

Inflation Setback? CPI Rises to 3.35%, but Core CPI Indicates Broader Disinflation Trend, Is Labor Market Balance on the Horizon? As Job Openings Exceed Seekers by 78.44%.

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The U.S. and European Stock markets closed the session with mixed results following a higher-than-anticipated December 2023 Consumer Price Index that rose to 3.35%, above the previous month's 3.14% and ahead of the Inflation Nowcasting of 3.32% CPI, using the Inflation Nowcasting forecast the CPI was just 0.90% higher, however, the Core CPI that excluded food and energy fell to 3.90%, below last month's 3.99% and also below the Inflation Nowcasting of 3.93% Core CPI.

The index for shelter was the most significant contributor to the monthly increase in headline CPI, rising by 0.5% month-over-month and responsible for over half the monthly increase in headline CPI.

While the CPI rise may be seen as a setback in the inflation fight, today's inflation report does not alter the broader disinflation trend; rather, it confirms that inflation is firmly on its way down, as evidenced by the Core CPI reading and will powerfully move down thru 2024. This upward blip serves as a poignant reminder of the unpredictable nature of economic recovery and the inherent complexity in interpreting macroeconomic data. We anticipate that inflation will robustly decline throughout 2024, reinforcing the broader trend toward disinflation.

We look forward to tomorrow's release of the Producer Price Index (PPI), expected to increase to 1.4% compared to 0.86% the previous month. The last six months of the PPI are mixed with three up and three down.

In other economic news, the Jobless claims fell by 0.49% to 202,000 and are well below the 30-year average of roughly 372,000, highlighting how robust the U.S. labor market remains. As we look for direction, in our opinion, during 2024, the labor market may cool somewhat as Job openings of 8.733 million and only 4.925 million job seekers, a 78.44% Deficit, which has been trending down over the past several months, which could signal supply and demand for labor is on route to balance out.

Key Economic Data:

- **U.S. Consumer Price Index YoY:** rose to 3.35%, compared to 3.14% last month.
- **U.S. Core Consumer Price Index YoY:** fell to 3.90%, compared to 3.99% last month.
- **U.S. Inflation Rate:** rose to 3.35%, compared to 3.14% last month.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 202,000, down from 203,000 last week, decreasing -0.49%.
- **30-Year Mortgage Rate:** rose to 6.62%, compared to 6.61% last week.
- **Japan Business Conditions Composite Coincident Index:** fell to 114.50, down from 115.90 last month.
- **China's Inflation Rate:** fell to -0.50%, compared to -0.20% last month.
- **China Producer Price Index YoY:** fell to -3.00%, compared to -2.60% last month.

Eurozone Summary:

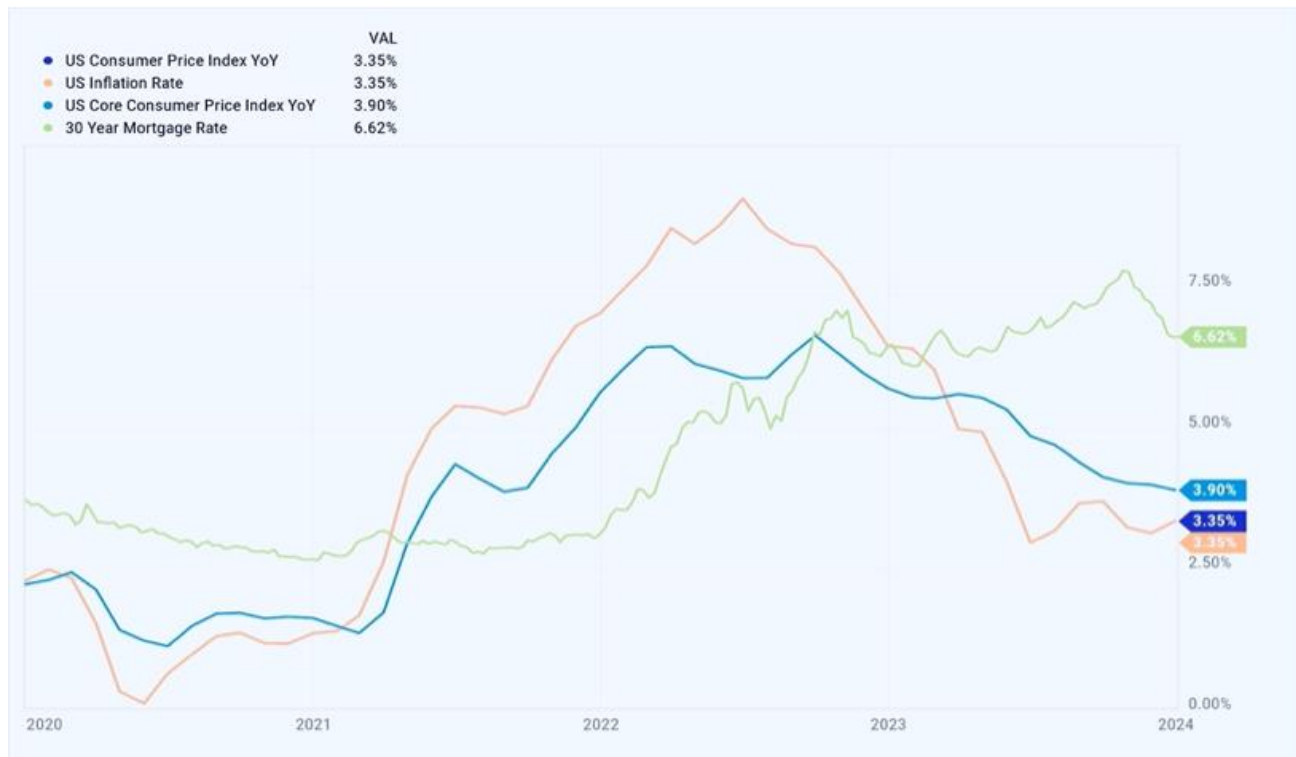
- **Stoxx 600** closed at 472.77, down 3.65 points or 0.77%.
- **FTSE 100** closed at 7,576.59, down 75.11 points or 0.98%.
- **Dax Index** closed at 16,547.03, down 142.78 points or 0.86%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,711.02, up 15.29 points or 0.04%
- **S&P 500** closed at 4,780.24, down 3.21 points or 0.07%.
- **Nasdaq Composite** closed at 14,970.18, up 0.54 points or 0.00%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,267.06, up 27.75 points or 0.86%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,365.05, down 16.37 points or 0.38%.
- **U.S. Treasury 10-year note** closed at 3.98%.
- **U.S. Treasury 2-year note market** closed at 4.26%.



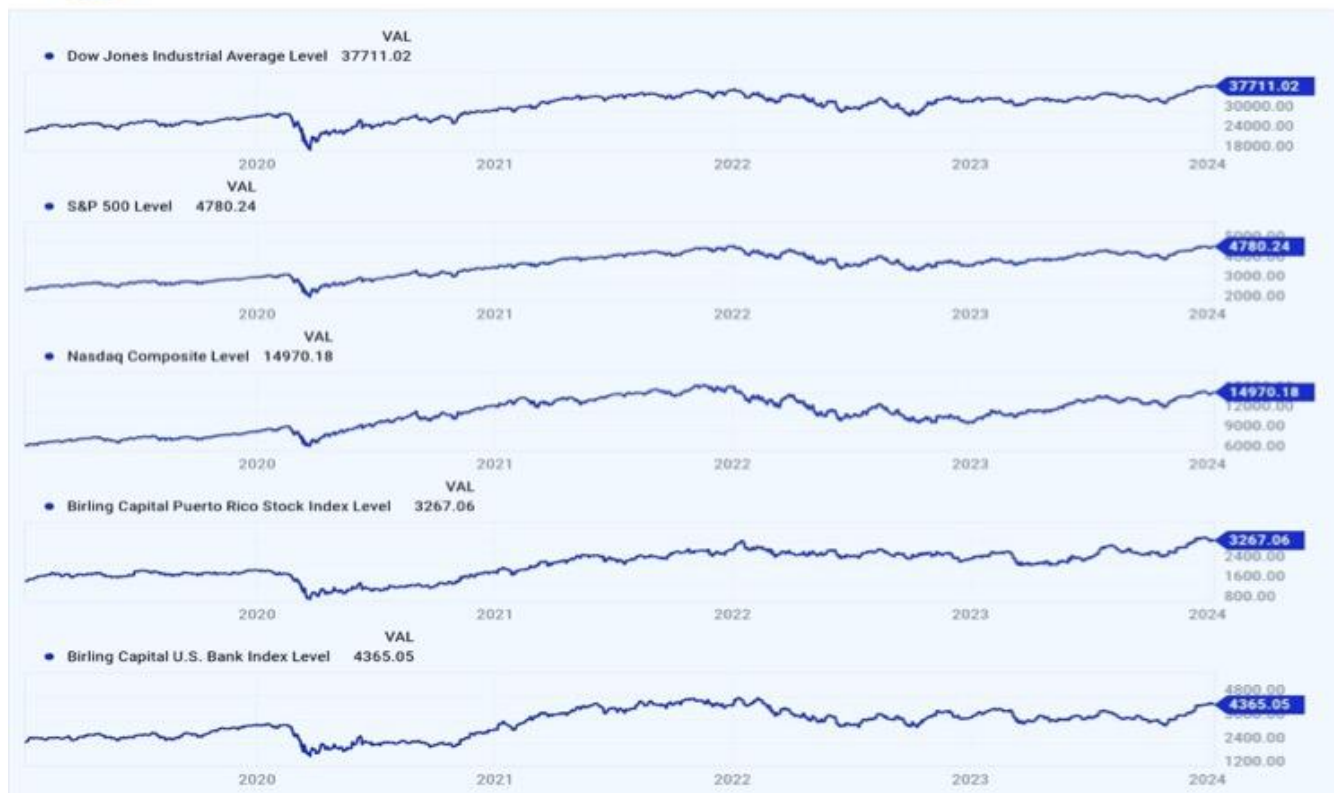
US CPI, US Inflation Rate, US Core CPI and 30-Year Mortgage Rate





US Intitial Claims for Unemployment versus US Job Openings and US Job Seekers





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