

## Market Volatility Rattles U.S. and European Stocks Amid Surprising Wage Growth Uptick, Creating A Severe Federal Reserve Tension and Wall Street Tanks.

April 30, 2024

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The U.S. and European stock markets fell today due to a globally diverse landscape that took the Dow down 570.12 points, the Nasdaq Composite 325.26 points, and the S&P 500 80.48 points. The key driver of this was the significant surge in the Employee Cost Index, a vital quarterly metric encompassing wages and benefits, which rose by 1.2%, surpassing estimates of a 1% rise. This acceleration is a notable development compared to the 0.9% uptrend observed in the preceding quarter. The pronounced increase in labor costs has intensified the spotlight on the upcoming Federal Reserve meeting, injecting further anticipation and potential implications into the economic landscape.

Investors have been eagerly waiting for the first-quarter earnings results of major companies like Amazon and Apple. Amazon reported its earnings after the market closed and delivered Revenue of \$143.3 billion and Earnings per-share of \$0.98, both ahead of estimates.

European stocks fell following a Eurozone Core Inflation report that exceeded expectations.

Despite the instability throughout April, which proved to be a broadly losing month, four of the five indexes we follow recorded losses for the month.

The Dow Jones fell 4.42%, the S&P 3.97%, the Nasdaq Composite 4.51%, the Birling Capital PR Stock Index 0.13%, and the Birling US Bank Index rose 0.54%.

As the Federal Reserve's upcoming policy meeting looms, interest rates show a gradual uptick, with the 10-year Treasury yield hovering just above 4.65%, spurred by the uptick in wage growth. The anticipation for Chair Powell's ensuing press conference, where insights into the Fed's stance on recent inflation trends and their implications for future rate adjustments will be shared, is palpable. Market expectations have undergone notable adjustments in recent weeks, with initial projections of multiple rate cuts in 2024 now tempered to reflect a more restrained outlook.

Market participants brace for significant weekly data releases amid the Fed's deliberations. Wednesday brings manufacturing and ADP private-payrolls data, followed by first-quarter labor productivity figures on Thursday. These figures assume greater significance given the role of productivity in driving GDP growth and mitigating inflationary pressures. A robust display of productivity growth could alleviate concerns about inflation and support markets. However, if productivity growth is weaker than expected, it may be seen as a potential contributor to sustained upward inflationary pressures, leading to a cautious market response.

In navigating these intricate dynamics, markets seek a delicate balance between addressing inflationary concerns and sustaining economic growth. A resilient economy is crucial for underpinning healthy corporate earnings and bolstering investor confidence amidst the prospect of delayed rate adjustments.

## Corporate Earnings Parade:

- **Coca-Cola Co. (KO)** reported 1Q24 revenues of \$11.30 billion, up 3%, beating estimates, and Net Income of \$3.185 billion, up 2.0%. Coca-Cola reached earnings per share of \$0.74, beating estimates of \$0.69 by 7.24%, with a price objective of \$66.14. The stock closed at \$61.98, down - \$0.06 or -0.10%.

## Key Economic Data:

- **U.S. Employment Cost Index QoQ:** rose to 1.20%, compared to 0.90% last quarter.
- **Case-Shiller Composite 20 Home Price Index YoY:** rose to 7.31%, compared to 6.62% last month.
- **Case-Shiller Home Price Index: National:** It rose to \$316.58 from \$315.30 last month and increased 0.41%.
- **Germany Real GDP YoY:** is at -0.20%, compared to -0.30% last quarter.
- **Germany Real Retail Sales YoY:** fell by -2.70%, compared to 2.20% last month.
- **Germany Unemployment Rate:** is unchanged at 6.00%, compared to 6.00% last month.
- **Japan Housing Starts YoY:** fell by -12.79%, compared to -8.17% last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 504.89, down 3.45 points or 0.68%.
- **FTSE 100:** closed at 8,144.13, down 2.90 points or 0.04%.
- **Dax Index:** closed at 17,932.17, down 186.15 points or 1.03%.

## Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,815.92, down 570.12 points or 1.49%.
- **S&P 500** closed at 5,035.69, down 80.48 points or 0.32%.
- **Nasdaq Composite** closed at 15,657.82, down 325.26 points or 2.04%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,380.10, up 5.73 points or 0.17%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,977.88, down 6.25 points or 0.13%.
- **U.S. Treasury 10-year note** closed at 4.69%.
- **U.S. Treasury 2-year note** closed at 5.04%.



# Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index April 30, 2024 Month End Returns

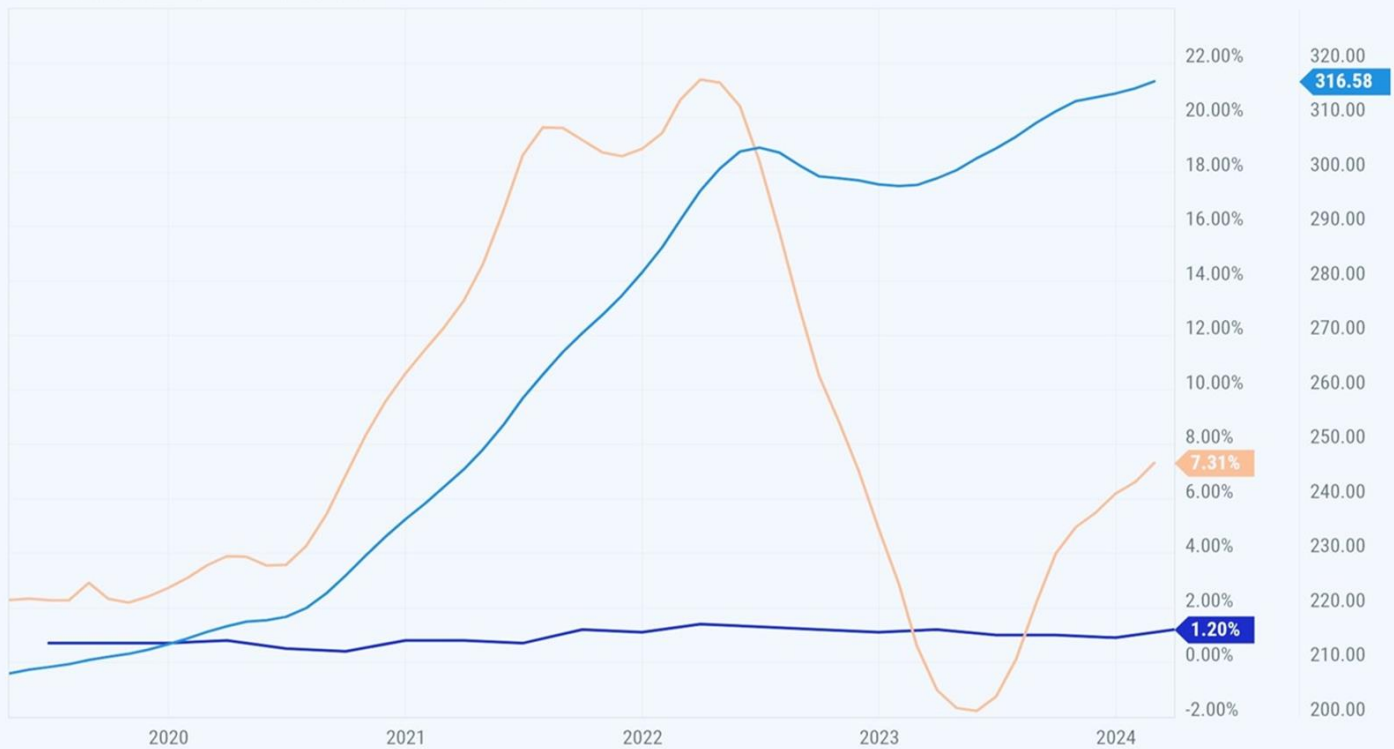
	VAL
● Dow Jones Industrial Average Level % Change	-4.43%
● S&P 500 Level % Change	-3.97%
● Nasdaq Composite Level % Change	-4.51%
● Birling Capital Puerto Rico Stock Index Level % Change	-0.13%
● Birling Capital U.S. Bank Index Level % Change	0.54%





# US Employment Cost Index, Case-Shiller Composite 20 Home Price Index & Case-Shiller Home Price Index-National

	VAL
● US Employment Cost Index QoQ	1.20%
● Case-Shiller Composite 20 Home Price Index YoY	7.31%
● Case-Shiller Home Price Index: National	316.58



# Germany GDP, Germany Retail Sales, Germany Unemployment Rate & Japan Housing Starts

	VAL
Germany Real GDP YoY (I:GRGDPG)	-0.20%
Germany Real Retail Sales YoY (I:GCRRS)	-2.70%
Germany Unemployment Rate (I:GURU8UFW)	6.00%
Japan Housing Starts YoY (I:JCHS)	-12.79%





# Wall Street Recap

## April 30, 2024

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