

The Bank of England raised rates by 50 basis points, surprising markets, unemployment claims remain over 260,000 for the third consecutive week, and Wall Street closed mixed.

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The U.S. and European stocks markets closed with mixed results highlighting the effect of taming high inflation and rising interest rates on most investors' mindset following Fed Chair Powell's second day of testimony. As we had previously commented, the Fed Chair said that pricing in two more rate increases for 2023 might be a "pretty good guess", as he more or less confirmed that the interest rate hiking campaign continues until inflation reaches its 2% target. The Fed's campaign is on its last legs, and depending on how inflation trends go down, we could have one or, at most, two remaining rate increases.

The economic component and the labor markets are critical for the Fed without taking the U.S. into a recession which so far seems reasonably avoidable.

Meanwhile, the labor markets continue to show signals of softening; today, jobless claims numbers remain over 260,000 for the third consecutive week, unchanged at 264,000 and above estimates of 259,000.

In Europe, following yesterday's U.K.'s Consumer Price Index that remained at 8.70%, 335% above the Bank of England's 2% target rate, the Bank of England increased rates by 50 basis points, taking markets by surprise and bringing the bank's benchmark rate to 5%, the highest in 15 years.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** is unchanged at 264,000 from 264000.0 m one year ago.
- **U.S Existing Home Sales:** rose to 4.30 million, up from 4.29 million last month, increasing 0.23%.
- **30-Year Mortgage Rate:** fell to 6.67%, compared to 6.69% last week.
- **Kansas City Fed Manufacturing Production Index:** fell to -10.00, down from -2.00 last month.
- **Eurozone Consumer Confidence Indicator:** improved slightly to -17.40, up from -17.50 last month.
- **Eurozone Economic Sentiment Indicator:** fell to 96.50, down from 99.00 last month, decreasing - 2.53%.
- **Bank of England Bank Rate:** rose to 5.00%, compared to 4.50% yesterday.
- **Japan Consumer Price Index YoY:** rose to 3.50%, compared to 3.20% last month.

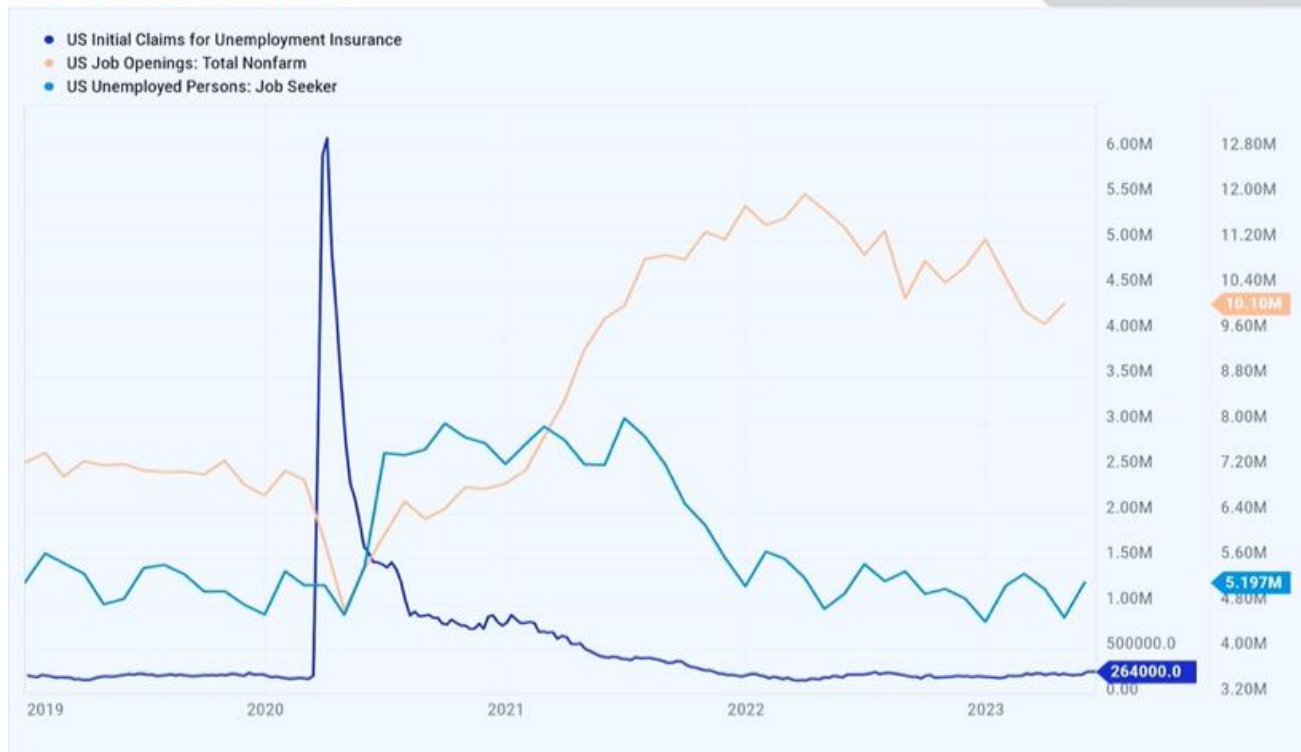
Eurozone Summary:

- **Stoxx 600** closed at 454.52, down 2.40 points or 0.54%.
- **FTSE 100** closed at 7,502.03, down 57.45 points or 0.76%.
- **Dax Index** closed at 15,998.16, down 34.97 points or 0.22%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 33,946.71, down 4.81 points or 0.01%.
- **S&P 500** closed at 4,381.89, up 16.20 points or 0.37%.
- **Nasdaq Composite** closed at 13,630.61, up 128.41 points or 0.95%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,561.77, up 0.38 points or 0.01%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,735.64, down 45.88 points or 1.21%.
- **U.S. Treasury 10-year note** closed at 3.80%.
- **U.S. Treasury 2-year note** closed at 4.77%.

US Initial Claims for Unemployment, US Job Openings & US Unemployed Job Seekers



US Existing Home Sales, 30-Year Mortgage Rate & Kansas City Fed Manufacturing Production Index



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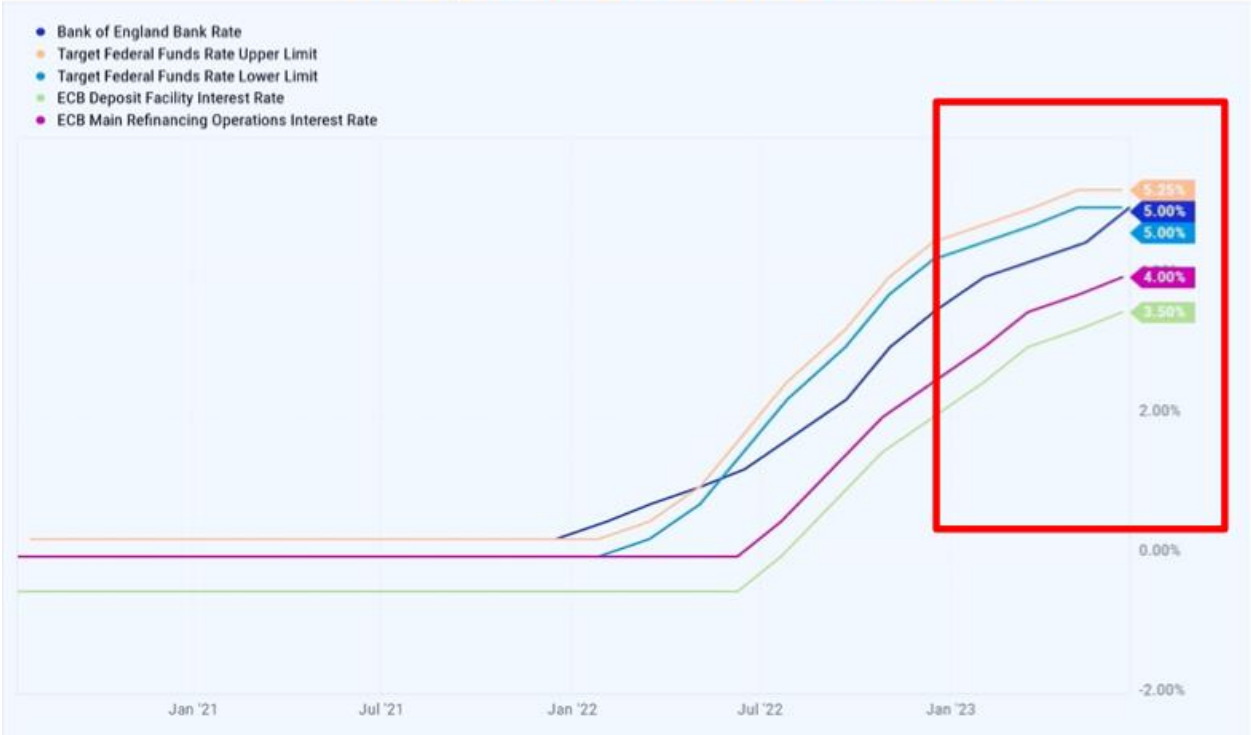


Eurozone Consumer Confidence Indicator, Eurozone Economic Sentiment Indicator & Japan Consumer Price Index





Bank of England Bank Rate, Target Federal Funds Rate & European Central Bank Rates



Wall Street Recap June 22, 2023

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