

FedEx Earnings Miss Sparks Concerns of Economic Slowdown, and with markets near all-time highs, investors cash in and Wall Street falls.

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The U.S. and European stock markets closed today mixed, with Wall Street stumbling its 9-day rally as investors realized that some indexes were close to their all-time highs; it became a good time to cash in profits.

The other issue provoking investors is the fact that today, FedEx posted quarterly results that fell short of consensus estimates in several metrics; we discuss in detail the results below, and the stock fell more than \$32.00, as the broader concern is that decreasing revenues in shipments may translate to a slowdown of economic activity.

The new narrative that the Fed will lower the rate during 2024 by at least 75 basis points becomes less restrictive.

The Federal Reserve's FOMC projected federal funds rate path reflects a gradual easing monetary policy, taking Wall Street higher following the FOMC meeting.

The projection anticipates the Fed Funds Rates in 2024 of 4.60%, 2025 to 3.60%, and 2026 to 2.90%.

The projection shows a decrease in rates of 0.90 basis points during 2024, and the consensus is that the Fed will implement at least a 75 basis point decrease during 2024. This approach to monetary policy balances the need for economic growth with concerns about inflation.

However, bear in mind that the 2% inflation target has not been reached, and using the CPI at 3.14%, the Fed inflation target of 2% is still 36.05% away; having established that we think there is a reasonable chance that the Fed could opt to wait longer into 2024 to lower rates, seeking confirmation that inflation will remain on its current sustained trend downwards.

Global and European stock markets closed mixed as investors analyzed several Eurozone economic benchmarks reported today, including the EU Economic Sentiment, which rose 0.32%. In comparison, while still negative, the EU Consumer Confidence Indicator improved by 5.05%. Also, the German PPI fell -7.90% and the UK CPI fell 15.21% more than expected.

Corporate Earnings Parade:

- **FedEx Corp (FDX):** It reported its 2Q24 earnings with revenues of \$22.165 billion, down 3%, net income of \$900 million, up 14%, and earnings per share of \$3.55, missing estimates. Fed Ex also fell short of Wall Street's revenue estimates of \$28.41 billion, a 22.98% shortfall. The stock has a price objective of \$296.57, and it fell today by more than 11.85%.

Key Economic Data:

- **U.S. Existing Home Sales:** fell to 3.79 million, down from 3.95 million last month, down -4.05%.
- **Eurozone Economic Sentiment Indicator:** rose to 93.80, up from 93.50 last month, up 0.32%.
- **Eurozone Consumer Confidence Indicator:** is at -16.90, up from -17.80 last month.
- **Germany Producer Price Index YoY:** is at -7.90%, compared to -11.00% last month.
- **U.K. Consumer Price Index YoY:** fell to 3.90%, compared to 4.60% last month.
- **U.K. Core Consumer Price Index YoY:** fell to 5.11%, compared to 5.70% last month.
- **U.K. Producer Price Index: Input YoY:** fell to -2.59%, compared to -2.09% last month.
- **U.K. Producer Price Index: Output YoY:** fell -0.65%, compared to 0.22% last month.

Eurozone Summary:

- **Stoxx 600** closed at 478.37, up 1.33 points or 0.28%.
- **FTSE 100** closed at 7,715.68, up 77.65 points or 1.02%.
- **Dax Index** closed at 16,733.05, down 11.36 points or 0.068%.

Wall Street Summary:

- **Dow Jones Industrial Average 37,082.00, down 475.92 points or 1.27%.**
- **S&P 500** closed at 4,698.35, down 70.42 points or 1.47%.
- **Nasdaq Composite** closed at 14,777.94, down 225.28 points or 1.50%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,362.62, up 63.11 points or 1.91%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,336.91, up 56.04 points or 1.31%.
- **U.S. Treasury 10-year note** closed at 3.86%.
- **U.S. Treasury 2-year note market** closed at 4.34%.

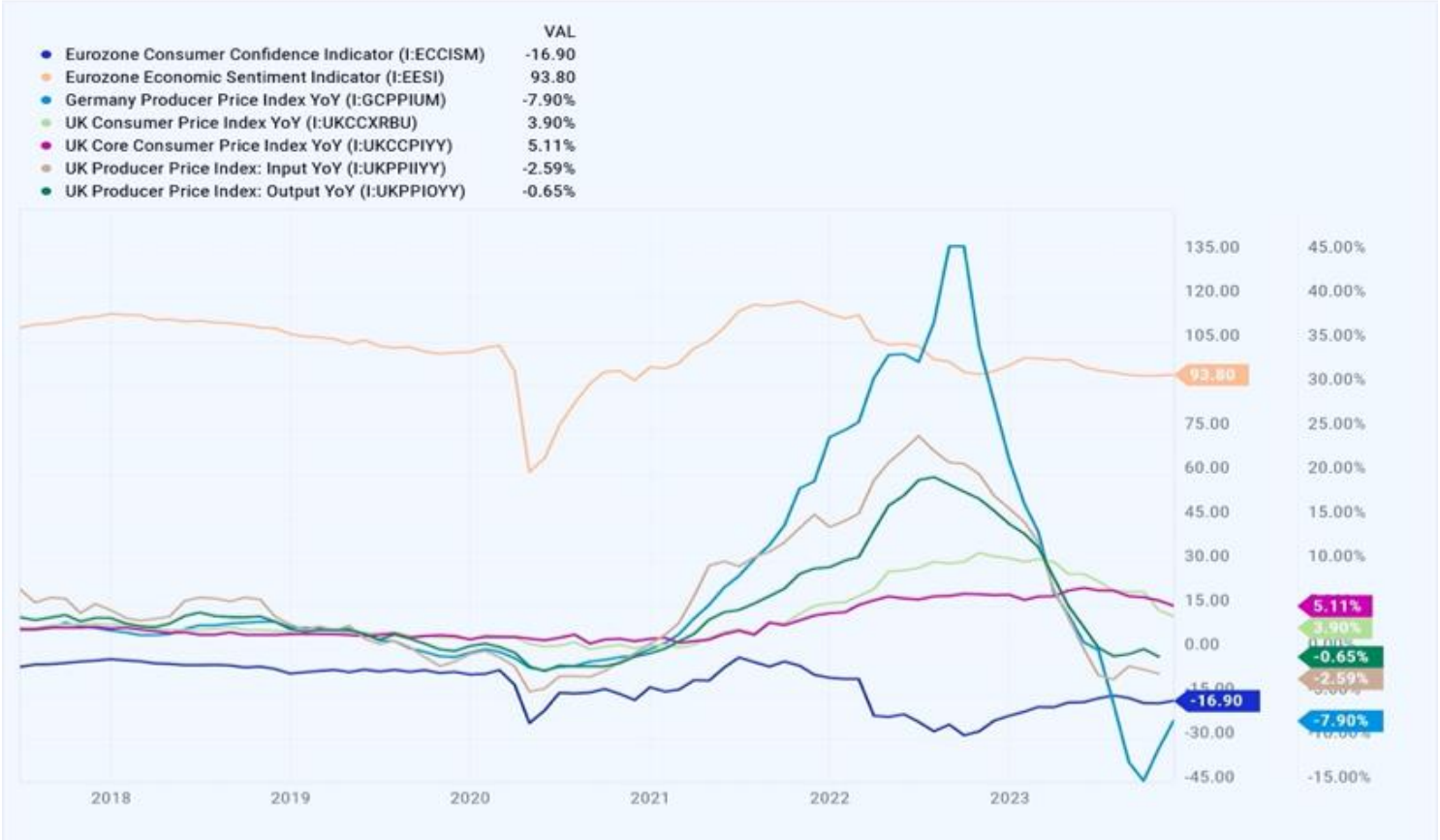


US Existing Home Sales, US Housing Starts, US Building Permits, NAHB/Wells Fargo US Housing Market Index compared to the 30-Year Mortgage Rate



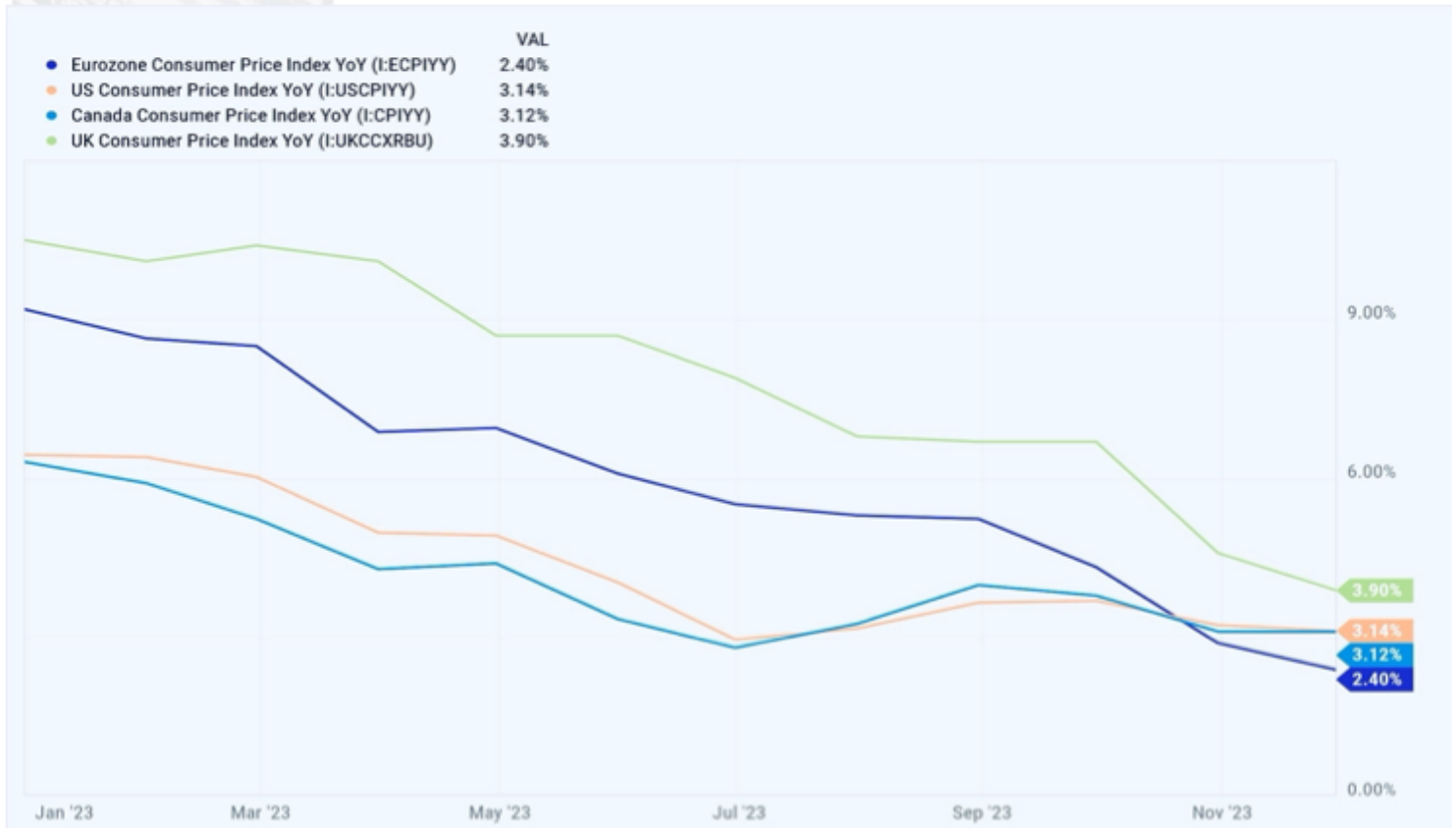


EU Consumer Confidence, EU Economic Sentiment, Germany PPI, UK CPI, UK Core CPI, UK PPI Input & UK PPI Output





Comparison of the CPI by region: Eurozone CPI, US CPI, Canada CPI & UK CPI



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