

Wall Street rose as the Fed's Preferred Inflation metric fell to 3.85%, decreasing 12.72%, beating estimates, and the GDPNow for 2Q23 rises to 2.20% GDP.

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The U.S. and European stock markets closed the month with gains amid a flurry of positive news related to Inflation, consumer sentiment, and economic growth.

In the latest Personal Consumption Expenditure (PCE) report, the Fed's preferred inflation benchmark came in at 3.85%, falling 12.72% versus the prior month and beating the Inflation Nowcast that had the PCE at 3.87%. Recording the first time since 2021 that the PCE falls below 4%, the Core PCE inflation, while failing to reach 4.6% below the Inflation Nowcast estimate of 4.70%, remains too high.

Additionally, there was an increase in Consumer Sentiment to 64.40, up 8.788%, Personal income also rose 53.8%, and the GDPNow for 2Q23 rose 22.22% to 2.20% GDP.

As we turn our focus to the second semester of 2023, we expect markets to continue to move higher. However, volatility shall remain constant all year long and even more so should the economy slow down.

While all GDPNow Forecast points to growing a GDP at the rate of 2.20% for the 2Q23, there are some signs that key indicators are weakening; for one, the inverted yield curve between the U.S. Treasury 2-Year Note and the 10-Year note, the ISM Manufacturing, and Services PMI have fallen, having said that our expectation is for the economy materially slow during the second semester.

Would this impact markets? Knowing that markets are forward-looking, they could easily overlook the softer economy and march towards a more sustainable recovery period.

GDPNow Update:

- The GDPNow for the second quarter of 2023 was updated on 6/30/23, rising to 2.20% GDP from 1.80%, a 22.22% increase.

Key Economic Data:

- **U.S. PCE Price Index YoY:** fell to 3.85%, compared to 4.34% last month.
- **U.S. Core PCE Price Index YoY:** fell to 4.62%, compared to 4.68% last month.
- **U.S. Index of Consumer Sentiment:** rose to 64.40, up from 59.20 last month, increasing 8.78%.
- **U.S. Personal Income MoM:** rose to 0.40%, compared to 0.26% last month.
- **U.S. Personal Spending MoM:** fell to 0.10%, compared to 0.60% last month.
- **Canada Real GDP MoM:** fell to 0.01%, compared to 0.07% last month.
- **Eurozone Unemployment Rate:** fell to 6.50%, compared to 6.60% last month.
- **Germany Real Retail Sales YoY:** improved to -5.10%, compared to -8.40% last month.
- **Germany Unemployment Rate:** is unchanged at 5.50%, compared to 5.50% last month.
- **U.K. Real GDP QoQ:** is unchanged at 0.10%, compared to 0.10% last quarter.
- **U.K. Business Investment YoY:** fell to 5.77%, compared to 10.82% last quarter.

- **Japan Unemployment Rate:** is unchanged at 2.60%, compared to 2.60% last month.
- **Japan Housing Starts YoY:** rose to 3.48%, compared to -11.86% last month.

Eurozone Summary:

- **Stoxx 600** closed at 462.07, up 5.43 points or 1.19%.
- **FTSE 100** closed at 7,531.53, up 59.84 points or 0.80%.
- **Dax Index** closed at 16,147.90, up 201.18 points or 1.26%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,407.60, up 285.18 points or 0.84%.
- **S&P 500** closed at 4,450.38, up 53.94 points or 1.23%.
- **Nasdaq Composite** closed at 13,787.92, up 196.59 points or 1.45%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,541.42, up 53.63 points or 2.16%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,701.99, up 88.17 points or 2.44%.
- **U.S. Treasury 10-year note** closed at 3.81%.
- **U.S. Treasury 2-year note** closed at 4.87%.



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GDP Now 6.30.23 Second Quarter GDP Forecast

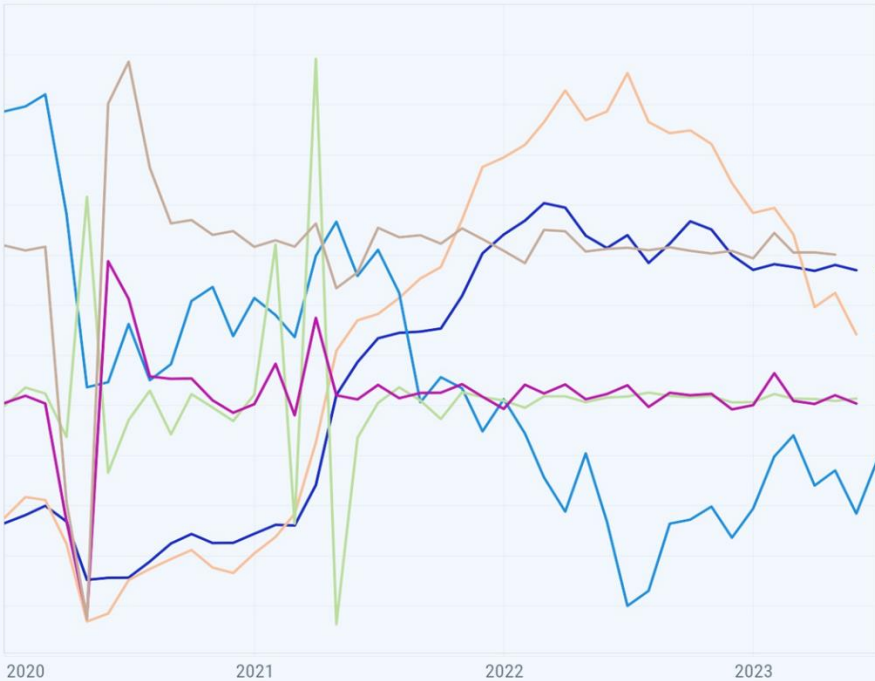
Date	GDPNow 2Q23	Change
4/28/2023	1.70%	Initial Forecast
5/1/2023	1.80%	5.56%
5/4/2023	2.70%	33.33%
5/8/2023	2.70%	0.00%
5/16/2023	2.60%	-3.85%
5/17/2023	2.90%	10.34%
5/26/2023	1.90%	-52.63%
6/1/2023	2.00%	5.00%
6/7/2023	2.20%	9.09%
6/8/2023	2.20%	0.00%
6/15/2023	1.80%	-22.22%
6/20/2023	1.90%	5.26%
6/27/2023	1.80%	-5.56%
6/30/2023	2.20%	22.22%



US PCE, US Core PCE, US Index of Consumer Sentiment, US Personal Income, US Personal Spending & Canada Real GDP

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- US Core PCE Price Index YoY
- US PCE Price Index YoY
- US Index of Consumer Sentiment
- US Personal Income MoM
- US Personal Spending MoM
- Canada Real GDP MoM



7.20%	105.00	21.00%	6.00%
6.60%	100.00	18.00%	4.50%
6.00%	95.00	15.00%	3.00%
5.40%	90.00	12.00%	1.50%
4.80%	85.00	9.00%	0.01%
4.20%	80.00	6.00%	-1.50%
3.60%	75.00	3.00%	-3.00%
3.00%	70.00	0.40%	-4.50%
2.40%	65.00	-0.10%	-6.00%
1.80%	60.00	-3.00%	-7.50%
1.20%	55.00	-6.00%	-9.00%
0.60%	50.00	-9.00%	-10.50%
0.00%	45.00	-12.00%	-12.00%
		-15.00%	



EU Unemployment Rate, Germany Retail Sales, Germany Unemployment Rate, UK GDP, UK Business Inventories, Japan Housing Starts & Japan Unemployment Rate

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- Eurozone Unemployment Rate (I:EURSM)
- Germany Real Retail Sales YoY (I:GCRRS)
- Germany Unemployment Rate (I:GURU8UFW)
- UK Real GDP YoY (I:UKCRGDSQ)
- UK Business Investment YoY (I:UKCBISQ)
- Japan Housing Starts YoY (I:JCHS)
- Japan Unemployment Rate (I:JURBS)





Wall Street Recap June 30, 2023



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