

GLOBAL MARKET SQUARE



U.S. Markets Open September with Losses as Manufacturing Data Sparks Economic Worries and the Dow Jones Fell 626.15 Points.

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The U.S. and European stock markets began trading with losses on the first trading day of September, following an August that saw the S&P 500 rise 2.28% and the Nasdaq Composite rise 0.65%; both indexes recorded their fourth straight month of growth.

The market took a hit on Tuesday following two reports indicating weakness in manufacturing production. S&P Global's data revealed a decline from July to August, while the Institute for Supply Management's figures fell short of economists' expectations. The ISM Manufacturing PMI rose to 47.20, up from 46.80 but below the 47.90 estimate. We now await the ISM Services PMI to provide insight into key economic sectors.

These reports renewed worries about slowing growth in the U.S. economy, contributing to a significant sell-off similar to the one seen early last month.

The tech and energy stocks are among the hardest hit, with energy particularly affected by falling oil prices due to signs of softer demand from China and the potential for increased production from OPEC+. Safer assets like bonds are faring better, with 10-year Treasury yields closing at 3.84%. Today's decline seems primarily driven by routine asset rotation with profit-taking, especially since stocks closed last week near record highs. There's no significant news or shift in the broader market narrative behind today's movement, and markets will likely experience some volatility this week as they digest a series of economic reports, culminating in Friday's nonfarm payroll data.

The broader market fundamentals remain strong, setting the stage for a solid end to 2024 and a strong start to 2025.

Despite being shortened by the holiday, this week is packed with critical economic data to guide market movements.

Thursday's quarterly report on labor-force productivity is particularly noteworthy, as recent gains in this area have been a significant driver of solid GDP growth over the past two years. A sustained productivity surge, last seen in the 1990s, could be a decisive factor in extending the current expansion, with AI and automation playing critical roles.

However, this week's leading event for investors is the August jobs report, due on Friday. With markets rebounding from the early August sell-off, driven by solid economic data and growing confidence in a Fed rate cut this month, this employment report will be vital in shaping the "soft landing" narrative. Job growth estimates point to a rise of 160,000 new jobs, up from 114,000 last month, with a slight decrease in the unemployment rate. The labor market is cooling but not collapsing, which supports our view that the economy is on track for modest growth. Markets will likely interpret Friday's data through the lens of consumer health and Fed policy. A fragile report could raise concerns about an economic slowdown and increase expectations for a larger rate cut this month. Conversely, a more

robust report might not rule out a 0.25% rate cut in September, but it could temper expectations for further cuts this year, as it would suggest the economy is holding up despite high interest rates.

Key Economic Data:

- **U.S. ISM Manufacturing PMI:** rose to 47.20, up from 46.80 last month, increasing 0.85%.
- **U.S. ISM Manufacturing New Orders Index:** fell to 44.60, down from 47.40 last month, decreasing -5.91%.
- **U.S. ISM Manufacturing Employment Index:** rose to 46.00, up from 43.40 last month, increasing 5.99%.
- **U.S. ISM Manufacturing Prices Paid Index:** rose to 54.00, up from 52.90 last month, increasing 2.08%.
- **U.S. Construction Spending MoM:** fell by -0.29%, compared to 0.04% last month.
- **U.S. Retail Gas Price:** fell to \$3.433, down from \$3.50 last week, decreasing 1.91%.

Eurozone Summary:

- **Stoxx 600:** Closed at 519.84, down 5.10 points or 0.97%.
- **FTSE 100:** Closed at 8,298.46, down 65.38 points or 0.78%.
- **DAX Index:** Closed at 18,747.11, down 183.74 points or 0.97%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,936.93, down 626.15 points or 1.51%.
- **S&P 500:** closed at 5,528.93, down 119.47 points or 2.12%.
- **Nasdaq Composite:** closed at 17,713.62, down 577.33 points or 3.26%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,875.12, down 0.99 points or 0.03%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,413.99, up 0.97 points or 0.61%.
- **U.S. Treasury 10-year note:** closed at 3.84%.
- **U.S. Treasury 2-year note:** closed at 3.88%.



US ISM Manufacturing PMI, US ISM Manufacturing New Orders, US ISM Manufacturing Employment Index and US ISM Manufacturing Prices Paid

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	VAL
US ISM Manufacturing PMI	47.20
US ISM Manufacturing New Orders Index	44.60
US ISM Manufacturing Employment Index	46.00
US ISM Manufacturing Prices Paid Index	54.00





US Construction Spending & US Retail Gas Price





Wall Street Update

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