

The U.S. Producer Price Index fell by 51.98% to 1.09%, and Wall Street rose sharply.

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The U.S. and European stock markets continued their ride up following yesterday better than expected CPI reading showing inflation is falling faster than expectations, and today, the U.S. Producer Price Index (PPI) also fell a whopping 51.98% to 1.09%, when compared to 2.27% last month. The PPI reached its highest point in March 2022 at 11.66%, decreased by 90.65%, and is now below the long-term average PPI.

As equity markets, both domestic and international, continue to gain confidence, the markets continue to intensify.

Most Fixed-income investors start to price in a lower long-term Fed rate, as lower inflation grants the Fed some room to be less aggressive and possibly begin contemplating lowering rates by early 2024, as inflation is just 32.65% from the Fed's 2% inflation target.

Friday marks the start of the Second Quarter Corporate Earnings Parade with JP Morgan Chase, Citigroup, and Wells Fargo reporting. This becomes the first quarterly earnings reports since the bank crisis of confidence that saw Silicon Valley Bank, Signature Bank, First Republic, and Credit Swiss fail or were forced to merge. We will also be watching closely the performance of the Regional and Super Regional Banks to determine how the financial results trend.

The Market ride has taken the indexes we follow to new heights, and we rank them from best to worst returns YTD:

- **Nasdaq Composite** has a 35.08% YTD return.
- **S&P 500** has a 17.46% YTD return.
- **Birling Capital Puerto Rico Stock Index** has a 6.41% YTD return.
- **Dow Jones Industrial Average** has a 3.76% YTD return.
- **Birling Capital U.S. Bank Stock Index** has a 2.49% YTD return.

During a recent speech, the Federal Reserve Bank Vice Chair for Supervision, Michael S. Barr, mentioned they were in the Conclusion of the Holistic Review that the existing approach to capital requirements is sound. The current process includes:

- The risk-based requirements.
- Stress testing.
- The risk-based capital buffers.
- The leverage requirements and buffers.

Mr. Barr stated there is a need to strengthen capital standards for large banks and that implementing changes may take at least several years.

Key Economic Data:

- **U.S. Producer Price Index YoY:** fell to 1.09%, compared to 2.27% last month.
- **U.S. Producer Price Index MoM:** fell to -0.32%, compared to 0.21% last month.
- **U.S. Core Producer Price Index YoY:** fell to 2.81%, compared to 3.11% last month.
- **U.S. Initial Claims for Unemployment:** fell to 237,000, down from 249,000 last week, decreasing -4.82%.
- **30-Year Mortgage Rate:** rose to 6.81%, compared to 6.71% last week.
- **Eurozone Industrial Production Index YoY:** fell -2.20%, compared to 0.20% last month.
- **Japan Industrial Production Index MoM:** fell -0.42%, compared to 1.05% last month.
- **China Trade Balance:** rose to \$70.62 billion, up from \$65.79 billion last month, increasing 7.34%.

Eurozone Summary:

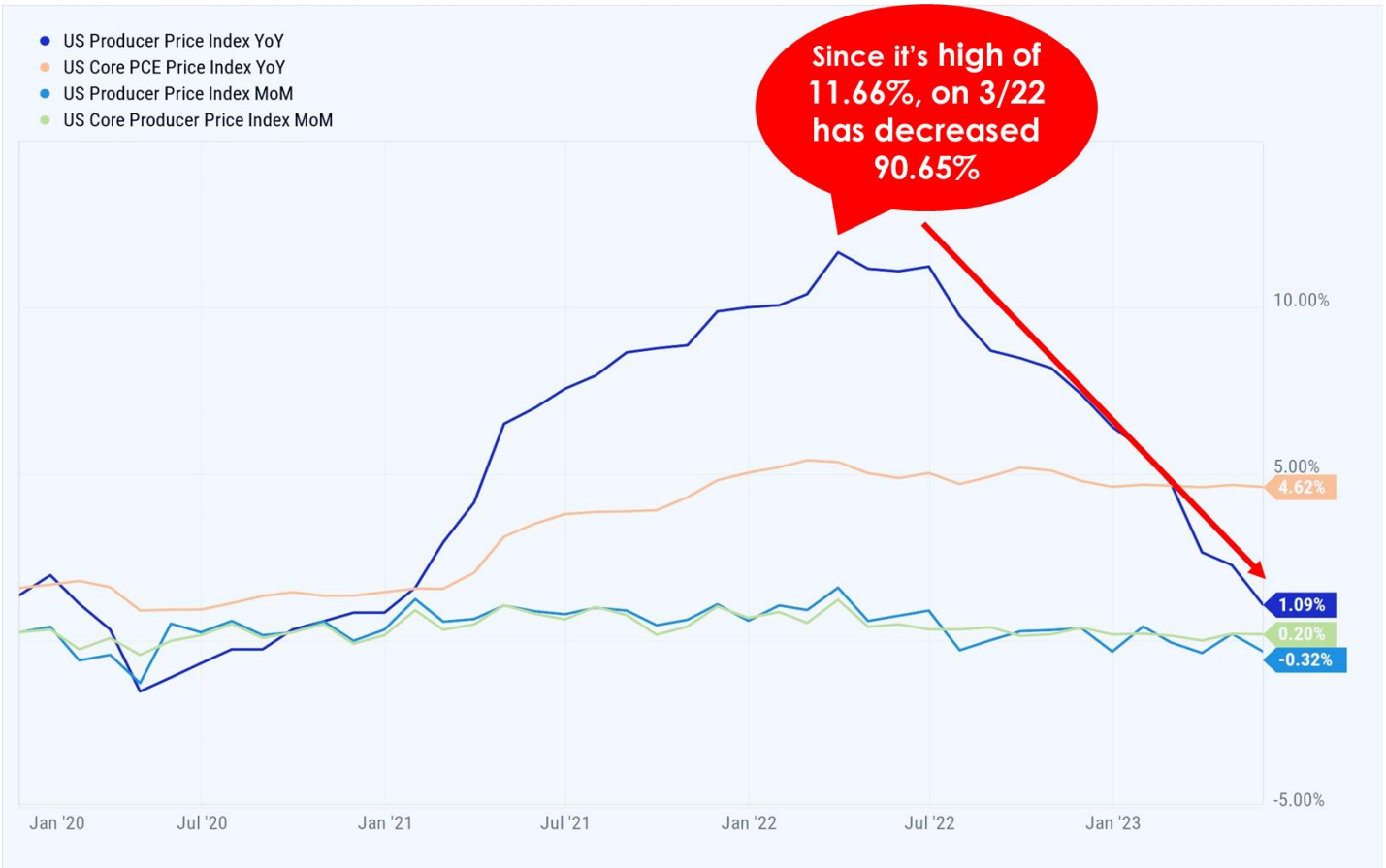
- **Stoxx 600** closed at 461.48, up 2.94 points or 0.64%.
- **FTSE 100** closed at 7,440.21, up 24.10 points or 0.32%.
- **Dax Index** closed at 16,141.03, up 118.03 points or 0.74%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,395.14, up 47.71 points or 0.14%.
- **S&P 500** closed at 4,510.04, up 37.88 points or 0.85%.
- **Nasdaq Composite** closed at 14,138.57, up 219.61 points or 1.58%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,682.40, up 47.29 points or 1.79%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,778.47, up 45.87 points or 1.23%.
- **U.S. Treasury 10-year note** closed at 3.76%.
- **U.S. Treasury 2-year note** closed at 4.59%.



US Producer Price Index YoY & MoM, US Core Producer Price Index YoY & Mom





US Unemployment Claims fell -4.82% to 237,000

- US Initial Claims for Unemployment Insurance
- US Job Openings: Total Nonfarm
- US Unemployed Persons: Job Seeker



Date Range: 12/31/2018 - 07/08/2023



Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Return

- Dow Jones Industrial Average Level % Change
- S&P 500 Level % Change
- Nasdaq Composite Level % Change
- Birling Capital Puerto Rico Stock Index Level % Change
- Birling Capital U.S. Bank Index Level % Change





Wall Street Recap

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