



GLOBAL MARKET SQUARE



BIRLING
CAPITAL ADVISORS, LLC

Market Fortitude in the Face of Challenges: S&P 500 Shows 25% Growth, Nasdaq Surges 38% Since October Lows, Inflation Nowcasting Indicates Steady CPI & Core CPI.

March 11, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets opened the week mostly down, except for the Dow Jones and FTSE 100, which closed up, extending some of the declines that commenced on Friday. Despite recent volatility, the S&P 500 has seen a robust 25% gain, and the Nasdaq has surged approximately 38% since the October 2023 lows.

Notably, technology shares, including Nvidia, a member of The Magnificent 7, faced headwinds, marking a 1% decrease on Monday following a substantial 5% dip on Friday.

Despite recent market fluctuations, the S&P 500 has demonstrated a resilient climb of approximately 25%, and the Nasdaq has surged by an impressive 38% since hitting October 2023 lows. Recognizing the potential for a period of consolidation or a market pullback after these robust rallies, we maintain a strategic outlook, considering market volatility as an opportune moment to diversify and acquire quality investments at more sensible prices with good upside potential.

The fundamental landscape, characterized by a gradual moderation in inflation, robust economic growth, and the prospect of lower rates later in the year, further reinforces our positive stance. Amidst these factors, we see market volatility not as a cause for concern but as a strategic opening to enhance portfolio diversity and position ourselves for quality investments.

Turning to the U.S. labor market, recent indicators suggest a gradual moderation. While surpassing expectations with 275,000 jobs gained, the February nonfarm-jobs report revealed underlying softness. Last month's figures were revised downward, and the unemployment rate increased to 3.9%, signaling potentially lower services inflation and an easing labor market, aligning with the Federal Reserve's perspective. The Fed's December economic projections hint at a potential uptick in the unemployment rate to 4.1% in 2024, reinforcing the notion that the Fed may initiate a rate-cutting cycle later this year, possibly starting around the June meeting.

All eyes are now on tomorrow's U.S. inflation data for February, which begins with the Consumer Price Index (CPI), Core Consumer Price Index (Core CPI), and Producer Price Index (PPI) set to be released on Thursday.

The Latest Inflation Nowcasting has the headline CPI inflation to remain steady at 3.12% annually, the Core CPI inflation, excluding food and energy, projected to moderate to 3.70% annually, and lastly, the PPI inflation forecast is for Core PPI to ease to 1.90% year-over-year, aligning with the Fed's 2% target. We anticipate continued moderation in CPI inflation, potentially reaching 2.5% this year, driven by factors such as moderating shelter and rent prices and downward pressure on wage gains and services inflation.

Birling Capital Puerto Rico Stock Index:

It's time to revise the Birling Capital Puerto Rico Stock Index constituents and highlight their Year to Date Returns:

- **Popular, Inc. (BPOP)** has a YTD return of **3.19%**.
- **First Bancorp. (FBP)** has a YTD return of **2.55%**.
- **OFG Bancorp. (OFG)** has a YTD return of **-2.43%**.
- **Evertec, Inc. (EVTG)** has a YTD return of **-8.74%**.

Consider adding local stocks and other instruments to your well-diversified stock portfolio.

Key Economic Data:

- **US Retail Gas Price:** fell to \$3.466, up from \$3.365 last week, increasing 3.00%.

Eurozone Summary:

- **Stoxx 600** closed at 501.49, down 1.77 points or 0.35%.
- **FTSE 100** closed at 7,669.23, up 9.49 points or 0.12%.
- **Dax Index** closed at 17,746.27, down 88.24 points or 0.38%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,766.69, up 46.97 points or 0.12%.
- **S&P 500** closed at 5,117.94, down 5.75 points or 0.11%.
- **Nasdaq Composite** closed at 16,019.27, down 65.84 points or 0.41%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,351.14, up 10.53 points or 0.32%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,666.05, up 4.01 points or 0.09%.
- **U.S. Treasury 10-year note** closed at 4.10%.
- **U.S. Treasury 2-year note** closed at 4.51%.

Inflation Nowcasting

Inflation Nowcasting

Feb-24

**CPI
Forecast
3.12%**

**Core CPI
Forecast
3.70%**



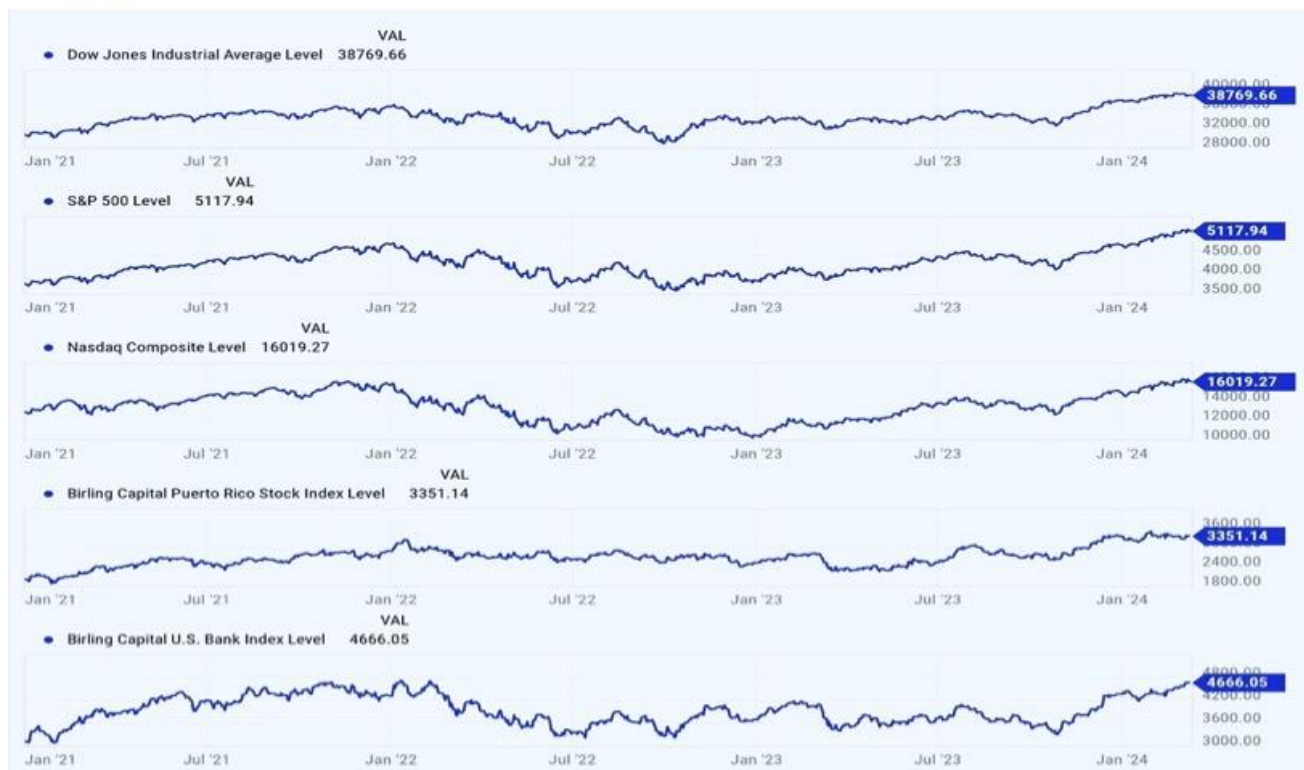
Banco Popular, Firstbank, Oriental & Evertec YTD Returns





Wall Street Update

March 11, 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.