



## The Federal Bank Regulatory Agencies include 5 cities in Puerto Rico in their distressed list; inflation & monetary pressures take Wall Street down.

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The U.S. and European stock markets recorded a losing week across the board, with mounting inflation pressures that are forcing central banks to press on with more aggressive interest rate campaigns; investors have taken the message, and the market is pricing down the expectation of a Fed pivot at least in the U.S.

Additionally, Europe, with the UK CPI at 8.70%, 335% above the Bank of England's 2% target rate, forcing the Bank of England to bring the bank's benchmark rate to 5%, the highest in 15 years, surprised global markets in the most negative manner. The E.U. economy has slowed down its activity quite dramatically; U.K. Retail Sales continue to be negative at -2.10% YoY and with the robust services sector slowing down. The benchmark Purchasing Managers' Index (PMI), which measures activity in manufacturing and services, fell to a five-month low of 50.3, down from 52.8 in the previous month; a PMI below 50 is considered a sign of a contraction.

Lastly, the Federal Bank regulatory agencies today made available the annual 2023 list of distressed or underserved nonmetropolitan middle-income geographies, showing several cities in Puerto Rico that fit the definition of Distressed or underserved communities.

The Community Reinvestment Act (CRA) encourages banks to help safely and soundly meet the credit needs of their local communities, including low- and moderate-income communities. Distressed or underserved nonmetropolitan middle-income geographies are census tracts where revitalization or stabilization activities are eligible for CRA consideration.

In Puerto Rico, the following cities are considered Distressed or underserved communities that have poverty, unemployment, and are in distress:

1. Coamo, P.R., population 38,603
2. Jayuya, P.R., population 14,239
3. Salinas, P.R., population 21,474
4. Santa Isabel, P.R., population 27,638

There is one city that, in addition to being in Distressed or underserved communities with poverty, unemployment, and distress with the addition of being underserved and remote:

1. Vieques, P.R., population 8,249

Only one bank in these five cities serves the customers, with a total collective population of 110,203.

The median household income in these cities is as low as \$22,419, and they are worlds apart compared to that in contrast to the San Juan-Guaynabo area median household income of \$43,479; there is a 48.43% difference in living standards.

## Key Economic Data:

- **U.K. Retail Sales YoY:** improved to -2.10%, compared to -3.40% last month.
- **U.K. Retail Sales excluding Fuel YoY:** improved to -1.70%, compared to -3.00% last month.
- **China Exports YoY:** fell to -7.48%, compared to 8.46% last month.
- **China Imports YoY:** improved to -4.53%, compared to -7.95% last month.
- **China's Trade Balance:** fell to 65.79 billion, down from 90.24 billion last month, decreasing -27.09%.

## Eurozone Summary:

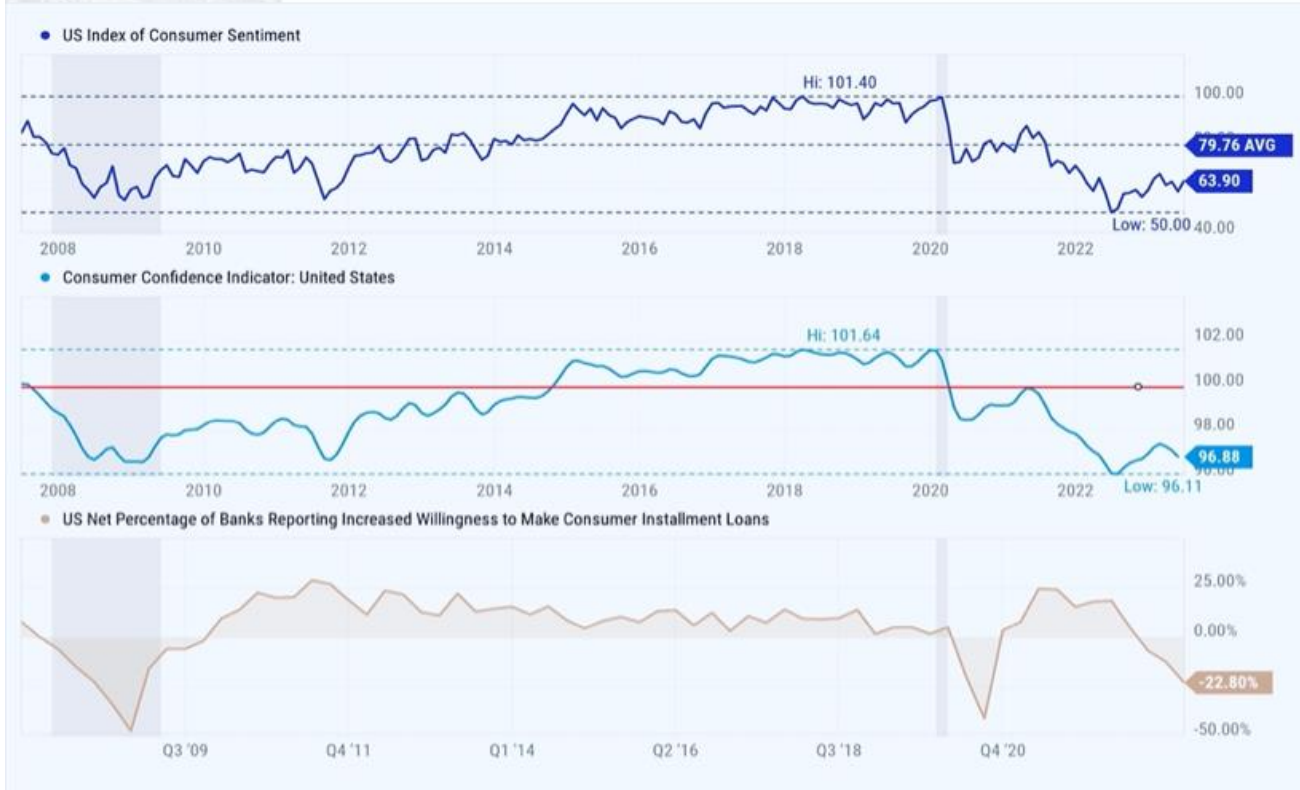
- **Stoxx 600** closed at 453.14, down 1.56 points or 0.34%.
- **FTSE 100** closed at 7,461.81, down 40.86 points or 0.54%.
- **Dax Index** closed at 15,829.94, down 158.22 points or 0.99%.

## Wall Street Summary:

- **Dow Jones Industrial Average** closed at 33,727.43, down 219.28 points or 0.65%.
- **S&P 500** closed at 4,348.33, down 33.56 points or 0.77%.
- **Nasdaq Composite** closed at 13,492.52, down 138.09 points or 1.01%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,491.83, down 43.61 points or 1.72%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,642.20, down 61.67 points or 1.82%.
- **U.S. Treasury 10-year note** closed at 3.74%.
- **U.S. Treasury 2-year note** closed at 4.71%.



# The State of the Consumer



# The Economic Cycle





## Wall Street Recap

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