

The Consumer Price Index falls to 4.98%, a 45% decrease since June 2022, and Wall Street closes down.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed down even as investors welcomed the better-than-expected U.S. Consumer Price Index reading at 4.98%; their focus turned to the Corporate Earnings Season that begins on April 14 with the three large banks. The CPI is at 4.98% versus the estimated 5.22%, a welcome beat in the inflation fight. The Key Core CPI that excludes food and energy rose to 5.60%, up from 5.53% on a Y-o-Y basis, and it was also better than the estimate of 5.66%; meanwhile, on a Month-o-Month basis, the Core CPI fell to 0.38% down from 0.45% the previous month, which establishes the downward trending in most consumer prices. An item showing price increases is most new car prices, which increased over the last month due to the combination of limited inventories and supply shortfalls mixed with rising demand.

As we put behind the CPI reading, the market attention shifts to the Federal Reserve Banks May FOMC meeting in May and whether or not the Fed would pause.

Before jumping to any conclusion, remember that the Fed's inflation target is 2%, and a CPI of 4.98% is still 149% above the Fed's target; having said that, we believe that the Fed could opt to raise rates by 25 basis points as a showing that is serious in taking inflation to its target rate. It is becoming quite clear that with inflation lowered from its high of 9.06% in June 2022, a 45% decrease compared to the current 4.98% CPI reading, the Fed is much closer to ending its campaign.

Earnings Season Gears up, Bank Failures and Depositors Protection:

We are gearing up for the earnings season, the collapses of Silicon Valley Bank and Signature Bank last month, which were the second and third-largest bank failures in U.S. history, forced the Fed and FDIC to implement extraordinary rescue measures, including protecting all deposits from the failed lenders and provided an additional funding facility for troubled banks.

Silicon Valley Bank had 93.8% of its deposits above the FDIC insurance limit of \$250,000, and Signature Bank had 89.3%; in that regard, the panic that followed of depositors losing their money, in my view, was and still is unnecessary as our financial system is set up to protect the entire nation's deposits.

Also, we have yet to see the end of Bank closures or forced mergers since other banks must have allowed their assets and liabilities to become mismatched and have accumulated "Unrealized Losses". We shall see that as soon as the banks begin reporting their first-quarter earnings.

Key Economic Data:

- **U.S. Consumer Price Index YoY:** fell to 4.98%, compared to 6.04% last month.
- **U.S. Consumer Price Index MoM:** fell to 0.05%, compared to 0.37% last month.
- **U.S. Core Consumer Price Index YoY:** rose to 5.60%, compared to 5.53% last month.

- **U.S. Core Consumer Price Index MoM:** fell to 0.38%, compared to 0.45% last month.
- **U.S. Inflation Rate:** fell to 4.98%, compared to 6.04% last month.

Puerto Rico COVID-19 Update April 12:

- Daily Cases: 25
- Positivity Rate: 9.23%
- Hospitalizations: 230
- Deaths: 2
- Source P R. Department of Health.

Eurozone Summary for April 12:

- Stoxx 600 closed at 462.28, up 0.49 points or 0.11%.
- FTSE 100 closed at 7,824.84, up 39.12 points or 0.50%.
- Dax Index closed at 15,703.60, up 48.43 points or 0.31%.

Wall Street Summary for April 12:

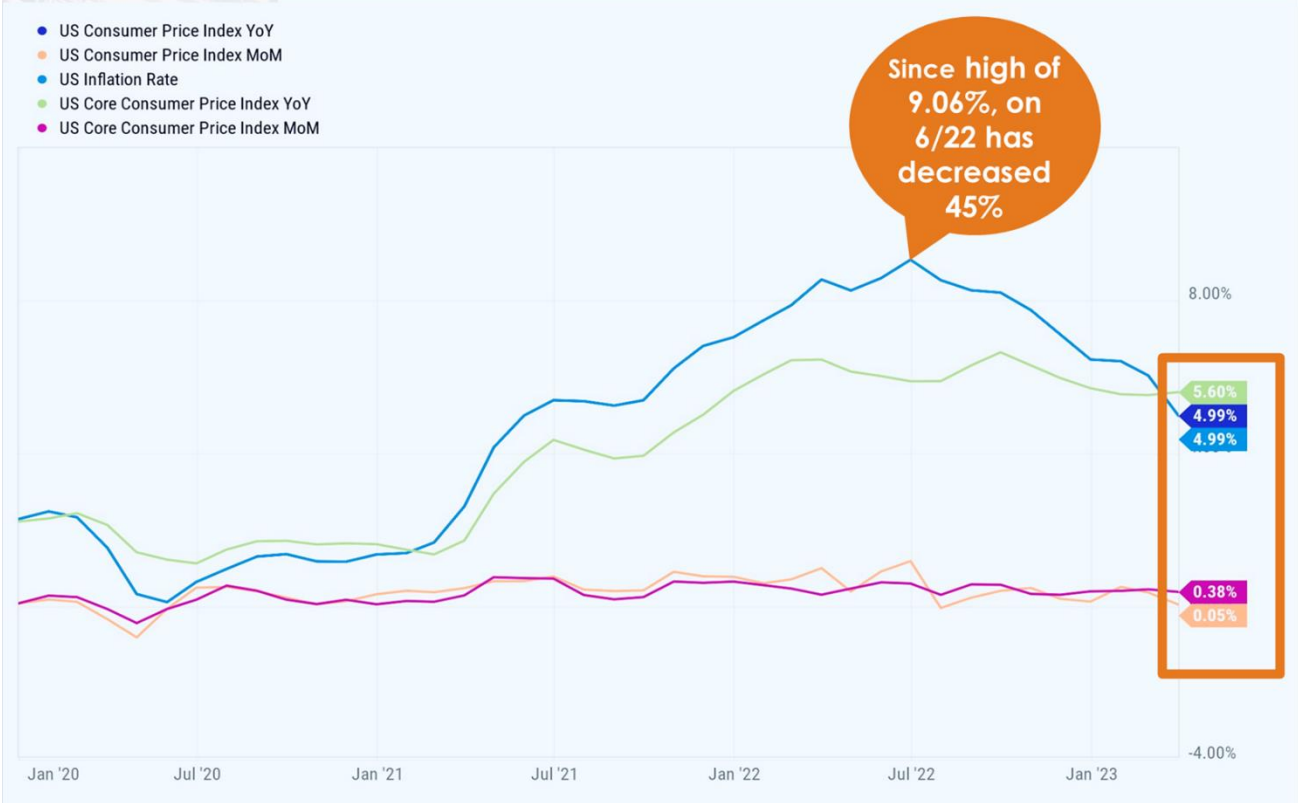
- Dow Jones Industrial Average closed at 33,646.50, down 38.29 or 0.11%.
- S&P 500 closed at 4,091.95, down 16.99 points or 0.41%.
- Nasdaq Composite closed at 11,929.34, down 102.54 points or 0.85%.
- Birling Capital Puerto Rico Stock index closed at 2,316.03, up 21.92 points or 0.96%.
- Birling Capital U.S. Bank Stock Index closed at 3,586.03, up 51.09 points or 1.45%.
- U.S. Treasury 10-year note closed at 3.41%.
- U.S. Treasury 2-year note closed at 3.95%.



US Consumer Price Index, US Core CPI & US Inflation Rate

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- US Consumer Price Index YoY
- US Consumer Price Index MoM
- US Inflation Rate
- US Core Consumer Price Index YoY
- US Core Consumer Price Index MoM





Wall Street Recap

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