

Investors in Holding Pattern Ahead of the PCE Index, Market Sentiment Shifts, and Markets Closed Down.

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The U.S. and European stock markets began the week down, with the Dow Jones losing 162.26 points today, in stark contrast to last week's remarkable surge, fueled by optimistic sentiments stemming from the Federal Reserve's dovish stance during its recent policy meeting. Major indexes in the U.S., Canada, Germany, and Japan soared to unprecedented heights, underlining the prevailing momentum in equities. Although interest rates experienced a slight uptick after their decline last week, the 10-year Treasury yield opened the week marginally above 4.25%, easing from the 4.34% peak witnessed before the Fed's reassuring meeting.

In a significant development, Congress reached a bipartisan agreement over the weekend, passing a substantial \$1.2 trillion package to fund the government and avert a potential shutdown. Despite partisan disputes on issues like immigration policy and defense spending, the passage of this bill alleviates immediate concerns regarding a government shutdown, ensuring funding stability until September. However, it sets the stage for future budgetary confrontations, particularly against soaring government deficits and debt levels. The ballooning interest payments on U.S. federal debt, exceeding \$1 trillion for the first time, underscore the pressing need for long-term fiscal adjustments, albeit not posing an immediate threat to the economy or financial markets.

The holly week is upon and, as always, a relatively subdued atmosphere, with Good Friday leading to a shortened trading week. With critical events such as the Fed meeting and CPI report behind us, investors will focus on the Fed's preferred inflation benchmark **on March 29**, the Personal Consumption Expenditure (PCE) index; currently, the Inflation Nowcasting for the PCE is at 2.45%, with Core PCE at 2.78%, this week the Index of Consumer Sentiment reports as well as Vehicle Sales, Pending Home Sales, lastly the critical employment report is due **on April 5**. Without major corporate earnings announcements, attention will shift toward evaluating the broader investment landscape amidst the robust rally witnessed thus far in the year. With the S&P 500 notching nearly a 10% year-to-date gain, driven by impressive performances in communication services, technology, energy, industrial, and financial sectors, market participants anticipate further insights into the sustainability of this upward trajectory. As the first quarter draws to a close, market dynamics will continue to be influenced by Fed policy signals, inflation metrics, and labor market indicators, with the housing market and consumer sentiment reports offering additional perspectives on consumer health and overall market sentiment.

Key Economic Data:

- **U.S. New Single-Family Houses Sold:** fell to 662,000, down from 664,000 last month, decreasing - 0.30%.
- **U.S. Retail Gas Price:** rose to \$3.569, up from \$3.492, increasing 2.21%.
- **Japan Business Conditions Composite Coincident Index:** It fell to 112.10, down from 115.90 last month and decreasing 3.28%.

Eurozone Summary:

- **Stoxx 600** closed at 509.86, up 0.22 points or 0.04%.
- **FTSE 100** closed at 7,917.57, down 13.35 points or 0.17%.
- **Dax Index** closed at 18,261.31, up 55.37 points or 0.30%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,313.64, down 162.26 points or 0.41%.
- **S&P 500** closed at 5,218.19, down 15.99 points or 0.31%.
- **Nasdaq Composite** closed at 16,384.47, down 44.35 points or 0.27%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,305.64, down 61.79 points or 1.84%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,861.42, down 63.47 points or 1.29%.
- **U.S. Treasury 10-year note** closed at 4.25%.
- **U.S. Treasury 2-year note** closed at 4.54%.



US New Single Family Houses Sold versus 30-Year Mortgage Rate





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US Retail Gas Price

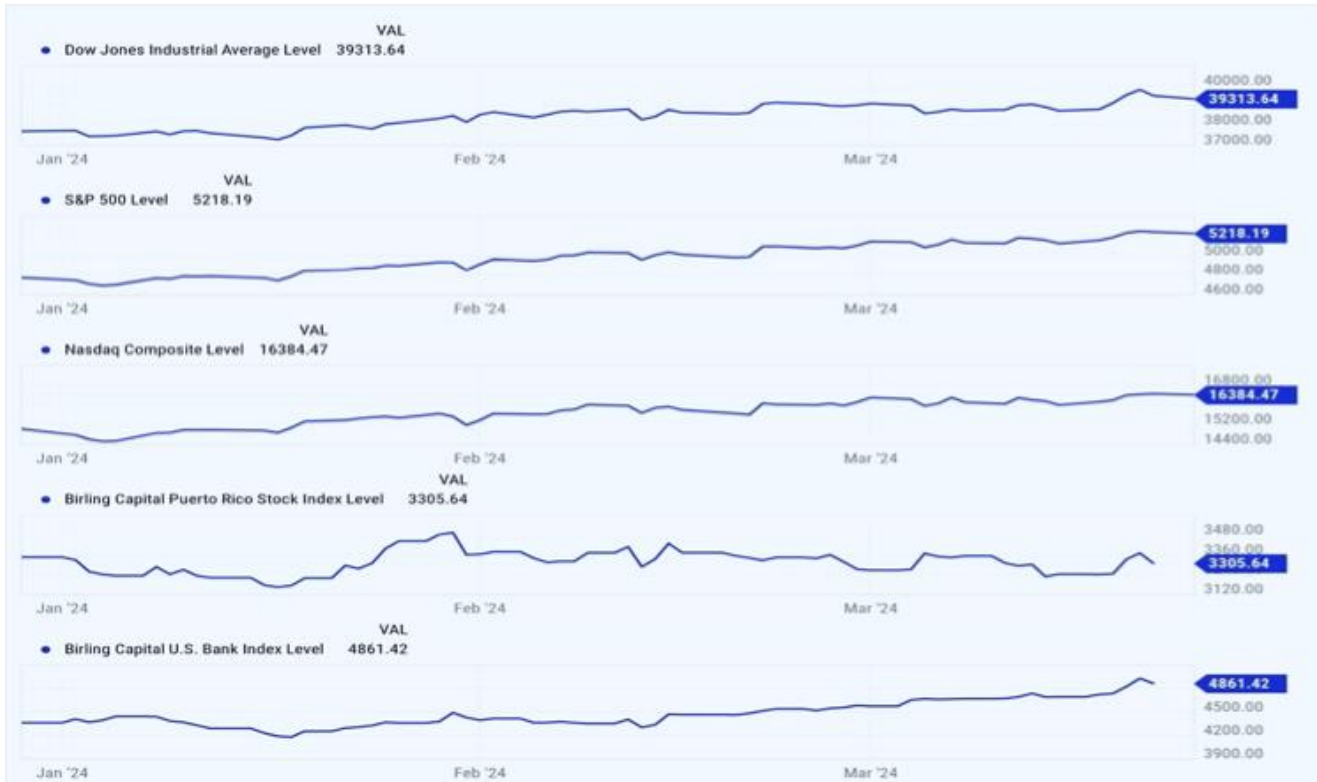




Wall Street Update

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