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# Think Strategically: The Spyglass Advisor: Global and U.S. Market Rally

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## The Spyglass Advisor: Global and U.S. Markets Rally

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### Global economy to increase with or without coronavirus

The U.S. Federal Reserve Bank stated during its annual report to U.S. Congress that the coronavirus has the potential to harm the growth of the global economy. The Chinese economy is so large and so intertwined in the global trade that as the pandemic spreads, it will continue to limit travel, disrupt the world's supply chain, close businesses, and have an impact on an already fragile global economy. To combat the damage to its economy, the Chinese have implemented a series of stimulus measures to help prop it up. The forecast is maintained, with global economic growth rising at 3.3 percent in 2020 and 3.4 percent for 2021.

### Coronavirus update: Numbers from WHO as of Feb. 9

Total of 37,558 cases reported worldwide and a 158 percent increase from last week, with 812 deaths reported; Outside China: 307 established cases in 24 countries and one death.

#### 1. Economic front: Primary indicators for Feb. 3-7

- **U.S. Institute for Supply Management (ISM) PMI:** Reported Feb. 3 at a level of 55.50, up from 54.90 last month and down from 56.70 one year ago.
- **U.S. Manufacturing Shipments:** Reported Feb. 4 at a level of 504.08 billion, up from 501.82 billion last month.
- **U.S. Manufacturing New Orders:** Reported Feb. 4 at a level of 499.33 billion, up from 490.71 billion last month, for a monthly annualized growth rate of 21.07 percent, which compares to the long-term average annualized growth rate of 3.22 percent.
- **U.S. Trade Deficit:** Reported Feb. 5 at 48.88 billion, up from 43.69 billion last month and down from 60.81 billion one year ago. This is an increase of 11.88 percent from the previous month.
- **U.S. Initial Jobless Claims:** Reported Feb. 6, there were 225,000 active jobs in January, boosted by robust gains in education and health services.

#### 2. Primary U.S. Economic Indicators Calendar for the week of February 10

- **U.S. Initial Jobless Claims reports on 02/13/2020 at 8:30 AM**
- **U.S. Consumer Price Index reports on 02/13/2020 at 8:30 AM**
- **U.S. Consumer Price Index MoM reports on 02/13/2020 at 8:30 AM**
- **30 Year Mortgage Rate reports on 02/13/2020 at 10:00 AM**
- **U.S. Retail Sales MoM reports on 02/14/2020 at 8:30 AM**
- **U.S. Retail Sales YoY reports 02/14/2020 at 8:30 AM**

- **U.S. Business Sales reports on 02/14/2020 at 10:00 AM**
- **U.S. Business Inventories reports 02/14/2020 at 10:00 AM**

### **Week in markets—U.S. markets: Significant gains fueled by positive economic data**

In the middle of all the presidential drama that included President Trump's State of the Union address, the impeachment acquittal, and the coronavirus pandemic, U.S. stocks jumped close to their highest level in the past two quarters. The mostly positive results arise from a mix of upbeat U.S. economic data and investors' optimistic view that the coronavirus pandemic will be controlled. As the week closed, the S&P 500 reached a new record high.

The Dow Jones Industrial Average closed the week of Feb. 7 at 29,102.51, for an increase of 849.21 points, or 3.00 percent, and a year-to-date (YTD) return of 2.00 percent. Besides, the S&P 500 closed Feb. 7 at 3,327.71, for a gain of 102.19, or 3.17 percent, and a YTD return of 3.00 percent. The Nasdaq closed Feb. 7 at 9,520.51 for a gain of 369.57 or 4.04 percent, and YTD return of 6.01 percent. The Birling Capital Puerto Rico Stock Index closed Feb. 7 at 1,867.23, for a loss of 8.38, or minus-0.45 percent, and YTD return of minus-8.37 percent. Meanwhile, the U.S. Treasury's 10-year note rose, closing at 1.59 percent, or an increase of 5.30 percent, and YTD return of minus-0.4 percent. The U.S. Treasury's 2-year note rose to close at 1.41 percent, an increase of 6.025, and a YTD return of minus-0.4 percent.

<b>Weekly Market Close Comparison</b>	<b>2/7/20</b>	<b>1/31/20</b>	<b>Change</b>	<b>YTD Return</b>
<b>Dow Jones Industrial Average</b>	<b>29,102.51</b>	<b>28,256.03</b>	<b>3.00%</b>	<b>2.00%</b>
<b>Standard &amp; Poor's 500</b>	<b>3,327.71</b>	<b>3,225.52</b>	<b>3.17%</b>	<b>3.00%</b>
<b>Nasdaq</b>	<b>9,520.51</b>	<b>9,150.94</b>	<b>4.04%</b>	<b>6.01%</b>
<b>Birling Puerto Rico Stock Index</b>	<b>1,867.23</b>	<b>1,875.61</b>	<b>-0.45%</b>	<b>-8.37%</b>
<b>U.S. Treasury 10-Year Note</b>	<b>1.59%</b>	<b>1.51%</b>	<b>5.30%</b>	<b>-0.4%</b>
<b>U.S. Treasury 2-Year Note</b>	<b>1.41%</b>	<b>1.33%</b>	<b>6.02%</b>	<b>-0.4%</b>

Our market perspective report The Spyglass Advisor contains both our analysis that the economy in the U.S. and markets and banking sector. We hope that you have enjoyed this issue of The Spyglass Advisor ©, and we very much welcome your comments, thoughts, and ideas; you may reach us at [frc@birlingcapital.com](mailto:frc@birlingcapital.com) or 787-247-2500.

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