

Global Markets Stumble as U.S. and European Equities Extend Decline into Second Day and Resilient U.S. Economy Sparks Debate of Growth or Fed Easing?

April 2, 2024

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The U.S. and European stock Equity markets experienced a second consecutive day of decline as the new quarter commenced, following last week's record-high close. Concerns over the potential impact of robust U.S. economic indicators and escalating oil prices on the Federal Reserve's rate adjustment decisions drove the downturn. WTI crude oil surged by 1.6%, breaching the \$85 mark for the first time since October. This increase was propelled by heightened tensions in the Middle East and a tightening market due to OPEC's production cuts. Concurrently, bonds faced downward pressure, with 10-year Treasury yields reaching 4.36%, their highest level since November. Expecting prolonged elevated interest rates keeps the dollar near a two-month peak against major currencies.

The ongoing debate between prioritizing more robust economic growth versus implementing looser Federal Reserve policies persists. Recent economic data, notably the Purchasing Managers' Index, revealed a surprising expansion in U.S. manufacturing, marking the first positive growth since September 2022. While this underscores the resilience of the U.S. economy and bolsters equity markets, it also diminishes the necessity for imminent rate cuts, which have been instrumental in driving market gains. Although the possibility of rate adjustments in June remains viable, investors are contemplating the likelihood of delays or reductions in the number of cuts projected by the Fed post-March meeting.

Despite the potential deceleration in policy easing, an enhanced growth outlook is preferable as it can sustain corporate profits and prolong the economic expansion and bull market trajectory.

Attention now shifts to forthcoming job data, with today's focus on U.S. job openings preceding the release of crucial payroll figures on Friday. Job openings commenced the year on a stable note. Yet, the declining ratio of vacancies to unemployed individuals suggests a converging balance between labor supply and demand, mitigating wage pressures. However still with 8.756 million job openings and only 5.847 million people seeking job a 33.22% deficit, which must be balanced.

Although the labor market has demonstrated resilience thus far, signs of gradual cooling are emerging. Projections indicate an anticipated addition of 215,000 jobs to the U.S. economy in March, potentially lowering unemployment to 3.8%. Chair Powell's indication of reduced concern regarding labor market strength implies that upcoming CPI data on April 12 will likely exert a more significant influence on rate expectations and market dynamics from a Federal Reserve perspective.

Key Economic Data:

- **U.S. Job Openings: Total Nonfarm:** rose to 8.756 million, up from 8.748 million last month, increasing 0.09%.
- **U.S. Durable Goods New Orders MoM:** rose to 1.28%, compared to -6.86% last month.

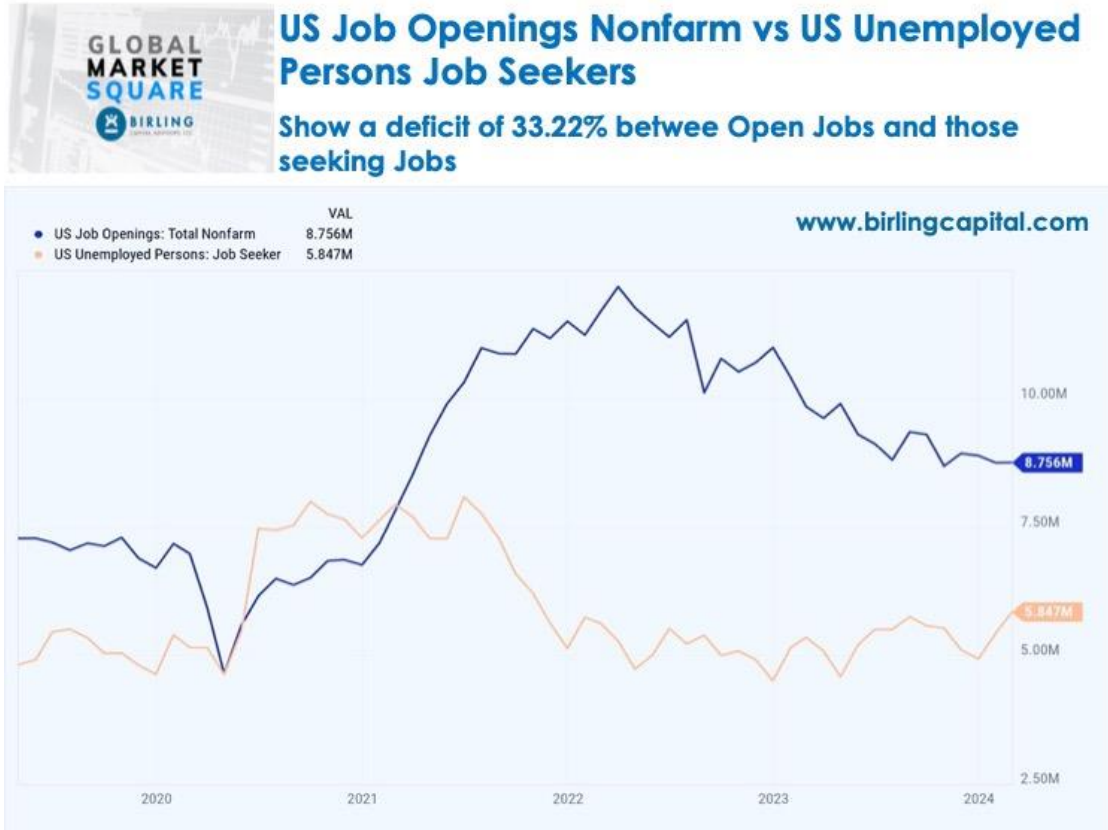
- **U.S. Nondefense Capital Goods Excluding Aircraft New Orders MoM:** rose to 0.68%, compared to -0.27% last month.
- **Germany Consumer Price Index YoY:** fell to 2.20%, compared to 2.50% last month.

Eurozone Summary:

- **Stoxx 600** closed at 508.57, down 4.10 points or 0.80%.
- **FTSE 100** closed at 7,935.09, down 17.53 points or 0.22%.
- **Dax Index** closed at 18,283.13, down 209.36 points or 1.13%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,170.24, down 396.61 points or 1.00%.
- **S&P 500** closed at 5,205.81, down 37.96 points or 0.72%.
- **Nasdaq Composite** closed at 16,240.45, down 156.38 points or 0.95%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,384.54, down 61.59 points or 1.79%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,951.00, down 30.38 points or 0.61%.
- **U.S. Treasury 10-year note** closed at 4.36%.
- **U.S. Treasury 2-year note** closed at 4.70%.

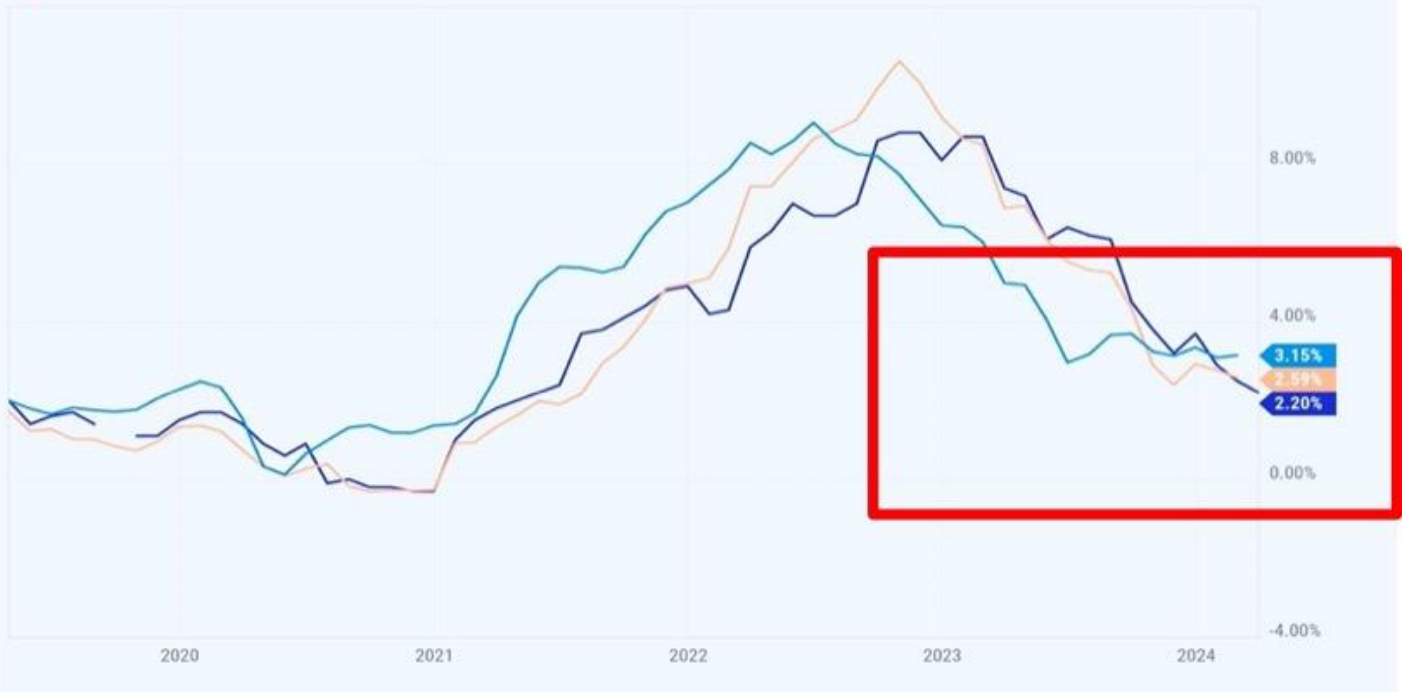




Germany CPI, Eurozone CPI versus US CPI

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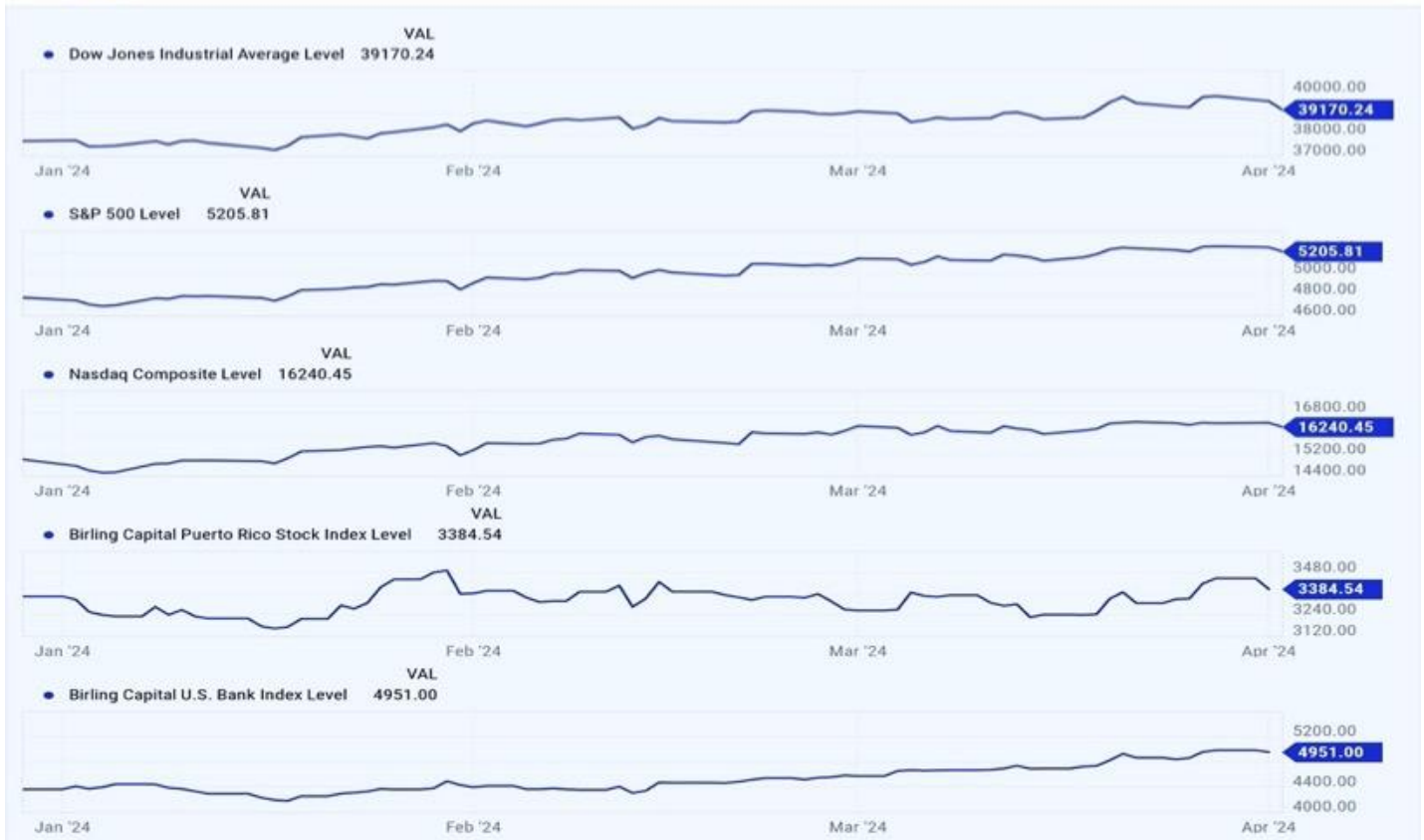
- Germany Consumer Price Index YoY (I:GCCPNGCS) VAL 2.20%
- Eurozone Consumer Price Index YoY (I:ECPIYY) 2.59%
- US Consumer Price Index YoY (I:USCPIYY) 3.15%





Wall Street Update

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