

# GLOBAL MARKET SQUARE



The Market reacted to the probability of a more aggressive Fed tightening that could derail the U.S. economy, and Wall Street closed lower.

April 5, 2022

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The U.S. & European stock markets ended the trading day mostly with losses as investors are reacting to the possibility of a more aggressive interest rate increase from the Federal Reserve Bank. These concerns arise from a speech made by Fed Governor Lael Brainard, given at the 2022 Institute Research Conference, Opportunity and Inclusive Growth Institute of the Federal Reserve Bank of Minneapolis, Minnesota.

Ms. Brainard said, "It is of paramount importance to get inflation down. Accordingly, the Committee will continue tightening monetary policy methodically through a series of interest rate increases and by starting to reduce the balance sheet at a rapid pace as soon as our May meeting. Given that the recovery has been considerably stronger and faster than in the previous cycle, I expect the balance sheet to shrink considerably more rapidly than in the previous recovery".

While we believe that the U.S. Economy can absorb six interest rate increases, there is a concern is that the economy could falter with the more rapid pace of Fed tightening by late next year.

The biggest loser was the Nasdaq Composite falling 2.26%, followed by the S&P 500 with 1.26%, and the Dow Jones fell 0.80%.

## Key economic data:

- U.S. I.S.M. Services PMI: rose to 58.30, up from 56.50 last month, increasing 3.19%.
- U.S. I.S.M. Services Employment Index: rose to 54.00, up from 48.50 last month, rising 11.34%.
- U.S. Trade Balance on Goods is currently -107.47B, up from -108.60B last month.

## Puerto Rico COVID-19 Update:

- Daily Cases: 136
- Positivity Rate: 8.38%
- Hospitalizations: 48
- Deaths: 1
- Vaccination Rate: 86.7%.
- Source Puerto Rico Department of Health

## Eurozone Summary for April 5:

- Stoxx 600 closed at 462.18, down 0.010 points or 0.0022%.
- FTSE 100 closed at 7,613.72, up 54.80 points or 0.72%.
- Dax Index closed at 14,424.39, down 93.80 points or 0.65%.

## Wall Street Summary for April 5:

- Dow Jones Industrial Average closed at 34,641.18, down 280.70 points or 0.80%.
- S&P 500 closed at 4,525.12, down 57.52 points or 1.26%.
- Nasdaq Composite closed at 14,204.17, down 328.39 points or 2.26%.
- Birling Capital Puerto Rico Stock index closed at 2,738.74, up 0.010 points or 0.00%.
- The U.S. Treasury 10-year note closed at 2.54%.
- The U.S. Treasury 2-year note closed at 2.51%.

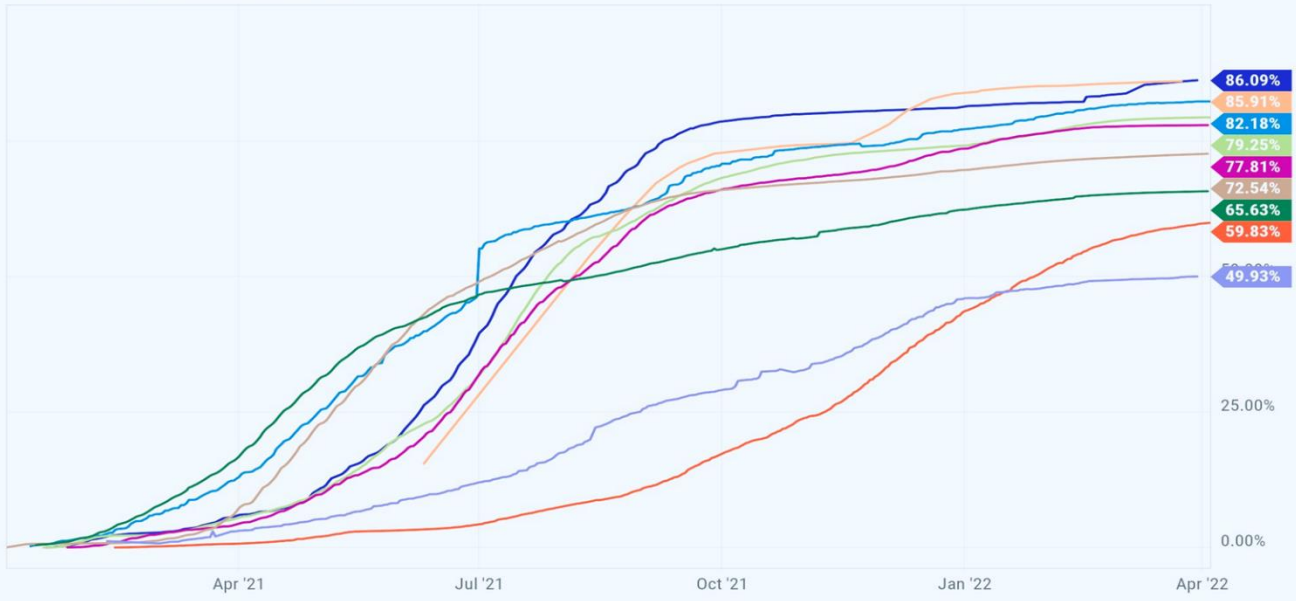


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## Wall Street April 5, 2022



- Spain Coronavirus Full Vaccination Rate
- China Coronavirus Full Vaccination Rate
- Puerto Rico Coronavirus Full Vaccination Rate
- Italy Coronavirus Full Vaccination Rate
- France Coronavirus Full Vaccination Rate
- UK Coronavirus Full Vaccination Rate
- US Coronavirus Full Vaccination Rate
- India Coronavirus Full Vaccination Rate
- Russia Coronavirus Full Vaccination Rate



Date Range: 01/03/2021 - 04/04/2022

Source: Our World in Data

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