



Global Markets Mixed as Political Turmoil Fails to Shake Wall Street as U.S. Stocks Gain and European Indices Decline.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed with mixed results, even with the Political uncertainty heightened over the weekend following the shocking assassination attempt at President Trump at Saturday's presidential rally. There is no space in the U.S. Democracy for political violence, and the incident is a reminder of the importance of maintaining civility and respect in our political discourse. An attack on any Political Candidate is an attack on our democracy.

Despite this, the equity markets remained largely stable, with Wall Street's Big Three indexes closed with gains. The Dow Jones keeps adding to its record, followed by the Nasdaq and the S&P 500. Investor sentiment appears resilient, with the U.S. dollar steadily rising against major currencies and cryptocurrencies, including Bitcoin, seeing significant gains. Predictit, a popular political prediction market, increased the likelihood of President Trump's re-election, showing his odds rising by six points to nearly 66%.

From a market perspective, Trump's policies have generally been viewed favorably. They emphasize lower taxes, deregulation, and potential tariff hikes, fostering a pro-growth environment. However, these policies could also introduce some inflationary risks.

The bond markets also react to the higher re-election odds, as evidenced by a steepening Treasury yield curve. Longer-term yields have risen more than short-term ones, indicating possible reflationary pressures. While it might be too early to price these policy changes due to potential political gridlock fully, surprisingly lower U.S. inflation data has led markets to anticipate two to three Fed rate cuts by year-end, further contributing to the steepening yield curve.

Despite ongoing political developments, market fundamentals remain the primary driver. The presidential election process is still in its early stages, with significant events like the national conventions and several Congressional primaries yet to come. Current economic indicators show a cooling but still positive growth environment, easing inflation, and an anticipated rate-cutting cycle from the Fed. The S&P 500 has already risen to 18.02% this year, reaching 37 new all-time highs. While market volatility and pullbacks are expected, the overall outlook remains optimistic, with equity markets well-supported by robust corporate earnings and potential increases in consumer spending driven by lower rates and better inflation trends.

Corporate Earnings Parade:

- **Goldman Sachs (G.S.):** Reported 2Q24 revenues of \$12.73 billion, increasing 17%, net income of \$3.04 billion, rising 149.11%, and earnings per share of \$8.62, beating expectations—the stock price objective of \$469.86 was surpassed today by heavy trading. The Stock Closed at **\$492.23, up \$12.35.**

Key Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.608, up from \$3.595 last week, increasing 0.36%.
- **Canada Manufacturing Shipments:** fell to 71.45 billion, up from 71.15 billion last month.
- **Canada Wholesale Sales MoM:** is at -1.42%, compared to 4.65% last month.
- **Eurozone Industrial Production Index YoY:** fell by -3.00%, compared to -1.20% last month.
- **Germany Real Retail Sales YoY:** rose to 1.80%, compared to -1.90% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.73, down 5.35 points or 1.02%.
- **FTSE 100:** Closed at 8,182.96, down 69.95 points or 0.85%.
- **DAX Index:** Closed at 18,590.89, down 157.29 points or 0.84%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,211.72, up 210.82 points or 0.53%.
- **S&P 500:** closed at 5,631.22, up 15.87 points or 0.28%.
- **Nasdaq Composite:** closed at 18,472.57, up 74.12 points or 0.40%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,507.80, up 25.07 points or 0.72%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,329.28, down 88.12 points or 1.63%.
- **U.S. Treasury 10-year note:** closed at 4.23%.
- **U.S. Treasury 2-year note:** closed at 4.44%.



US Retail Gas Price, Canada Manufacturing Shipments & Canada Wholesale Sales MoM





Eurozone Industrial Production Index and Germany Real Retail Sales YoY

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Wall Street Recap July 15, 2024



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