

Chinese Consumer Price Index turns negative to -0.3%, Investors digest the bank sector, and Wall Street falls.

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The U.S. and European stock markets closed the session with mixed results, with Wall Street focused on the bank downgrade and tomorrow's Consumer Price Index reading. While in the Eurozone, the indexes we follow close higher as the markets took some comfort that Italy will limit the impact of a planned 40 percent "windfall" tax on Banks' profits resulting from higher interest rates.

The bank's tax is a populist measure presented late on Monday as Prime Minister Giorgia Meloni's effort to project herself as a fiscally responsible steward of her country's economy. However, the result has seriously damaged the government's credibility and obliterated the investment climate.

Most right-wing governments with a populist bent have little to zero understanding of the market responses to their plans and the outsize market capitalization that results.

Moving on to the U.S., following yesterday's Moody's rating action, we note that the bank stocks have recovering from yesterdays as investors continue to analyze the specific details for the downgrades.

As we said before, the once mighty Chinese economy continues to falter as we add to yesterday's list that the Chinese Consumer Price Index for July after the July CPI turned negative to -0.3% YoY, indicating broader weakness in domestic demand.

Tomorrow's U.S. Consumer Price Index will be released as a key metric in framing Fed monetary policy expectations, and all investors are closely watching the release.

There are two estimates:

The Inflation Nowcast for July has the following forecasts:

- CPI 3.42%
- Core CPI 4.92%

Economists' Consensus estimates:

- CPI 3.3%
- Core CPI 4.70%

Key Economic Data:

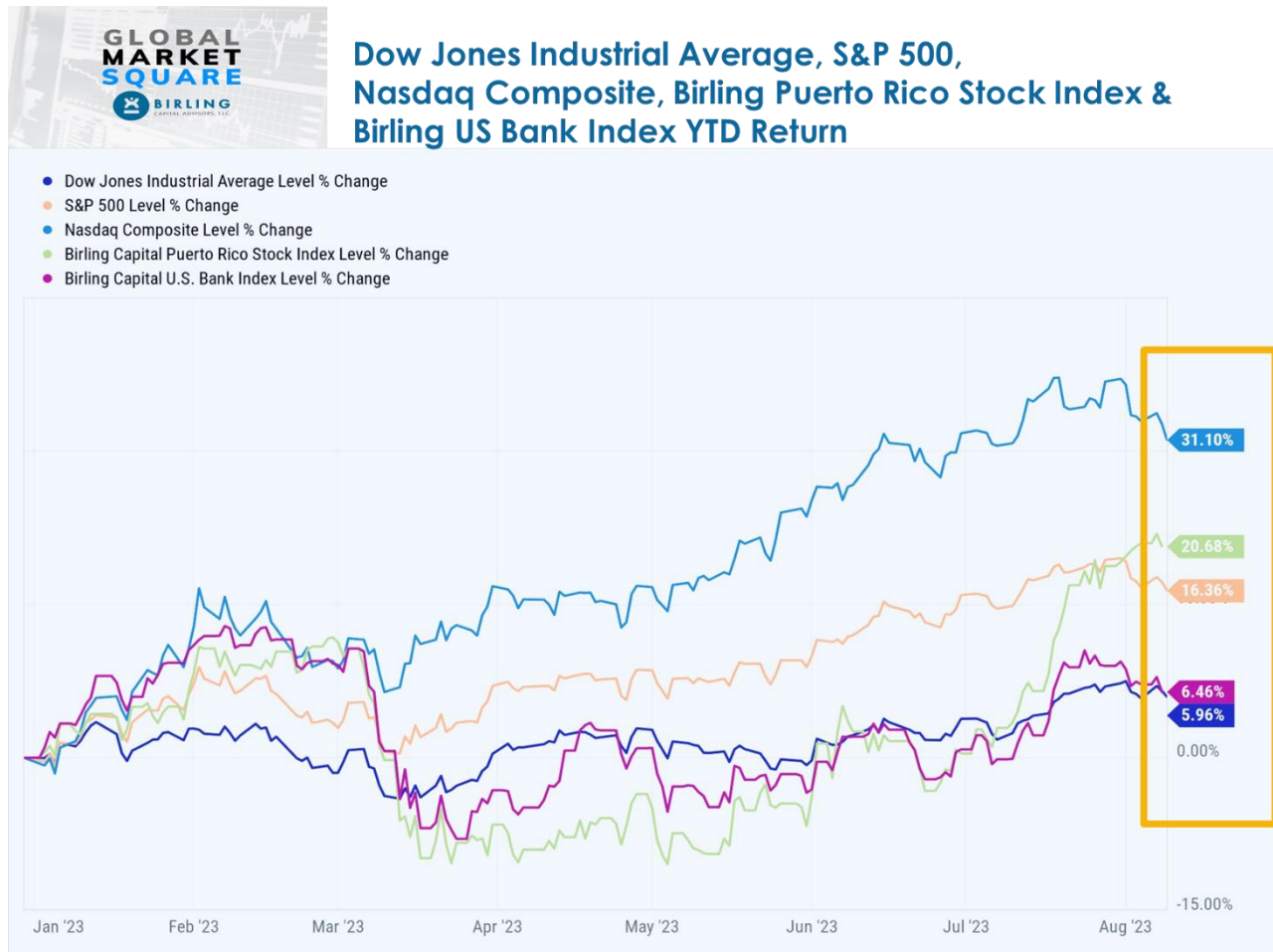
- **U.S. Crude Oil Stocks WoW:** rose to 5.851 million, up from -17.05 million last week.
- **Canada Building Permits MoM:** fell to 6.08%, compared to 12.59% last month.
- **China M2 Money Supply YoY:** fell to 11.29%, compared to 11.61% last month.

Eurozone Summary:

- **Stoxx 600** closed at 460.58, up 1.98 points or 0.43%.
- **FTSE 100** closed at 7,587.30, up 59.88 points or 0.80%.
- **Dax Index** closed at 15,852.58, up 77.65 points or 0.49%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 35,123.36, down 191.13 points or 0.54%.
- **S&P 500** closed at 4,467.71, down 31.67 points or 0.70%.
- **Nasdaq Composite** closed at 13,722.02, down 162.31 points or 1.17%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,042.03, down 30.52 points or 0.99%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,924.94, down 52.90 points or 1.33%.
- **U.S. Treasury 10-year note** closed at 4.00%.
- **U.S. Treasury 2-year note** closed at 4.79%.





Wall Street Recap

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