

The FedWatch Tool shows that 76.9% expect no rate increase from the Fed, and Wall Street closed higher.

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The U.S. and European stock markets began the week modestly higher as investors prepare for quite a momentous week that includes the latest Consumer Price Index reading in the U.S. on June 13 with a current forecast of 4.13% and the Fed's FOMC meeting on June 14 that will either pause or increase rates by 25 basis points, we shall soon see.

International markets were also black, with the Eurozone and Japan leading the charge. Markets will remain in a holding pattern as investors await guidance from tomorrow's CPI reading and Wednesday's Fed's FOMC meeting.

The CPI forecast for tomorrow is 4.13%, which would mean a decrease of 16.22% below last month's reading of 4.93% and 54.41% below the highest reading in June 2022 of 9.06%. Below, we highlight the CPI data for the past year.

Month	CPI
1. 30-Apr-23	4.93%
2. 31-Mar-23	4.98%
3. 28-Feb-23	6.04%
4. 31-Jan-23	6.41%
5. 31-Dec-22	6.45%
6. 30-Nov-22	7.11%
7. 31-Oct-22	7.75%
8. 30-Sep-22	8.20%
9. 31-Aug-22	8.26%
10. 31-Jul-22	8.52%
11. 30-Jun-22	9.06%
12. 31-May-22	8.58%

We began the week with U.S. equities showing a solid rally, with the S&P 500 rising 4.88% in the last 30 days and 12.83% YTD in the past month.

As we see it, the current rally is based on the theory that the Fed is set to pause its interest rate campaign. At the same time, the Fed has not ended its interest rate cycle. Do not forget that the Fed's Inflation target is 2%, and using last month's 4.93% CPI, its 146.5% above target; even the latest CPI Inflation Nowcast of 4.13% is still 106.5% above the target, and this is not the position the Fed desires, even as the markets have priced in a Fed pause. The current CME FedWatch Tool shows that 76.9% predict that there will be no rate increase.

Should the CPI reading disappoint and the Fed raises rates by 25 basis points, the rally could quickly turn into an asset rotation.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.655, down from \$3.684 last week, decreasing -0.79%.

Eurozone Summary:

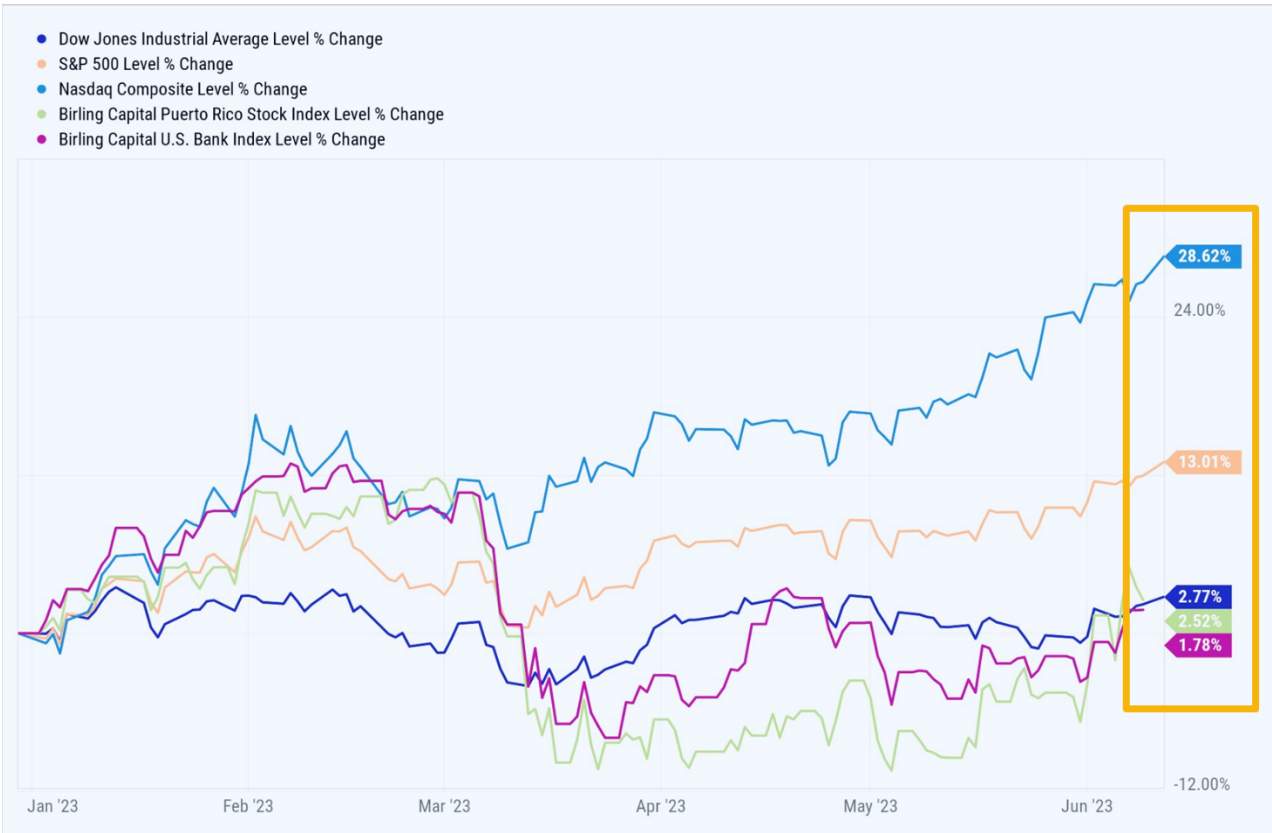
- **Stoxx 600** closed at 460.58, up 0.57 points or 0.12%.
- **FTSE 100** closed at 7,570.69, up 0.33 points or 0.11%.
- **Dax Index** closed at 16,097.87, up 148.03 points or 0.93%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,066.33, up 189.55 points or 0.56%.
- **S&P 500** closed at 4338.93, up 40.07 points or 0.93%.
- **Nasdaq Composite** closed at 13,461.92, up 202.78 points or 1.53%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,584.34, down 25.18 points or 0.96%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,752.51, up 1.46 points or 0.04%.
- **U.S. Treasury 10-year note** closed at 3.73%.
- **U.S. Treasury 2-year note** closed at 4.55%.



Dow Jones Industrial Average, S&P 500,
Nasdaq Composite, Birling Puerto Rico Stock Index &
Birling US Bank Index YTD Return 6/12/23





Wall Street Recap

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