

# GLOBAL MARKET SQUARE



## The British pound fell to a new low; the Euro fell to its lowest level since 2002, and Wall Street closed down.

September 26, 2022

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The U.S. & European stock markets began the week with losses as they dealt with various issues affecting the markets, as interest rates and inflation has gone global.

The Federal Reserve Bank's faster than usual interest rate increases and the U.K.'s tax cuts announced last week are taking the U.S. dollar higher.

While market pullbacks are neither easy nor palatable for most, the current market downturn has most investors concerned about what lies ahead. However, even with the current situation, investors have several rationales for becoming optimistic.

Let's analyze the road ahead:

1. The Scenario of increasing interest rates is always complicated for both stock and bond-market returns. However, we are moving closer to the end of the Fed's cycle. In the past, as the Fed's policy rate peaks, the market performance tended to be strong in the 12 to 24-month periods immediately following.
2. Be confident that Fed-driven volatility will continue until the CPI or PCE numbers fall dramatically; when this happens, it provides the Fed with more flexibility.
3. Lastly, if the U.S. Economy weakens or shows signs of a recession, the Fed will pivot.

In European news, the British pound fell to a record low against the U.S. Dollar, at one point, was down 4% as speculation that the Bank of England would be forced to increase rates aggressively to lower inflation.

The other issue impacting the U.K. is the announced tax cuts is concerning investors as most understand that the U.K. deficit will mushroom. Also, the Euro fell to its lowest level versus the dollar. A strong dollar can impact U.S. corporate profits affecting global trade since the benchmark is the U.S. Dollar.

### Key Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.771, down from \$3.805 last week, decreasing -0.89%.
- **Germany Ifo Business Climate Index:** fell to 84.30, down from 88.60 last month, decreasing -4.85%.
- **Germany Ifo Business Expectations Index:** fell to 75.20, down from 80.50 last month, decreasing -6.58%.

- **Germany Ifo Business Situation Index:** fell to 94.50, down from 97.50 last month, decreasing - 3.08%.

### Puerto Rico COVID-19 Update September 26:

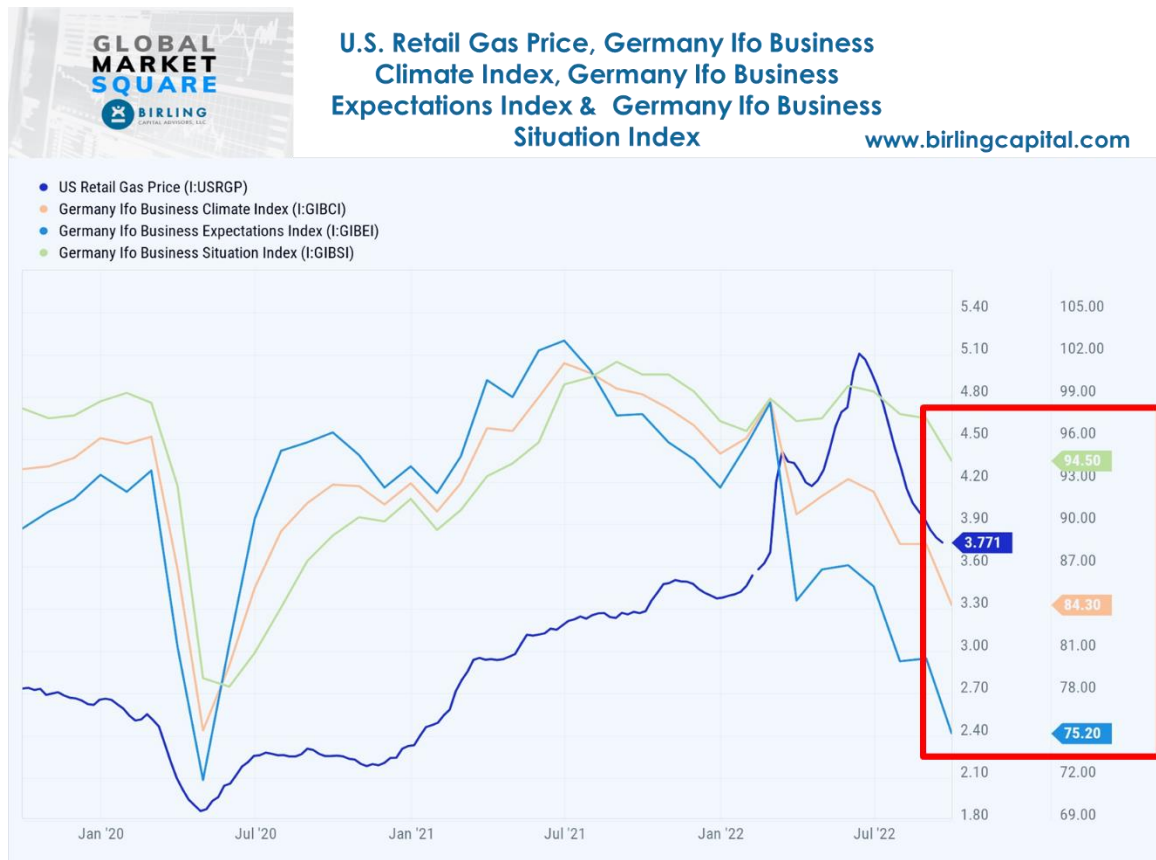
- Daily Cases: 32, lack of power in impacting the data.
- Positivity Rate: 14.86%
- Hospitalizations: 208
- Deaths: 0
- Source Puerto Rico Department of Health.

### Eurozone Summary for September 26:

- Stoxx 600 closed at 389.06, down 1.34 points or 0.34%.
- FTSE 100 closed at 7,020.95, up 2.35 points or 0.03%.
- Dax Index closed at 12,227.92, down 56.27 points or 0.46%.

### Wall Street Summary for September 26:

- Dow Jones Industrial Average closed at 29,260.81, down 329.60 points or 1.11%.
- S&P 500 closed at 3,655.04, down 38.19 points or 1.03%.
- Nasdaq Composite closed at 10,802.92, down 65.00 points or 0.60%.
- Birling Capital Puerto Rico Stock index closed at 2,576.90, down 55.33 points or 2.10%.
- The U.S. Treasury 10-year note closed at 3.88%.
- The U.S. Treasury 2-year note closed at 4.27%.





# Wall Street September 26, 2022

## YTD Returns

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# Wall Street Recap

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