

The June 1 U.S. Debt Limit deadline is nine days away, a default can destroy the \$24 trillion market of U.S. Treasuries, and Wall Street sounds the alarm.

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The U.S. & European stock markets continue to be impacted by the U.S. Debt Ceiling negotiations, while until yesterday, most investors seemed optimistic that a solution may be found before the June 1 deadline; that optimism is turning into concern as we are nine days away from the June 1 deadline.

While yesterday's meeting between President Biden and Speaker McCarthy led to productive talks and an agreement that default is off the table, it ended with no deal. While we expect the debt-ceiling standoff, it may happen at the deadline.

If you are unaware of the U.S. debt limit, you should know that if it is not raised, the U.S. will face its first default in history, creating a crisis that could cost some \$2.647 trillion. At the same time, Puerto Rico will be affected in many ways; the most palpable is that it could cost Puerto Rico's economy between \$658.3 million and \$3.291 billion, involving the reconstruction and essential municipal services. We are now only nine days away from June 1, and both President Joe Biden and House Speaker Kevin McCarthy are political and philosophical opposites; the fact is that the debt limit was reached four months ago has not been enough for these leaders to come to their senses and put America first. A U.S. default could destroy the \$24 trillion market of U.S. Treasury debt, freezing financial markets and creating an international crisis.

The data indicates that if the debt limit is not raised and default materializes, during the first week, 1.5 million jobs will be eliminated, and if it extends by 30 days, economic growth would be impacted by as much as \$2.647 trillion and would evaporate another 7.8 million jobs creating unemployment over 8%.

Our political leader must discover that **"Experience alone is not the best teacher; the best teacher is the evaluation after the Experience"**.

Corporate Earnings Parade:

- **Lowe's Companies Inc (LOW):** reported 1Q23 revenues of \$22.347 billion, down 5.54%, and net income of \$2.260 billion, down 3.12%, beating estimates. The stock closed at \$206.65, up \$3.50 or 1.72%, and Lowe's has a price objective of \$229.07.

Key Economic Data:

- **U.S. New Single-Family Houses Sold:** rose to 683,000, up from 656,000 last month.
- **U.S. New Single-Family Houses Sold MoM:** rose 4.12%, compared to 3.96% last month.
- **China Exports YoY:** fell to 8.47%, compared to 14.79% last month.

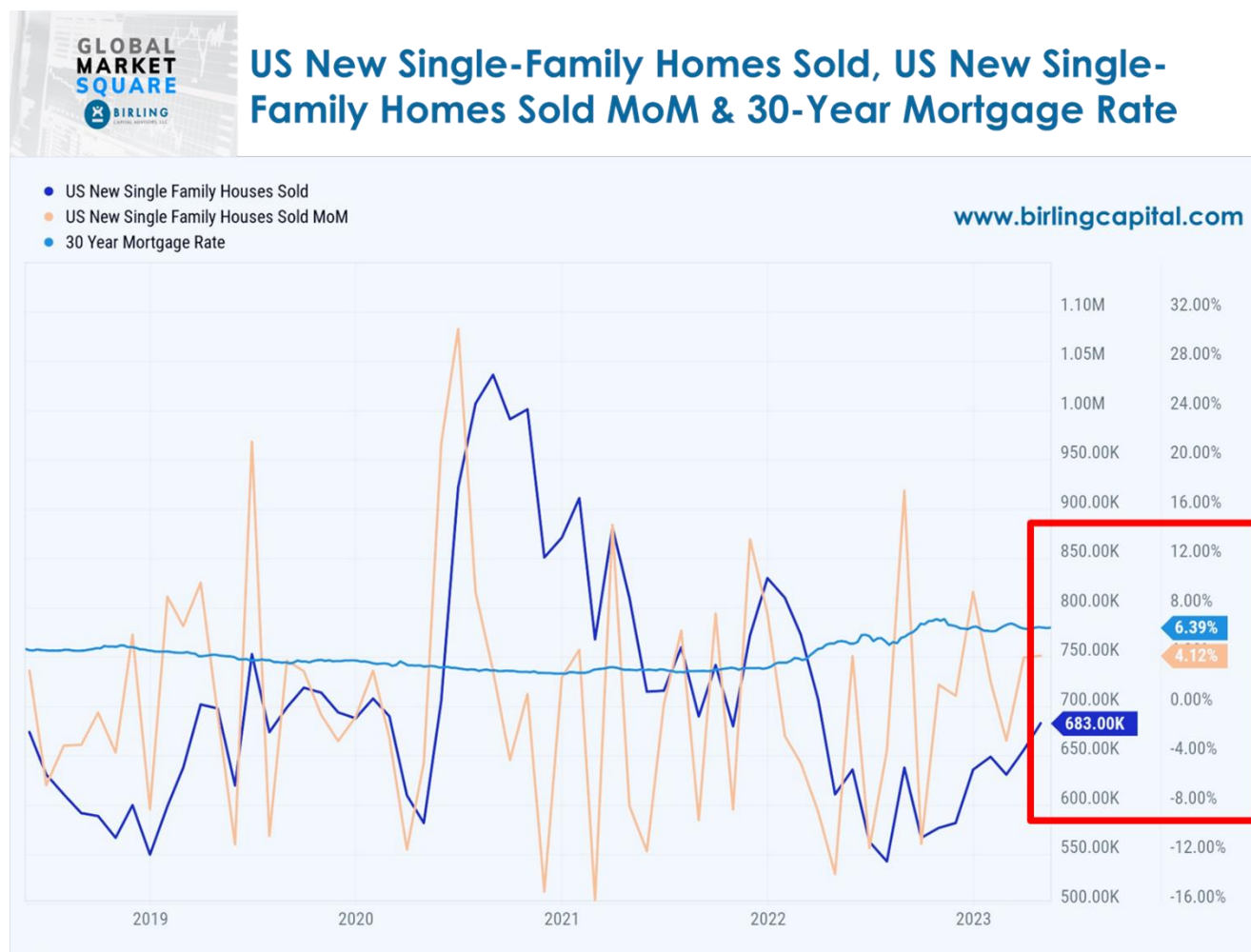
- **China Imports YoY:** fell to -7.92%, compared to -1.39% last month.
- **China Trade Balance:** rose to 90.21 billion, up from 88.19 billion last month, increasing 2.29%.

Eurozone Summary:

- **Stoxx 600** closed at 466.19, down 2.72 points or 0.58%.
- **FTSE 100** closed at 7,762.95, down 8.04 points or 0.10%.
- **Dax Index** closed at 16,152.86, down 71.13 points or 0.44%.

Wall Street Summary:

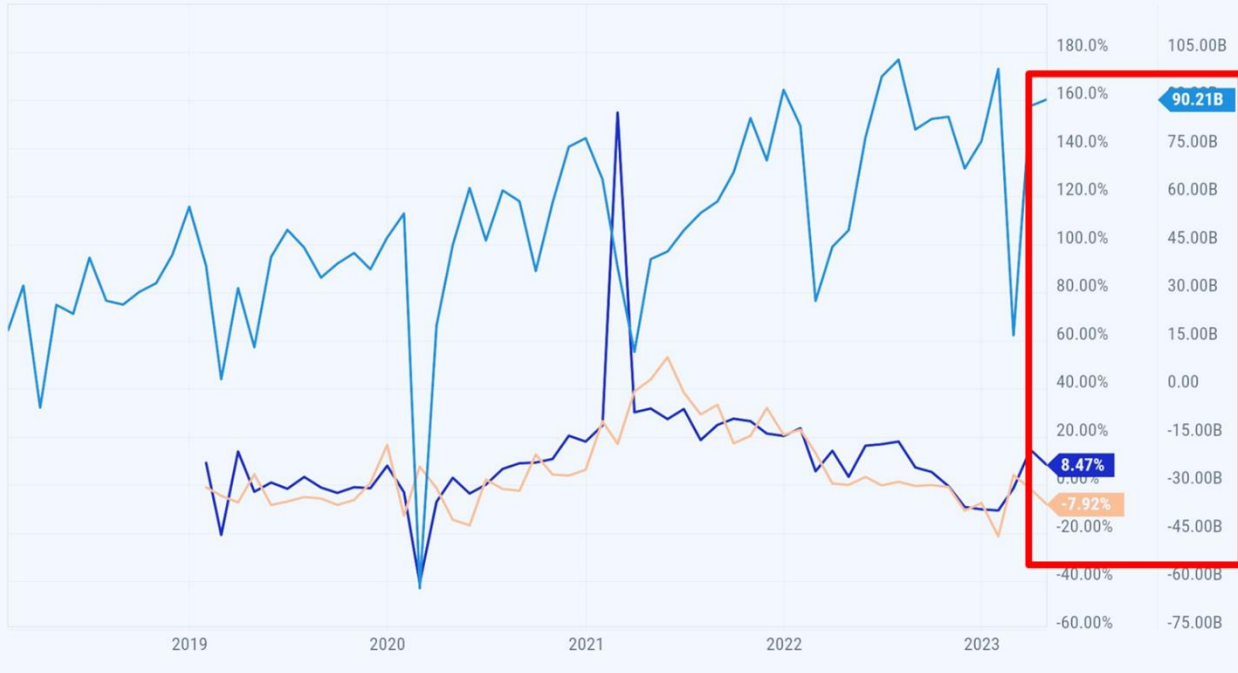
- **Dow Jones Industrial Average** closed at 33,055.51, down 231.07 or 0.69%.
- **S&P 500** closed at 4,145.58, down 47.05 points or 1.12%.
- **Nasdaq Composite** closed at 12,560.24, down 160.53 points or 1.28%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,433.04, up 43.01 points or 1.80%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,616.09, up 13.68 points or 0.38%.
- **U.S. Treasury 10-year note** closed at 3.70%.
- **U.S. Treasury 2-year note** closed at 4.26%.



China Exports Y-o-Y, China Imports Y-o-Y, and China Trade Balance

- China Exports YoY (I:CEYY)
- China Imports YoY (I:CIYY)
- China Trade Balance (I:CTBNM)

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Wall Street Recap

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