

GLOBAL MARKET SQUARE



The U.S. Retail Sales for December fell hard by -1.13%, the Producer Price Index fell to 6.24%, and Wall Street dropped sharply.

January 18, 2023

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The U.S. & European stock markets fell sharply today following the U.S. Retail Sales that fell below expectations to -1.13%, driving renewed fears of a recession and further increased by tech giant Microsoft which announced that it was laying off 10,000 employees when these new layoffs are combined with those of Amazon 18,000 and 11,000 by Facebook parent Meta and those of other companies in total there have been more than 60,000 layoffs happening.

In Asia, following China's lackluster GDP numbers, today the market is focusing on Japan after the Bank of Japan kept its Short-Term Policy Rate at -0.10%, which is lower than the long-term average of 0.07%; Japanese stocks rallied more than 2 % following the announcement, which also made Japanese and global bonds rise.

On economic news today, the U.S. Producer Price Index reading reported that it fell to 6.24%, compared to 7.35% last month, a whopping 15.10%, driven by lower energy and food prices.

When we analyze last week's CPI and today's PPI, there is a clear indication from these inflation-leading indicators that a pattern of disinflation is in development, which is welcomed news for investors and consumers.

The other side of the story is the signs that U.S. economic growth is suffering as the interest rate increases trickle down the economic engine.

As we discussed, the Retail sales for December fell -1.13%, a sharper decline than expected. December, traditionally a strong sales month, was impacted by the six consecutive decreases in used car sales, the first monthly decline in new car sales, households, and appliances, all affected by higher interest rates.

Key Economic Data:

- **U.S. Producer Price Index YoY:** fell to 6.24%, compared to 7.35% last month.
- **U.S. Core Producer Price Index YoY:** fell to 5.53%, compared to 6.17% last month.
- **U.S. Retail and Food Services Sales (Excluding Motor Vehicle and Part Dealers) MoM:** fell to -1.13%, compared to -0.61% last month.
- **U.S. Industrial Production MoM:** fell to -0.72%, compared to -0.58% last month.
- **U.S. Business Inventories MoM:** rose to 0.39%, compared to 0.24% last month.
- **U.S. Wholesalers Inventories MoM:** rose to 0.96%, compared to 0.58% last month.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** fell to -21.40, down from -17.60 last month.
- **NAHB/Wells Fargo US Housing Market Index:** rose to 35.00, up from 31.00 last month, increasing 12.90%.

- **U.K. Consumer Price Index YoY:** fell to 10.50%, compared to 10.70% last month.
- **U.K. Core Consumer Price Index YoY:** rose to 6.36%, compared to 6.30% last month.
- **U.K. Average House Price YoY:** fell to 10.30%, compared to 12.35% last month.

Puerto Rico COVID-19 Update January 18:

- Daily Cases: 189
- Positivity Rate: 20.33%
- Hospitalizations: 239
- Deaths: 4
- Source P.R. Department of Health.

Eurozone Summary for January 18:

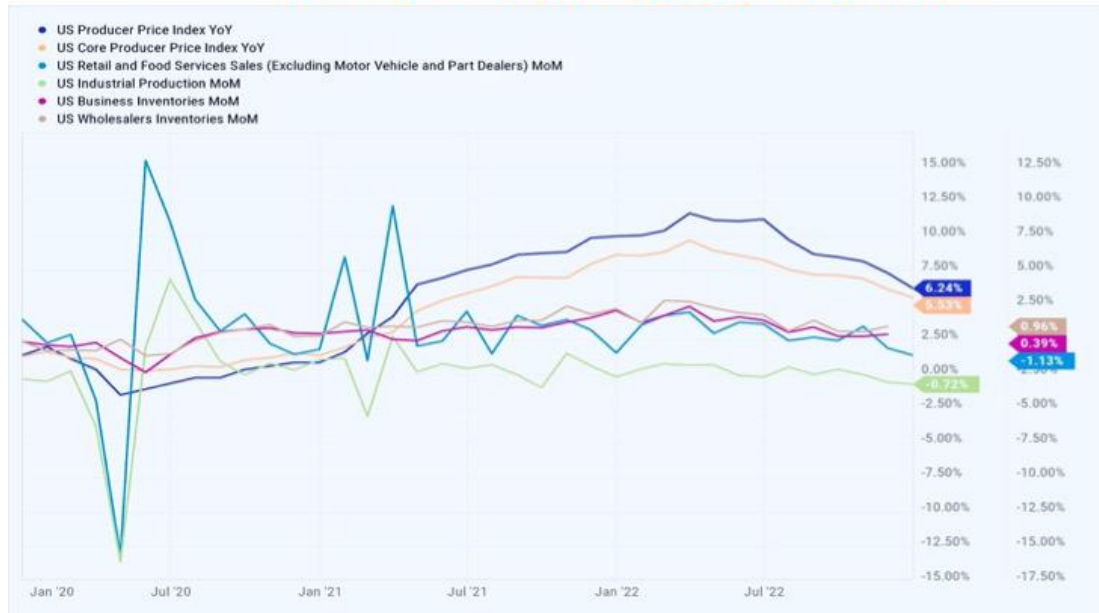
- Stoxx 600 closed at 457.53, up 1.07 points or 0.23%.
- FTSE 100 closed at 7,830.70, down 20.33 points or 0.26%.
- Dax Index closed at 15,181.80, down -5.27 points or 0.03%.

Wall Street Summary for January 18:

- Dow Jones Industrial Average closed at 33,296.96, down 613.89 points or 1.81%.
- S&P 500 closed at 3,928.56, down 62.11 points or 1.56%.
- Nasdaq Composite closed at 10,957.01, down 138.10 points or 1.24%.
- Birling Capital Puerto Rico Stock index closed at 2,619.40, down 9.61 points or 0.37%.
- U.S. Treasury 10-year note closed at 3.37%.
- U.S. Treasury 2-year note closed at 4.06%.

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US Producer Price Index, US Core Producer Price Index, US Retail & Food Sales, US Industrial Production, US Business Inventories & US Wholesale Inventories





Wall Street Recap

January 18, 2023

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Wall Street YTD Returns

Dow Jones, S&P 500, Nasdaq Composite & Birling Puerto Rico Stock Index,



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