

Wall Street is in a holding pattern awaiting the Fed FOMC meeting rate action.

September 18, 2023

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The U.S. and European stock markets began a highly active week with mixed results. In the U.S., Wall Street closed slightly up as investors in the U.S. are pretty focused on tomorrow's Fed FOMC meeting that will run from 9/19 to 9/20, at which point it will announce whether it will raise rates or pause; whatever the decision, Inflation experts expect the annual headline Consumer Price Index to remain above 3% between now and next January, which may indicate that the Fed's 2% target may not be achievable. As a matter of historical comparison, in a similar inflationary period in the 80s, inflation reached its highest point in March 1980, with double-digit inflation of 14.76%, and it was not until July 1983 that it fell to 2.46%. As we see the road ahead, the thought process is how long the Federal Reserve Bank will hold the current rates with rate cuts coming in 2024.



Fed Rate Increases

FOMC Meeting Date	Rate Change	Federal Funds Rate
9/20/23	?	?
7/26/23	0.25%	5.25% to 5.50%
5/3/23	0.25%	5.00% to 5.25%
3/22/23	0.25%	4.75% to 5.00%
2/1/23	0.25%	4.50% to 4.75%
12/14/22	0.50%	4.25% to 4.50%
11/2/22	0.75%	3.75% to 4.00%
9/21/22	0.75%	3.00% to 3.25%
7/27/22	0.75%	2.25% to 2.50%
6/16/22	0.75%	1.50% to 1.75%
5/5/22	0.50%	0.75% to 1.00%
3/17/22	0.25%	0.25% to 0.50%

The U.S. Economic calendar for this week includes:

09/19/2023

- U.S. Housing Starts

09/20/2023

- Target Federal Funds Rate Lower Limit

09/21/2023

- U.S. Initial Claims for Unemployment Insurance
- U.S. Exports of Goods and Services
- U.S. Existing Home Sales
- 30-Year Mortgage Rate

Two additional issues in the U.S. are the Detroit Big Three UAW strike and the House Budget impasse in Washington, which add more drama to the already uncertain panorama. While the UAW negotiations seem to be moving along, the situation could become difficult until a deal over the pay increases is agreed upon. If prolonged, Automobile manufacturing strikes could add another threat to the US GDP numbers.

As we know too well, the odds of a government shutdown are pretty high as disagreements over the federal budget continue. The House has proposed a deal that would avert a shutdown for a month in exchange for spending cuts; this is a non-starter for the Democrat-controlled Senate.

European markets closed broadly down as they continue to face marked weakness as inflation in the E.U., at 5.30%, is 44.41% higher than the U.S. at 3.67%, the inflation data for the E.U. reports tomorrow, September 19, Global equities are also weaker generally, with China's economic slowdown remaining the predominant topic.

Key Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.941, up from \$3.925 last week, increasing 0.41%.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** fell -3.00 from 0.60 last month.
- **NAHB/Wells Fargo US Housing Market Index:** fell to 45.00, down from 50.00 last month, decreasing -10.00%.

Eurozone Summary:

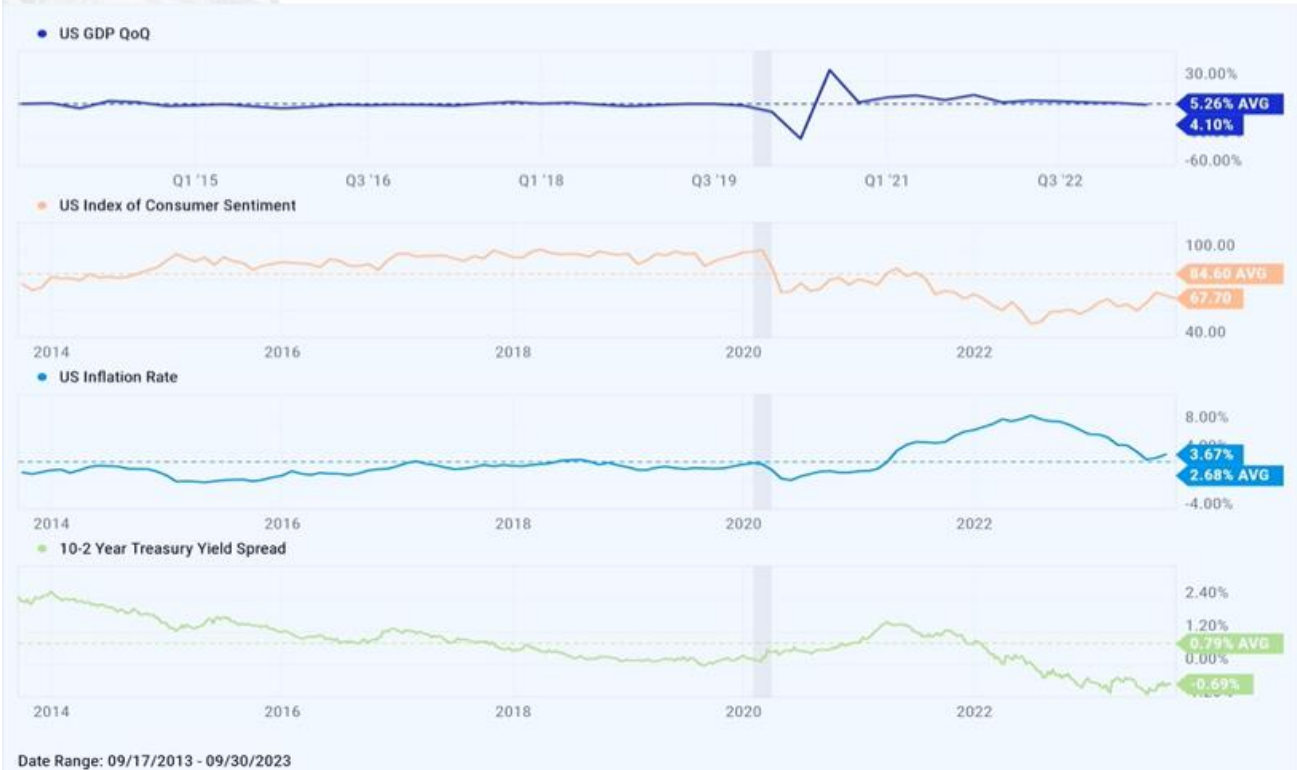
- **Stoxx 600** closed at 456.72, down 5.21 points or 1.13%.
- **FTSE 100** closed at 7,652.94, down 58.44 points or 0.76%.
- **Dax Index** closed at 15,727.12, down 166.41 points or 1.05%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,624.30, up 6.06 points or 0.02%.
- **S&P 500** closed at 4,453.53, up 3.21 points or 0.07%.
- **Nasdaq Composite** closed at 13,710.24, up 1.90 points or 0.01%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,746.34, down 37.79 points or 1.36%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,785.52, down 26.93 points or 0.68%.
- **U.S. Treasury 10-year note** closed at 4.32%.
- **U.S. Treasury 2-year note** closed at 5.05%.



The Economic Cycle



Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling PR Stock Index. & Birling US Bank Index YTD Returns

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- Dow Jones Industrial Average Level % Change
- S&P 500 Level % Change
- Nasdaq Composite Level % Change
- Birling Capital Puerto Rico Stock Index Level % Change
- Birling Capital U.S. Bank Index Level % Change





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