

Moody's downgrades U.S. Credit Outlook to negative, House Speaker Johnson proposes bill to avoid a shutdown, and Wall Street begins the week mixed.

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The U.S. and European stock markets started the week mostly mixed as global markets are all focused on tomorrow's Consumer Price Index inflation data, and the latest Inflation Nowcast has the CPI with a forecast of 3.28% and the Core CPI at 4.16%. If these results are achieved, it would be a welcomed development on the inflation front.

These have been the CPI results from January 23 to the October 23 Forecast.

Month	CPI
October	3.28% Forecast
September	3.70%
August	3.67%
July	3.18%
June	2.97%
May	4.05%
April	4.93%
March	4.98%
February	6.04%
January	6.41%

The European markets began the week higher ahead of new U.S. inflation data, probably reacting to the recent N.Y. Federal Reserve bank report that U.S. consumer's expectations towards inflation had eased for October, a positive development in anticipation of tomorrow's CPI.

Last Friday, after the markets closed, Moody's Investor Service released a report that changed the outlook on the Government of United States of America's credit ratings to negative from stable and affirmed the long-term issuer and senior unsecured ratings at Aaa.

The key motivator of the outlook change to negative is Moody's due to the following:

1. Downside risks to the U.S. fiscal strength have increased and may no longer be fully offset by the sovereign's unique credit strengths.
2. In the context of a higher interest rate environment and in the absence of an effective fiscal policy that reduces government spending or increases revenues, Moody's expects that the U.S. fiscal deficits will remain very large, weakening debt affordability.
3. The political polarization within U.S. Congress raises the risk that successive governments will not be able to reach a consensus on a fiscal plan to slow the decline in debt affordability.

In Moody's report and credit affirmation, the U.S. credit rating at Aaa shows that the firms view the U.S. credit strengths continue to preserve the sovereign's credit profile; however, it also points out that the political establishment is no longer able to maintain a united front in terms of credit, credit rating, fiscal policy, and avoidance of Government Shutdowns. To access the Moody's Printable report on the U.S. Credit rating, please click here: [Moody's.RatingAction.10Nov2023.pdf \(birlingcapital.com\)](#)

As the corporate earnings parade continues, investors are all eagerly awaiting the earnings from the big box stores that begin as follows:

- 11/14 The Home Depot
- 11/15 Target
- 11/16 Wal Mart

Investors will undoubtedly scrutinize these earnings as it will provide a deep understanding of consumer health.

In political news, House Speaker Mike Johnson proposed a stopgap bill to avoid a government shutdown. If approved, the bill would keep some government agencies funded through January 19, 2024, and others through February 2, 2024, with a vote could occur as soon as tomorrow.

Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.52, down from \$3.60 last week, down -2.22%.

Eurozone Summary:

- **Stoxx 600** closed at 446.62, up 3.31 points or 0.756%.
- **FTSE 100** closed at 7,425.83, up 65.28 points or 0.89%.
- **Dax Index** closed at 15,345.00, up 110.61 points or 0.73%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,337.87, up 54.77 points or 0.16%.
- **S&P 500** closed at 4,411.55, down 3.69 points or 0.08%.
- **Nasdaq Composite** closed at 13,767.74, down 30.36 points or 0.22%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,761.56, up 12.44 points or 0.45%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,608.43, up 45.45 points or 0.73%.
- **U.S. Treasury 10-year note** closed at 4.63%.
- **U.S. Treasury 2-year note market** closed at 5.02%.



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Inflation Nowcast

Inflation Nowcast	CPI	Core CPI
October	3.28%	4.16%
November	3.16%	4.20%

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

	VAL
● Dow Jones Industrial Average Level % Change	3.59%
● S&P 500 Level % Change	14.90%
● Nasdaq Composite Level % Change	31.54%
● Birling Capital Puerto Rico Stock Index Level % Change	9.55%
● Birling Capital U.S. Bank Index Level % Change	-2.13%

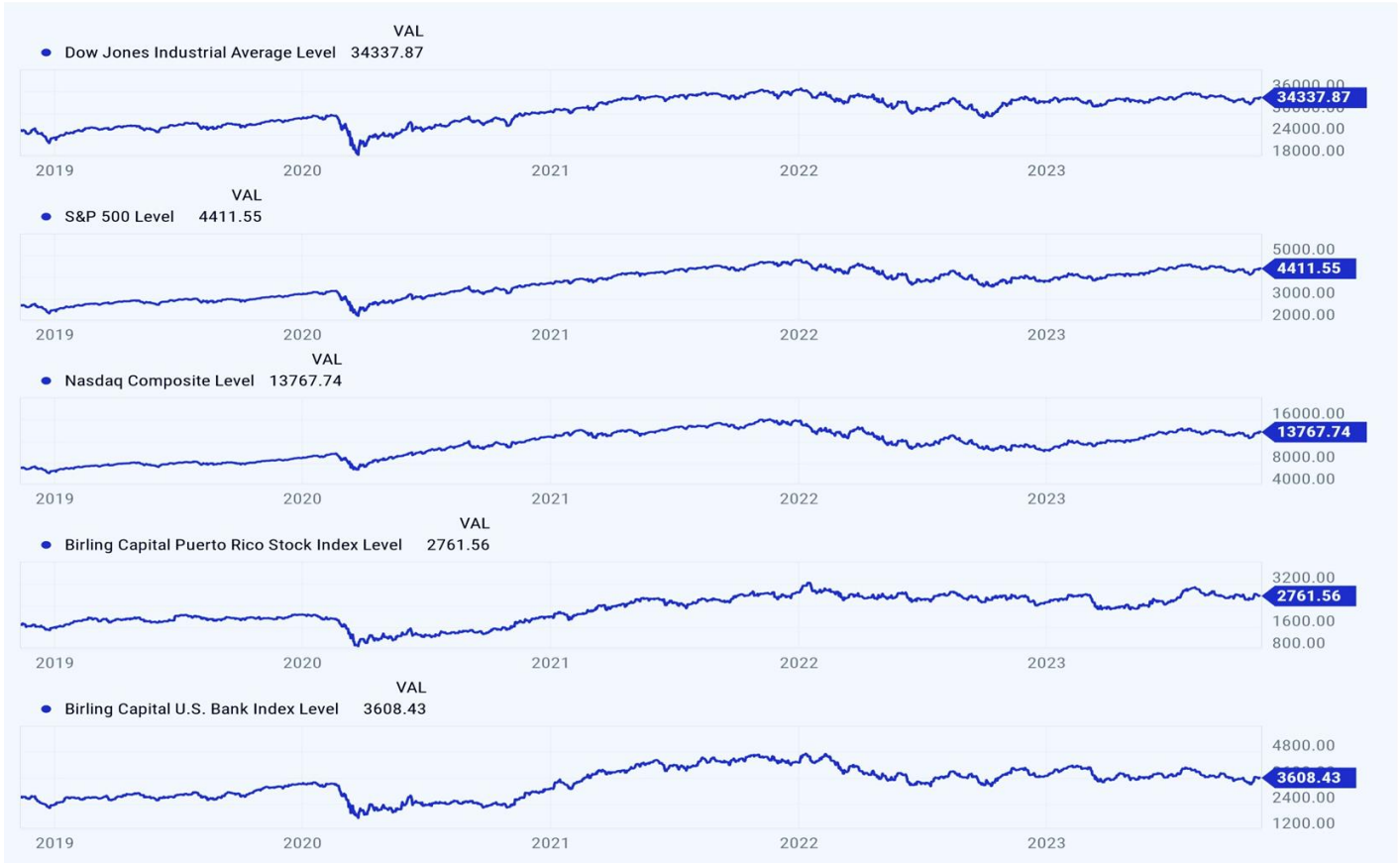




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