

U.S. Stocks Start Week Mixed as Markets Brace for Fed's Interest Rate Decision.

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The U.S. and European stock markets began the week with mixed results as investors brace for Wednesday's Federal Reserve's key interest rate announcement. The Dow Jones and S&P 500 increased, while the tech-heavy Nasdaq closed down Treasury bond yields remain near their annual lows, with the 2-year yield dropping to 3.56%, reflecting market sentiment around potential rate cuts and a softening U.S. economic outlook. As the S&P 500 has gained nearly 18% year-to-date, volatility could increase as we approach the historically weaker September-October stretch, culminating in the U.S. elections on November 5. Historically, election years tend to see markets recover in the year's final months.

Sector Shifts Define the Third Quarter

As of the third quarter, starting June 30, the S&P 500 has posted a modest 3% increase. However, beneath the surface, notable sector rotation has taken place. Sectors sensitive to interest rates, like real estate, utilities, and financials, have led gains, as have defensive sectors like consumer staples and health care. On the other hand, technology, communication services, and energy sectors have lagged, with negative returns. The tech and communication giants, especially those dominating artificial intelligence, which had driven market gains over the last 18 months, are now facing slower momentum. Looking ahead, we expect a broadening in market leadership, with opportunities in value and cyclical stocks, as well as mid-cap equities, to complement growth-focused and AI investments.

Spotlight on the Federal Reserve's Meeting

This week's Federal Reserve meeting is in sharp focus, with an interest rate decision expected on Wednesday, followed by a press briefing by Chair Jerome Powell. Additionally, the Fed will unveil updated economic forecasts for the US economy.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.36, down from \$3.411 last week, down 1.50%.
- **Canada Manufacturing Shipments:** rose to 70.96 billion, up from 70.02 billion last month, increasing 1.36%.

Eurozone Summary:

- **Stoxx 600:** Closed at 515.11, down 0.84 points or 0.16%.
- **FTSE 100:** Closed at 8,278.44, up 5.35 points or 0.065%.
- **DAX Index:** Closed at 18,633.11, down 66.29 points or 0.35%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,622.08, up 228.30 points or 0.55%.
- **S&P 500:** closed at 5,633.09, up 7.07 points or 0.13%.
- **Nasdaq Composite:** closed at 17,592.13, down 91.85 points or 0.52%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,745.99, up 55.49 points or 1.50%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,091.44, up 34.68 points or 0.69%.
- **U.S. Treasury 10-year note:** closed at 3.63%.
- **U.S. Treasury 2-year note:** closed at 3.56%.



Wall Street Recap September 16, 2024



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