

GLOBAL MARKET SQUARE



Macy's and Dollar General report better than expected sales increases raising investors' sentiment. At the same time, Broadcom announced the most prominent tech deal in history by buying VMware for \$61 billion, and Wall Street closed higher.

May 26, 2022

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. & European stock markets continued their winnings ways as the retail sector provided a much-needed lift to the investor's sentiments as both Macys and Dollar General reported earnings that beat expectations as we discuss below.

Also swaying the markets is the news of the acquisition by Broadcom (AVGO) of cloud company VMware (VMW) for \$61 billion, making the transaction one of the largest tech deals ever. VMware's largest stockholder is Michael Dell, with a 40% share, which would net Mr. Dell some \$24.4 billion. Broadcom shares rose more than 3.5% on the news.

The four indices we follow have risen this week so far as follows:

- Dow Jones Industrial Average closed is up 1,375.29.
- S&P 500 closed is up 156.48.
- Nasdaq Composite closed is up 386.03.
- Birling Capital Puerto Rico Stock index is up 86.39.

Corporate earnings parade today, we highlight two retail giants:

- Macy's, Inc. (M): reported its 1Q22 earnings with revenues of \$5.348 billion, up 12.8%, and net income of \$286 million, up 63.9%, beating estimates and taking the stock for a ride up 19.31%. The company also affirmed its 2022 sales guidance of \$24.46 billion.
- Dollar General (DG): reported its 1Q22 earnings with revenues of \$8.8 billion, up 4.2%, and net income of \$746.2 million, down 17.9%, beating estimates and taking the stock for a ride up 13.70%.

Key economic data:

- U.S. Initial Claims for Unemployment Insurance: fell to 210,000, down from 218,000 last week, decreasing -3.67%.
- U.S. Pending Home Sales YoY: fell to -8.23%, compared to -5.32% last month.
- 30 Year Mortgage Rate: fell to 5.25%, compared to 5.30% last week.
- Kansas City Fed Manufacturing Production Index: fell to 19.00, down from 28.00 last month, falling -32.14%.
- Canada Retail Sales MoM: fell to 0.03%, compared to 0.21% last month.

Puerto Rico COVID-19 Update May 26:

- Daily Cases: 908, down 7.44%.
- Positivity Rate: 30.24%, up 0.52%.
- Hospitalizations: 366, down 5.67%.
- Deaths: 9, down 30.76%.
- Vaccination Rate: 87.4%.
- Source Puerto Rico Department of Health.

Eurozone Summary for May 26:

- Stoxx 600 closed at 437.71, up 6.13 points or 1.42%.
- FTSE 100 closed at 7,564.92, up 42.17 points or 0.56%.
- Dax Index closed at 14,231.29, up 223.36 points or 1.59%.

Wall Street Summary for May 26:

- Dow Jones Industrial Average closed at 32,637.19, up 516.91 points or 1.61%.
- S&P 500 closed at 4,057.84, up 79.11 points or 1.99%.
- Nasdaq Composite closed at 11,740.65, up 305.91 points or 2.68%.
- Birling Capital Puerto Rico Stock index closed at 2,745.97, up 39.89 points or 1.47%.
- The U.S. Treasury 10-year note closed at 2.75%.
- The U.S. Treasury 2-year note closed at 2.46%.



Unemployment Data

5.26.22



The federal Labor Department reported on May 26 that jobless claims fell to 210,000 last week versus 218,000 a 3.67% decrease.





US Pending Home Sales, 30-Year Mortgage Rate, US Housing Starts, US Existing Home Sales

- US Pending Home Sales YoY
- 30 Year Mortgage Rate
- US Housing Starts
- US Existing Home Sales



YTD Returns





Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.