

Fed's Interest Rate Cuts Expectations Propel Investor Confidence, U.S. Housing Starts Surge, Eurozone Inflation Falls, and Wall Street closed higher.

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The U.S. and European stock markets closed the session with gains as the stock rally continued to drive all the critical indexes up and in route to the end of 2023 with solid gains. The driving force is the forecast by the Fed that, in its projections, is factoring in at least three interest rate cuts that will drive down the interest rate by 75 basis points; this is proving to be a strong incentive for investors. Also, the Fed is forecasting a soft landing with a GDP of 2.60% for 2023 and economic growth through 2026; as we highlight below, unemployment is expected not to rise above 3.8% in 2023 and from 2024 on to maintain a 4.1% rate. Lastly, the apparent reduction of inflation provides a much more precise scenario and ample roadway to fuel market growth.

In economic news, U.S. housing starts to grow by 14.79%, the second-best month of 2023, surpassing consensus expectations, and on the flip side, building permits fell -2.54 %; in Canada, the Inflation metrics are unchanged, with the CPI at 3.12% coming in slightly higher than expected, and the Eurozone inflation rate fell by 17.24% to 2.40%, a welcomed development.

The Fed's Federal Operating Market Committee (FOMC) held its last 2023 meeting on December 12–13, 2023, and provided insights into the Fed's outlook on the U.S. economy; we highlight the Real GDP Growth and Unemployment Rate forecasts.

Real GDP Growth 2023-2026:

The median projection for the Change in real GDP indicates a growth rate as follows:

- 2023 2.6% GDP
- 2024 1.4% GDP
- 2025 1.8% GDP
- 2026 1.9% GDP
- Long-Term GDP 1.8%

Unemployment Rate 2023-2026:

The unemployment rate, which fell this last month to 3.70%, the Fed provided a projection as follows:

- 2023 3.80%
- 2024 4.1%
- 2025 4.1%
- 2026 4.1%
- Long-Term 4.1%

GDPNow Update:

- The GDPNow was updated today, rising to 2.70% GDP, up from 2.60% GDP, a 3.70% increase.

Key Economic Data:

- **U.S. Housing Starts:** rose to 1.56 million, up from 1.359 million last month, increasing 14.79%.
- **U.S. Building Permits:** fell to 1.46 million, down from 1.498 million last month, down -2.54%.
- **Canada Consumer Price Index YoY:** is unchanged at 3.12%, compared to 3.12% last month.
- **Canada Inflation Rate:** is unchanged at 3.12%, compared to 3.12% last month.
- **Canada Core Consumer Price Index MoM:** is unchanged at 0.40%, compared to 0.40% last month.
- **Canada New Housing Price Index YoY:** fell to -0.88%, compared to -0.80% last month.
- **Eurozone Inflation Rate:** fell to 2.40%, compared to 2.90% last month.
- **Eurozone Inflation Rate: Excluding Energy, Food, Alcohol, and Tobacco:** fell to 3.60%, compared to 4.20% last month.
- **Japan Short-Term Policy Rate:** is unchanged at -0.10%, compared to -0.10% yesterday.

Eurozone Summary:

- **Stoxx 600** closed at 476.86, up 1.54 points or 0.33%.
- **FTSE 100** closed at 7,636.89, up 22.41 points or 0.20%.
- **Dax Index** closed at 16,735.65, up 85.10 points or 0.51%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,557.92, up 251.90 points or 0.68%.
- **S&P 500** closed at 4,768.37, up 27.81 points or 0.59%.
- **Nasdaq Composite** closed at 15,003.22, up 98.03 points or 0.66%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,299.50, down 4.01 points or 0.12%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,280.87, down 25.82 points or 0.60%.
- **U.S. Treasury 10-year note** closed at 3.93%.
- **U.S. Treasury 2-year note market** closed at 4.41%.



Federal Reserve Bank of Atlanta

GDPNow Update

Date	GDPNow 4Q23	Change
10/27/2023	2.30%	Inicio
11/1/2023	1.20%	-91.67%
11/7/2023	2.10%	42.86%
11/8/2023	2.10%	0.00%
11/15/2023	2.20%	4.55%
11/17/2023	2.00%	-10.00%
11/22/2023	2.10%	4.76%
11/30/2023	1.80%	-16.67%
12/1/2023	1.20%	-50.00%
12/6/2023	1.30%	7.69%
12/7/2023	1.20%	-8.33%
12/14/2023	2.60%	53.85%
12/19/2023	2.70%	3.70%



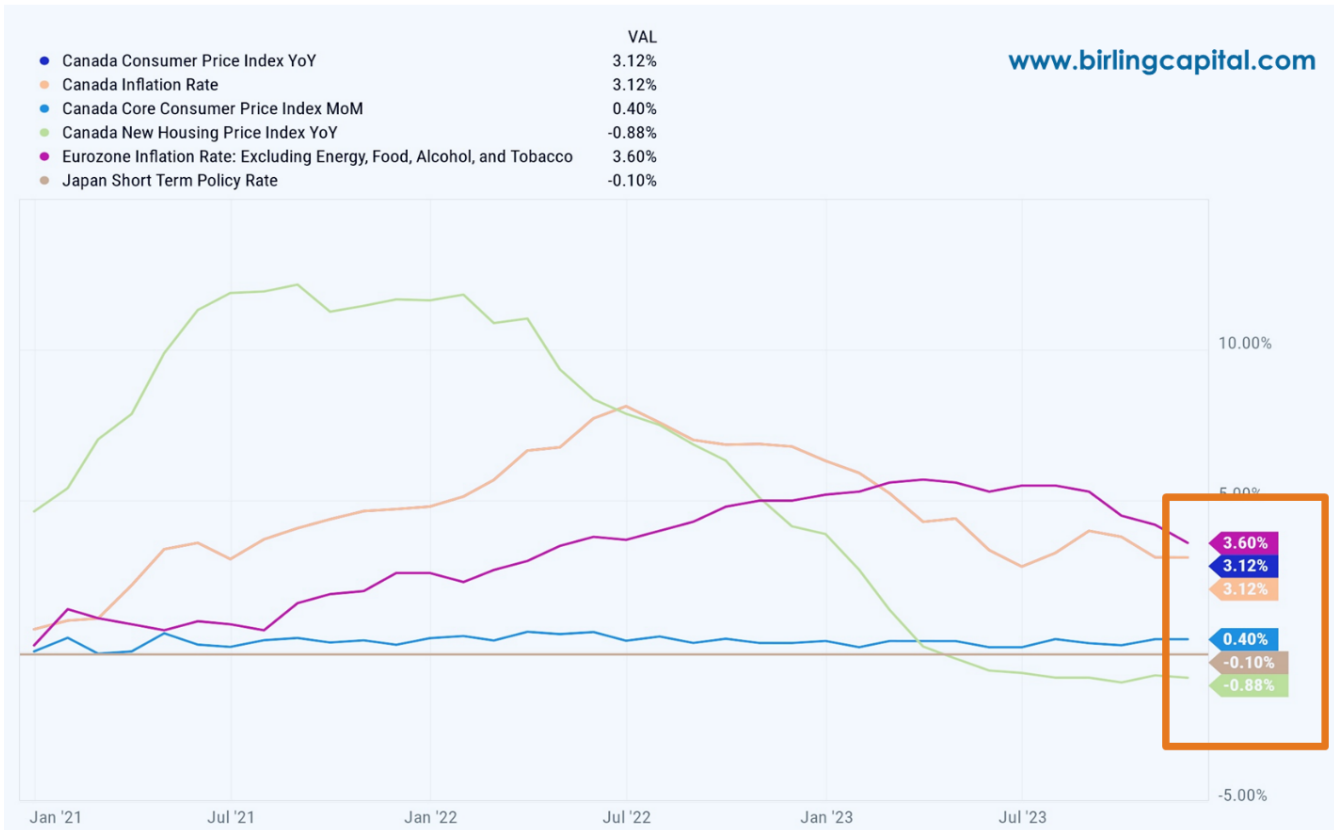
US Housing Starts, US Building Permits Versus the 30-Year Mortgage Rate

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● US Housing Starts	1.56M
● US Building Permits	1.46M
● 30 Year Mortgage Rate	6.95%





Canada Consumer Price Index YoY, Canada Inflation Rate, Canada Core CPI MoM, Eurozone Inflation Rate and Japan Short Term Policy Rate



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