



GLOBAL MARKET SQUARE



The Fed's Hawkish tone scares markets, while
The GDPNow for the 3Q23 rose to 5.8 %,
increasing 13.80%, and Wall Street fell.

August 16, 2023

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed the session with more losses investors grew concerned after the Fed released the Fed's minutes from the July policy meeting.

According to minutes from its July meeting, the Fed's FOMC members see additional inflation risks that may force them to keep raising interest rates, fearing the central bank has not won its battle against inflation. The mere notion that the Fed FOMC members see upside risks is seen as hawkish, and our concern is that overtightening could derail the economy.

With the labor markets losing steam and inflation trending downwards, we feel that a rate pause would be better for the economy and the market sentiment. On that note, we must say U.S. industrial production rose in July for the first time in three months, pushed up by a solid increase in auto production, adding to the evidence that third-quarter growth is on solid footing as forecasted by the GDPNow, which rose today to 5.8% GDP for the third quarter.

European and International stocks were also lower on rising concerns over the weakening China Economy as the weaker-than-expected China economic data reported early in the month.

GDPNow

- The GDPNow model estimate for real GDP growth for the third quarter of 2023 rose to 5.8% on August 16, increasing 13.80% from 5.0 percent on August 15.

Key Economic Data:

- **U.S. Housing Starts: rose to** 1.452 million, up from 1.398 million last month, increasing 3.86%.
- **U.S. Building Permits: rose to** 1.442 million, up from 1.441 million, increasing 0.07%.
- **N.Y. Fed Business Leaders Survey Current Business Activity: rose to** 0.60, up from 0.00 last month.
- **Canada Wholesale Sales MoM: fell to** -2.47%, compared to 1.76% last month.
- **Eurozone Industrial Production Index YoY: improved to** -1.20%, compared to -2.50% last month.
- **U.K. Consumer Price Index YoY: fell to** 6.80%, compared to 7.90% last month.
- **U.K. Core Consumer Price Index YoY: fell to** 6.83%, compared to 6.85% last month.
- **U.K. Producer Price Index: Input YoY: fell to** -3.35%, compared to -2.96% last month.
- **U.K. Producer Price Index: Output YoY: fell to** -0.81%, compared to 0.37% last month.

Eurozone Summary:

- **Stoxx 600** closed at 455.21, down 0.36 points or 0.079%.
- **FTSE 100** closed at 7,356.88, down 32.76 points or 0.44%.
- **Dax Index** closed at 15,789.45, up 22.17 points or 0.14%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,765.74, down 180.65 points or 0.52%.
- **S&P 500** closed at 4,4304.33, down 33.53 points or 0.76%.
- **Nasdaq Composite** closed at 13,474.63, down 156.42 points or 1.15%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,902.34, down 63.12 points or 2.13%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,774.72, down 84.12 points or 2.18%.
- **U.S. Treasury 10-year note** closed at 4.28%.
- **U.S. Treasury 2-year note** closed at 4.97%.

Date	GDPNow 3Q23	Change
7/28/23	3.50%	Initial Forecast
8.1/23	3.90%	11.4%
8/8/23	4.10%	4.9%
8/15/23	5.00%	18.0%
8/16/23	5.80%	13.8%



Wall Street Recap August 16, 2023



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.