

# Global Markets Hold Steady as Retail Sales Beat Expectations, All Eyes on Fed's Interest Rate Decision.

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The U.S. and European stock markets closed the session mostly up, except for the Dow Jones, which closed down, as markets remained essentially unchanged on Tuesday as investors awaited the Federal Reserve's decision on interest rates, scheduled for tomorrow. The Dow ended the day down, while the S&P 500 was flat, and the Nasdaq posted a modest gain of 0.2%. In a day filled with economic data, August retail sales and industrial production surpassed expectations, relieving concerns over U.S. economic growth that had emerged due to weakening labor market trends. Energy stocks led the S&P 500, fueled by a nearly 2% rise in crude oil prices. Small-cap stocks also outperformed, with the Russell 2000 climbing approximately 0.6%. Meanwhile, bond yields saw a slight uptick, with the 10-year Treasury yield closing at 3.65% and the 2-year yield at 3.59%.

## Retail Sales Show Continued Consumer Resilience:

August retail sales increased by 0.1% month-over-month, lower than July's 1.1% gain but exceeding expectations for a 0.2% decline. The weaker spending at gas stations, which fell by 1.2%, was offset by more robust sales from miscellaneous and nonstore retailers, both of which saw gains exceeding 1%. Notably, the control group for retail sales, which strips out volatile categories like gasoline, building materials, and motor vehicles, rose by 0.3%, outperforming the forecasted 0.2%. This data suggests that while there may be signs of cooling, consumer spending remains robust. A healthy but moderating labor market and strong household balance sheets should continue supporting consumption and sustaining economic expansion in the coming quarters.

## All Eyes on the Fed

Investors focus now shifts to the Federal Reserve's upcoming meeting, where a rate cut is anticipated. Futures markets indicate a 67% probability of a 50-basis-point cut and a 33% chance of a more minor 25-basis-point reduction. While the size of the cut may influence short-term market movements, the broader takeaway for long-term investors is that the Fed may be embarking on a sustained cycle of rate cuts. Together with steady economic growth, these cuts support equity markets in the months ahead. The Fed will also release an updated set of economic projections tomorrow, which will be closely watched for signals on inflation, employment, and future rate paths. With inflation moderating and the labor market softening, the stage seems set for what could be the Fed's first rate cut in this cycle.

## Key Economic Data:

- **U.S. Retail and Food Services Sales YoY:** fell to 2.13%, compared to 2.86% last month.
- **U.S. Retail and Food Services Sales MoM:** fell to 0.05%, compared to 1.15% last month.
- **U.S. Retail and Food Services Sales (Excluding Motor Vehicle and Part Dealers) MoM:** fell to 0.08%, compared to 0.42% last month.
- **U.S. Industrial Production MoM:** rose to 0.81%, compared to -0.94% last month.
- **U.S. Business Inventories MoM:** rose to 0.35%, compared to 0.28% last month.

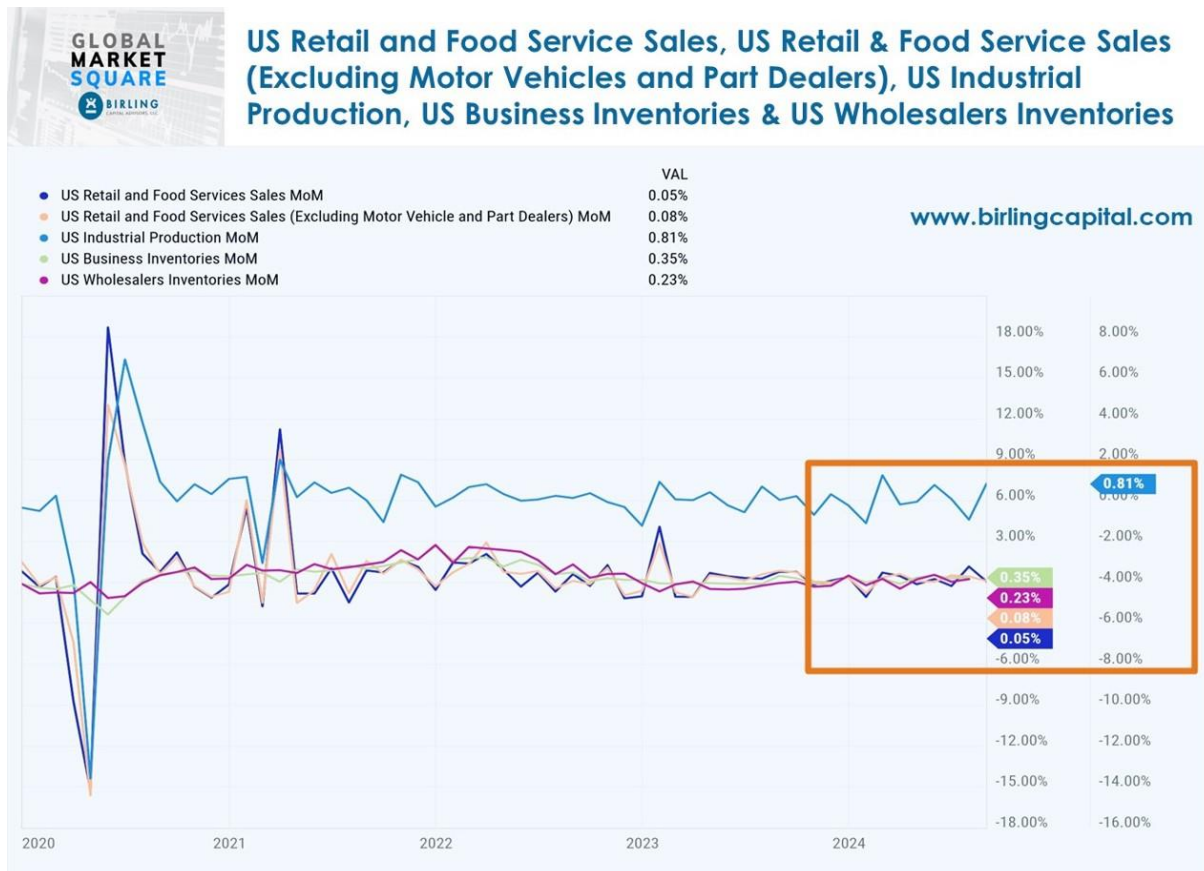
- **U.S. Wholesalers Inventories MoM:** rose to 0.23%, compared to 0.03% last month.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** fell to 0.50, down from 1.80 last month, decreasing -72.22%.
- **NAHB/Wells Fargo US Housing Market Index:** rose to 41.00, up from 39.00 last month, increasing 5.13%.
- **Canada Consumer Price Index YoY:** fell to 1.95%, compared to 2.53% last month.
- **Canada Inflation Rate:** fell to 1.95%, compared to 2.53% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** fell to 3.60, down from 19.20 last month, and fell to -81.25%.
- **Japan Machinery Orders YoY:** is unchanged at 2.18%, compared to 2.18% last month.

**Eurozone Summary:**

- **Stoxx 600:** Closed at 517.19, up 2.08 points or 0.40%.
- **FTSE 100:** Closed at 8,309.86, up 31.42 points or 0.38%.
- **DAX Index:** Closed at 18,726.08, up 92.97 points or 0.50%.

**Wall Street Summary:**

- **Dow Jones Industrial Average:** closed at 41,606.18, down 15.90 points or 0.04%.
- **S&P 500:** closed at 5,634.58, up 1.49 points or 0.03%.
- **Nasdaq Composite:** closed at 17,628.06, up 35.93 points or 0.20%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,771.58, up 25.58 points or 0.68%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,169.52, up 78.08 points or 1.53%.
- **U.S. Treasury 10-year note:** closed at 3.65%.
- **U.S. Treasury 2-year note:** closed at 3.59%.





# NY Fed Business Leaders Survey, Canada CPI & Canada Inflation Rate

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# Wall Street Recap

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