

GLOBAL MARKET SQUARE



For 2022 the Dow Jones lost 3,191.05 points, Nasdaq lost 5,178.46 points, and the S&P lost 926.68 points registering Wall Street's worst year since 2008.

December 30, 2022

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets final trading day of the year roared investors delivered another losing session making 2022 the worst trading year since 2008, remembered as the Great Financial Crisis.

As the year ends, the market pain will carry on into 2023 as investors will continue to feel pessimistic until three issues are solved.

1. High Inflation Pressures.
2. The Federal Reserve Bank pivoting its aggressive interest rate campaign.
3. The U.S. economy avoids a recession.

These three issues continue to drive the market sentiment, which is highly pessimistic.

With so much of the investors focus on the Fed's monetary policy as it attempts to curb inflation without damaging the economy too much.

We reached a fork in the road that depending on the Fed's direction; if it considers pausing its interest rate campaign, it may achieve the economic soft landing with greater ease. On the contrary, if it takes the high road, implementing more interest rate hikes of 50 basis points, the U.S. economy may fall into a recession.

This is no easy decision as inflation is still relatively high as viewed by every conceivable measure:

Inflation Metrics:

1. U.S. CPI: 7.11% and 211% above the Fed's 2% target.
2. U.S. Core CPI: 5.96% and 198% above the Fed's 2% target.
3. U.S. PCE: 5.54% and 177% above the Fed's 2% target.
4. U.S. Core PCE: 4.68% and 134% above the Fed's 2% target.

The latest Inflation Nowcast estimate from the Federal reserve bank of Cleveland is as follows:

1. U.S. CPI: 6.64%.
2. U.S. Core CPI: 5.87%.
3. U.S. PCE: 5.16%.
4. U.S. Core PCE: 4.52%.

The sooner inflation is tamed, the sooner the pendulum of rising rates swings in the other direction.

For the year, these are the results for the key indices:

- Dow Jones lost 3,191.05 points or 9.63% of its value.
- S&P 500 lost 926.68 points or 24.14% of its value.
- Nasdaq Composite lost 5,178.46 points or 49.48% of its value.
- Birling's Puerto Rico Stock Index lost 722.73 points or 33.52% of its value.

The year 2022 becomes the worst year since 2008 or The Great Financial Crisis.

Key Economic Data:

- **Chicago PMI:** fell to 37.20, down from 45.20 last month, decreasing -17.70%.
- **U.S. Crude Oil Production:** fell to 368.04 million, down from 371.34 million last month, declining -0.89%.
- **Japan Housing Starts YoY:** are reported at -1.42%, compared to -1.81% last month.
- **China PMI:** fell to 48.00, down from 49.20 last month, decreasing -2.44%.

Puerto Rico COVID-19 Update December 30:

- Daily Cases: 166
- Positivity Rate: 30.94%
- Hospitalizations: 213
- Deaths: 5
- Source P.R. Department of Health.

Eurozone Summary for December 30:

- Stoxx 600 closed at 424.95, down 5.40 points or 2.04%.
- FTSE 100 closed at 7,451.74, down 60.98 points or 0.81%.
- Dax Index closed at 13,923.59, down 148.13 points or 1.05%.

Wall Street Summary for December 30:

- Dow Jones Industrial Average closed at 33,147.25, down 73.55 points or 0.22%.
- S&P 500 closed at 3,839.50, down 9.78 points or 0.25%.
- Nasdaq Composite closed at 10,466.48, down 11.51 points or 0.11%.
- Birling Capital Puerto Rico Stock index closed at 2,516.40, up 50.35 points or 2.04%.
- U.S. Treasury 10-year note closed at 3.88%.
- U.S. Treasury 2-year note closed at 4.41%.



US CPI, US Core CPI, US PCE Price Index & US Core PCE Price Index



Chicago PMI vs. China PMI

A PMI Below 50 is negative and both are below 50



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.