

The CPI fell to 4.05%, down 55.29%, the lowest in 26 months; Oracle's net income rose 24%, revenues reached \$50 billion, and Wall Street closed up.

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The U.S. and European stock markets closed higher, fueled by the Consumer Price Index reading, which beat expectations with a 4.05%, surpassing the forecast of 4.13%, and a sharp decrease of 17.84% from last month's 4.93% and 55.29%, down the highest reading in June 2022 of 9.06%. The current CPI of 4.05% is the lowest since April 2021, when it reached 4.16% 26 months ago.

The fact that the CPI beat its forecast is taking away part of the pressure that the Fed has to curb inflation, and we firmly believe that the Fed will pause tomorrow, keeping rates unchanged.

Examining the report, we note that aside from food and energy prices, core inflation fell to 5.3%, down from 5.5% the previous month. Reviewing the information, we note that the index for shelter was the most significant contributor to the monthly all-items increase, followed by increases in used cars, trucks, and motor vehicle insurance. Lastly, food rose 0.2% in May after two months without increases. The prices that fell the most include household furnishings and airfare.

Will the Federal Reserve Bank Pause? That is the Question.

The unexpected decrease in the CPI may be a significant contributor to the Fed's determination to pause its interest rate campaign, however before getting your hopes up, be reminded that the Fed's inflation target is 2%, and with the CPI at 4.05% is still 102.5% above the Fed' target. Add to this story that the GDPNow for the second quarter is 2.20% GDP, and the resilience of the labor markets may contribute against the pause argument; however, after 10 interest rate increases and 11 months of lower inflation, they can hold rates where they are.

Corporate Earnings Parade:

- **Oracle Corp (ORCL)** reported its 4Q23 revenues of \$134.8 billion, up 17%, and a net income of \$3.319 billion, up 24%, which beat estimates. The company reached full-year revenues of \$50.0 billion, up 18% for the first time in its history, and Founder and Chairman Larry Ellison surpassed Bill Gates as the Fourth wealthiest person with a net worth of nearly \$130 billion. The stock closed at \$116.70, up \$0.27 or 0.23%, with a price objective of \$113.54.

Key Economic Data:

- **U.S. Consumer Price Index YoY:** fell to 4.05%, compared to 4.93% last month.
- **U.S. Consumer Price Index MoM:** fell to 0.12%, compared to 0.37% last month.
- **U.S. Core Consumer Price Index YoY:** fell to 5.33%, compared to 5.54% last month.
- **U.S. Inflation Rate:** fell to 4.05%, compared to 4.93% last month.
- **Germany Consumer Price Index YoY:** fell to 6.10%, compared to 7.20% last month.

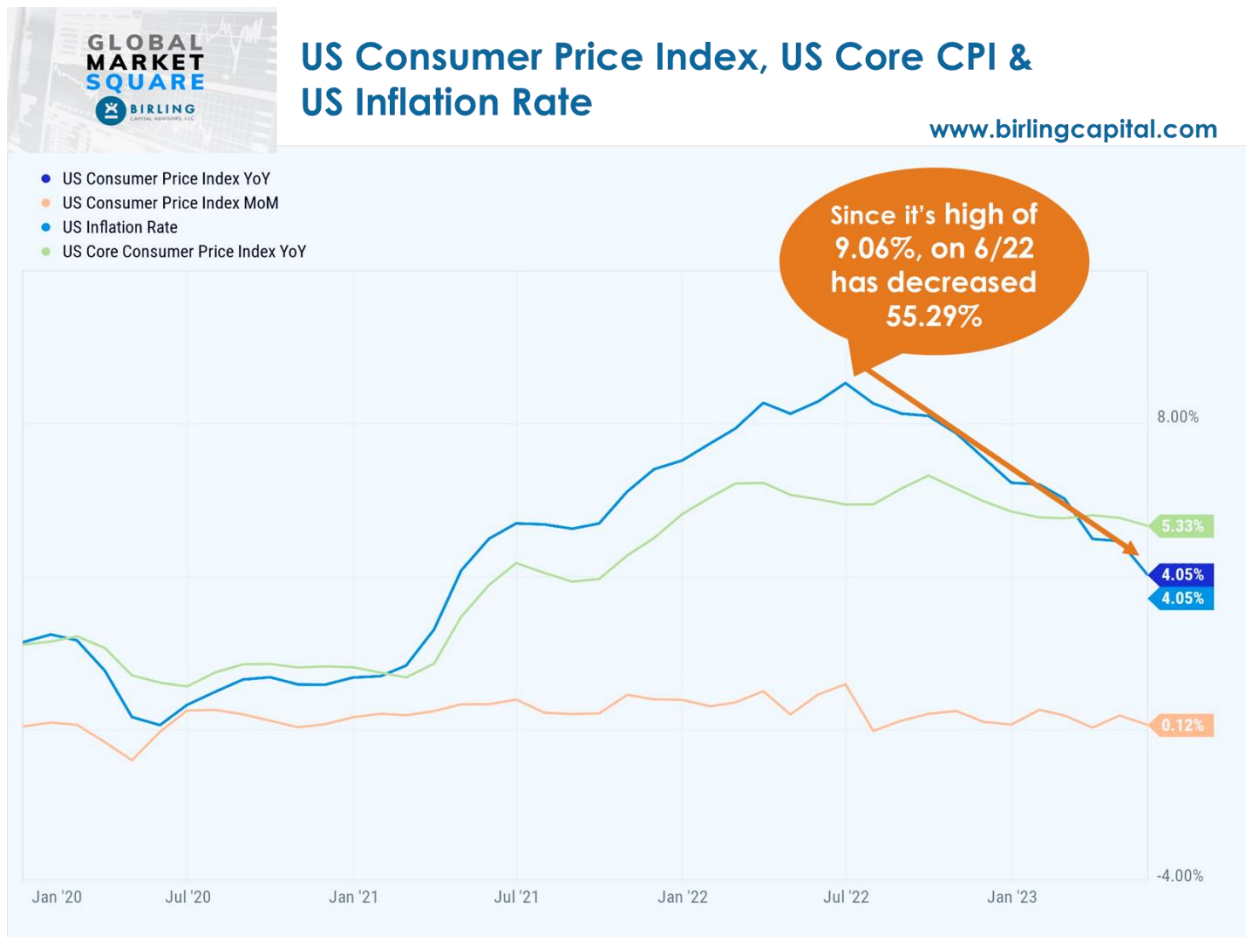
- **Germany Consumer Price Index MoM:** fell to -0.09%, compared to 0.43% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** fell to -8.50, up from -10.70 last month.
- **UK ILO Unemployment Rate:** fell to 3.90%, compared to 4.00% last month.

Eurozone Summary:

- **Stoxx 600** closed at 463.65, up 2.92 points or 0.63%.
- **FTSE 100** closed at 7,594.78, up 24.09 points or 0.32%.
- **Dax Index** closed at 16,230.68, up 132.81 points or 0.83%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,212.12, up 145.79 points or 0.43%.
- **S&P 500** closed at 4,369.01, up 30.08 points or 0.69%.
- **Nasdaq Composite** closed at 13,573.32, up 111.40 points or 0.82%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,533.42, down 50.92 points or 1.97%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,762.30, up 9.74 points or 0.26%.
- **U.S. Treasury 10-year note** closed at 3.84%.
- **U.S. Treasury 2-year note** closed at 4.67%.





Germany Consumer Price Index YoY, Germany CPI MoM, ZEW Indicator of Economic Sentiment for Germany & UK ILO Unemployment Rate

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- Germany Consumer Price Index YoY
- Germany Consumer Price Index MoM
- ZEW Indicator of Economic Sentiment for Germany
- UK ILO Unemployment Rate: Aged 16-64





Wall Street Recap

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Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Retun



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