

GLOBAL MARKET SQUARE



More robust than expected jobs growth spooks investors as the Fed may be tempted to increase rates faster, and Wall Street closed down.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. & European stock markets mainly closed down following more robust than expected jobs data that could translate into higher interest rate increases from the Federal Reserve Bank in its inflation-fighting campaign. The culprits are the ADP Employment change forecast that rose to 235,000 new jobs, 29.12% higher than last month, and the Initial Claims for Unemployment that fell - 8.52% to 204,000.

The labor market began 2023 stronger than markets had hoped, with a total of 10.46 million job openings but only 4.915 million people looking for work, a shortfall of 53%.

The Fed is closely watching wage growth as a signal of persistent inflation.

We expect a weakening of the labor markets, a possible rise in unemployment, and waves of layoffs. Already Amazon, Apple, CNN, Gannet, Goldman Sachs, Meta Platforms, Salesforce, and Twitter, among others, have implemented rounds of layoffs; with Amazon shedding 18,000 employees, Goldman Sachs reducing its total workforce by 8% globally, and Salesforce eliminating 10% to its entire work force.

GDPNow Update:

- The GDPNow for the fourth quarter has been revised upwards to 3.9% from 3.7% GDP, an increase of 5.40%.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 204,000, down from 223,000 last week, decreasing -8.52%.
- **ADP Employment Change:** rose to 235,000, up from 182,000 last month, increasing 29.12%.
- **U.S. Trade Balance on Goods:** rose to -84.05B, up from -99.40B last month.
- **US ISM Services PMI:** rose to 56.50, up from 54.40 last month, increasing 3.86%.
- **30-Year Mortgage Rate:** rose to 6.42%, compared to 6.27% last week.
- **Germany Exports MoM:** fell to -0.30%, compared to 0.80% last month.
- **Germany Trade Balance:** rose to 10.80 billion, up from 6.80 billion last month, increasing 58.82%.

Puerto Rico COVID-19 Update January 5:

- Daily Cases: 151
- Positivity Rate: 29.66%

- Hospitalizations: 221
- Deaths: 11
- Source P.R. Department of Health.

Eurozone Summary for January 5:

- Stoxx 600 closed at 439.55, down 0.64 points or 0.15%.
- FTSE 100 closed at 7,633.45, up 48.26 points or 0.64%.
- Dax Index closed at 14,436.31, down 54.47 points or 0.38%.

Wall Street Summary for January 5:

- Dow Jones Industrial Average closed at 32,930.08, down 339.69 points or 1.02%.
- S&P 500 closed at 3,808.19, down 44.87 points or 1.16%.
- Nasdaq Composite closed at 10,305.24, down 153.52 points or 1.47%.
- Birling Capital Puerto Rico Stock index closed at 2,550.25, up 16.85 points or 0.67%.
- U.S. Treasury 10-year note closed at 3.71%.
- U.S. Treasury 2-year note closed at 4.45%.

US Claims for Unemployment rise to 204,000 down -8.52%

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- US Initial Claims for Unemployment Insurance
- US Job Openings: Total Nonfarm
- US Unemployed Persons: Job Seeker
- ADP Employment Change



ADP Employment Change, US ISM Services PMI, US Trade & other ISM Services Data

- ADP Employment Change (I:ADPEC)
- US ISM Services PMI (I:ISMNMI)
- US Trade Balance on Goods and Services (I:USBGSSM)
- US ISM Services Employment Index (I:ISMNMEI)
- US ISM Services New Orders Index (I:ISMNMNOI)



GDPNow Update for the 4Q22

Date	GDPNow 4Q	Change
11/23/22	4.30%	2.40%
12/6/22	3.40%	-20.9%
12/9/22	3.20%	-5.9%
12/15/22	2.80%	-12.5%
12/20/22	2.70%	-3.6%
12/23/22	3.70%	37.0%
1/3/23	3.90%	5.4%

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