



Asymmetrical Economic Data Rattles Markets; Adobe's Stock Dives on Sales Outlook and All Despite Strong Consumer Sentiment.

March 15, 2024

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The U.S. and European stock markets ended the week with losses as Investors maintain heightened vigilance following a barrage of data released earlier this week. February's producer price index, a key indicator of wholesale inflation, surpassed economists' expectations. This unexpected surge in data has driven the benchmark 10-year Treasury yield roughly 22 basis points higher for the week.

Investors are now grappling with whether the recent robust economic data might deter the Federal Reserve from implementing monetary policy loosening measures. However, the U.S. Index of Consumer Sentiment, which reported a robust 76.50 today, shows investors' sentiment is much improved.

The Fed will begin its two-day policy meeting **on March 19**, adding to the anticipation and uncertainty surrounding possible changes in monetary policy. Monetary policy is anticipated to remain unchanged, as are other key central bank meetings, notably from the Bank of Japan and the Bank of England.

The tech-heavy Nasdaq suffers by Adobe's latest earnings report, released after yesterday's market close. While beating expectations in both earnings and sales, the management provided forward sales guidance that fell short of analysts' expectations, harming the stock. We discuss the results below.

There's been a notable shift in asset and sector rotations over the past month. While information technology and communication services sectors have led the S&P 500 this year, recent weeks have witnessed a broadening of leadership. Cyclical and value sectors have outperformed growth-oriented sectors like technology and communication services. Energy and materials sectors have particularly excelled, each showing gains of over 9%, while utilities and financials have also demonstrated robust performance with over 4% gains. This contrasts with the more modest returns from the technology and communication services sectors.

Corporate Earnings Parade:

- **Adobe Inc (ADBE)** reported its 1Q24 earnings, with revenues of \$5.18 billion, up 11%, Net Income of \$2.05 billion, and earnings per share of \$4.48, beating estimates. Even with these results, the stock took a beating, attributed to concerns regarding competition and investor expectations around the company's generative artificial intelligence capabilities. The stock had a price objective of \$631.16; the stock closed at \$492.46 down \$77.99 or 13.67%.

Key Economic Data:

- **U.S. Index of Consumer Sentiment:** fell to 76.50, down from 76.90 last month.
- **U.S. Export Prices YoY:** fell by -1.78%, compared to -2.18% last month.
- **U.S. Import Prices YoY:** fell by -0.78%, compared to -1.27% last month.
- **U.S. Industrial Production MoM:** rose to 0.10%, compared to -0.45% last month.
- **Canada Wholesale Sales MoM:** rose to 0.53%, compared to -4.63% last month.

Eurozone Summary:

- **Stoxx 600** closed at 504.80, down 1.60 points or 0.32%.
- **FTSE 100** closed at 7,727.42, down 15.73 points or 0.20%.
- **Dax Index** closed at 17,942.04, down 5.39 points or 0.03%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,714.77, down 190.89 points or 0.49%.
- **S&P 500** closed at 5,117.09, down 33.39 points or 0.65%.
- **Nasdaq Composite** closed at 15,973.17, down 155.36 points or 0.96%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,225.33, down 73.66 points or 2.23%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,686.82, down 47.49 points or 1.00%.
- **U.S. Treasury 10-year note** closed at 4.31%.
- **U.S. Treasury 2-year note** closed at 4.72%.



US Index of Consumer Sentiment, US Industrial Production, US Export Prices & US Import Prices





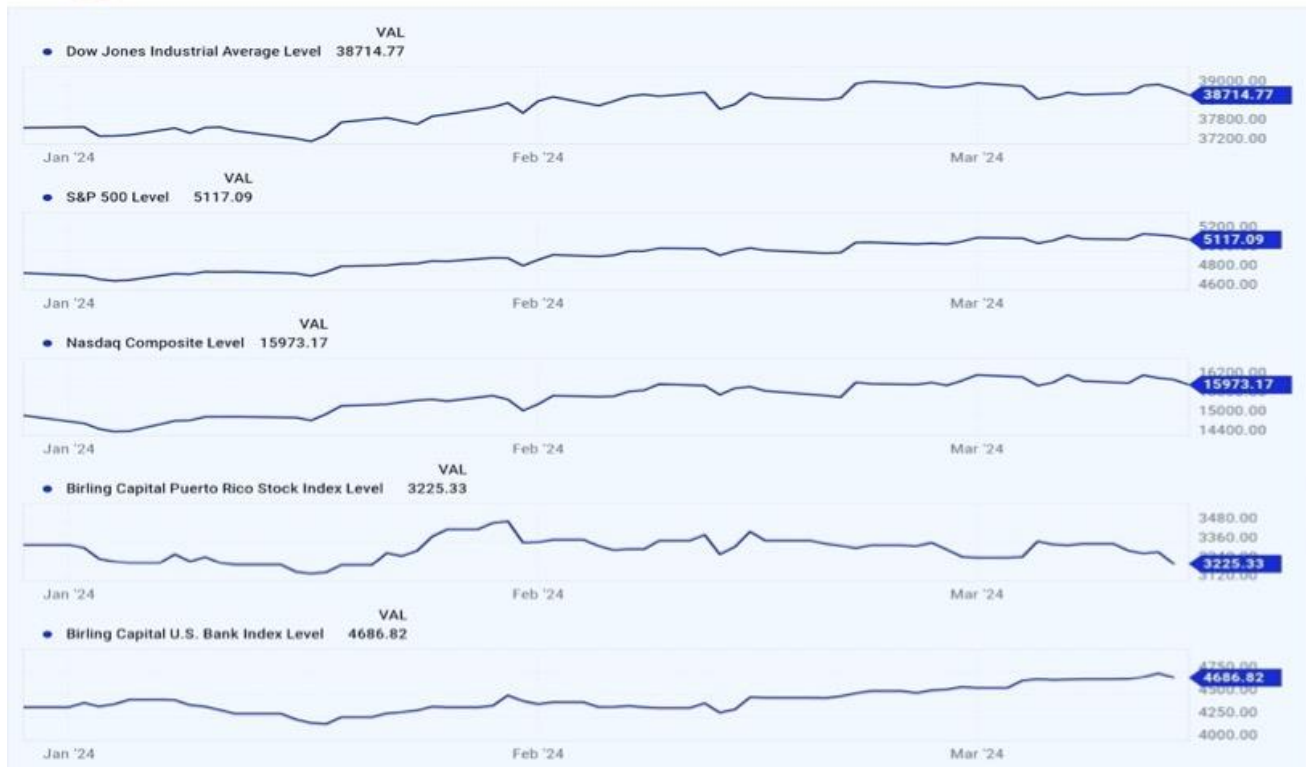
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Dow Jones, S&P 500, Nasdaq Composite, Birling P.R. Stock Index & Birling U.S. Bank YTD Returns





Wall Street Update March 15, 2024



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