



# Tech Rally Fuels Market Gains as Investors Eye Fed Rate Decision and U.S. Producer Price Index Falls to 1.73%.

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The U.S. and European stock indexes closed with gains on Thursday, building on the week's positive momentum. Equity markets extended Wednesday's turnaround when stocks reversed a sharp midday sell-off to finish in the green. Thursday's rally was driven by a strong rebound in the technology sector, as mega-cap tech stocks, including NVIDIA, saw renewed interest following a recent pullback of up to 18% earlier in the week. Optimism surrounding the A.I. sector also boosted buying activity. In addition to tech, communication services, and consumer discretionary sectors, they outperformed, while real estate and financials underperformed. Interest rates remained stable, with the 10-year Treasury yield closing at 3.68%, down from 4% a month ago. Volatility has resurfaced as investors navigate evolving economic and political landscapes. However, recent dips have been mild, and the year-to-date gain of over 17% in the S&P 500 reflects the strength of underlying fundamentals.

Markets also kept a close eye on employment and inflation data. Wednesday's Consumer Price Index (CPI) report showed that inflation is still trending lower, though slower than expected. Meanwhile, concerns about a weakening economy have emerged due to signs of a softening labor market. Fresh data on Thursday, including initial jobless claims and the August Producer Price Index (PPI), added some context. Initial jobless claims came in at 230,000, slightly above last week but below the six-week average, reassuring that the labor market remains resilient. The PPI also fell below 2% to 1.73% and below 2.13% from the previous month, signaling that input prices are moderating, which should help keep inflation downward.

Attention now turns to next week's Federal Reserve policy meeting. Investors widely expect the Fed to announce a 25-basis-point rate cut, with recent market movements suggesting hopes for a more significant 50-basis-point cut have diminished. A quarter-point reduction would likely be seen as a positive, indicating a shift towards a more neutral monetary policy. Additionally, it signals that the Fed does not see any immediate economic threats requiring a more aggressive approach and reflects a cautious stance to avoid reigniting inflation pressures.

## Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** rose to 230,000, up from 228,000 last week, increasing 0.88%.
- **U.S. Producer Price Index YoY:** fell to 1.73%, compared to 2.13% last month.
- **U.S. Core Producer Price Index YoY:** rose to 2.44%, compared to 2.27% last month.
- **30-Year Mortgage Rate:** fell to 6.20%, compared to 6.35% last week.
- **European Central Bank Deposit Facility Interest Rate:** fell to 3.50%, compared to 3.75% yesterday.

## Eurozone Summary:

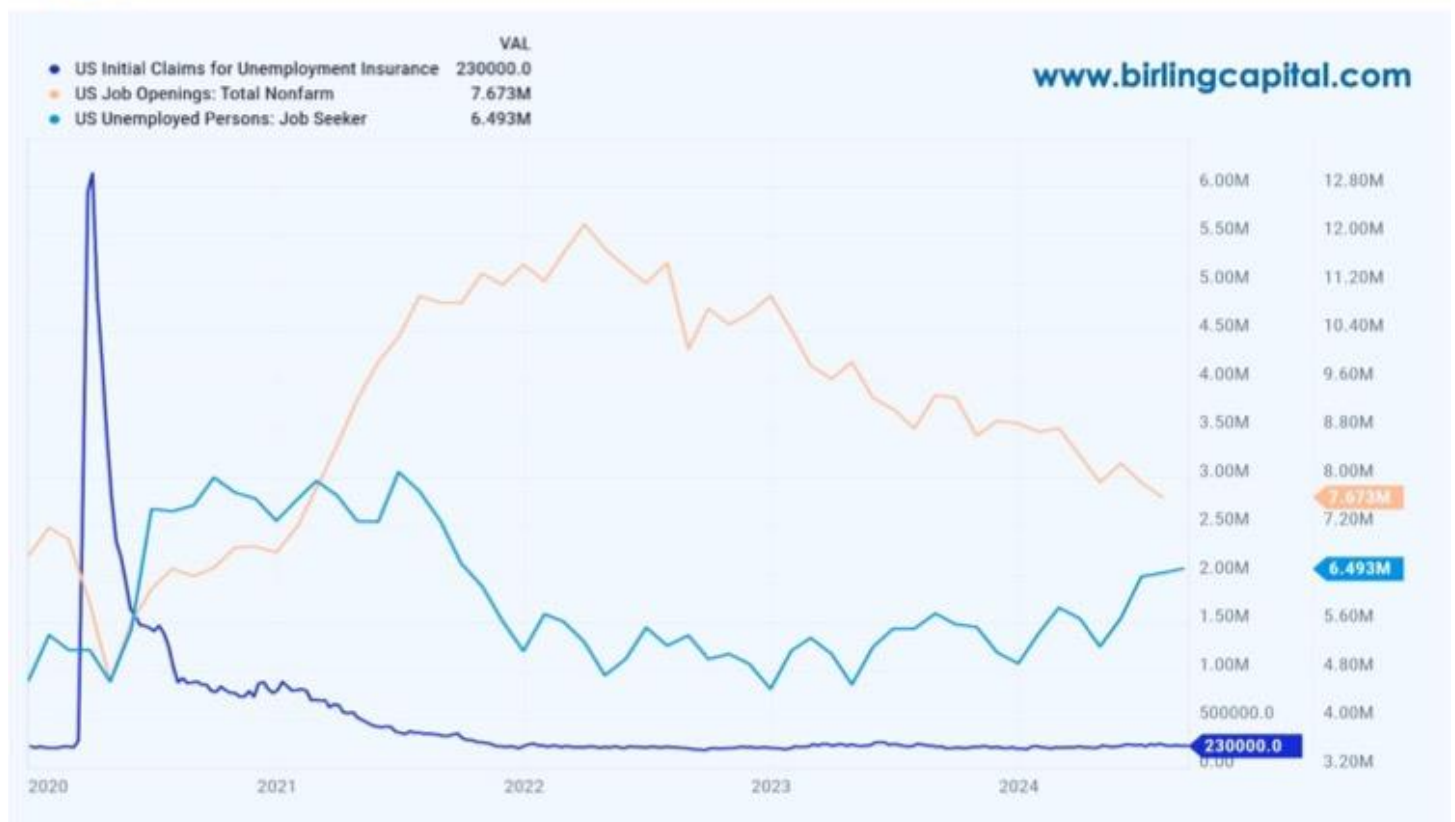
- **Stoxx 600:** Closed at 512.08, up 4.06 points or 0.80%.
- **FTSE 100:** Closed at 8,240.97, up 47.03 points or 0.57%.
- **DAX Index:** Closed at 18,518.39, up 188.12 points or 1.03%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,096.77, up 235.06 points or 0.58%.
- **S&P 500:** closed at 5,595.76, up 41.63 points or 0.75%.
- **Nasdaq Composite:** closed at 17,569.68, up 174.15 points or 1.00%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,668.60, down 27.00 points or 0.73%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,095.86, down 1.60 points or 0.03%.
- **U.S. Treasury 10-year note:** closed at 3.68%.
- **U.S. Treasury 2-year note:** closed at 3.64%.



## US Initial Claims for Unemployment, US Job Openings & US Job Seekers





# US Producer Price Index, US Core Producer Price Index & 30-Year Mortgage Rate





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