

Walgreens dual surprise a 10% Revenue Boost and a 47.91% Dividend Cut, ADP Wall Street Closed Mixed.

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The U.S. and European stock markets closed mixed following economic data reports on both sides of the Atlantic that impacted markets differently. As for corporate earnings, today, Walgreens released earnings that surpassed expectations, but to strengthen its balance sheet, it reduced its dividend by 47.91% to \$0.25, and the stock got hammered by more than 5.00%.

The markets began the holiday-shortened session and the year with a "Cautiously Optimistic" tone, which is to be expected after 2023, and delivered double-digit returns in the five indices we follow. Let's review the 2023 results:

- Nasdaq Composite 43.42%
- Birling P.R. Stock Index 32.63%
- S&P 500 24.23%
- Birling U.S. Bank Index 18.23%
- Dow Jones 13.70%

Global equities closed with mixed results, with Asian Stocks lower and European stocks timidly higher; even the E.U. was surprised by Germany's report that its Consumer Price Index shot up 16.62% to 3.70% CPI, a highly unwelcomed development in the inflation fight.

Following the Fed FOMC minutes, we note that the members are not ready to declare the inflation fight is done, even with the PCE at 2.64%, which is just 24.24% away from the Fed's 2% inflation target rate; the Fed may not be ready to pivot to lower rates as fast as investors had presumed.

On economic news, the Unemployment claims fell -8.18% to 202,000, the ADP Employment change rose 62.38% to 164,000, the ISM Services PMI rose 1.74% to 52.70, all positive news and better than expectations.

Corporate Earnings Parade:

- **Walgreens Boots Alliance, Inc. (WBA):** released its fiscal 1Q24 results, with revenues of \$36.71 billion, up a 10% increase, surpassing expectations of \$35.12 billion, adjusted net income of \$571 million, adjusted earnings per share (EPS) was \$0.66, higher than the consensus estimate of \$0.62. The Stock price objective is \$26.67. However, the company almost halved its quarterly dividend from \$0.48 per share to \$0.25 per share to strengthen its balance sheet and cash position. This dividend reduction caused Walgreens shares to decline by 5.12%, and the stock closed at \$24.26.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 202,000, down from 220,000 last week, decreasing -8.18%.
- **ADP Employment Change:** rose to 164,000, up from 101,000 last month, increasing 62.38%.
- **ADP Median Pay YoY:** fell to 5.40%, compared to 5.60% last month.
- **U.S. ISM Services PMI:** rose to 52.70, up from 51.80, increasing 1.74%.
- **U.S. ISM Services New Orders Index:** is unchanged at 55.50.
- **U.S. ISM Services Employment Index:** rose to 50.70, up from 50.20 last month, up 1.00%.
- **30-Year Mortgage Rate:** fell to 6.61%, compared to 6.67% last week.
- **Germany Consumer Price Index YoY:** rose to 3.70%, compared to 3.20% last month, up 16.62%.
- **Germany Consumer Price Index MoM:** rose 0.09%, compared to -0.42% last month.

Eurozone Summary:

- **Stoxx 600** closed at 477.71, up 3.31 points or 0.70%.
- **FTSE 100** closed at 7,723.07, up 40.74 points or 0.53%.
- **Dax Index** closed at 16,538.39, up 78.90 points or 0.48%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,440.34, up 10.15 points or 0.03%
- **S&P 500** closed at 4,688.68, down 16.13 points or 0.34%.
- **Nasdaq Composite** closed at 14,510.30, down 81.91 points or 0.56%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,255.77, down 69.44 points or 2.09%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,366.27, down 40.07 points or 0.91%.
- **U.S. Treasury 10-year** note closed at 3.99%.
- **U.S. Treasury 2-year** note market closed at 4.38%.



US Initial Claims for Unemployment, US Job Openings, US Job Seekers, ADP Employment Change and ADP Median Pay

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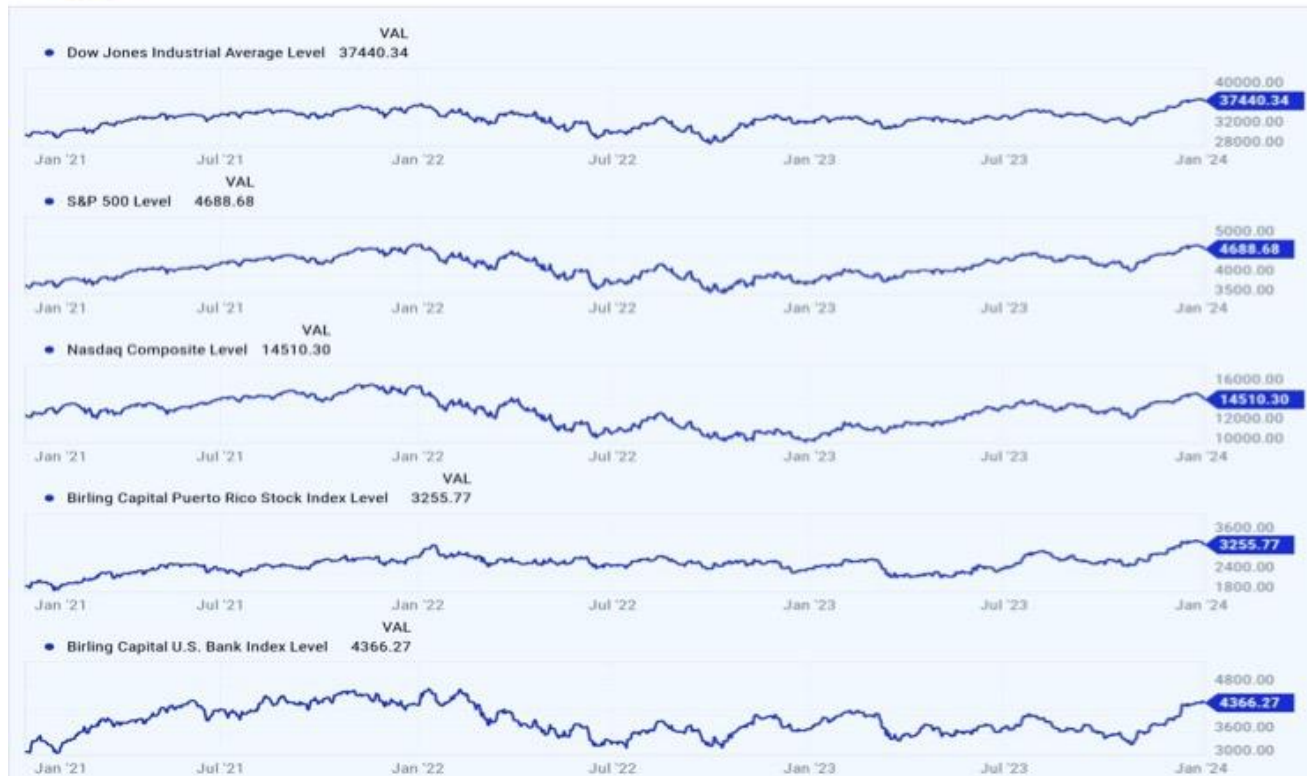
- US Initial Claims for Unemployment Insurance VAL 202000.0
- US Job Openings: Total Nonfarm 8.79M
- US Unemployed Persons: Job Seeker 5.107M
- ADP Employment Change 164000.0
- ADP Median Pay YoY 5.40%





US ISM Services PMI, US ISM Services New Orders, US ISM Services Employment Index and 30-Year Mortgage Rate





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