

**The Producer Price Index at 8.54% is higher than estimates, while the FOMC minutes show a firm commitment to fight inflation and Wall Street Falls further.**

**October 12, 2022**

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

The U.S. & European stock markets recorded another losing day following the report that the U.S. Producer Price Index (PPI) fell 1.38% to 8.54%, which came in much higher than consensus estimates.

The PPI percentage is a crucial inflation benchmark that the markets follow to determine the direction of inflation. As we said before, if tomorrow's Consumer Price Index reading remains high, the Fed will have no other option than raise rates higher to tame inflation. We were cautiously optimistic that the CPI number could be lower until we saw the PPI reading higher than expected; well, one never knows; miracles do happen.

The minutes of last month's FOMC meeting revealed the Central Banks' concerns over the economic outlook, and some members discussed the "Recalibration" of the current interest rate policy.

However, the minutes also show a firm commitment to decreasing inflation to the 2% target rate. We believe interest rates will remain higher and longer than anyone anticipated.

As the Corporate earnings season begins, the futures market is pricing down earnings growth, some below analysts' expectations. While corporate earnings have been quite robust, currency changes, inflation pressures, and rising rates may have eaten away at margins.

In addition to the CPI, we will see other economic data that includes retail sales, business sales, business inventories, and consumer confidence; their combination can significantly help us determine the route for economic growth and the direction of inflation.

#### **Key Economic Data:**

- **U.S. Producer Price Index YoY:** fell to 8.54%, compared to 8.66% last month.
- **U.S. Core Producer Price Index YoY** rose 7.25%, compared to 7.18% last month.
- **Eurozone Industrial Production Index YoY:** rose to 2.50%, compared to -2.50% last month.
- **U.K. Industrial Production Index YoY:** fell to -5.20%, compared to -3.20% last month.

#### **Puerto Rico COVID-19 Update October 12:**

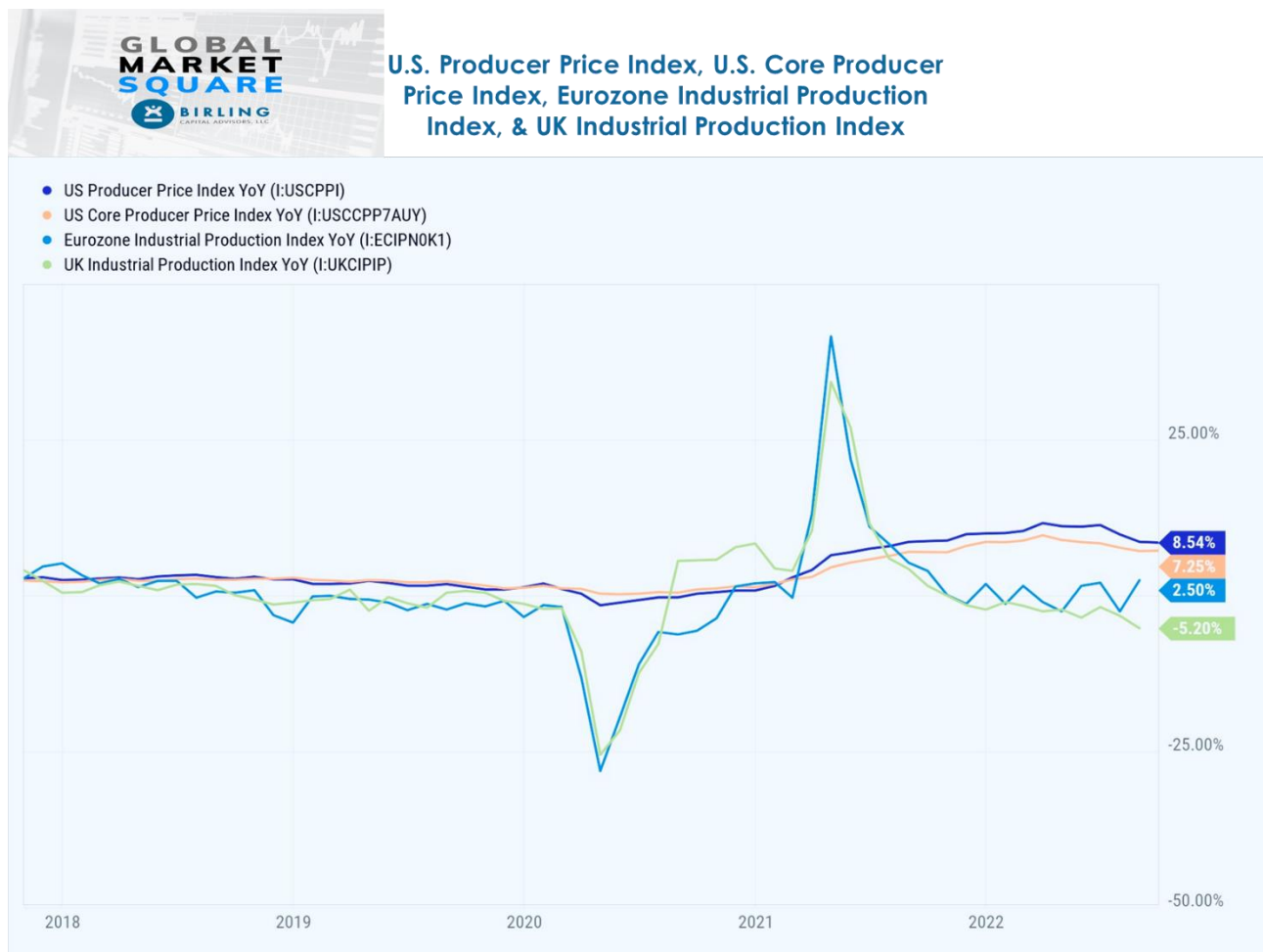
- Daily Cases: 103
- Positivity Rate: 13.84%
- Hospitalizations: 164
- Deaths: 4
- Source Puerto Rico Department of Health.

## Eurozone Summary for October 12:

- Stoxx 600 closed at 386.31, down 1.64 points or 0.42%.
- FTSE 100 closed at 6,826.15, down 59.08 points or 1.06%.
- Dax Index closed at 12,220.25, down 52.69 points or 0.86%.

## Wall Street Summary for October 12:

- Dow Jones Industrial Average closed at 29,210.85, down 28.34 points or 0.10%.
- S&P 500 closed at 3,577.03, down 11.81 points or 0.33%.
- Nasdaq Composite closed at 10,417.10, down 9.09 points or 0.09%.
- Birling Capital Puerto Rico Stock index closed at 2,609.03, up 5.93 points or 0.23%.
- The U.S. Treasury 10-year note closed at 3.91%.
- The U.S. Treasury 2-year note closed at 4.28%.







## Wall Street Recap October 12, 2022

[www.birlingcapital.com](http://www.birlingcapital.com)



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.