

September 8, 2022

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The U.S. & European stock markets closed the session with mixed results as investors dealt with myriad issues, including the Fed reaffirming its inflation fight and the ECB raising rates today; we expand on these issues below.

In the U.S. Fed, Chair Powell, while participating in the Cato Institute's Monetary Conference, reaffirmed the bank's focus on curbing inflation to the 2% target rate. Chairman Powell stated, "History cautions strongly against prematurely loosening policy and were a critical reason why inflation was so persistent in the 1970s and '80s."

Let's look back to 1982 to see what history tells us. If we look at what happened in 1982 when the Fed Chairman was Paul Volcker, the United States had inflation of 13%; interest rates rose to 20%, the U.S. economy fell into a recession with -6.10% in March 1982, and an unemployment rate of 10.80%.

Today the scenario is far from what happened in 1982, as the unemployment rate in the United States is at historically low levels of 3.70%, and the last Gross Domestic Product report was -0.90%.

In political news today Queen Elizabeth II, ruler of the United Kingdom, Canada, Australia, and New Zealand and the world's longest-serving monarch, passed away; she was 96.

In Europe, the European Central Bank increased rates by 75 basis points, and the ECB stated that it would remain focused on taming inflation down to its 2% target rate, which continues to be relatively high; they predict it will end at 8.1% for 2022 and by 2023 it may be at 5.5%. The ECB also stated that the Eurozone economy is doing well for now, primarily due to the high rise in tourism and the record number of people who have jobs. But businesses face high energy prices, supply chain disruptions, and a weakening Euro. The ECB projected Eurozone GDP for 2022 would be 3.1%, and projects for 0.9% for 2023.

Key economic data:

- **U.S. Initial Claims for Unemployment Insurance:** 222,000, down from 228,000 last week, a decrease of -2.63%.
- **30-Year Mortgage Rate:** rose to 5.66%, compared to 5.55% last week.
- **U.S. Consumer Credit Outstanding MoM:** rose to \$40.15 Billion, up from \$23.79 Billion last month, increasing 68.77%.
- **China Producer Price Index YoY:** fell to 4.20%, compared to 6.10% last month.

- **China Inflation Rate:** rose to 2.70%, compared to 2.50% last month.

Puerto Rico COVID-19 Update

September 8:

- Daily Cases: 243, down 8.30%.
- Positivity Rate: 22.32%, down 0.08%.
- Hospitalizations: 296, up 2.02%.
- Deaths: 9, up from 3.
- Source Puerto Rico Department of Health.

Eurozone Summary for September 8:

- Stoxx 600 closed at 414.13, up 2.13 points or 0.51%.
- FTSE 100 closed at 7,262.06, up 24.23 points or 0.33%.
- Dax Index closed at 12,904.32, down 11.65 points or 0.09%.

Wall Street Summary for September 8:

- Dow Jones Industrial Average closed at 31,774.52, up 193.24 points or 0.61%.
- S&P 500 closed at 4,006.18, up 26.31 points or 0.66%.
- Nasdaq Composite closed at 11,862.13, up 70.23 points or 0.60%.
- Birling Capital Puerto Rico Stock index closed at 2,649.54, up 43.46 points or 1.67%.
- The U.S. Treasury 10-year note closed at 3.29%.
- The U.S. Treasury 2-year note closed at 3.48%.



Unemployment Claims

9.8.22

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- US Initial Claims for Unemployment Insurance
- US Job Openings: Total Nonfarm
- US Unemployed Persons: Job Seeker
- US Unemployment Rate

The Department of Labor reported that unemployment claims fell last week to 222,000, down from 228,000, a 2.63% decrease.





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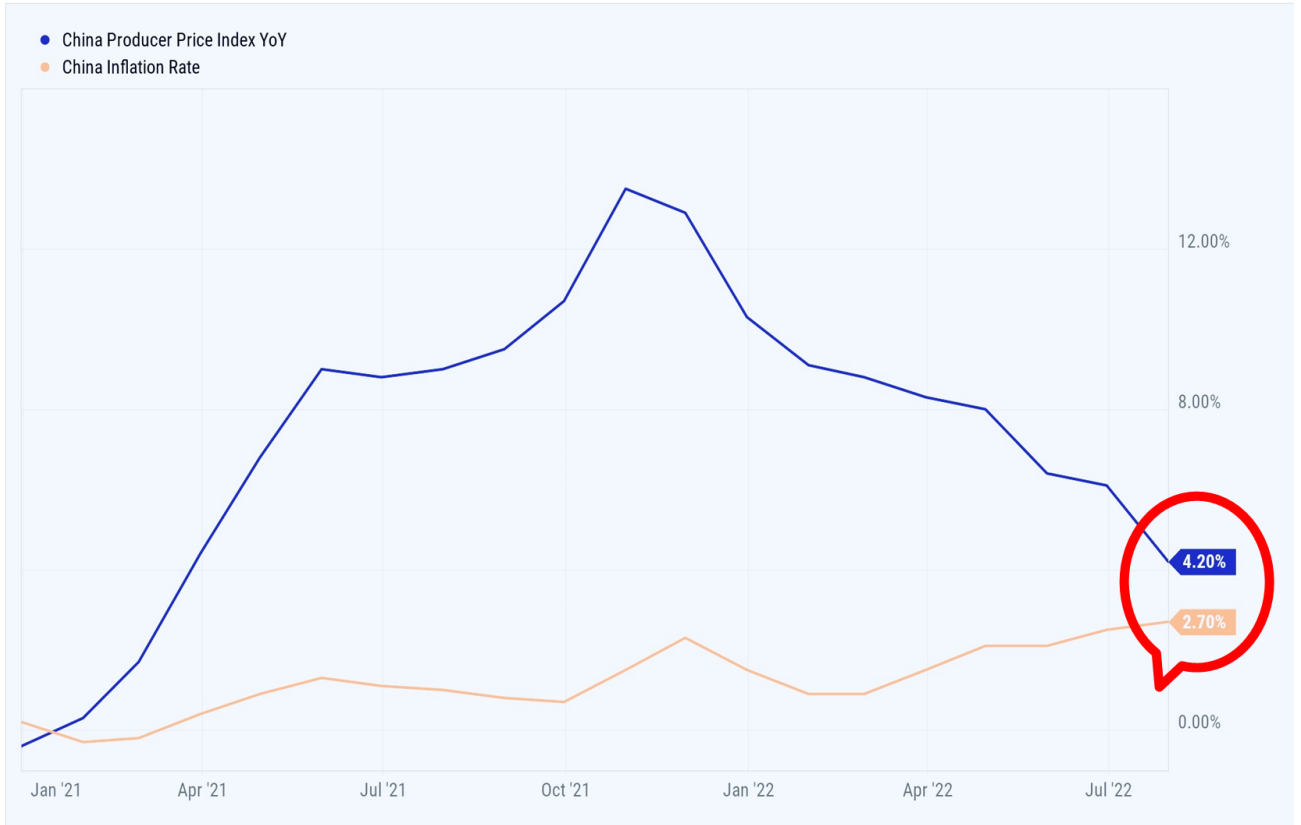
The 30-Year Mortgage Rate has risen since 2021 117.60%





China Producer Price Index & China Inflation Rate

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Wall Street Recap

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