodities, WTI oil prices are dipping following reports that recent strikes on Iran's energy infrastructure have caused minimal disruption.

This week's focus is on labor and inflation data. The Inflation Nowcasting has the personal consumption expenditures (PCE) price index at 2.06% and the Core PCE at 2.62%. The Core PCE, which is the Federal Reserve's preferred inflation gauge, will be released on Thursday. If the PCE reaches 2.06%, it will be a stone's throw from the Fed's 2% target rate.

This inflation trajectory suggests that the Fed may remain on its current rate-cutting course in the coming months. The October jobs report, set for release on Friday, November 1, is anticipated to show an increase of about 122,000 jobs, a slowdown from September's unexpectedly strong 254,000. The unemployment rate is expected to hold steady at 4.1%, well below the long-term average of 5.7%, indicating that the labor market is easing from its recent peak, supporting a potential soft landing for the economy.

Corporate earnings season is in full swing, with 37% of companies reporting their third-quarter results. Of these, 74% have exceeded analyst expectations, with an average earnings surprise of 5.8%. Earnings growth is widespread, with eight out of eleven sectors expected to report year-over-year gains.

Corporate Earnings Parade:

- **Ford Motor Co (F):** reported 3Q24 revenues of \$46.2 billion, net income of \$900 million, and earnings per share of \$0.49, beating estimates. F has a stock price objective of \$12.67, which closed at \$11.38, up \$0.30 or 2.76%.
- **Bank of Hawaii Corp (BOH):** reported 3Q24 revenues of \$162.73 million, net income of \$40.4 million, and earnings per share of \$0.93, beating estimates. BOH has a Tier 1 Capital Ratio of 14.05% and a stock price objective of \$57.80, and the stock closed at \$72.32, up \$6.29 or 9.53%.

Puerto Rico Economic Update:

The Economic Development Bank-Economic Activity Index reached 126.9 points, reflecting a -0.8% contraction compared to last year. The EAI measures Non-Farm Payrolls, Electricity Generation, Gasoline Consumption, and Sales of Bags of Cement.

The EAI entered into a contraction in March 2024 and remained in negative territory for six consecutive months:

- March 2024: -0.20%
- April 2024: -1.40%
- May 2024: -1.00%
- June 2024: -0.60%
- July 2024: -0.30%
- August 2024: -0.80%

The P.R. Department of Labor and Human Resources released the unemployment rate for August U.S., falling to 5.7%, from 5.80% and the lowest in 50 years. Also, the labor participation rate remains at 43.90%, up from 43.80%.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.268, down from \$3.294 last week, decreasing -0.79%.

Eurozone Summary:

- **Stoxx 600:** Closed at 520.95, up 2.14 points or 0.41%.
- **FTSE 100:** Closed at 8,285.91, up 36.78 points or 0.45%.
- **DAX Index:** Closed at 19,531.62, up 68.03 points or 0.35%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,387.57 up 273.17 points or 0.65%.
- **S&P 500:** closed at 5,823.52, up 15.40 points or 0.27%.
- **Nasdaq Composite:** closed at 18,567.19, up 48.58 points or 0.26%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,459.72, down 42.02 points or 1.20%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,711.16, down 101.38 points or 1.14%.
- **U.S. Treasury 10-year note:** closed at 4.28%.
- **U.S. Treasury 2-year note:** closed at 4.12%.



Inflation Nowcasting

PCE & Core PCE

Inflation Nowcasting	PCE	Core PCE	Updated
September	2.06%	2.62%	28-Oct

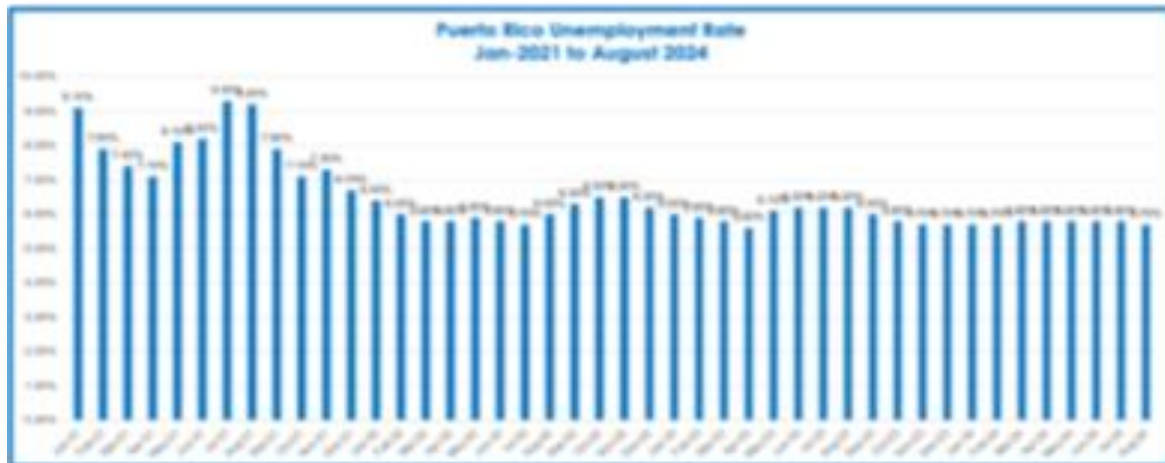
The PCE and Core PCE will be released on
October 31, 2024

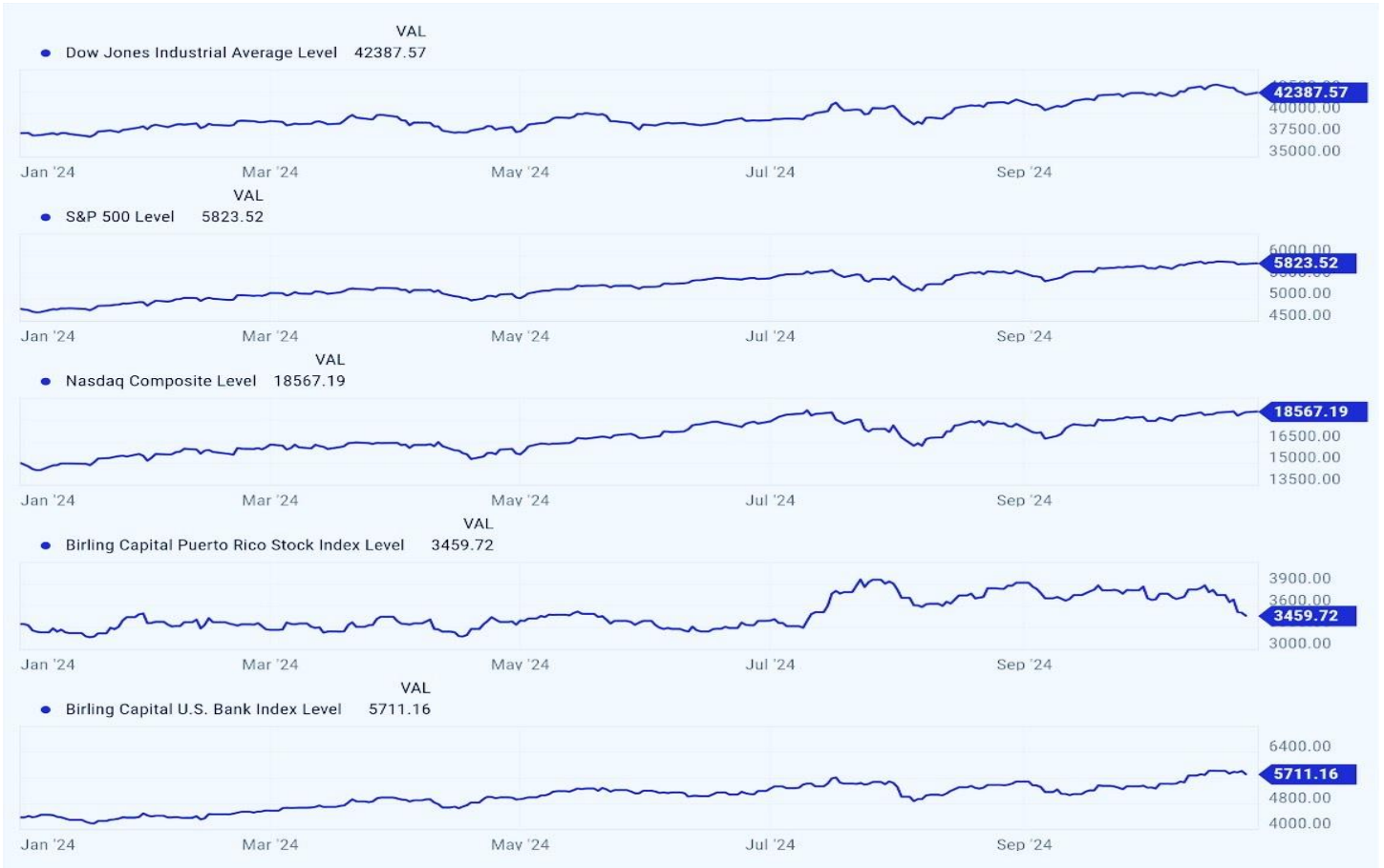


The PR Economic Activity Index has been falling for 9 months and in contraction for 6 Months



Puerto Rico Unemployment Rate at 5.70% in August 2024





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