

The Dow Jones rises 407.51 points as Berkshire Hathaway delivers a net income of \$35,912 billion, beating estimates, and Wall Street closes higher.

August 7, 2023

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets began the week with mixed results; after ending down last week, Wall Street reclaimed its winning ways, while in the Eurozone, the markets closed mostly down. During the week, we have the Thursday Consumer Price Index (CPI), Core Consumer Price Index, Unemployment Claims, and the Producer Price Index on Friday. All eyes will be on these metrics that could determine the direction of the Federal Reserve Bank on rates.

The latest Inflation Nowcast for July has the following forecasts:

- CPI 3.42%
- Core CPI 4.92%

However, the headline expectation for the CPI is at 3.30% YOY, just above last month's 2.97% CPI; the higher figure may result due to higher energy and oil prices, which pressure consumers.

However, on the flip side, Core CPI expectations are to fall slightly to 4.70% from last month's 4.86% due to the price decreases in home and rental prices seen earlier in the year, which appear in the CPI basket as it trails the numbers.

We expect the Core PPI to fall to 2.30% from last month's 2.42%, getting the PPI within a stone's throw of the Fed's 2% inflation target rate.

As the Corporate Earnings Parade begins to wind down, with 85% of S&P 500 companies having reported 2Q23 earnings already, north of 80% reported positive earnings surprises. The sectors with the most earnings upside have been the tech, consumer discretionary, and healthcare sectors.

One last thought to consider should inflation continue to fall, the Fed has options to either pause rate increases for several months until inflation nears the target; if it happens, the markets will roar up.

Corporate Earnings Parade:

- **Berkshire Hathaway Inc (BRK.A):** reported 2Q23 revenues of \$92.5 billion, up 21%, and net income of \$35,912 billion, up from a loss, which beat estimates. The earnings per share were \$7,280.25. The stock closed at \$551,920, up \$18,320 or 3.43%, with a price objective of \$573,862.70.
- **KKR & Co Inc (KKR):** reported 2Q23 revenues of \$3.626 billion, up 1,021%, and net income of \$653 million, down 23%, which beat estimates. The earnings per share were \$0.73. The stock closed at \$61.81, up \$1.62 or 2.69%, with a price objective of \$68.42.

Key Economic Data:

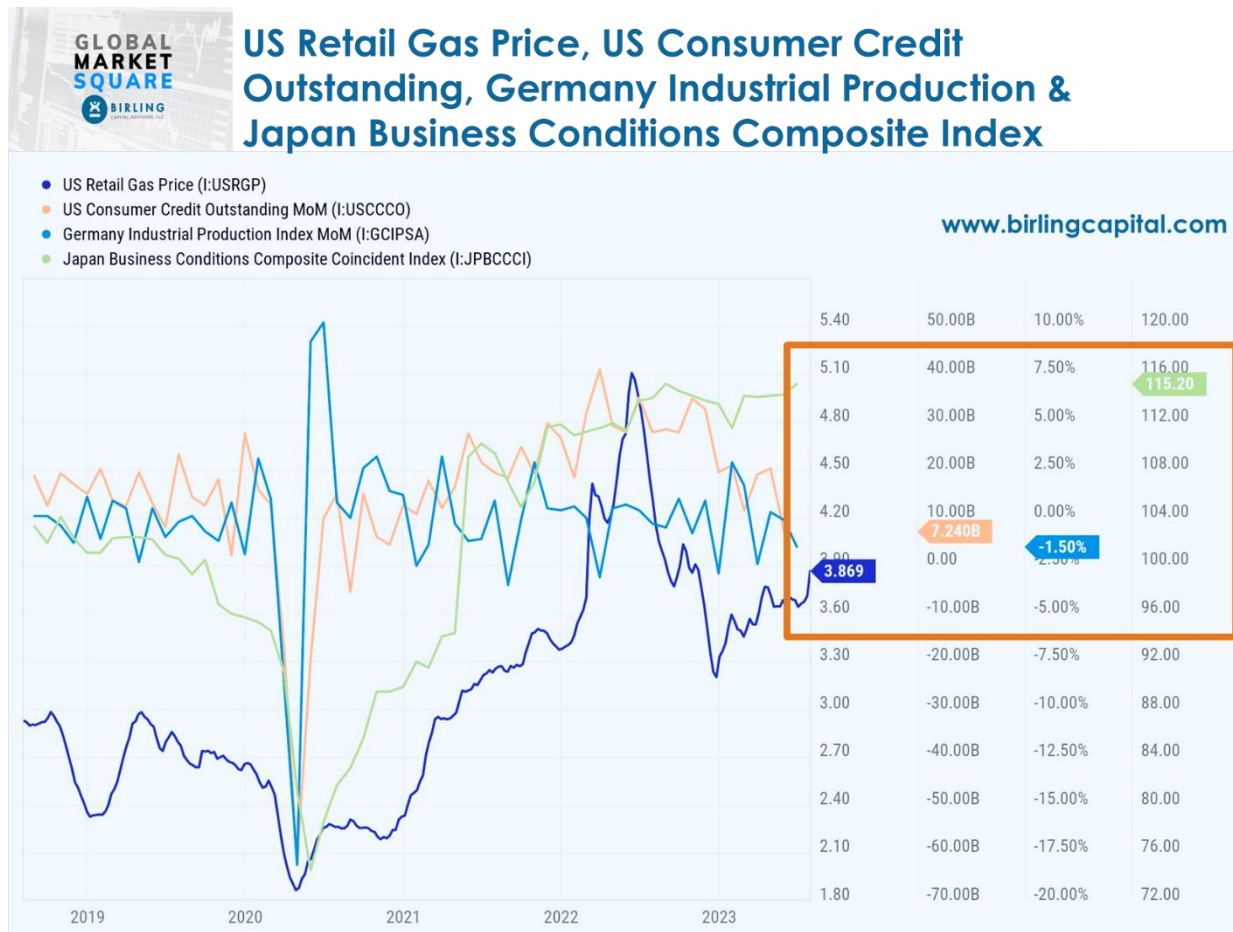
- **U.S. Retail Gas Price:** rose to \$3.869, up from \$3.711 last week, an increase of 4.26%.
- **U.S. Consumer Credit Outstanding MoM:** fell to \$7.240 Billion, down from \$20.32 Billion last month, decreasing -64.38%.
- **Germany Industrial Production Index MoM:** fell to -1.50%, compared to -0.10% last month.
- **Japan Business Conditions Composite Coincident Index:** rose to 115.20, up from 114.30 last month, increasing 0.79%.

Eurozone Summary:

- **Stoxx 600** closed at 459.65, up 0.37 points or 0.081%.
- **FTSE 100** closed at 7,554.49, down 9.88 points or 0.13%.
- **Dax Index** closed at 15,950.76, down 1.10 points or 0.0069%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 35,473.13, up 407.51 points or 1.16%.
- **S&P 500** closed at 4,518.44, up 40.41 points or 0.90%.
- **Nasdaq Composite** closed at 13,994.40, up 85.16 points or 0.61%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,049.80, up 0.17 points or 0.27%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,951.16, down 9.88 points or 0.13%.
- **U.S. Treasury 10-year note** closed at 4.09%.
- **U.S. Treasury 2-year note** closed at 4.76%.





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

- Dow Jones Industrial Average Level % Change
- S&P 500 Level % Change
- Nasdaq Composite Level % Change
- Birling Capital Puerto Rico Stock Index Level % Change
- Birling Capital U.S. Bank Index Level % Change





Wall Street Recap

August 7, 2023

www.birlingcapital.com



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.