

## Fitch Ratings placed the United States 'AAA' Rating on Credit Watch with a Negative Outlook, and Wall Street closed mixed.

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The U.S. and European stock markets closed with mixed results; the S&P 500 and Nasdaq closed up as markets remain concerned with the ongoing U.S. debt Ceiling negotiations, which appear to be at odds. Another wrinkle was added as Fitch Ratings placed the United States 'AAA' rating on rating watch with a negative outlook, a prelude to downgrading its credit.

The Negative Outlook Rating Watch reflects the increased political polarization currently hindering a resolution to raise the U.S. Debt Limit, even though not acting before June 1 would cause a default. Even as leaders from both the Republican and Democratic parties continue to reiterate that a default is not on the table, it does not seem this way.

Should Fitch decide to downgrade the credit of the United States from AAA to AA+, it would be the second time it would suffer a downgrade, as on Friday, August 5, 2011, at the time of the U.S. government shutdown, credit rating agency Standard & Poor's (S&P) downgraded the U.S. credit rating from AAA to AA+.

A default could destroy the \$24 trillion U.S. Treasury market, freeze financial markets, and create an international crisis.

The Tech heavy Nasdaq continues to be the market's bright spot with a YTD Return of more than 19%; today, the index was taken higher with a rally in Nvidia shares, which gave a forecast second-quarter revenue of over 50% above expectations, driven in part by strengthening demand in artificial intelligence.

### Key Economic Data:

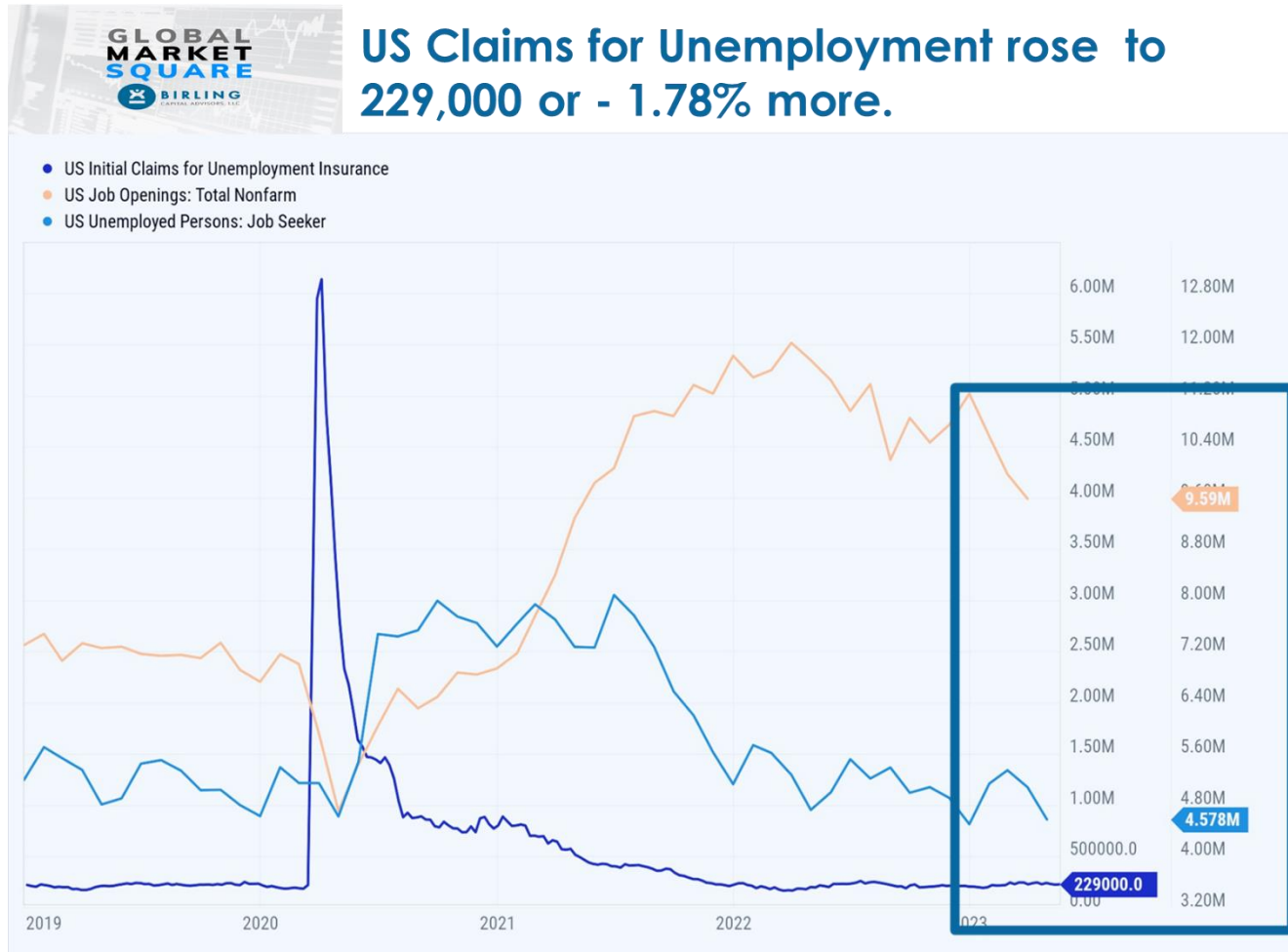
- **U.S. Initial Claims for Unemployment Insurance:** rose to 229,000, up from 225,000 last week, increasing 1.78%.
- **U.S. Total Vehicle Sales:** fell to 15.30 million, down from 15.52 million last month, dropping -1.40%.
- **U.S. Pending Home Sales YoY:** fell to -23.25%, compared to -21.14% last month.
- **30-Year Mortgage Rate:** rose to 6.39%, compared to 6.35% last week, and remains lower than the long-term average of 7.74%.
- **Kansas City Fed Manufacturing Production Index:** fell to -21.00, down from 3.00 last month.
- **Germany's Real GDP YoY:** fell to -0.50%, compared to 0.80% last quarter.

### Eurozone Summary:

- **Stoxx 600** closed at 456.56, down 1.09 points or 0.24%.
- **FTSE 100** closed at 7,510.87, down 56.23 points or 0.74%.
- **Dax Index** closed at 15,793.80, down 48.22 points or 0.31%.

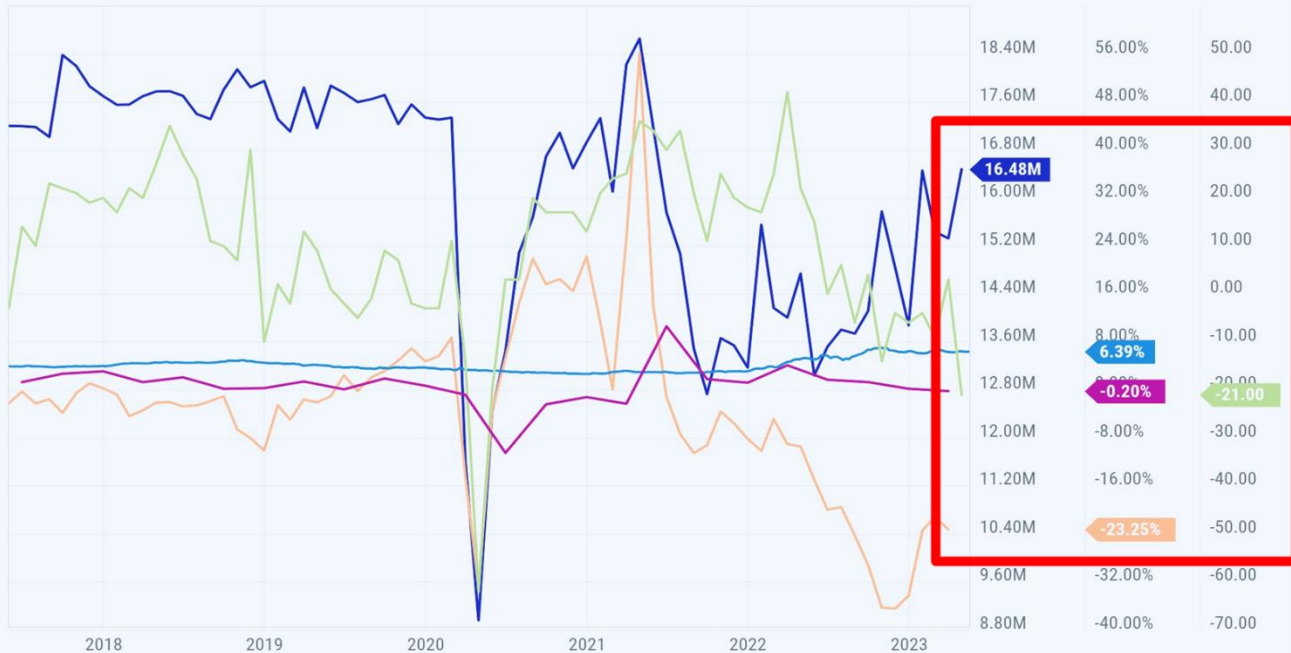
## Wall Street Summary:

- **Dow Jones Industrial Average** closed at 32,764.65, down 35.27 or 0.11%.
- **S&P 500** closed at 4,151.28, up 36.04 points or 0.88%.
- **Nasdaq Composite** closed at 12,698.09, up 213.93 points or 1.71%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,403.07, down 51.00 points or 2.08%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,563.69, down 56.33 points or 1.56%.
- **U.S. Treasury 10-year note** closed at 3.83%.
- **U.S. Treasury 2-year note** closed at 4.50%.



# US Total Vehicle Sales, US Pending Home Sales, 30-year Mortgage Rate, Kansas City Fed Manufacturing Production Index & Germany GDP

- US Total Vehicle Sales
- US Pending Home Sales YoY
- 30 Year Mortgage Rate
- Kansas City Fed Manufacturing Production Index
- Germany Real GDP YoY





## Wall Street Recap

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