

Markets Fall After the U.S. Economy Records a Dismal 1.6% GDP for 1Q24, 41.74% less than estimated.

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The U.S. and European stock markets fell as investors reacted to weaker-than-anticipated first-quarter GDP growth of 1.6%, coupled with higher-than-projected prices, as the GDP Chain Price Index rose at a 3.1% annualized rate.

Consequently, equities declined while bond yields climbed, crossing the 4.70% threshold for the 10-year Treasury yield. Notably, defensive sectors like consumer staples led the S&P 500. Meta's stock faced pressure, around 10.51%, due to cautious guidance from management regarding increased investment spending.

The first-quarter GDP figures were disappointing, with growth at 1.6% falling short of the GDPNow forecast of 2.7%, a 41.74% miss. Key drivers included resilient household consumption, growing at a 2.5% annualized rate, offset by weak net exports and a slowdown in government spending contribution to GDP growth. The GDP Chain Price Index exceeded expectations at a 3.1% annualized rate. This combination of tepid growth and elevated prices led to higher bond yields and lower stocks. Despite market volatility, we advise investors to view pullbacks as opportunities to enhance their portfolios in alignment with their financial objectives.

As we move forward, inflation and corporate earnings will influence market sentiment as the week concludes. Tech titans Microsoft and Alphabet revealed robust earnings in their recent financial reports released after-market, dazzling investors. Alphabet's revenue surged by a remarkable 15% compared to last year, marking its fastest growth rate since the early months of 2022. Meanwhile, Microsoft showcased its financial prowess with a 17% year-over-year revenue surge for the quarter concluding on March 31. The company's net income soared to \$21.94 billion, translating to \$2.94 per share.

As the market eagerly awaits the release of personal consumption expenditures (PCE) inflation data scheduled for tomorrow morning, the landscape of corporate earnings paints an optimistic picture. With approximately 40% of S&P 500 companies already reporting earnings, most have surpassed expectations, reinforcing a robust full-year growth projection of around 10.3%.

Regarding inflation, analysts anticipate a 2.7% year-over-year increase in core PCE, with headline PCE expected to experience a slight uptick, driven by elevated commodity prices. Despite initial apprehensions surrounding inflationary pressures, there's a prevailing sentiment that the trend is poised to moderate. This potential easing of inflationary concerns could set the stage for Federal Reserve rate adjustments later in the year, possibly as early as autumn.

Key Economic Data:

- **U.S. Real GDP QoQ:** fell to 1.60%, compared to 3.40% last quarter.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 207,000, down from 212,000 last week, decreasing -2.36%.
- **U.S. Pending Home Sales YoY:** is at -7.01%, compared to -8.71% last month.
- **U.S. Total Vehicle Sales:** rose to 16.34 million, up from 15.43 million, increasing 5.92%.
- **Kansas City Fed Manufacturing Production Index:** fell by -9.00, down from 3.00 last month.
- **30-Year Mortgage Rate:** rose to 7.10%, compared to 6.88% last week.
- **Japan Business Conditions Composite Coincident Index:** fell to 111.60, down from 112.30 last month, decreasing -0.62%.

Eurozone Summary:

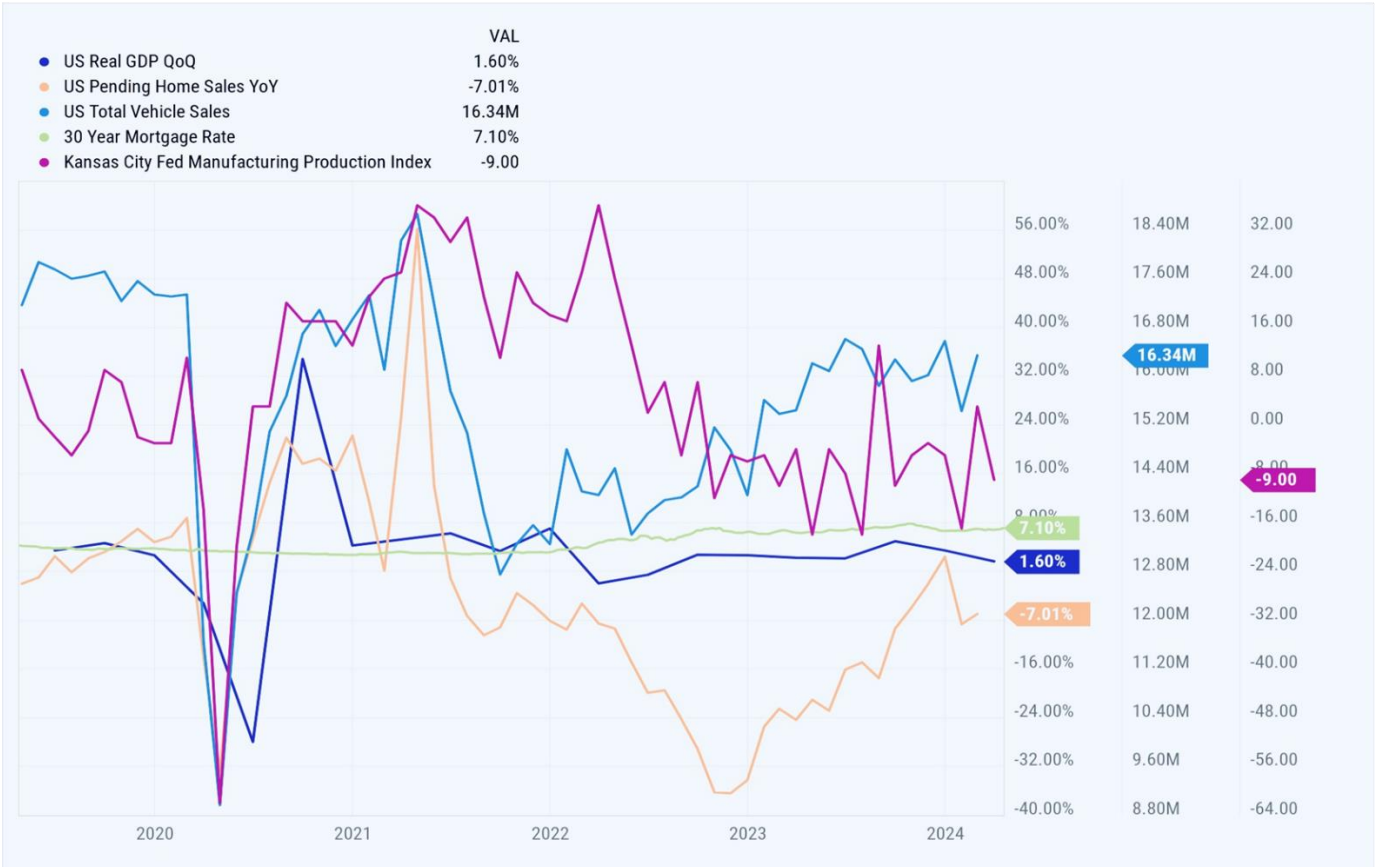
- **Stoxx 600:** closed at 502.38, down 3.23 points or 0.64%.
- **FTSE 100:** closed at 8,078.86, up 38.48 points or 0.48%.
- **Dax Index:** closed at 18,080.70, down 171 points or 0.95%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,085.80, down 375.12 points or 0.98%.
- **S&P 500** closed at 5,048.42, down 23.21 points or 0.46%.
- **Nasdaq Composite** closed at 15,611.76, down 100.99 points or 0.64%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,438.43, up 52.68 points or 1.56%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,000.53, down 5.79 points or 0.12%.
- **U.S. Treasury 10-year note** closed at 4.70%.
- **U.S. Treasury 2-year note** closed at 4.96%.



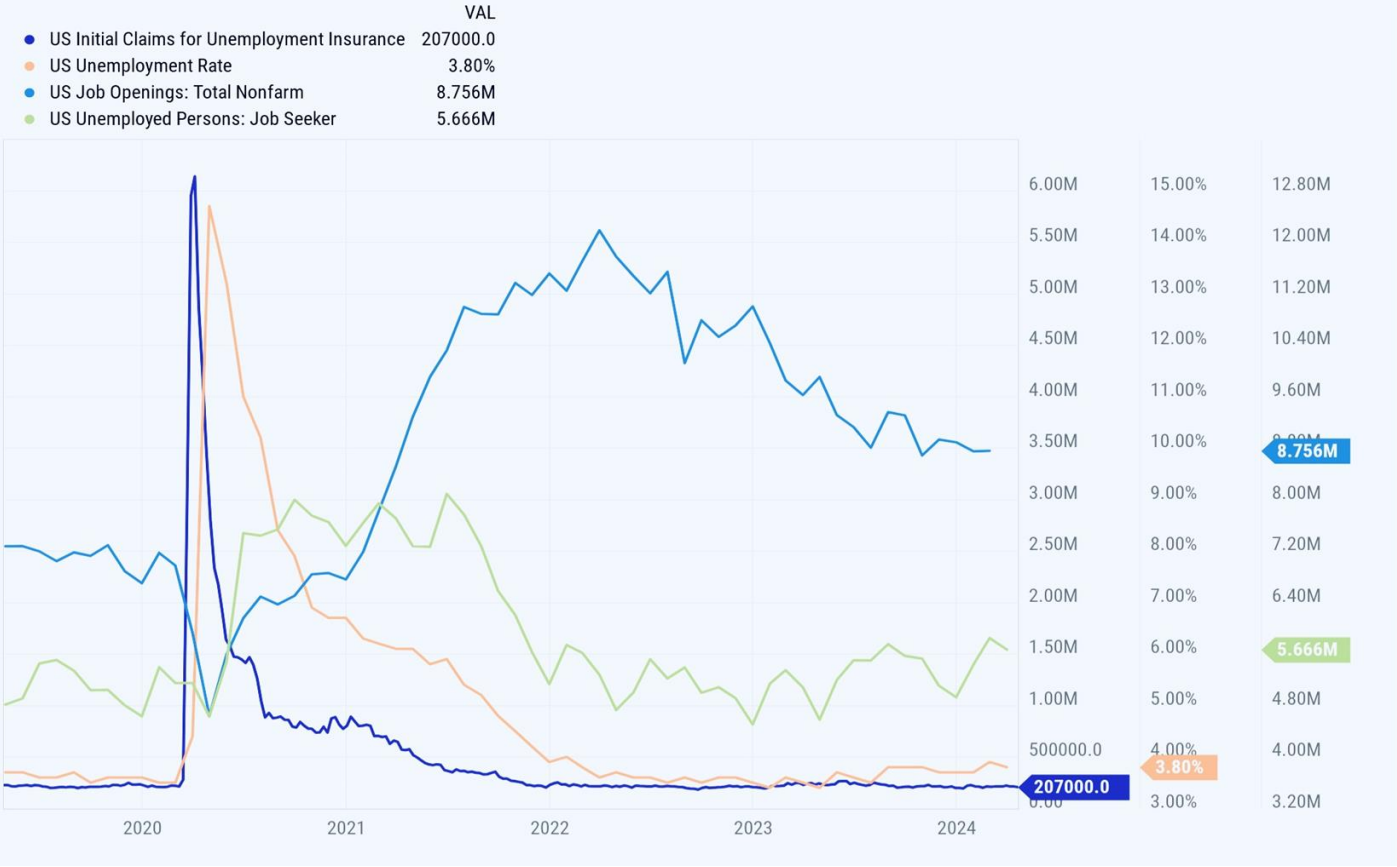
US GDP, US Pending Home Sales, US Total Vehicle Sales, 30-Year Mortgage Rate & Kansas City Fed Manufacturing Index





US Initial Claims for Unemployment fell to 207,000

- US Initial Claims for Unemployment Insurance 207000.0
- US Unemployment Rate 3.80%
- US Job Openings: Total Nonfarm 8.756M
- US Unemployed Persons: Job Seeker 5.666M

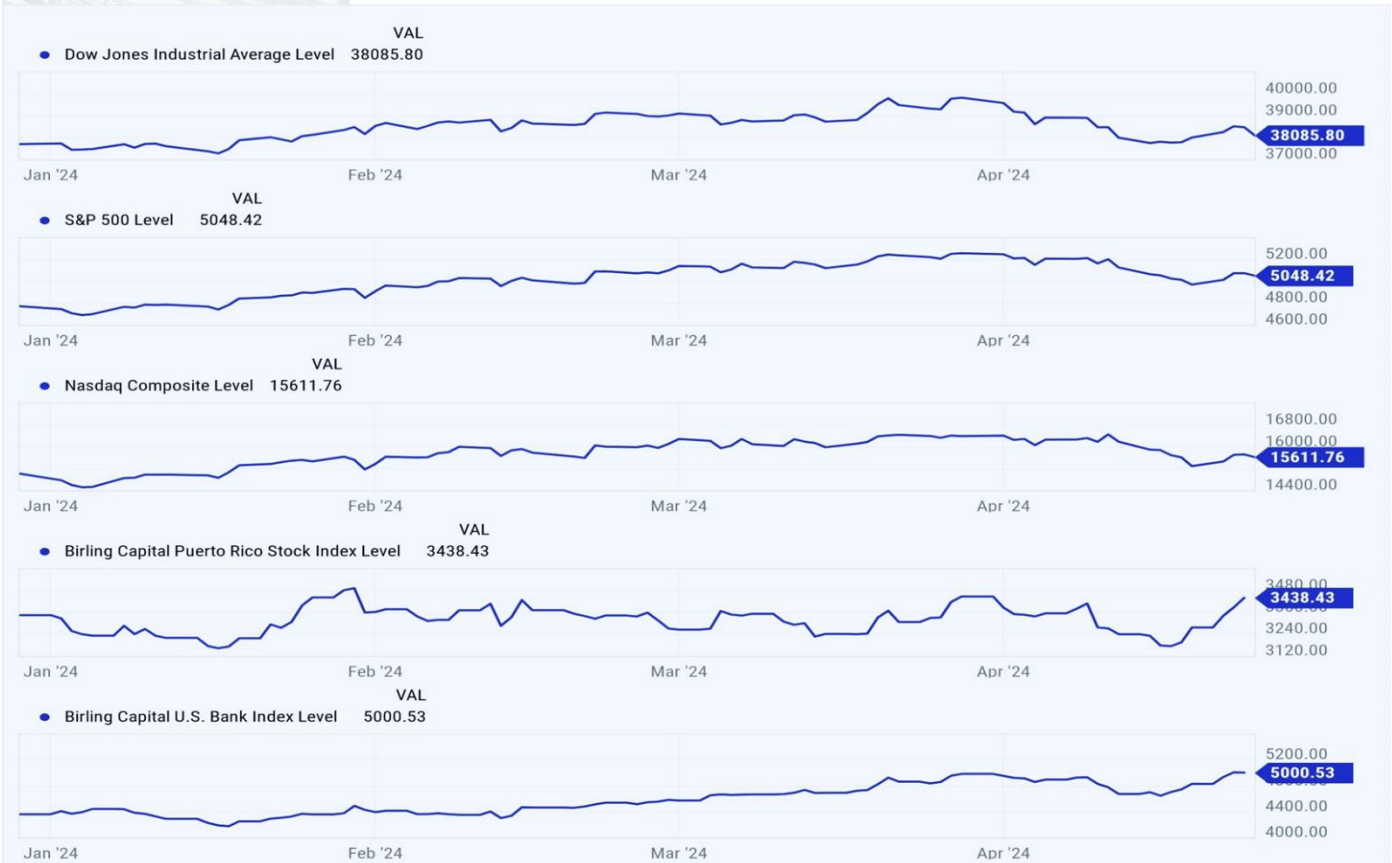




Wall Street Recap

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