

# GLOBAL MARKET SQUARE



## US and European Markets Close Higher as China's Stimulus Fuels Optimism with the Dow Jones and S&P 500 at Record Highs.

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The US and European stock markets closed with solid gains as investor sentiment remained optimistic following various global developments, taking the Dow Jones and S&P 500 to new record highs. Stocks opened the day modestly higher, buoyed by China's announcement of a broad monetary stimulus package to revitalize its slowing economy. Today, the technology-heavy Nasdaq outpaced the S&P 500 and Dow Jones, but these two broke new record highs, continuing its strong performance. So far, the S&P 500 is on track for a nearly 5% gain for the third quarter.

### The five indexes we follow all have double digits returns YTD:

- **Dow Jones Industrial** has an **11.99%** YTD Return.
- **S&P 500** has a **20.19%** YTD Return.
- **Nasdaq Composite** has a **20.41%** YTD Return.
- **Birling PR Stock Index** has a **14.18%** YTD Return.
- **Birling US Bank Index** has a **22.18%** YTD Return.

However, recent months have seen a shift in sector leadership, with interest-rate-sensitive sectors like utilities and real estate leading the way. At the same time, technology, communication services, and energy have lagged.

In the bond market, yields are diverging, with the 2-year Treasury yield trending lower as the Federal Reserve begins its interest rate cuts, while the 10-year yield has stabilized and even edged higher. This has led to a steepening of the Treasury yield curve, with the difference between the 10-year and 2-year yields reaching its highest point at approximately 0.19%.

China's central bank, the People's Bank of China (PBoC), revealed a series of stimulus measures to support domestic consumption and the struggling property market. These steps include cutting short-term interest rates, lowering bank reserve requirements, and injecting liquidity into the stock and property markets. Chinese equities responded positively, surging over 4%, while commodity prices, particularly natural gas, saw a significant rise of about 4%. While this stimulus may boost China's economy, some analysts believe fiscal support and government investment will be needed for sustained growth.

Most investors focus on Friday's September release of Personal Consumption Expenditure (PCE) inflation data for August, the Federal Reserve's preferred inflation gauge. Inflation Nowcasting has the PCE at 2.33% inflation, down from 2.50%, while core PCE inflation is expected to rise from 2.62% to 2.77%. The Fed's recent projections suggest a continued gradual easing of inflation, driven by lower shelter and rent prices, and a moderation in services inflation as wage growth cools.

## Key Economic Data:

- **Richmond Fed Manufacturing Index:** fell to -21.00, down from -19.00 last month.
- **Germany Ifo Business Climate Index:** fell to 85.40, down from 86.60 last month, decreasing -1.39%.
- **Germany Ifo Business Expectations Index:** fell to 86.30, down from 86.80 last month, decreasing -0.58%.
- **Germany Ifo Business Situation Index:** fell to 84.40, down from 86.40 last month, decreasing -2.31%.

## Eurozone Summary:

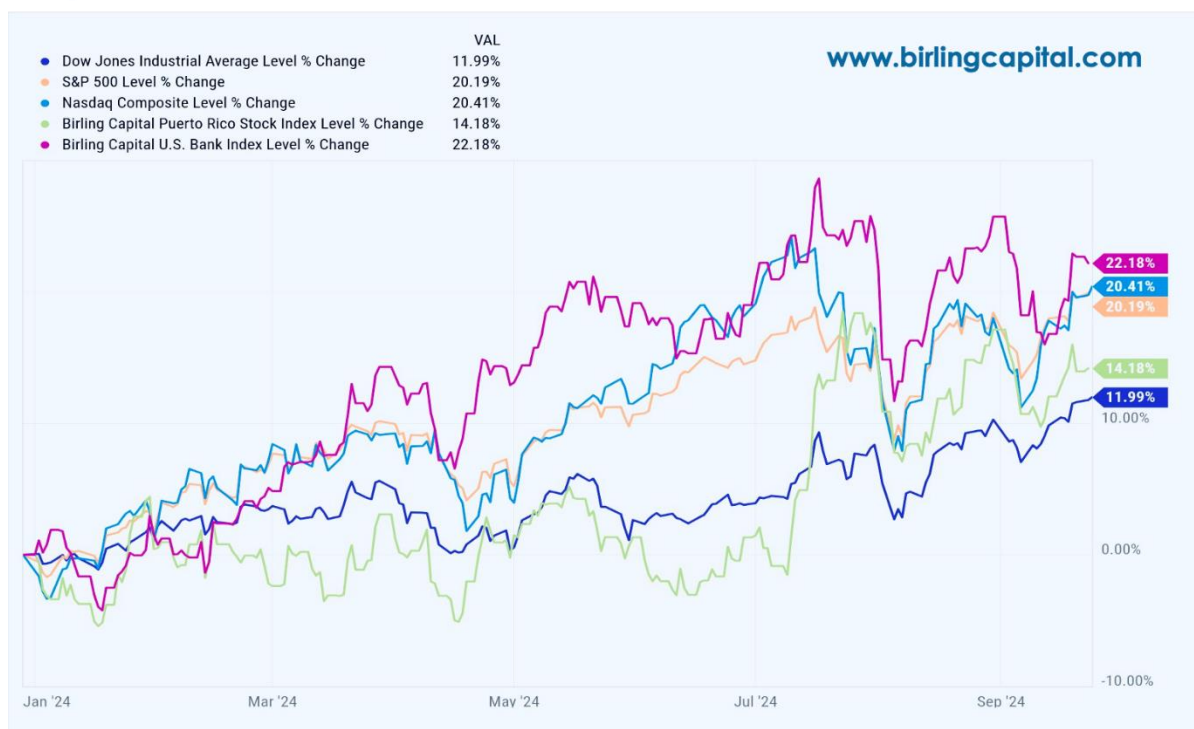
- **Stoxx 600:** Closed at 519.70, up 3.38 points or 0.65%.
- **FTSE 100:** Closed at 8,282.76, up 23.05 points or 0.28%.
- **DAX Index:** Closed at 18,996.63, up 149.84 points or 0.80%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,208.22, up 83.57 points or 0.20%.
- **S&P 500:** closed at 5,732.93, up 14.36 points or 0.25%.
- **Nasdaq Composite:** closed at 18,074.52, up 100.25 points or 0.56%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,817.32, up 7.61 points or 0.20%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,326.08, down 21.45 points or 0.40%.
- **U.S. Treasury 10-year note:** closed at 3.74%.
- **U.S. Treasury 2-year note:** closed at 3.49%.



## Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index, Birling US Bank Index Returns YTD 9.24.24





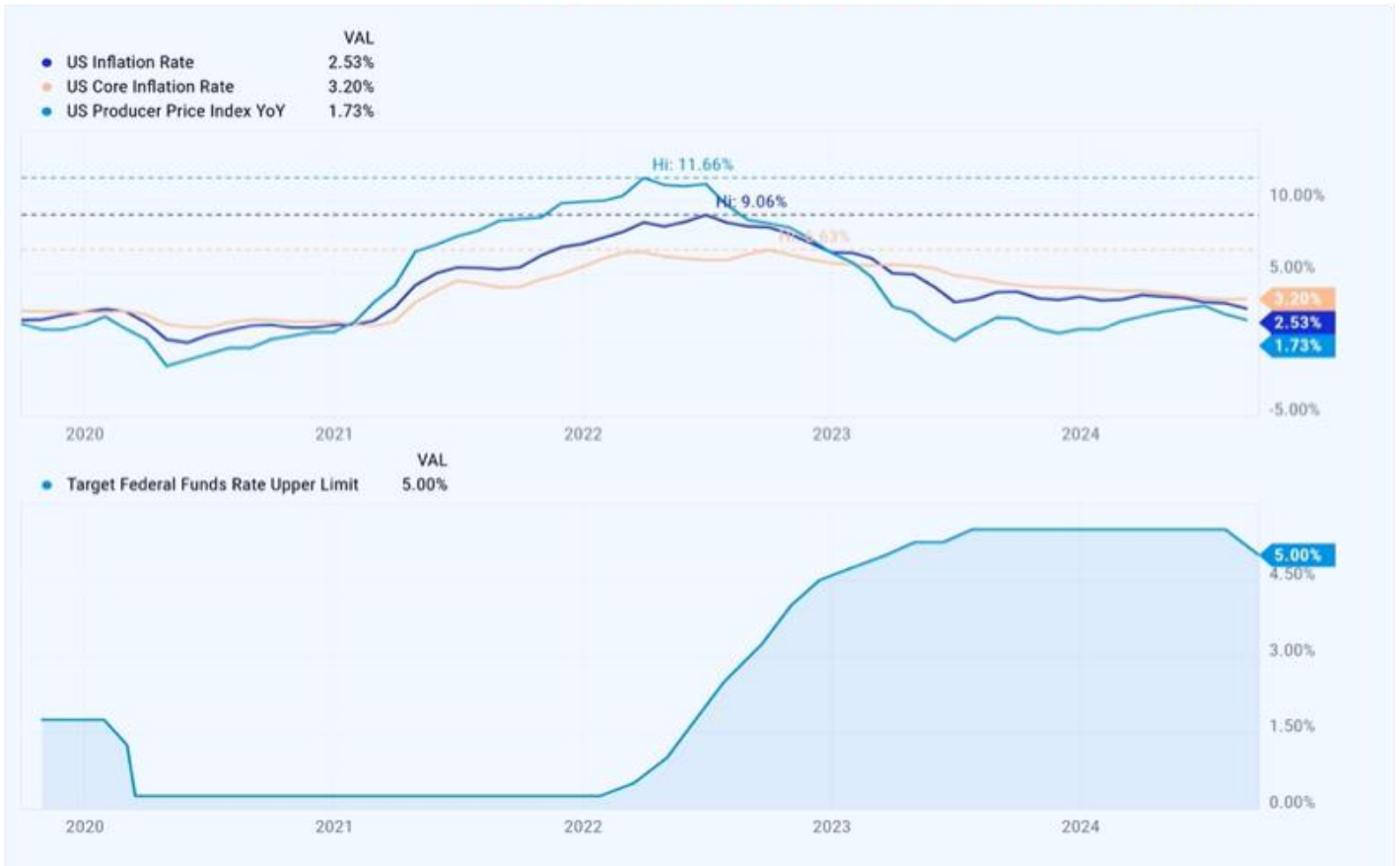
# Inflation Nowcasting

## PCE & Core PCE

Inflation Nowcasting	PCE	Core PCE	Updated
August	2.33%	2.77%	24-Sep



# US Inflation Rate, US Core Inflation Rate & US Producer Price Index Vs Target Fed Funds Rate Upper Limit





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# Germany Ifo Business Climate, Germany Ifo Business Expectations & Germany Ifo Business Situation Indexes





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