



Wall Street Closed Mixed as PPI Posts Biggest Monthly Jump Since 2022; Markets Still See September Fed Cut.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed with mixed results. However, Wall Street was mostly lower, except for the S&P 500, which closed with a slight gain after the latest Producer Price Index (PPI) data for July came in well above forecasts, signaling that wholesale price pressures are building. The key indexes fell, led by the Dow Jones, which dropped 11.01 points, and the Nasdaq lost 2.47 points, while the S&P 500 rose 11.01 points. In the fixed income market, Treasury yields moved higher across the curve, with the short end experiencing the sharpest increase. The 2-year yield closed at 3.67%, while the 10-year yield closed at 4.24%.

Wholesale Prices Post Largest Monthly Jump Since 2022

The PPI climbed 0.9% month-over-month in July—well above the 0.2% consensus estimate and a stark reversal from June's flat reading. This marked the most significant monthly increase since June 2022. Services inflation surged 1.1%, driven by stronger trade services, while goods prices rose 0.7%, primarily due to increases in food costs. The data suggests that tariff effects may be starting to filter into corporate cost structures. While some companies may absorb the increased costs through tighter margins, others are likely to pass them on to consumers. Although a single reading does not establish a trend, the magnitude of July's jump warrants close monitoring.

Rate-Cut Odds Hold for September Despite Inflation Spike

According to CME FedWatch, markets are still assigning a 94% probability to a September Federal Reserve rate cut, though odds for additional cuts in October and December have eased. We expect the Fed to deliver one to two rate reductions this year, followed by a similar pace in 2026, potentially lowering the fed funds rate to around 3.5%. With inflation risks still present, policymakers appear increasingly focused on labor market softness. The Fed's annual Jackson Hole symposium (August 21–23) could serve as the platform for signaling any upcoming policy shifts.

Economic Data:

- **U.S. Producer Price Index YoY:** rose to 3.29%, compared to 2.37% last month.
- **U.S. Core Producer Price Index YoY:** rose to 3.66%, compared to 2.63% last month.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 224,000, down from 227,000 last week.
- **30-Year Mortgage Rate:** fell to 6.63%, compared to 6.72% last week.
- **Eurozone Industrial Production Index YoY:** fell to 0.20%, compared to 3.10% last month.
- **U.K. Real GDP QoQ:** fell to 0.30%, compared to 0.70% last quarter.
- **U.K. Business Investment YoY:** fell to 0.07%, compared to 6.06% last quarter.
- **U.K. Industrial Production Index YoY:** rose to 0.20%, compared to -0.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 553.87, up 3.02 points or 0.55%.
- **FTSE 100:** Closed at 9,177.24, up 13.01 points or 0.13%.
- **DAX Index:** Closed at 24,377.50, up 191.91 points or 0.79%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,911.26, down 11.01 points or 0.02%.
- **S&P 500:** closed at 6,468.54, up 1.96 points or 0.03%.
- **Nasdaq Composite:** closed at 21,710.67, down 2.47 points or 0.01%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,180.55, up 65.95 points or 1.60%.
- **Birling Capital U.S. Bank Index:** closed at 7,693.48, down 50.70 points or 0.65%.
- **U.S. Treasury 10-year note:** closed at 4.29%.
- **U.S. Treasury 2-year note:** closed at 3.74%.

US Producer Price Index YoY; US Core Producer Price Index YoY; US Initial Claims for Unemployment Insurance & 30 Year Mortgage Rate





Wall Street Recap

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