

Investors Brace for Impact Ahead of Crucial CPI Reading, Big Banks Earnings on Deck Friday, and Wall Street Closed Mixed.

April 9, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed the session with mixed results, with the S&P and Nasdaq reporting small gains and the Dow Jones closed down as investors anxiously anticipate tomorrow's CPI and Core CPI readings. Depending on their outcome, these could delay the expectations of the Federal Reserve Interest Rate cuts that could begin by June. Inflation Nowcasting expects the CPI to increase to 3.41%, up from 3.15% on 2/24, and the Core CPI to decrease to 3.73% from 3.76% on 2/24.

The Birling US Bak Index's six biggest U.S. bank constituents, JPMorgan Chase, Citi, and Wells Fargo will announce earnings on April 12. Goldman Sachs will release results on April 15, while Morgan Stanley and Bank of America will follow suit on April 16.

The six biggest banks in the United States are poised to achieve higher profits from their lending operations than initially anticipated for this year. This shift comes as the likelihood increases that the Federal Reserve will implement only modest reductions to benchmark interest rates.

Over the past couple of years, prominent banks such as JPMorgan Chase, Bank of America, Citigroup, and Wells Fargo have adjusted their loan rates with the Fed's interest rate hikes without entirely passing on the increases to depositors.

In January, these banks cautioned investors that profits from lending, known as net interest income, would decline in 2024 due to the expectation of multiple rate cuts and depositors shifting funds to higher-yielding accounts, thereby squeezing banks' profit margins.

However, the outlook for major banks has brightened, with the market now anticipating the Fed to execute only two to three rate cuts throughout 2024, down from the previously forecasted six cuts, keeping the rates at a 23-year high of 5.25%- 5.5%. Analysts suggest some banks may revise their guidance when reporting first-quarter results this week.

Eurozone Summary:

- **Stoxx 600** closed at 505.82, down 3.11 points or 0.61%.
- **FTSE 100** closed at 7,934.79, down 8.68 points or 0.11%.
- **Dax Index** closed at 18,076.69, down 242.28 points or 1.32%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 38,883.67, down 9.13 points or 0.02%.
- **S&P 500** closed at 5,209.91, up 7.52 points or 0.14%.
- **Nasdaq Composite** closed at 16,306.64.95, up 52.68 points or 0.32%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,378.71, up 25.49 points or 0.76%.

- **Birling Capital US Bank Stock Index** closed at 4,924.64, up 31.56 points or 0.64%.
- **US Treasury 10-year note** closed at 4.36%.
- **US Treasury 2-year note** closed at 4.74%.



The Economic Cycle





Sales & Consumer Sentiment

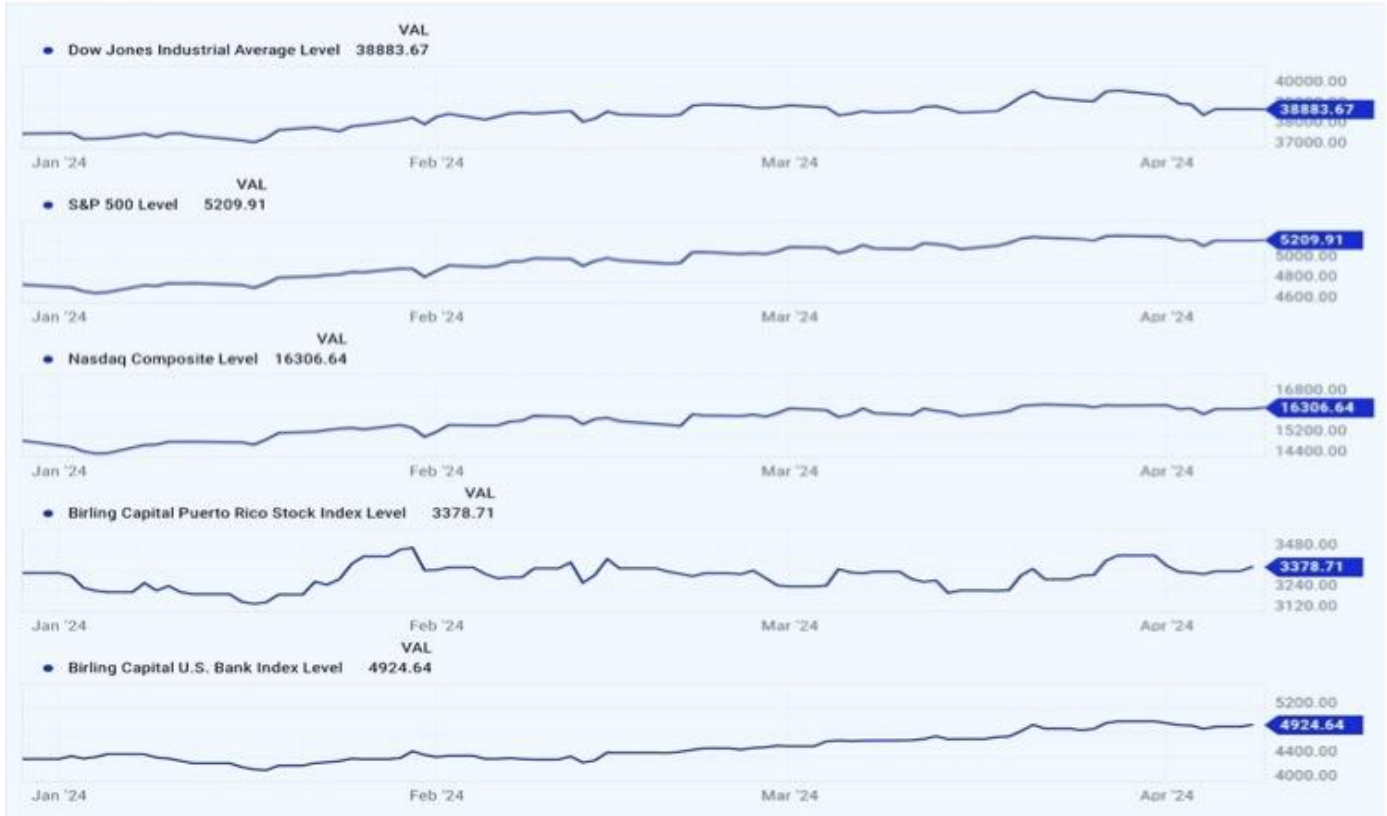




Wall Street Update

April 9, 2024

www.birlingcapital.com



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.