



Global Markets Surge as Central Banks Cut Interest Rates, U.S. Labor Market Shows Resilience with Lower Unemployment Claims.

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The U.S. and European stock markets closed the session higher; on Thursday, the Nasdaq outpaced other equity markets, pushing the S&P 500 and Dow Jones Industrial Average to fresh all-time highs. Gains were widespread across sectors, with technology and consumer discretionary stocks driving much of the upward momentum, signaling a shift towards risk-taking. Globally, markets in Asia and Europe also advanced. Hong Kong's central bank reduced its policy rate, while the Bank of England maintained its interest rates as anticipated.

The U.S. dollar remained relatively stable against major currencies. In commodities, both WTI crude oil and gold saw price increases.

The Unemployment claims were below expectations: This past week, the unemployment claims declined to 219,000, below expectations of 230,000 and -5.19% from last week.

The reading, the lowest in four months, provides another data point showing that employers primarily reduce hiring rather than make significant layoffs.

We believe this reflects a resilient labor market that is gradually cooling but not collapsing, which supports the "soft landing" narrative for the U.S. economy.

A cooling labor market should also lead to slower wage gains, typically easing services inflation. The 10-year Treasury yield closed at 3.73%. As the Federal Reserve began its highly anticipated easing cycle yesterday, it cut its target range for the Fed funds rate for the first time in four years to 4.75%-5.0%. Bond markets are currently pricing in expectations for 2.0% of Fed interest-rate cuts over the next 12 months, putting the fed funds rate below 3.0%. However, the Fed's latest projection is that the **Fed Funds Rate** will be at 4.4% for 2024, 3.4% for 2025, and 2.9% for 2026.

With the Fed's dual mandates – maximum employment and stable prices – coming into better balance as the labor market gradually cools and inflation moderates, we believe the Fed is on track to continue cutting rates for the next several months. Lower interest rates should help reduce borrowing costs for businesses and consumers, benefiting economic growth and corporate profits. As an example, a Small Business with a \$1,000,000 line of credit at the prime rate of 8.50% was paying interest of \$7,083.33 per month, with the 0.50% decrease placing the prime rate at 8%; the same client would pay \$6,666.66 per month a decrease of \$416.67.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 219,000, down from 231,000, decreasing -5.19%.

- **U.S. Existing Home Sales:** fell to 3.86 million, down from 3.96 million last month, decreasing - 2.53%.
- **30-Year Mortgage Rate:** fell to 6.09%, compared to 6.20% last week.
- **U.S. Current Account Balance:** fell to -266.79 billion, down from -240.98 billion last quarter.
- **Bank of England Bank Rate:** fell to 5.00%, compared to 5.25% yesterday.
- **Japan Consumer Price Index YoY:** is unchanged at 2.80%, compared to 2.80% last month.
- **China Loan Prime Rate:** is unchanged at 3.35%, compared to 3.35% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 521.67, up 7.08 points or 1.38%.
- **FTSE 100:** Closed at 8,328.72, up 75.04 points or 0.91%.
- **DAX Index:** Closed at 19,002.38, up 290.89 points or 1.55%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,025.19, up 522.09 points or 1.26%.
- **S&P 500:** closed at 5,713.64, up 95.38 points or 1.70%.
- **Nasdaq Composite:** closed at 18,013.98, up 440.68 points or 2.51%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,818.86, up 21.88 points or 0.58%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,207.91, up 38.38 points or 0.74%.
- **U.S. Treasury 10-year note:** closed at 3.73%.
- **U.S. Treasury 2-year note:** closed at 3.59%.



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Federal Reserve Bank Interest Rate Actions

Date	Change	Fed Funds Rate	Prime Rate
9/18/2024	-0.50%	4.75%-5.00%	8.00%
7/31/2024	No Change	5.25%-5.50%	8.50%
6/12/2024	No Change	5.25%-5.50%	8.50%
5/1/2024	No Change	5.25%-5.50%	8.50%
3/20/2024	No Change	5.25%-5.50%	8.50%
1/31/2024	No Change	5.25%-5.50%	8.50%
12/13/2023	No Change	5.25%-5.50%	8.50%
11/1/2023	No Change	5.25%-5.50%	8.50%
9/20/2023	No Change	5.25%-5.50%	8.50%
7/26/2023	0.25%	5.25%-5.50%	8.50%
5/3/2023	0.25%	5.00%-5.25%	8.25%
3/22/2023	0.25%	4.75%-5.00%	8.00%
2/1/2023	0.25%	4.50%-4.75%	7.75%
12/14/2022	0.50%	4.25%-4.50%	7.50%
11/2/2022	0.75%	3.75%-4.00%	7.00%
9/21/2022	0.75%	3.00%-3.25%	6.25%
7/27/2022	0.75%	2.25%-2.50%	5.50%
6/16/2022	0.75%	1.50%-1.75%	4.75%
5/5/2022	0.50%	0.75%-1.00%	4.00%
3/17/2022	0.25%	0.25%-0.50%	3.50%



US Initial Claims for Unemployment, US Job Openings, and US Job Seekers

- US Initial Claims for Unemployment Insurance 219000.0
- US Job Openings: Total Nonfarm 7.673M
- US Unemployed Persons: Job Seeker 6.493M





US Existing Home Sales, 30-Year Mortgage Rate, and US Current Account Balance





Wall Street Recap

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