

## The Federal Reserve Bank raises rates by 75 basis points for the third consecutive time, and Wall Street tanks.

September 21, 2022

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

The U.S. and European stock markets ended the session with asymmetrical results.

On Wall Street, the markets fell following the Federal Reserve Banks' third consecutive 75 basis point increase that took rates to 3.00%-3.25%.

Following the FOMC meeting, Fed Chair Powell said, "My main message has not changed since Jackson Hole, the FOMC is strongly resolved to bring inflation down to 2%, and we will keep at it until it is the job is done".

Most U.S. indicators show modest growth in spending and production with solid job gains and an average unemployment rate of 3.70%.

However, inflation remains high, showing supply and demand disparities from the pandemic and across the spectrum high prices.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Lael Brainard; James Bullard; Susan M. Collins; Lisa D. Cook; Esther L. George; Philip N. Jefferson; Loretta J. Mester; and Christopher J. Waller.

Most Central banks globally follow the Fed's lead and are raising rates in their respective countries, including Europe, which has seen high gas prices and shortages heading into winter.

### **GDPNow Estimate:**

<b>Date</b>	<b>GDPNow Forecast</b>	<b>Change</b>
9/1/2022	2.60%	38.46%
9/7/2022	1.40%	-85.71%
9/15/2022	0.50%	-180.00%
9/20/2022	0.30%	-66.67%

### **Investors Divesting from Risky Assets:**

We see most investors divesting from risky assets, particularly from Cryptocurrency, which over the course of 2022 has led the move from this asset class to safe-haven assets, like the U.S. dollar. The most recent intention to regulate cryptocurrencies adds pressure to the falling fortunes, but we have seen Bitcoin and Ethereum fall all year.

## Key Economic Data:

- **U.S. Existing Home Sales:** fell to 4.80 million, down from 4.82 million last month, decreasing -0.41%.
- **U.S. Housing Starts:** rose to 1.575 million, up from 1.404 million last month, increasing 12.18%.
- **U.S. Building Permits:** fell to 1.517 million, down from 1.685 million last month, decreasing -9.97%.
- **NAHB/Wells Fargo US Housing Market Index:** fell to 46.00, down from 49.00 last month, dropping -6.12%.
- **Canada Consumer Price Index YoY:** fell to 7.01%, compared to 7.59% last month.

## Eurozone Summary for September 21:

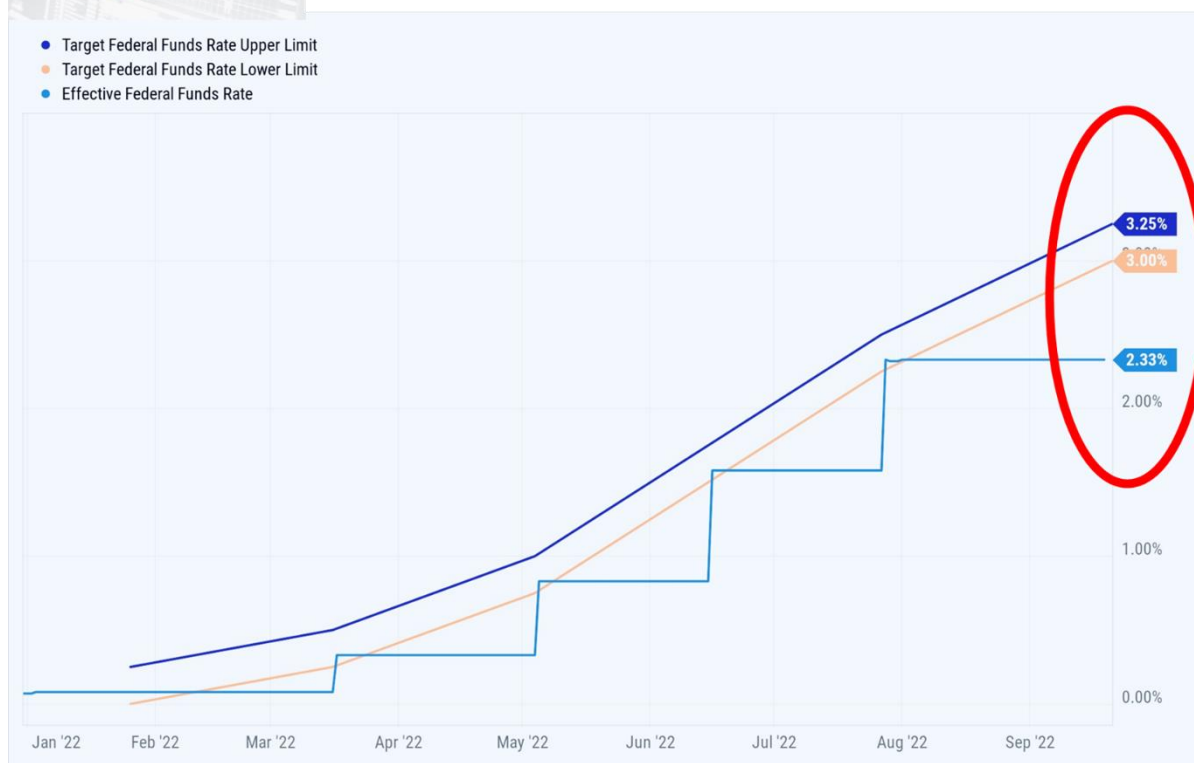
- Stoxx 600 closed at 406.94, up 3.52 points or 0.87%.
- FTSE 100 closed at 7,237.64, up 44.98 points or 0.63%.
- Dax Index closed at 12,767.15, up 96.32 points or 0.76%.

## Wall Street Summary for September 21:

- Dow Jones Industrial Average closed at 30,183.78, down 522.45 points or 1.70%.
- S&P 500 closed at 3,789.93, down 66.00 points or 1.71%.
- Nasdaq Composite closed at 11,220.19, down 204.86 points or 1.79%.
- Birling Capital Puerto Rico Stock index closed at 2,719.23, down 19.59 points or 0.72%.
- The U.S. Treasury 10-year note closed at 3.51%.
- The U.S. Treasury 2-year note closed at 4.02%.



## Fed Raises Rates by en 75 basis points



## US Housing Starts, US Existing Home Sales, US Building Permits & NAHB/Wells Fargo US Housing Index





# Wall Street Recap

## September 21, 2022





# Wall Street September 21, 2022

## YTD Returns

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.