



# The U.S. Recession Probability rises to 38.06%, and Wall Street begins the year with losses.

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The U.S. & European stock markets began the first trading session of 2023 with asymmetrical results; in Europe, markets closed higher, and Wall Street started the year timidly down.

The session losses in Wall Street were led by the technology and energy sectors, while the bond markets rose as the U.S. Treasury 10-year benchmark note fell.

One of the critical changes we note from investors is the focus shift from monetary policy & interest rate increases to the economy and its future performance.

On that note, this week is full of economic data, beginning with the recession probability, which rose to 38.06%, and U.S. Gas Prices, which fell to 0.96%.

During the week, these are the main Economic data we will highlight:

1/4/23

- US ISM Manufacturing PMI

1/5/23

- U.S. Initial Claims for Unemployment Insurance
- U.S. Trade Deficit
- 30-Year Mortgage Rate

1/6/23

- U.S. Total Nonfarm Payrolls
- U.S. Nonfarm Payrolls MoM
- U.S. Labor Force Participation Rate
- U.S. Manufacturing Shipments

Investors and the markets will be focusing on the critical December job report due at the end of the week, and the reading is essential to show how much interest rates have impacted the labor markets.

Following 2022 which went down in history as the worst year for Wall Street since 2008, while investors may be ready to close the chapter, some of the pain will linger into 2023 until these four issues are resolved.

1. High Inflation Pressures.

2. The Federal Reserve Bank pivots its aggressive interest rate campaign.
3. The U.S. economy avoids a recession.
4. The Russian-Ukraine War ends

However, even with these issues, we believe investors should take full advantage of performing an active asset rotation and making opportunistic buying as the market is full of great values, particularly the S&P 500 stocks that fell -19.44% and the Nasdaq Composite that fell -33.10%.

It's time to get greedy and opportunistic, seeking value and focusing on the long term.

### Key Economic Data:

- **U.S. Recession Probability:** rose to 38.06%, compared to 26.03% last month. Remaining much higher than the long-term average of 13.78%.
- **U.S. Retail Gas Price:** fell to \$3.203, down from \$3.234 last week, decreasing -0.96% from last week and -5.66% from one year ago.
- **U.S. Construction Spending MoM:** rose to 0.24%, compared to -0.24% last month.
- **Germany's Consumer Price Index YoY:** fell to 8.60%, compared to 10.00% last month.
- **Germany's Unemployment Rate:** is unchanged at 5.30%, compared to 5.30% last month.

### Puerto Rico COVID-19 Update January 3:

- Daily Cases: 192
- Positivity Rate: 29.91%
- Hospitalizations: 0
- Deaths: 6
- Source P.R. Department of Health.

### Eurozone Summary for January 3:

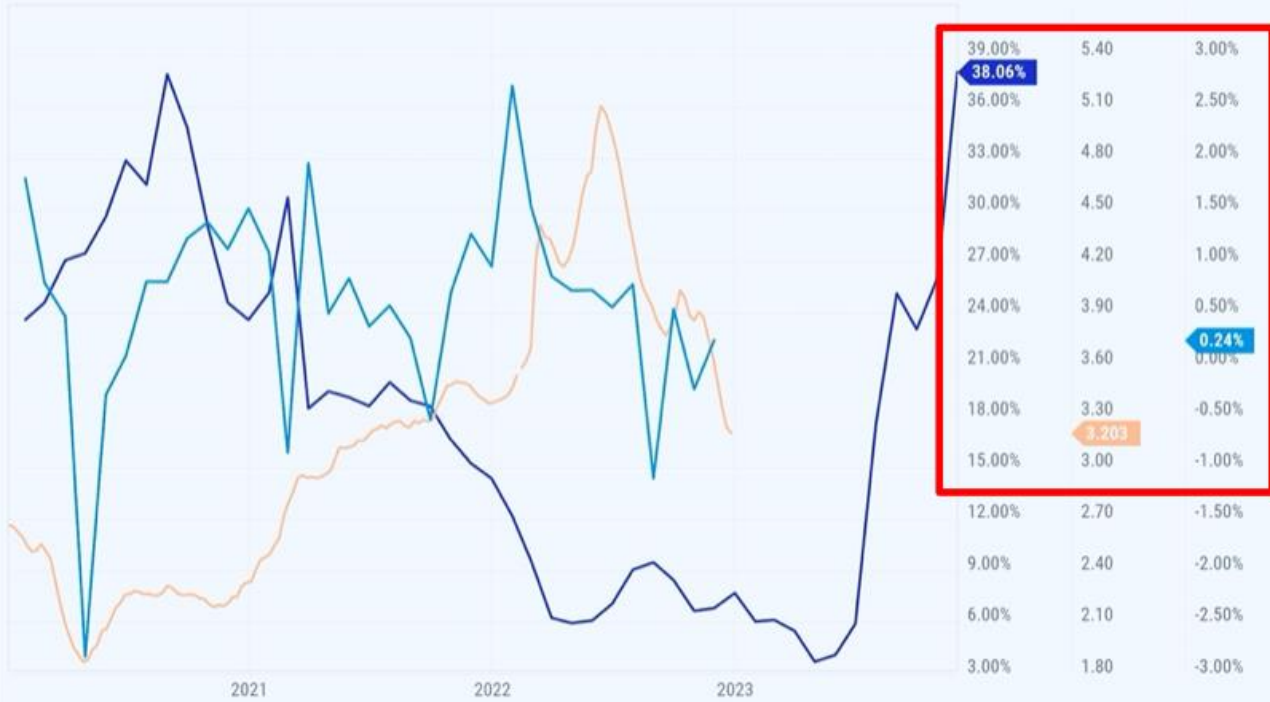
- Stoxx 600 closed at 434.18, up 5.23 points or 1.22%.
- FTSE 100 closed at 7,554.09, up 102.35 points or 1.37%.
- Dax Index closed at 14,181.67, up 112.41 points or 0.80%.

### Wall Street Summary for January 3:

- Dow Jones Industrial Average closed at 33,136.37, down 10.88 points or 0.03%.
- S&P 500 closed at 3,824.14, down 15.36 points or 0.40%.
- Nasdaq Composite closed at 10,386.98, down 79.50 points or 0.76%.
- Birling Capital Puerto Rico Stock index closed at 2,520.76, up 4.36 points or 0.17%.
- U.S. Treasury 10-year note closed at 3.79%.
- U.S. Treasury 2-year note closed at 4.40%.

# US Recession Probability, US Retail Gas Price & US Construction Spending

- US Recession Probability
- US Retail Gas Price
- US Construction Spending MoM





# Germany Consumer Price Index, Germany Unemployment Rate & Germany GDP



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