

Wall Street opens the week with gains as investors assess the Fed's Narrative.

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The U.S. and European stock markets began the week with mixed results, with Wall Street recording gains and European markets losing ground today; all are focused on the Fed narrative that continues to pressure the global markets.

Also, the U.S. dollar, the ultimate safe-haven asset in high uncertainty, continues to rise. The ICE US Dollar Index (DXY) is above 105.58, its highest level in 2023. The ICE U.S. Dollar Index is a geometrically-averaged calculation of six currencies weighted against the U.S. dollar: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc.

Our view is that the market's loft expectations for four rate cuts and a pause in increasing rates were not based on reality since a CPI of 3.67% is 83.50% over the Fed's 2% target rate; moreover, the current InflationNowcast has the following inflation metrics for September has a CPI of 3.69%, above last month, and a Core CPI of 4.17%, some 5% below last month's 4.39%.

The message from Jerome Powell could not have been more direct: "**We shall have higher rates for a more extended period**", and it makes perfect sense since, as we said before, inflation has not decreased enough to convincingly reach the Fed's 2% target to warrant any other action. That is why the Fed held rates unchanged at 5.25% - 5.50%, keeping open to an additional rate increase. While inflation, particularly core inflation, is trending lower, with the labor market showing signs of slowing and most consumers facing higher oil prices, the scenario does not look too rosy.

Lastly, as we said last week, a U.S. government shutdown seems almost unavoidable as we are just six days to the deadline of October 1; with no material deal on the table to enact the 12 annual appropriation bills, federal agencies may be forced to cease all nonessential functions.

Key Economic Data:

- **U.S. Retail Gas Price:** rose to \$4.001, up from \$3.941 last week, increasing 1.52%.
- **Germany Ifo Business Climate Index:** fell to 85.70, down from 85.80 last month.
- **Germany Ifo Business Expectations Index:** rose to 82.90, up from 82.70 last month.
- **Germany Ifo Business Situation Index:** fell to 88.70, down from 89.00 last month.

Eurozone Summary:

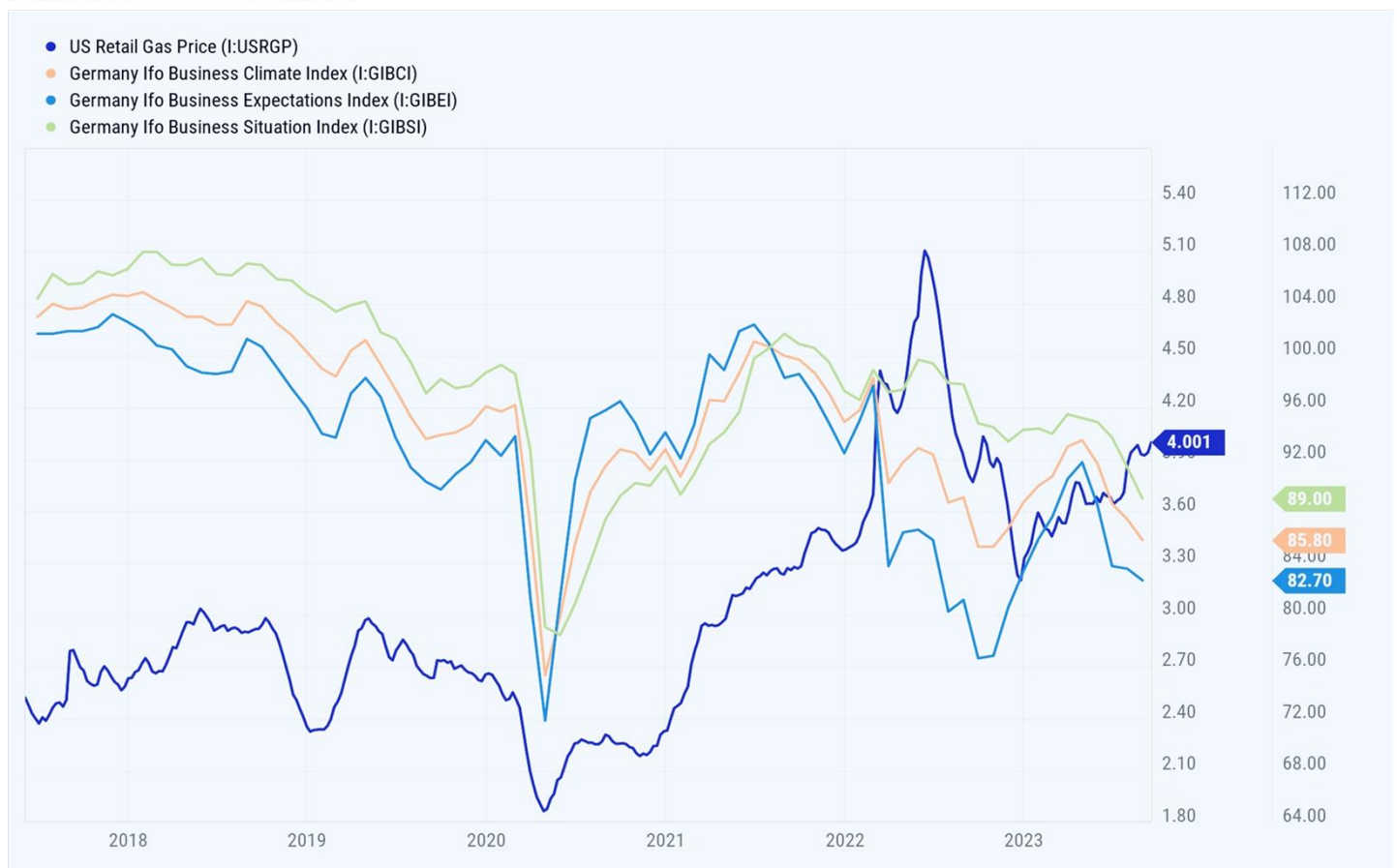
- **Stoxx 600** closed at 450.44, down 2.82 points or 0.62%.
- **FTSE 100** closed at 7,623.99, down 59.92 points or 0.78%.
- **Dax Index** closed at 15,405.49, down 151.80 points or 0.98%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,006.88, up 43.04 points or 0.13%.
- **S&P 500** closed at 4,337.44, up 17.38 points or 0.40%.
- **Nasdaq Composite** closed at 13,271.32, up 59.51 points or 0.45%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,674.12, up 1.46 points or 0.02%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,630.73, down 58.37 points or 1.58%.
- **U.S. Treasury 10-year note** closed at 4.55%.
- **U.S. Treasury 2-year note** closed at 5.09%.



US Retail Gas Price, Germany Ifo Business Climate Index, Germany Ifo Business Expectations Index & Germany Ifo Business Situation Index





Wall Street Recap

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