



GLOBAL MARKET SQUARE



Investors focus on tomorrow's GDP report, the current GDPNow estimates a 1.4 percent growth for the third quarter, and Wall Street closed with gains.

August 24, 2022

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The U.S. & European stock markets closed the session primarily as investors remain focused on the upcoming US GDP report and the Federal Reserve Chairman's conference on Friday; we discuss our expectations for both below.

Today the Biden administration announced new steps to address student loan debt; the plan will erase up to \$20,000 in debt of borrowers that have loans and make less than \$125,000 if they have Pell Grants and \$10,000 for those without Pell Grants.

The markets have this week a dual focus; first is tomorrow's U.S. Real GDP Quarterly report, and currently, if the GDPNow model estimate updated today for GDP for the third quarter of 2022 at **1.4 percent** turns out to be correct, the market will rejoice.

The second focus is Friday's speech by Fed Chair Powell upon the conclusion of the Jackson Hole Conference. Investors should expect that Mr. Powell will share the central bank's review of the shape of the economy and its fight for inflation while providing some guidance on the interest rate increases.

As we have said before, the Fed's preferred inflation benchmark is the Personal Consumption Expenditures Index (PCE), which as of July 29, stood at 6.76%, and we do not see the Fed veering from its path to curb inflation significantly.

We forecast that the Fed will continue increasing rates until at least early 2023 or until the PCE Index reaches at least 4% to 5%; of course, we will know more on Friday.

Key Economic Data:

- **U.S. Durable Goods New Orders MoM:** fell to -0.02%, compared to 2.22% last month.
- **U.S. Durable Goods Excluding Defense New Orders MoM:** rose to 1.23%, compared to 0.72% last month.
- **U.S. Durable Goods Excluding Transportation New Orders MoM:** rose to 0.33%, compared to 0.31% last month.

Puerto Rico COVID-19 Update August 24:

- Daily Cases: 370, down 11.99%.
- Positivity Rate: 27%, up 2.27%.

- Hospitalizations: 352, up 8.80%.
- Deaths: 6, down 33%.
- Source Puerto Rico Department of Health.

Eurozone Summary for August 24:

- Stoxx 600 closed at 432.41, up 1.06 points or 0.25%.
- FTSE 100 closed at 7,471.51, down 16.60 points or 0.22%.
- Dax Index closed at 13,220.06, up 25.83 points or 0.20%.

Wall Street Summary for August 24:

- Dow Jones Industrial Average closed at 32,969.23, down 59.64 points or 0.19%.
- S&P 500 closed at 4,140.77, up 12.04 points or 0.29%.
- Nasdaq Composite closed at 12,431.53, up 50.23 points or 0.41%.
- Birling Capital Puerto Rico Stock index closed at 2,769.97, down 26.47 points or 0.95%.
- The U.S. Treasury 10-year note closed at 3.11%.
- The U.S. Treasury 2-year note closed at 3.36%.



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Date	GDPNow Forecast
7/29/2022	2.10%
8/5/2022	2.40%
8/12/2022	2.50%
8/17/2022	1.60%
8/24/2022	1.40%



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Wall Street Recap

August 24, 2022



Wall Street August 24, 2022

YTD Returns



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