

GLOBAL MARKET SQUARE



The Fed's preferred inflation benchmark, the Core PCE Price, fell to 4.91%, signaling inflation has peaked, and Wall Street snaps a seven-week losing streak.

May 27, 2022

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. & European stock markets ended the week snapping a seven-week losing streak as the Federal Reserve Banks' preferred inflation benchmark, the Core PCE Price Index, fell to 4.91%, falling from 5.20% last month. The decrease is the first since March 31, 2021, representing an overall -5.57% monthly reduction, signaling that inflation has peaked.

On the news, Wall Street continued the rally that began yesterday, ending the week with gains and snapping a seven-week-long losing streak that started as some retailers beat expectations and continued with today's Core PCE report. This week's market results further show that there are many emotional reactions of fear and panic among investors, further worsening the environment. Conditions like the ones we have seen this year are the ones that create the need for well-determined financial goals, a diversified portfolio of stocks, bonds, and other instruments, considering your time horizon and risk tolerance levels.

Let's review the Core PCE rates for the last twelve months:

- April 22 4.91%
- Mar. 22 5.20%
- Feb. 22 5.30%
- Jan. 22 5.12%
- Dec. 21 4.89%
- Nov. 21 4.69%
- Oct. 21 4.19%
- Sept. 21 3.70%
- Aug. 21 3.60%
- July 21 3.60%
- June 21 3.59%
- May 21 3.46%
- April 21 3.08%

Another benchmark that continued its upward trajectory was consumer spending which rose to 0.42%, less than the previous month but higher than consensus estimates. Lastly, the U.S. Index of Consumer Sentiment took a -10.43% nosedive to report at 58.40%.

This week the four key indices delivered solid gains, as we will highlight below:

- Dow Jones Industrial Average gained a total of 1,951.06 points or 6.24%
- Standard & Poor's 500 gained 256.88 points or 6.58%.
- Nasdaq Composite gained 776.51 or 6.84%.

- Birling Puerto Rico Stock Index gained 146.91 or 5.52%.

What a difference a week makes!

Key economic data:

- U.S. PCE Price Index YoY: fell to 6.27%, compared to 6.61% last month.
- U.S. Core PCE Price Index YoY: fell to 4.91%, compared to 5.20% last month.
- U.S. Personal Income MoM: fell to 0.42%, compared to 0.55% last month.
- U.S. Personal Spending MoM: fell to 0.90%, compared to 1.38% last month.
- U.S. Index of Consumer Sentiment: fell to 58.40, down from 65.20 last month, decreasing - 10.43%.

Puerto Rico COVID-19 Update May 27:

- Daily Cases: 894, down 1.54%.
- Positivity Rate: 31.19%, up 3.04%.
- Hospitalizations: 367, up 0.27%.
- Deaths: 4, down 55.55%.
- Vaccination Rate: 87.4%.
- Source Puerto Rico Department of Health.

Eurozone Summary for May 27:

- Stoxx 600 closed at 444.07, up 6.36 points or 1.45%.
- FTSE 100 closed at 7,564.92, up 42.17 points or 0.56%.
- Dax Index closed at 14,231.29, up 223.36 points or 1.59%.

Wall Street Summary for May 27:

- Dow Jones Industrial Average closed at 33,212.96, up 575.77 points or 1.76%.
- S&P 500 closed at 4,158.24, up 100.40 points or 2.47%.
- Nasdaq Composite closed at 12,131.13, up 390.48 points or 3.33%.
- Birling Capital Puerto Rico Stock index closed at 2,806.49, up 60.52 points or 2.20%.
- The U.S. Treasury 10-year note closed at 2.74%.
- The U.S. Treasury 2-year note closed at 2.47%.

US PCE Price Index, Core PCE, US Personal Income Spending, Index of Consumer Sentiment

- US PCE Price Index YoY
- US Core PCE Price Index YoY
- US Personal Income MoM
- US Personal Spending MoM
- US Index of Consumer Sentiment



Date Range: 01/31/2020 - 04/30/2022

Sources: BEA, University of Michigan



• Dow Jones Industrial Average Level



• S&P 500 Level



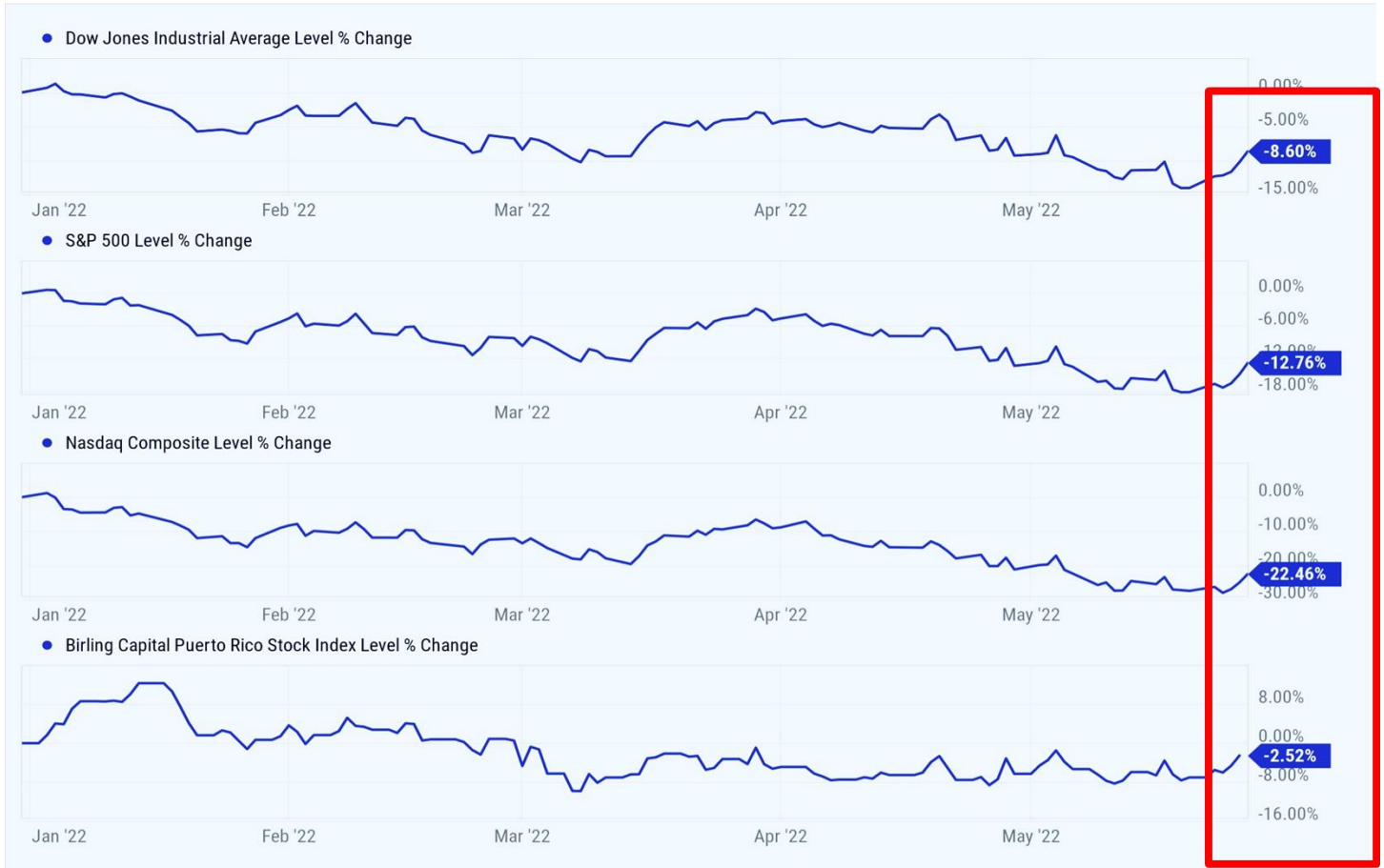
• Nasdaq Composite Level



• Birling Capital Puerto Rico Stock Index Level



YTD Returns



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.