

Global Markets React to China's Inflation Increase and Fragile Economic Recovery Causing Mixed Results in the US, Europe, and Asian Markets.

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The U.S. and European stock markets closed with mixed results as Global inflation metrics drove the broader negative sentiment.

In global markets, Asia had mixed results ahead of China's inflation, which rose to 0.3% in April 2024, compared with market estimates and March's figure of 0.1%. It was the third straight month of consumer inflation amid an ongoing recovery in domestic demand despite a fragile economic revival. The other issue is the Bank of Japan's meeting on Friday, while Europe is closed broadly lower. Bond yields have decreased, with the 10-year Treasury yield closing at 4.39%. The U.S. dollar is strengthening against major currencies. WTI oil prices are down in commodities, and gold prices are rising.

Focus on the Fed and Inflation: The Federal Open Market Committee (FOMC) meeting for June begins today, with the interest rate decision expected tomorrow. The Fed's key interest rate, the Fed funds rate, is anticipated to remain unchanged in the 5.25%-5.5% range. The Fed will also release updated economic projections on Wednesday, offering insights into expectations for key economic indicators over the next few years, including inflation, unemployment, interest rates, and GDP growth. Investors will look for changes from the last release in March, which projected three rate cuts for 2024, while bond markets are currently pricing in one cut for the year.

Consumer Price Index (CPI) Release on Wednesday: The CPI for May is scheduled for release on Wednesday. Headline inflation has the latest Inflation Nowcasting at 3.36% for the CPI and 3.55% for the Core CPI. We anticipate that inflation will moderate in the latter half of the year, driven by lower shelter inflation and slower wage growth. Government measures of shelter inflation, such as CPI and personal consumption expenditures (PCE), have lagged behind market-based measures like Zillow's Observed Rent Index, indicating a slower rise in housing costs. Continued signs of moderating inflation should keep the Fed on track to cut rates once or twice later this year, which would be beneficial for the economy and markets overall.

Key Economic Data:

- **UK ILO Unemployment Rate: Aged 16-64** is unchanged at 4.40%, compared to 4.40% last month.
- **China Inflation Rate:** rose to 0.30%, compared to 0.10% last month.
- **China Producer Price Index YoY:** fell to -2.50%, compared to -2.80% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 517.29, down 4.87 points or 0.93%.
- **FTSE 100:** closed at 8,147.81 down 80.67 points or 0.98%.
- **Dax Index:** closed at 18,369.94, down 124.95 points or 0.68%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 37,747.42, down 120.62 points or 0.31%.
- **S&P 500:** closed at 5,375.32, up 14.53 points or 0.27%.
- **Nasdaq Composite:** closed at 17,343.55, up 151.02 points or 0.88%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,254.19, down 21.72 points or 0.66%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,118.83, down 24.13 points or 0.47%.
- **U.S. Treasury 10-year note** closed at 4.39%.
- **U.S. Treasury 2-year note** closed at 4.81%.

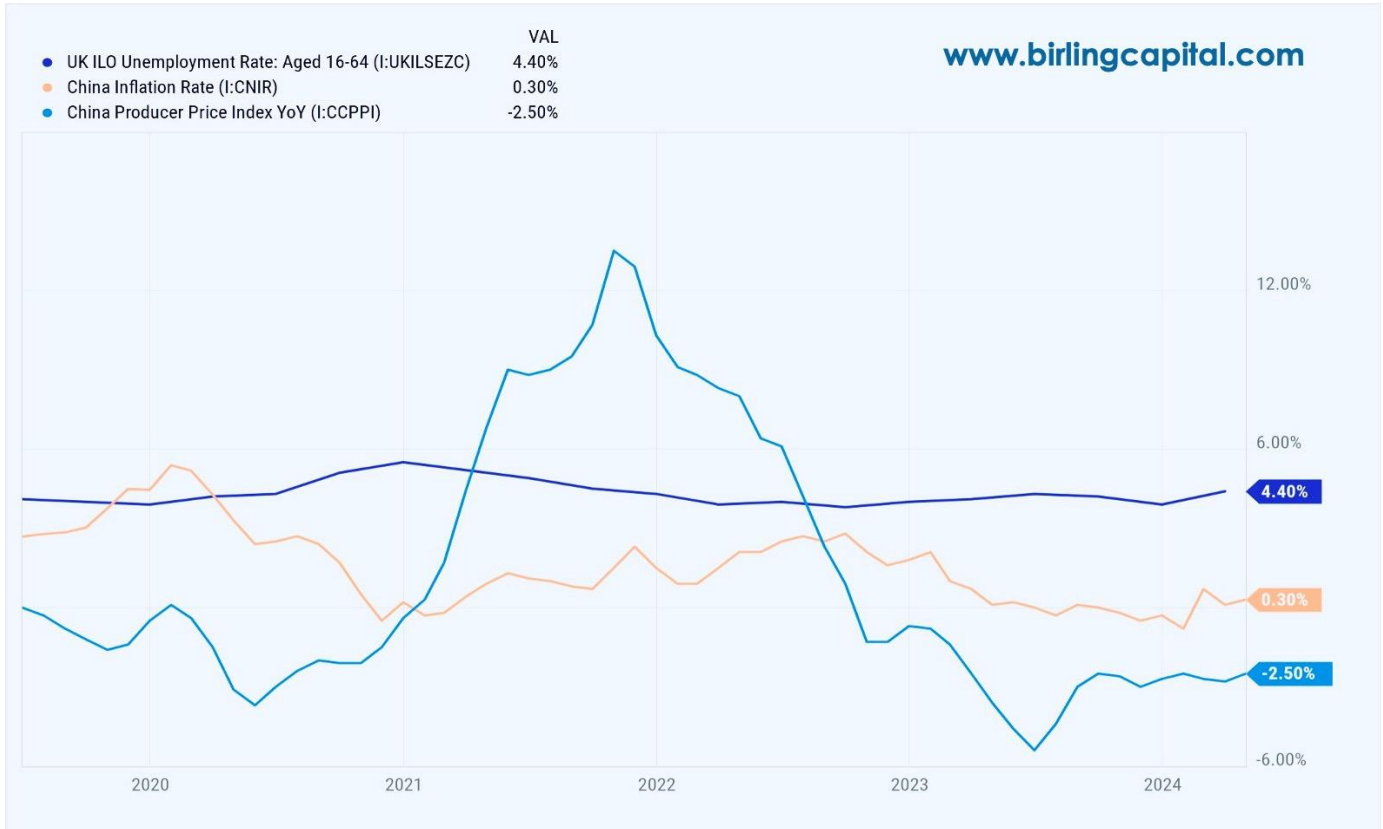


Inflation Nowcasting CPI & Core CPI

Inflation Nowcast	CPI	Core CPI
May	3.36%	3.55%



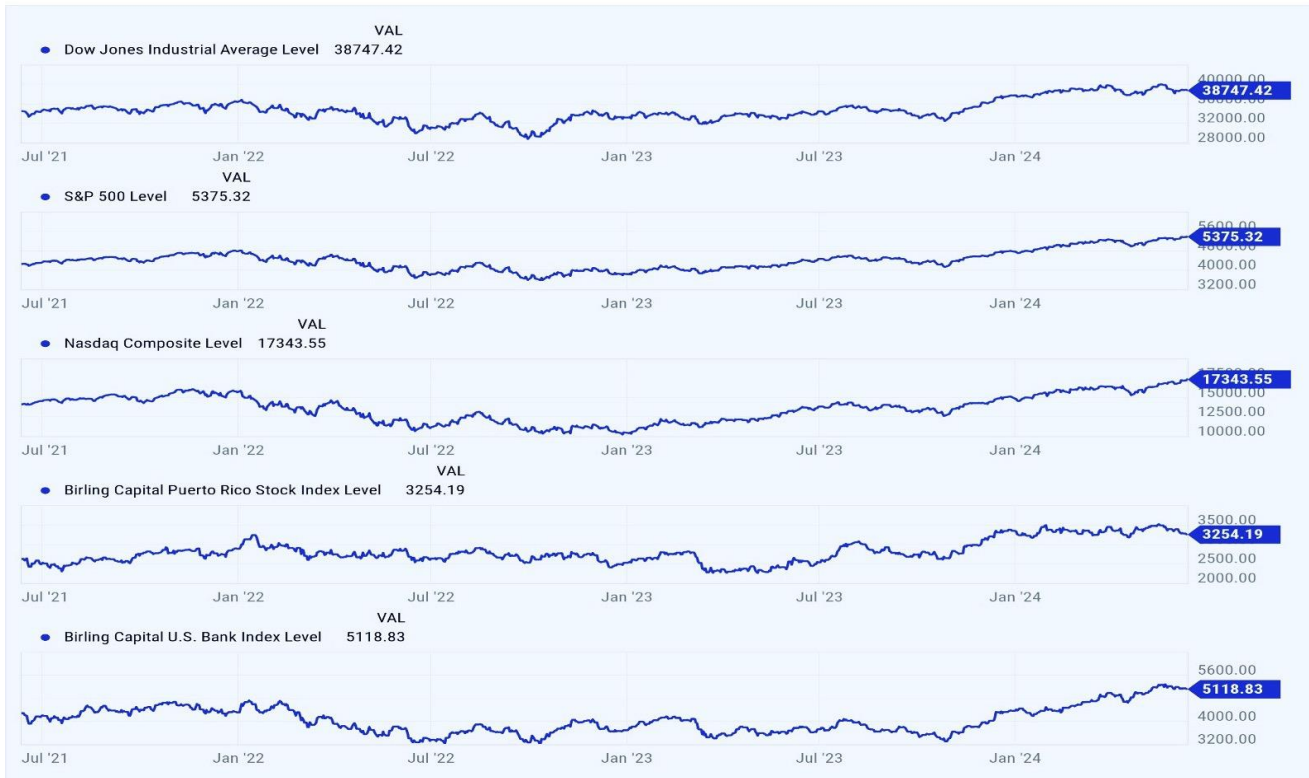
UK ILO Unemployment Rate, China Inflation Rate, & China PPI





Wall Street Update

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