

Wall Street Surges as Federal Reserve Holds Steady: Markets React to the Latest Economic Projections Signal a 75-basis points Rate Cut for 2024.

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The U.S. and European stock markets closed the session with mixed results. The markets began the day mostly flat, with European markets closing lower and Wall Street surging following the Federal Reserve's determination to maintain rates unchanged for the third consecutive meeting.

The Fed alluded to indicators that show that the pace of economic growth has slowed from its pace in the third quarter to the latest GDPNow estimate for real GDP growth of 1.2%. Job growth is slowing, with 8.733 million Open Jobs, down from 9.35 million, down 617,000, and 5.107 million job seekers, and the unemployment rate at 3.70% has remained low. Inflation has eased as the CPI moved lower in November to 3.14% YoY, and Core CPI fell to 3.99%.

In its statement, the Fed said, "**The Committee seeks to achieve maximum employment and inflation at the rate of 2%; in support of these goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent**".

The focus for today's meeting was the updated summary of economic projections, which showed that the median estimate for the fed funds rate at the end of 2024 is 4.6%, below the September projection of 5.1%. If the predictions materialize in 2024, it would imply 0.75% rate cuts. Lastly, the forecast for 2024 core personal consumption expenditure (PCE) is now at 2.6% compared with today's median estimate of 2.4%, which is excellent news.

Finally, the Bank of England (BoE) and European Central Bank (ECB) are scheduled to meet tomorrow, and we expect them also to maintain rates unchanged.

One last observation: the Producer Price Index (PPI) fell more than expected, 0.86% from the estimate of 1%.

Key Economic Data:

- **U.S. Producer Price Index YoY:** fell to 0.86%, compared to 1.22% last month.
- **U.S. Core Producer Price Index YoY:** fell to 1.97%, compared to 2.32% last month.
- **Target Federal Funds Rate Upper Limit:** is unchanged at 5.50%, compared to 5.50% yesterday.
- **Eurozone Industrial Production Index YoY:** is at -6.60%, compared to -6.80% last month.
- **Japan Machinery Orders YoY:** is at -2.67%, compared to -7.11% last month.
- **Japan Industrial Production Index MoM:** fell to -0.42%, compared to 1.05% last month.
- **U.K. Industrial Production Index YoY:** fell 0.40%, compared to 1.50% last month.

Eurozone Summary:

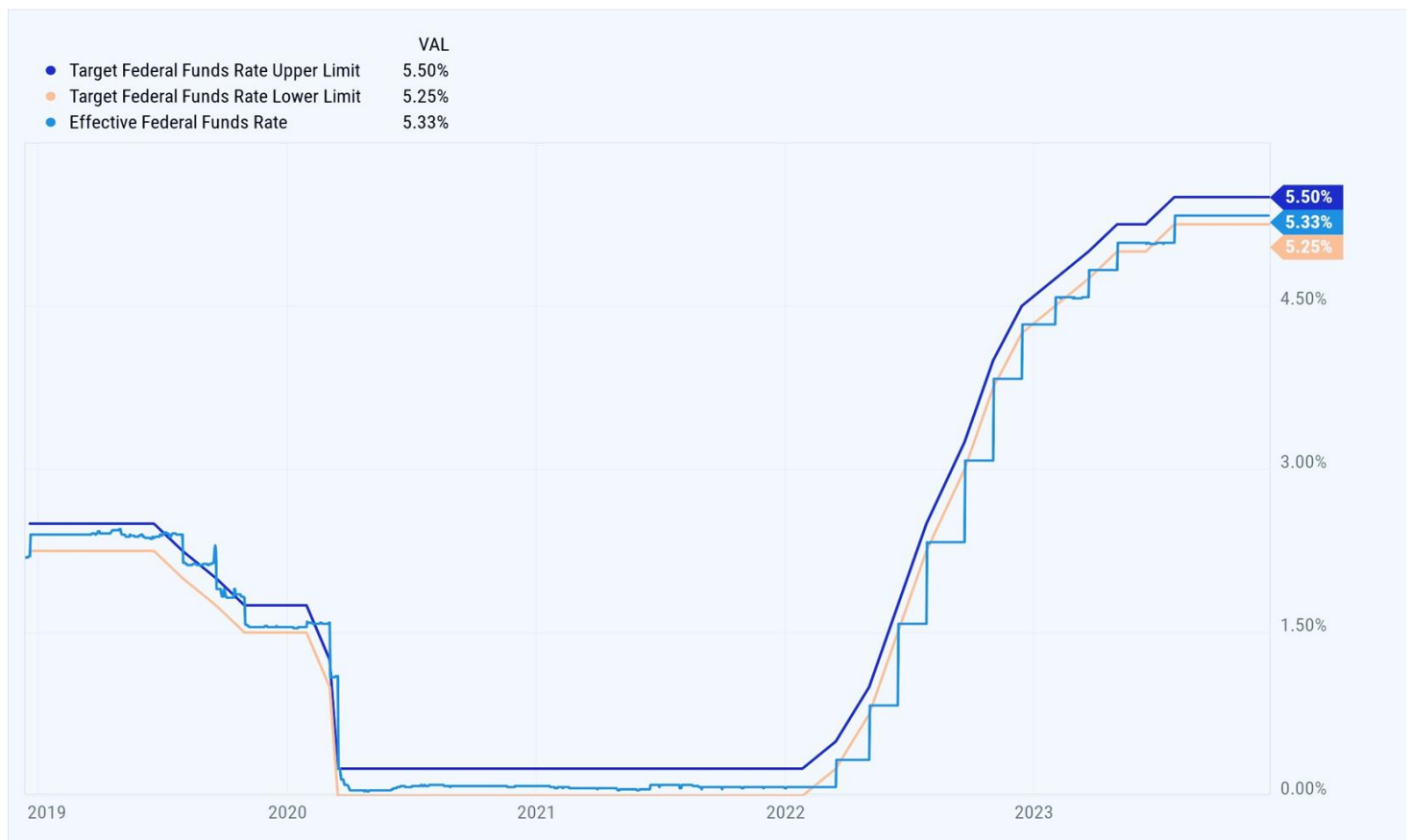
- **Stoxx 600** closed at 472.46, down -0.26 points or 0.06%.
- **FTSE 100** closed at 7,548.44, up 5.67 points or 0.075%.
- **Dax Index** closed at 16,766.05, down 25.69 points or 0.15%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,090.24, up 512.30 points or 1.40%.
- **S&P 500** closed at 4,707.09, up 63.39 points or 1.37%.
- **Nasdaq Composite** closed at 14,733.96, up 200.57 points or 1.38%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,173.64, down 17.56 points or 0.55%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,027.23, up 17.13 points or 0.43%.
- **U.S. Treasury 10-year note** closed at 4.04%.
- **U.S. Treasury 2-year note market** closed at 4.46%.



Target Federal Funds Rate Upper Limit, Target Federal Funds Rate Lower Limit, and Effective Federal Funds Rate



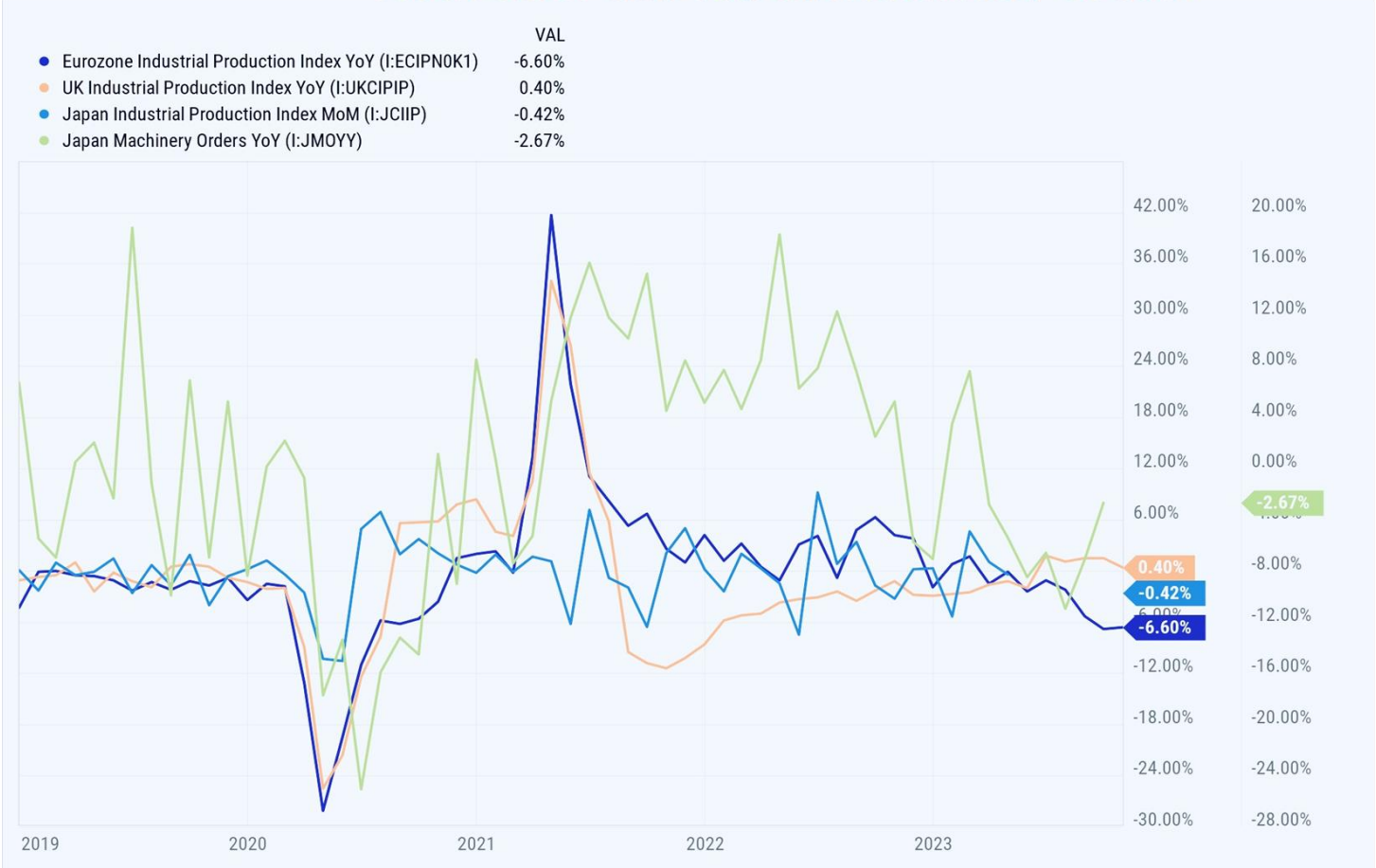
US Producer Price Index YoY and US Core Producer Price Index YoY

| | VAL |
|--|-------|
| ● US Producer Price Index YoY (I:USCPPI) | 0.86% |
| ● US Core Producer Price Index YoY (I:USCCPP7AU) | 1.97% |





Eurozone Industrial Production Index YoY, UK Industrial Production Index, Japan Industrial Production and Japan Machinery Orders

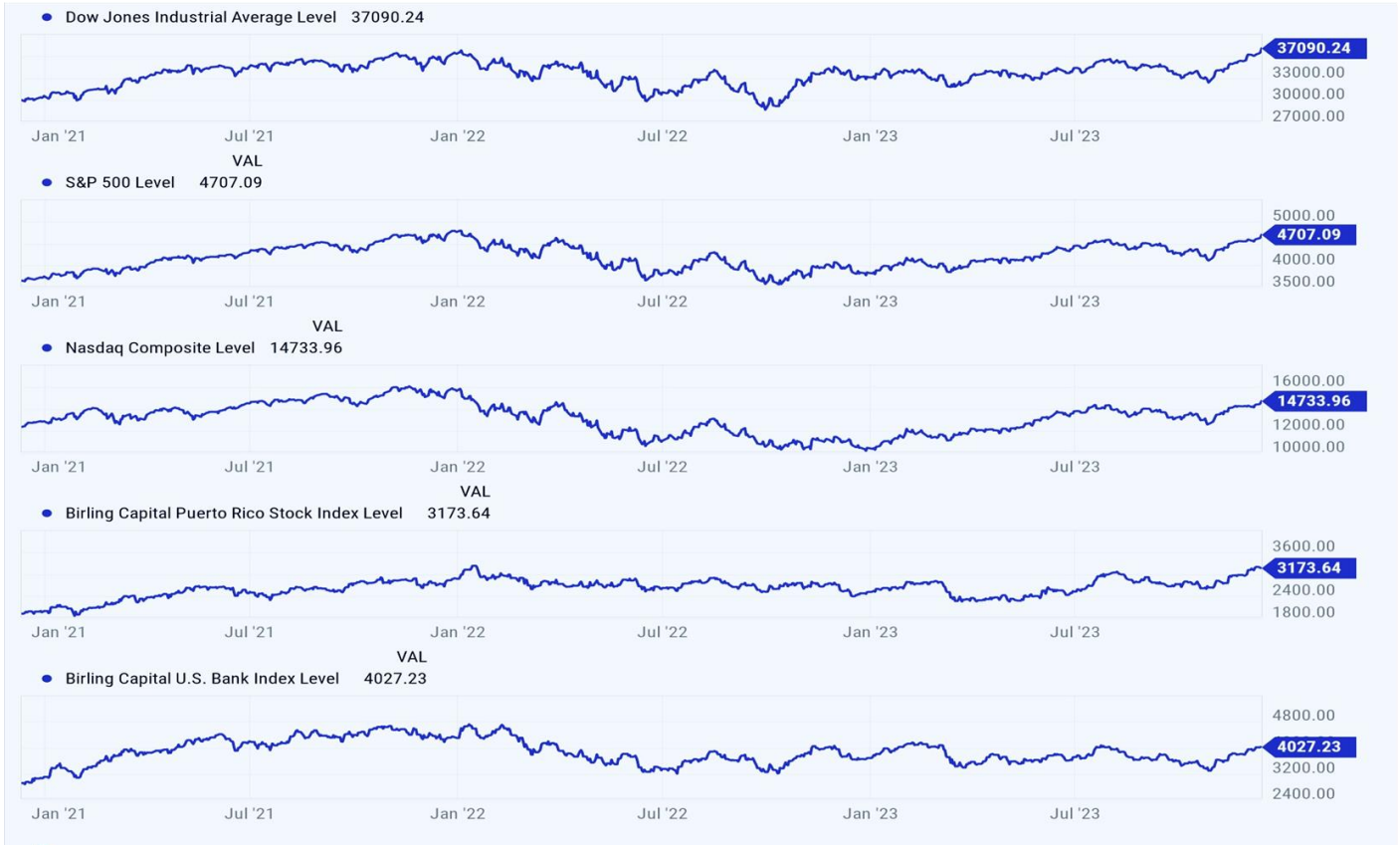




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