



GLOBAL MARKET SQUARE



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The GPNow for the 3Q24 Rises to 3.1%, East Coast Port Strike Looming and the Middle East Tensions Impact Wall Street.

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The U.S. and European stock markets begin the week with losses following a week of new highs last week as escalating tensions in the Middle East have injected a note of caution. However, overall market sentiment remains upbeat, as shown by last week's rally that pushed the S&P 500 to a record high after three consecutive weeks of gains.

The Five Indexes we follow ended the month as follows:

- Dow Jones Gained 767.15 points or 1.85%.
- S&P 500 Gained 475.55 points or 2.02%.
- Nasdaq Composite Gained 114.08 points or 2.68%.
- Birling P.R. Stock Index lost 103.52 points or -2.64%.
- Birling U.S. Bank Index lost 150.42 points or -2.74%.

Meanwhile, interest rates have ticked slightly, with short-term rates rising more than long-term ones, suggesting markets are recalibrating their expectations for the Federal Reserve's future rate cuts.

Additionally, an East Coast port strike looms on the horizon, potentially disrupting the flow of goods and raising concerns about consumer prices. While any immediate impact may be minimal, a prolonged strike could heighten inflation worries, especially with the holiday season approaching. These developments could also influence market volatility, adding to uncertainties surrounding the upcoming election.

Third-Quarter Performance Wrap-Up

The financial markets have had a strong run as the third quarter concludes today. Both stocks and bonds posted solid gains, with equities supported by robust economic growth and corporate earnings, alongside the Federal Reserve's initial steps toward monetary easing. Bonds, meanwhile, benefited from falling interest rates. This quarter saw the bull market broaden significantly, with leadership shifting from growth and tech stocks to a more diverse set of assets, benefiting balanced portfolios. Cyclical and international investments outperformed, with U.S. small- and mid-cap stocks climbing nearly 10% over the past three months.

Similarly, international developed and emerging markets delivered strong returns, with a late surge in Chinese stocks following government stimulus. U.S. large-cap stocks returned a steady 5% for the quarter, driven by a rotation into value, cyclical, and defensive sectors, while tech and growth stocks lagged. The utilities, real estate, financial services, industrials, and materials sectors all saw double-digit gains, while tech and communication services sectors remained flat.

Jobs Data in the Spotlight This Week

This week's economic focus will be on jobs data, though we'll first get commentary from several Federal Reserve officials and manufacturing reports in the coming days. Recent weakness in

manufacturing sparked market volatility in August and September over recession fears, but those concerns have since eased after the Fed's latest policy decisions. Markets will watch Fed speeches and manufacturing data closely, but the week's highlight will be Friday's nonfarm payroll report for September. Earlier job data releases, including job openings, ADP private payrolls, and initial jobless claims on Wednesday and Thursday, will set the stage for the main event. Investors hope to report that is neither too strong nor too weak—that signals a stable economy without reigniting inflation fears, thus allowing the Fed to continue easing rates in the coming months.

Puerto Rico Economic Update:

Another benchmark that has seen robust growth since January 2021 was the Economic Activity Index produced by the Economic Development Bank for Puerto Rico, which measures employment, electric power generation, gasoline consumption, and cement sales. It has been in contraction since November 2023. It fell to 4.4%, continuing in December 2023 to 1.6%, January 1.5%, and February 0.4%. The EAI has been falling for nine consecutive months in negative numbers since March 2024 at -0.2%, April -1.4%, May -1.0%, June -0.6%, and July -0.2%.

GDPNow Update:

- The GDPNow for the Third Quarter of 2024 was updated on September 27 to 3.10% from 2.90%, increasing by 6.90%.

Key Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.311, up from \$3.307 last week, increasing 0.12%.
- **Germany Consumer Price Index YoY:** fell to 1.60%, compared to 1.90% last month.
- **Germany Real Retail Sales YoY:** rose to 1.80%, compared to -1.90% last month.
- **U.K. Real GDP QoQ:** fell to 0.50%, compared to 0.70% last quarter.
- **U.K. Balance of Trade:** fell to -15.91 billion, down from -1.959 billion last quarter.
- **Japan Housing Starts YoY:** fell to -5.07%, compared to -0.20% last month.

Eurozone Summary:

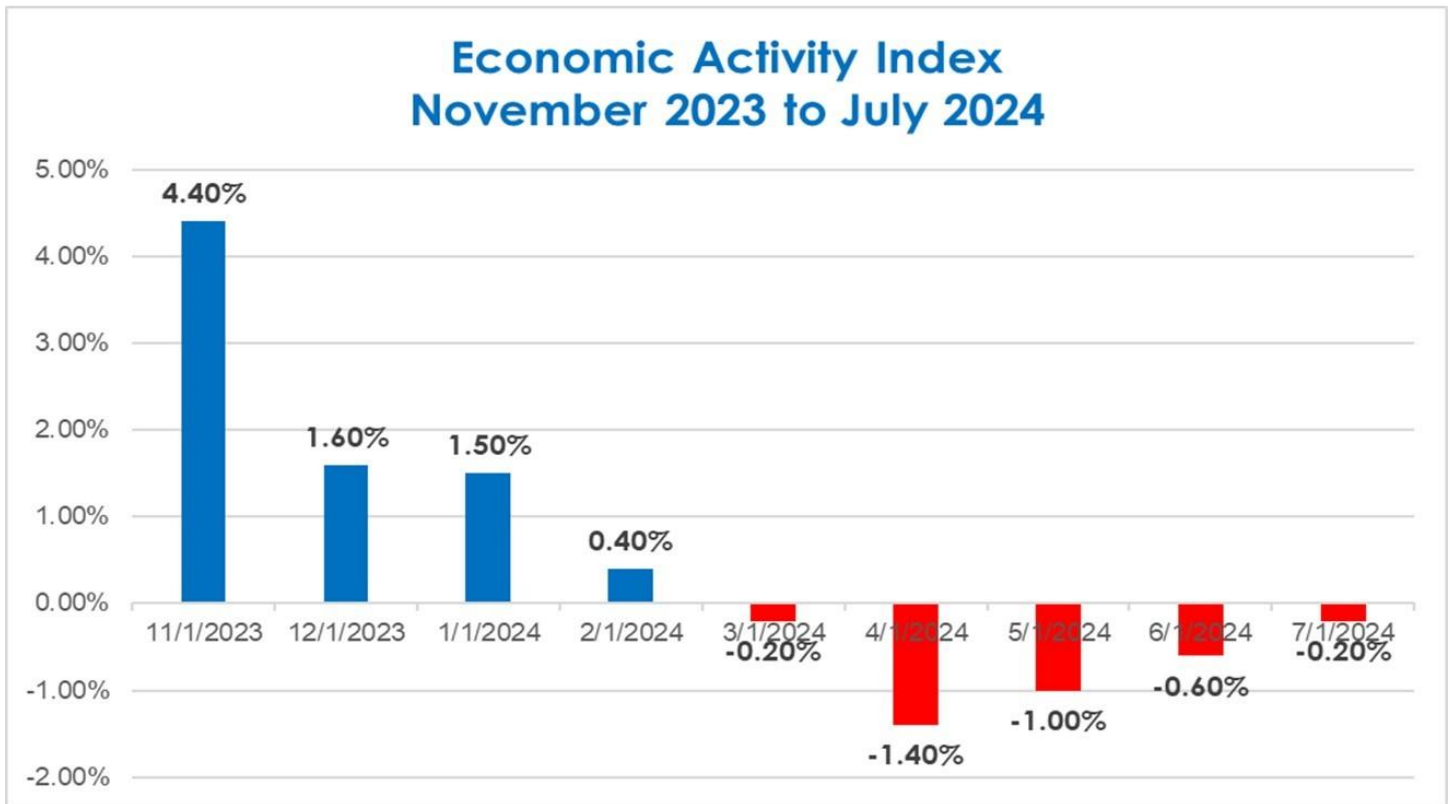
- **Stoxx 600:** Closed at 522.89, down 5.19 points or 0.98%.
- **FTSE 100:** Closed at 8,236.95, down 83.81 points or 1.01%.
- **DAX Index:** Closed at 19,324.93, down 148.70 points or 0.76%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,330.15, up 17.15 points or 0.04%.
- **S&P 500:** closed at 5,762.48, up 24.31 points or 0.42%.
- **Nasdaq Composite:** closed at 18,189.17, up 69.58 points or 0.38%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,812.22, down 3.09 points or 0.08%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,330.07, down 6.58 points or 0.12%.
- **U.S. Treasury 10-year note:** closed at 3.81%.
- **U.S. Treasury 2-year note:** closed at 3.66%.

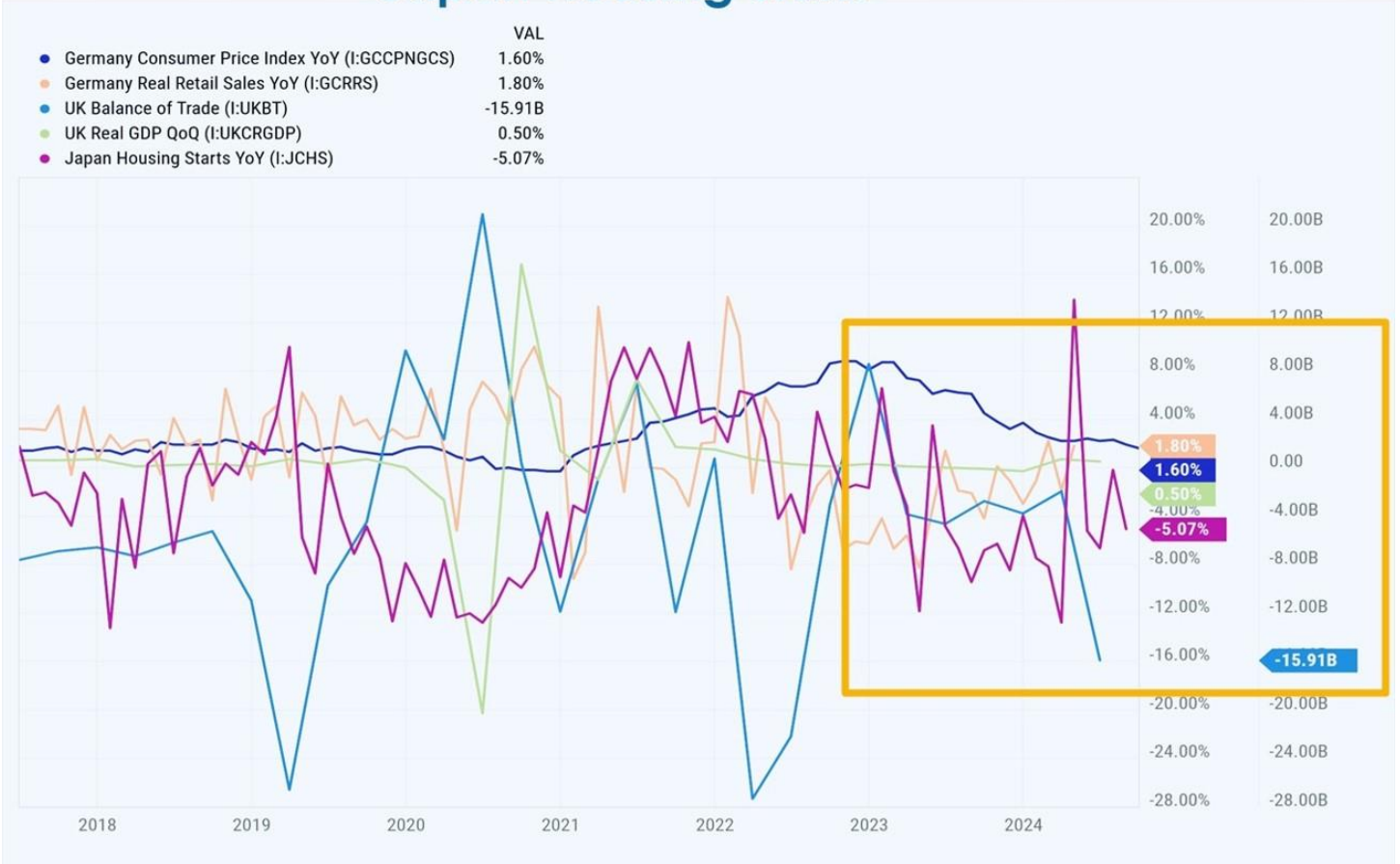
Economic Activity Index November 2023 to July 2024

The Economic Activity Index for July 2024 reflects a contraction of -0.2% and has been in contraction for 9 months.



Date	GDPNow 3Q24	Change
7/25/2024	2.80%	Initial Forecast
8/1/2024	2.50%	10.71%
8/6/2024	2.90%	16.00%
8/8/2024	2.90%	0.00%
8/15/2024	2.40%	-17.24%
8/15/2024	2.00%	-16.67%
9/3/2024	2.00%	0.00%
9/4/2024	2.10%	5.00%
9/9/2024	2.50%	19.05%
9/17/2024	3.00%	20.00%
9/18/2024	2.90%	-3.33%
9/27/2024	3.10%	6.90%

Germany CPI, Germany Retail Sales, UK Balance of Trade, UK Real GDP & Japan Housing Starts





Wall Street Recap

September 30, 2024



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