

GLOBAL MARKET SQUARE



Global Markets Rally as U.S. and European Stocks Surge, Bond Yields Fall Slightly and Investors Optimistic of Inflation's Trajectory.

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The U.S. and European stock markets retook their winning ways, with all indexes closing higher. Notably, the Dow Jones rose 477.75 points, the Nasdaq climbed 83.82 points, and the S&P 500 rose 44.91 points. The indexes are ending the quarter with a strong pace.

Meanwhile, Treasury yields fell slightly, with the 2-year yield closing at 4.54% and the 10-year yield closing at 4.20%. In global markets, European markets are mostly up, while Asian markets experienced a mixed session overnight, with Japan's Nikkei Index gaining 0.9% and Chinese markets showing a predominantly lower trend.

The spotlight is on Friday's release of U.S. personal consumption expenditures (PCE) inflation data, a crucial indicator of how inflationary pressures are evolving. Given that this is the Fed's preferred inflation benchmark, its outcome carries significant weight. Currently, the Inflation Nowcasting for the PCE stands at 2.45%.

The recent uptick in bond yields hasn't dented the equity markets' momentum. Throughout much of 2023, market movements were closely aligned with Federal Reserve policy. However, despite concerns about prolonged interest rate hikes to tame inflation, equities rebounded strongly towards the end of the year, even as bond yields retreated. The decline in yields was attributed to lower inflation figures and indications from the Fed suggesting a potential halt in rate hikes.

Despite the recent rise in bond yields, stocks have shown remarkable resilience, continuing their upward trajectory. This stability is underpinned by robust economic growth and impressive corporate earnings. Furthermore, despite recent inflationary pressures, the Federal Reserve's projections still indicate a possibility of interest rate cuts in 2024, potentially starting as early as June.

Market sentiment is now anticipating the first rate cut in June. Despite higher-than-expected inflation readings in early 2024, futures markets are pricing for three rate cuts this year, with a strong probability of the first cut occurring in June. This aligns with our earlier projections of potential rate cuts by the Federal Reserve. The upcoming release of core PCE data will be closely monitored, as it could significantly influence the Federal Reserve's decision-making process.

While inflation remains a concern, the outlook is optimistic, with expectations for a moderation in the coming months. This could provide the Fed with a compelling case for rate cuts later in the year, potentially boosting investor confidence.

Eurozone Summary:

- **Stoxx 600** closed at 511.75, up 0.66 points or 0.13%.
- **FTSE 100** closed at 7,931.58, up 1.02 points or 0.01%.
- **Dax Index** closed at 18,477.09, up 92.74 points or 0.50%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,760.08, up 477.75 points or 1.22%.
- **S&P 500** closed at 5,248.49, up 44.91 points or 0.86%.
- **Nasdaq Composite** closed at 16,399.52, up 83.82 points or 0.51%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,330.11, up 2.35 points or 0.07%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,856.83, up 21.58 points or 0.45%.
- **U.S. Treasury 10-year note** closed at 4.20%.
- **U.S. Treasury 2-year note** closed at 4.54%.



Inflation Nowcasting

Inflation Nowcasting

Month	PCE	Core PCE	Updated
February	2.45%	2.78%	3/27/24



US Treasury Yield Rates. from 1 Month to 30-Years

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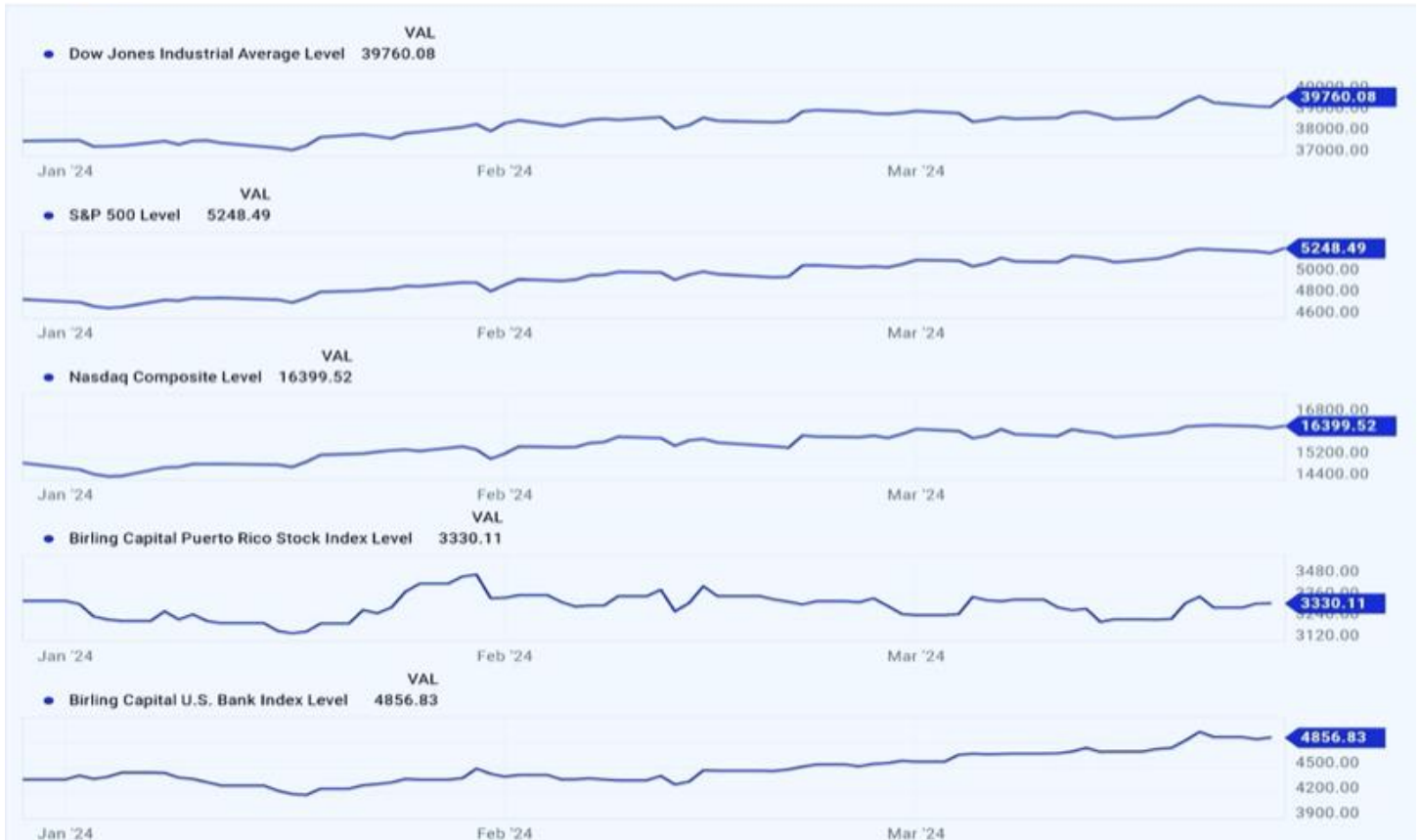
	VAL
1 Month Treasury Rate (I:1MTR)	5.51%
3 Month Treasury Rate (I:3MTRNK)	5.46%
6 Month Treasury Rate (I:6MTRNK)	5.36%
1 Year Treasury Rate (I:1YTRNK)	5.00%
2 Year Treasury Rate (I:2YTR)	4.54%
3 Year Treasury Rate (I:3YTCMR)	4.38%
5 Year Treasury Rate (I:5YTRNK)	4.23%
10 Year Treasury Rate (I:10YTR)	4.25%
20 Year Treasury Rate (I:20YTRNK)	4.51%
30 Year Treasury Rate (I:30YTR)	4.42%





Wall Street Update

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