

The U.S. GDP falls to -0.90%, falling into a recession, Popular, Inc surpasses estimates and Wall Street closed up.

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The U.S. & European Stock markets continued the market rally that began yesterday, appearing to shake off the U.S. GDP contraction and the rise in European gas prices that rose 25% during the week. Most investors seemed to be looking past the U.S. contraction with continued confidence in the corporate earnings and jobs growth prospects of the U.S.

The Fed really got inflation wrong and is affecting the economy.

Do you know the difference between a foul ball and a Home Run?

- It's not power,
- It's not strength,
- It's not distance,
- The difference between hitting a foul ball and a Home Run is only timing, which is the choice, judgment, or control of when to act.

So, as we begin our analysis, remember that The Sense of Timing is a critical piece of our discussion. The Fed Botched Inflation efforts affected the Economy since the first reading of the Consumer Price Index that should have made the Fed begin to increase rates was back on April 30, 2022, when the Consumer Price Index reading rose to 4.16%, a sizable 108% above the Fed's target of 2%. The Fed then stated that inflation was temporary, which proved very wrong. Back to my point in life, the sense of timing is essential to achieve the desired results.

In a technical recession, the U.S. Economy.

The science of balancing interest rate hikes and the Economy not falling into a recession has become academic since the U.S. economy fell into a technical recession in the second quarter of 2022. Gross Domestic Product fell -0.9% versus the -1.60% reported the previous quarter.

Corporate Earnings Parade:

- Popular, Inc. (BPOP): reported 2Q22 earnings with revenues of \$571.61 million, up 7.35%, surpassing estimates, and a net income of \$211.4 million, fell 0.12%; The provision for loan losses fell to 2.24% vs. 2.29%. The company has a price target of \$107.00, and the stock closed at \$76.71, down 4.17%.

Key Economic Data:

- U.S. Real GDP QoQ: fell to -0.90%, compared to -1.60% last quarter.
- U.S. Initial Claims for Unemployment Insurance: fell to 256,000, vs. 261,000 last week, decreasing -1.92%.
- U.S. Total Vehicle Sales: rose to 13.47 million, up from 13.20 million last month, increasing 2.06%.
- 30-Year Mortgage Rate: fell to 5.30%, compared to 5.54% last week.
- Kansas City Fed Manufacturing Production Index: rose to 7.00, up from -1.00 last month.
- Eurozone Consumer Confidence Indicator: fell to -23.60, down from -21.20 last month.
- Eurozone Economic Sentiment Indicator: fell to 104.00, down from 105.00 last month, decreasing -0.95%.
- Germany Consumer Price Index YoY: fell 7.60%, compared to 7.90% last month.
- Japan Industrial Production Index MoM: fell -7.47%, compared to -1.45% last month.
- Japan Consumer Confidence Index fell 32.10, down from 34.10 last month, decreasing -5.87%.

Puerto Rico COVID-19 Update July 28:

- Daily Cases: 393, down 11.48%.
- Positivity Rate: 34.41%, up 2.81%.
- Hospitalizations: 349, up 2.29%.
- Deaths: 7, down 22%.
- Source Puerto Rico Department of Health.

Eurozone Summary for July 28:

- Stoxx 600 closed at 432.77, up 4.65 points or 1.09%.
- FTSE 100 closed at 7,345.25, down 2.98 points or 0.04%.
- Dax Index closed at 13,282.11, up 115.73 points or 0.88%.

Wall Street Summary for July 28:

- Dow Jones Industrial Average closed at 32,529.63, up 332.04 points or 1.03%.
- S&P 500 closed at 4,072.43, up 48.82 points or 1.21%.
- Nasdaq Composite closed at 12,162.59, up 130.17 points or 1.09%.
- Birling Capital Puerto Rico Stock index closed at 2,811.72, up 58.92 points or 2.14%.
- The U.S. Treasury 10-year note closed at 2.68%.
- The U.S. Treasury 2-year note closed at 2.85%.

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