

Global Markets Defy Inflation: U.S. and European Stocks Surge Despite CPI Uptick, Interest Rate Cuts in Danger, Oracle's Stock Soars 11.78%.

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The U.S. and European stock markets closed higher today, defying the increased consumer price index (CPI) inflation reading of 0.96%. The tech sector received a significant boost from robust earnings reported by software company Oracle. Following its earnings announcement after the market's close yesterday, Oracle's shares surged, soaring by over 11.78% at the market close. The earnings outperformed expectations, fueled by robust growth in its cloud services segment.

Meanwhile, European exchanges are mostly higher in overseas markets, responding to a softer-than-anticipated U.K. employment report. This could pave the way for interest rate cuts from the Bank of England later in the year.

The February CPI read 3.15% higher than expected, surpassing last month's 3.09% figure by 1.94% and above the Inflation Nowcasting of 3.12% by 0.96%. On a month-over-month basis, headline CPI aligns with expectations, rising by 0.4%. Core CPI, excluding food and energy, recorded 3.76%, slightly down from January's 3.87% by 2.84% but exceeding the Inflation Nowcasting of 3.70%.

Thus, the question now as we record the second consecutive month of hotter-than-expected CPI inflation, introducing uncertainty about the timing of potential interest rate cuts by the Federal Reserve. Market expectations, however, still indicate a roughly 70% probability of the Fed implementing its first rate cut at the June meeting, consistent with last week's projections. Despite the unexpected CPI readings, alignment with market expectations for a June rate cut is maintained, especially considering the Fed's preferred inflation measure, core personal consumption expenditures (PCE), approaching its 2% target. Looking ahead, the focus shifts to Thursday's release of the February producer price index (PPI) inflation.

Corporate Earnings Parade:

- **Oracle Corp. (ORCL)** reported its 3Q24 earnings, with revenues of \$13,280 billion, up 7%, and Net Income of \$2,401 billion, up 27%. Oracle reported solid fiscal Q3 earnings, exceeding expectations. The company reported EPS of \$1.41 per diluted share, up from \$1.22 in the previous year, beating analysts' expectations of \$1.38. The stock had a price objective of \$130.86; the stock closed at \$127.57, up \$13.44 or 11.78%.

Key Economic Data:

- **U.S. Consumer Price Index YoY:** rose to 3.15%, compared to 3.09% last month.
- **U.S. Core Consumer Price Index YoY:** rose to 3.76%, compared to 3.87% last month.
- **U.S. Inflation Rate:** rose to 3.15%, compared to 3.09% last month.
- **UK ILO Unemployment Rate:** rose to 4.00%, compared to 3.90% last month.
- **Germany Consumer Price Index YoY:** fell to 2.50%, compared to 2.90% last month.

Eurozone Summary:

- **Stoxx 600** closed at 506.52, up 5.03 points or 1.0%.
- **FTSE 100** closed at 7,747.81, up 78.58 points or 1.02%.
- **Dax Index** closed at 17,965.11, up 218.84 points or 1.23%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,005.49, up 235.83 points or 0.61%.
- **S&P 500** closed at 5,175.27, up 57.33 points or 1.12%.
- **Nasdaq Composite** closed at 16,265.64, up 246.36 points or 1.54%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,307.07, down 43.66 points or 1.30%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,669.14, up 3.08 points or 0.09%.
- **U.S. Treasury 10-year note** closed at 4.16%.
- **U.S. Treasury 2-year note** closed at 4.58%.



Inflation Nowcasting

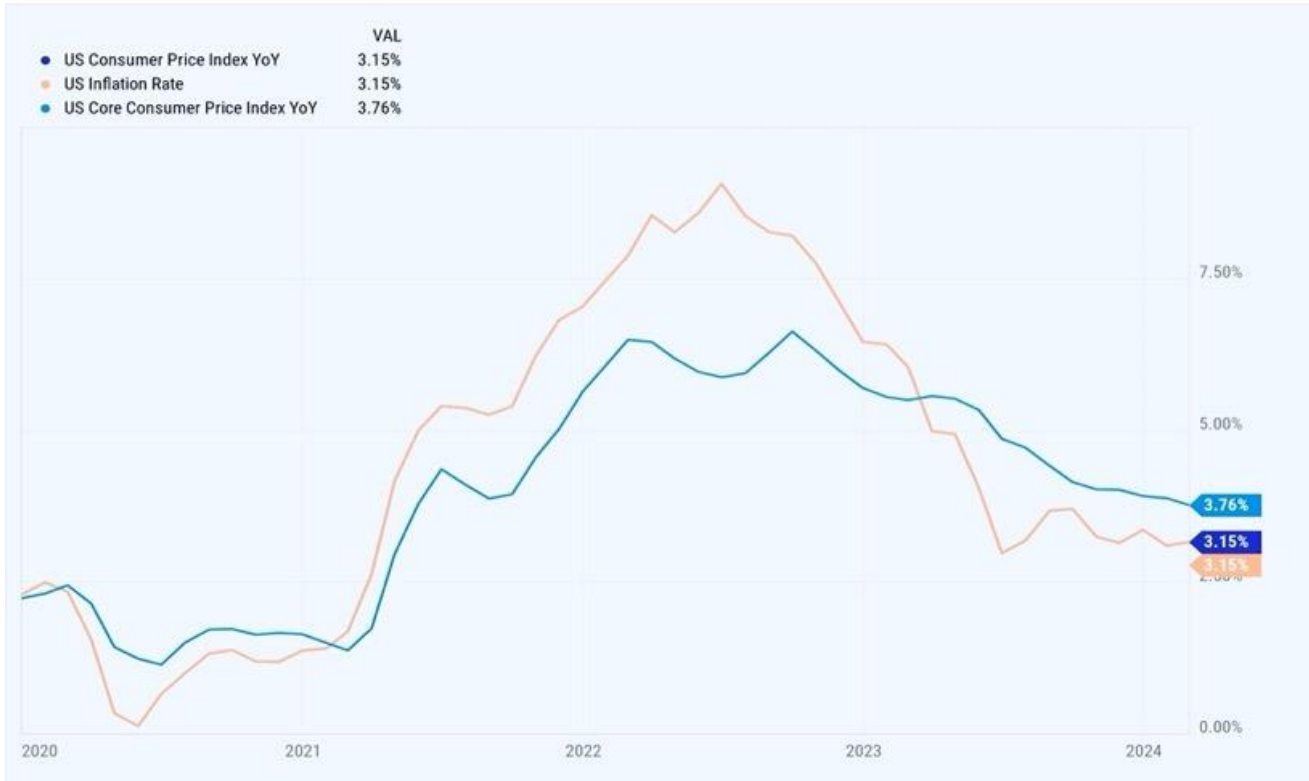
Inflation Nowcasting vs Actual

	CPI	CPI	Core CPI	Core CPI
Feb-24	Forecast	Actual	Forecast	Actual
	3.12%	3.15%	3.70%	3.76%



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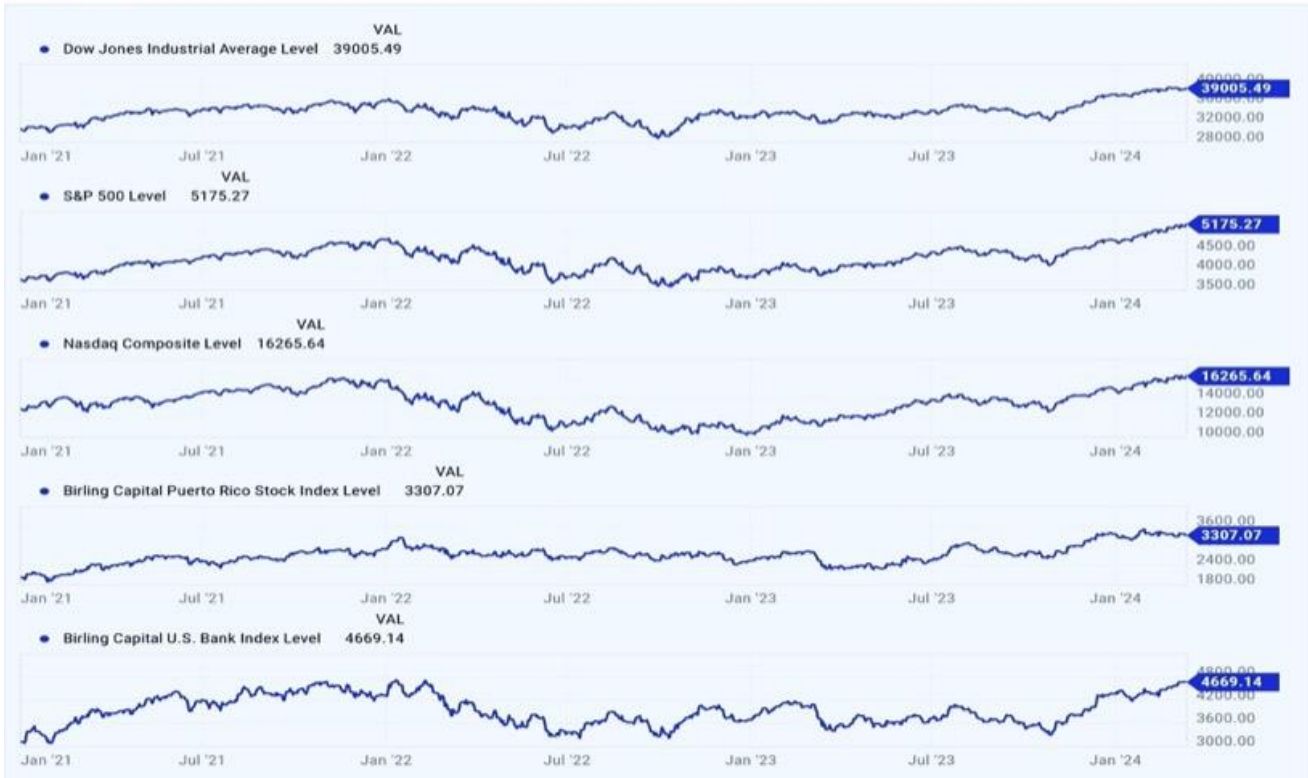
US CPI, US Core CPI & US Inflation Rate





Wall Street Update

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Dow Jones, S&P 500, Nasdaq Composite, Birling P.R. Stock Index & Birling U.S. Bank YTD Returns



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