

Nvidia's Wretchedness Continues Amid DOJ Antitrust Probe, GDPNow Rises to 2.1%, and Markets Brace for Friday's Key Jobs Report.

September 4, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed the session mostly down, except for the Dow Jones, which closed up following yesterday's sharp sell-off caused by asset rotations and profit-taking. So far this week, the three indexes have fallen, led by the Nasdaq, down 3.55%; the S&P 500, declining 2.27%; and the Dow Jones, falling 1.47%. Wall Street today is digesting the JOLTS report that shows Job openings dropped to their lowest level in 3½ years in July, according to a report from the Labor Department, signaling further cooling of the labor market.

The Job Openings and Labor Turnover Survey (JOLTS), a key indicator of labor market conditions, shows 7.67 million in July, down 3% or 237,000 from June's revised figure, registering the lowest job openings since January 2021. The consensus estimates by Economists had expected 8.1 million new jobs, even though the previous reading was only 7.91 million.

This decline has reduced the ratio of job openings to available workers to just under 1.1, a significant drop from its peak of over 2 to 1 in early 2022. its downward trend on Wednesday.

Up next is Friday's Jobs Report, a factor influencing near-term market sentiment. Last month's nonfarm payroll report showed the unemployment rate climbing from 4.0% to 4.3%, the highest level this year, raising concerns about a possible recession.

However, since then, we've seen positive economic data, including robust retail sales, an upward revision of second-quarter GDP growth to 3.0% annually, and easing inflation. The GDPNow for the third quarter reports a 2.10% GDP forecast for the third quarter, providing additional ammunition for a "Soft Landing".

Projections suggest the unemployment rate may improve slightly to 4.2%, with job creation expected to rise to 165,000 from 114,000. Meeting these expectations reassures markets, indicating that the labor market remains relatively stable.

Another issue impacting the market is the revelation that chipmaker NVIDIA is facing a subpoena from the Department of Justice as part of an antitrust investigation. Although the inquiry is still in its early stages, industry estimates suggest that NVIDIA controls over 80% of the market for data-center AI chips.

Nvidia experienced a significant drop on Tuesday, with its stock plummeting nearly 10% during regular trading, resulting in a \$279 billion loss in market value.

The investigation focuses on whether Nvidia's practices make it difficult for customers to switch to other AI chip suppliers.

Nvidia's dominance in AI chips for data centers is a market it dominated before competitors like AMD and Intel noticed, has seen its stock fall 17.28% from August 28 to September 4, 2024.

GDPNow Update:

- The GDPNow for the Third Quarter of 2024 was updated on September 4, rising to 2.10% from 2.00%, a 5% increase.

Key Economic Data:

- **U.S. Job Openings:** Total Nonfarm: fell to 7.673 million, down from 7.91 million last month and down -3.00%.
- **U.S. Trade Balance on Goods:** fell to -103.13 billion, down from -97.51 billion last month.
- **U.S. Durable Goods New Orders MoM:** rose to 9.83% compared to -6.87% last month.

Eurozone Summary:

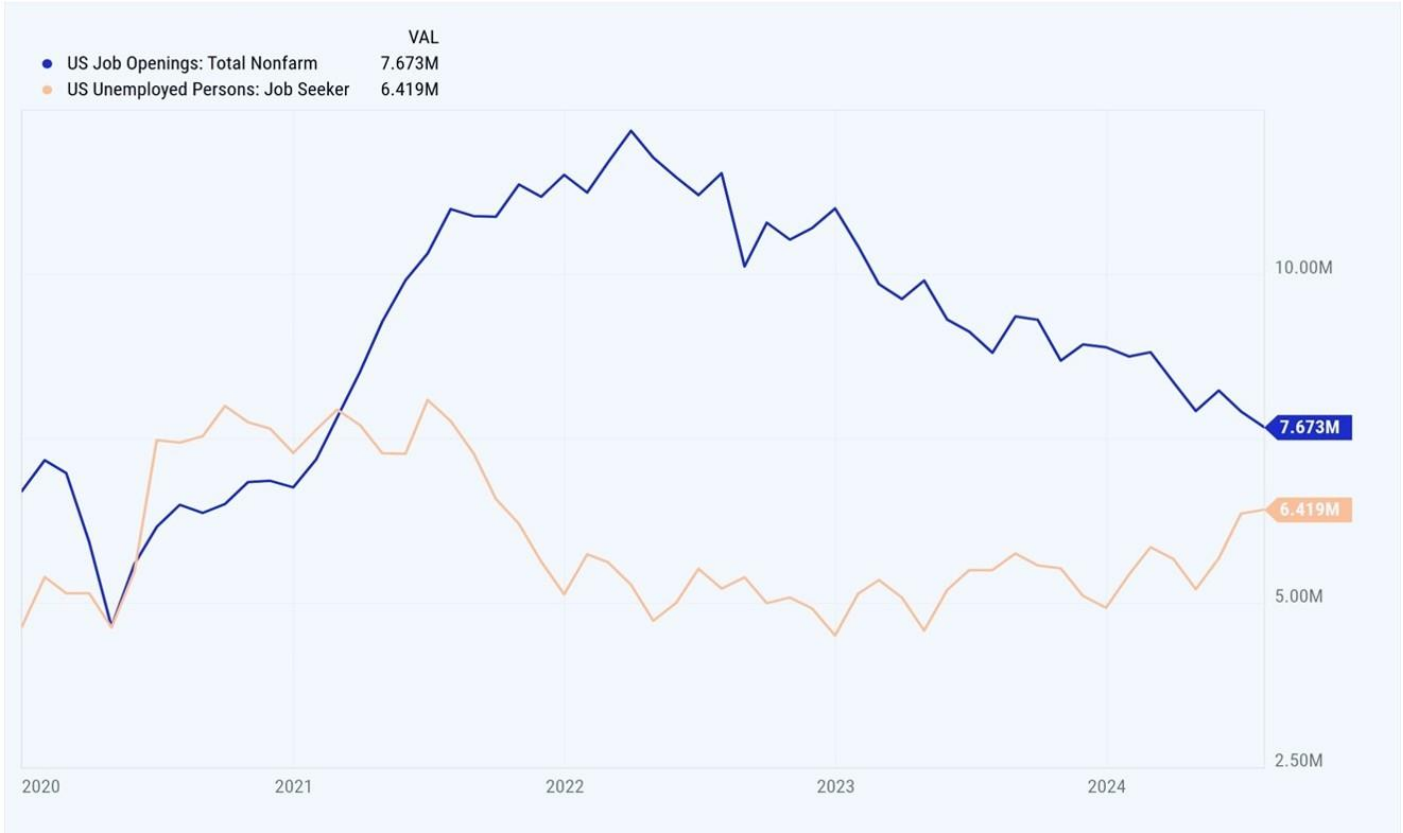
- **Stoxx 600:** Closed at 519.84, down 5.10 points or 0.97%.
- **FTSE 100:** Closed at 8,298.46, down 65.38 points or 0.78%.
- **DAX Index:** Closed at 18,747.11, down 183.74 points or 0.97%.

Wall Street Summary:

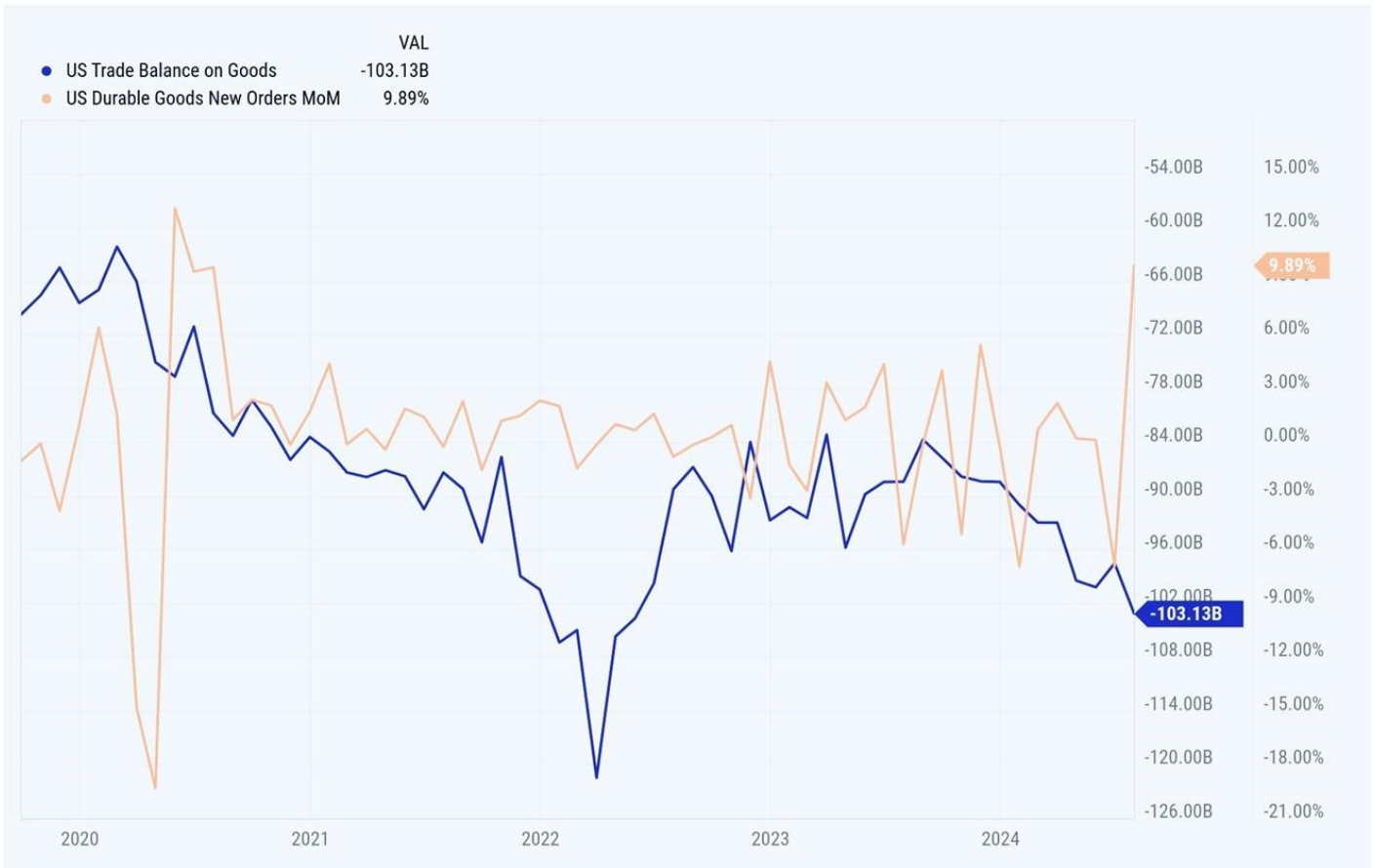
- **Dow Jones Industrial Average:** closed at 40,974.97, up 38.04 points or 0.09%.
- **S&P 500:** closed at 5,520.07, down 8.86 points or 0.16%.
- **Nasdaq Composite:** closed at 17,084.30, down 52.00 points or 0.30%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,915.74, up 40.61 points or 1.05%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,480.49, up 66.50 points or 1.23%.
- **U.S. Treasury 10-year note:** closed at 3.77%.
- **U.S. Treasury 2-year note:** closed at 3.76%.

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%

US Job Openings and US Job Seekers



US Trade Balance on Goods & US Durable Goods New Orders





Wall Street Recap

September 4, 2024



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.