

Investors Await Crucial U.S. Inflation Data, NFIB Small Business Optimism Surges to Five-Month High and Earnings Season Kick-off Friday.

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The U.S. and European stock markets closed the session mostly down except for the Nasdaq Composite, which closed timidly up as investors anticipate the December CPI inflation report due Thursday. With so much riding on the results of the inflation data, all eyes turn to U.S. CPI and PPI inflation this week.

The latest Inflation Nowcasting has the CPI at 3.32% and Core CPI at 3.93%. Other forecasts call for headline CPI inflation to tick modestly higher, from 3.1% to 3.2% year-over-year. Also, Core CPI, which excludes food and energy, is expected to move lower, from 4.0% to 3.8%.

The U.S.'s NFIB Small Business Optimism Index went up to 91.9 in December 2023, the highest in five months, compared to 90.6 in November and beating forecasts of 90.7. Twenty-three percent of small business owners reported that inflation was their single most crucial problem in operating their business, up one point from last month, and replacing labor quality as the top concern.

The Fourth-quarter corporate earnings parade begins on Friday, January 12, with J.P. Morgan, Citibank, and Bank of America all reporting earnings. Expectations for earnings growth for the fourth quarter of 2023 have moved sharply lower, with forecasts now calling for 1.3% growth versus expectations for 8.0% growth at the end of September.

The World Bank produced its global growth forecast and is expected to slow to 2.4 percent in 2024, the third consecutive year of deceleration; we share some selected details.

	2023	2024	2025
World Growth GDP	2.6%	2.4%	2.7%
USA	1.5%	1.6%	1.7%
Eurozone	0.4%	0.7%	1.6%
Japan	1.8%	0.9%	0.8%
LatAm & Caribbean	2.2%	2.3%	2.5%
Brazil	3.1%	1.5%	2.2%
Mexico	3.6%	2.6%	2.1%
Argentina	-2.5%	2.7%	3.2%
Puerto Rico	1.6%	1.5%	1.2%

GDPNow Update:

- The GDPNow was updated today, falling to 2.20% GDP, down from 2.50% GDP, a 13.60% decrease.

Key Economic Data:

- **U.S. Trade Balance on Goods:** fell to -89.80 billion, down from -86.32 billion last month.
- **U.S. Trade Balance on Goods and Services:** fell to -64.26 billion, down from -61.15 billion last month.
- **Canada Building Permits MoM:** rose to 2.26%, compared to -8.14% last month.
- **Eurozone Unemployment Rate:** fell to 6.40%, compared to 6.50% last month.
- **Germany Industrial Production Index MoM:** fell to -0.70%, compared to -0.30% last month.

Eurozone Summary:

- **Stoxx 600** closed at 477.26, down 0.92 points or 0.19%.
- **FTSE 100** closed at 7,653.96, down 10.23 points or 0.13%.
- **Dax Index** closed at 16,688.36, down 28.11 points or 0.17%.

Wall Street Summary:

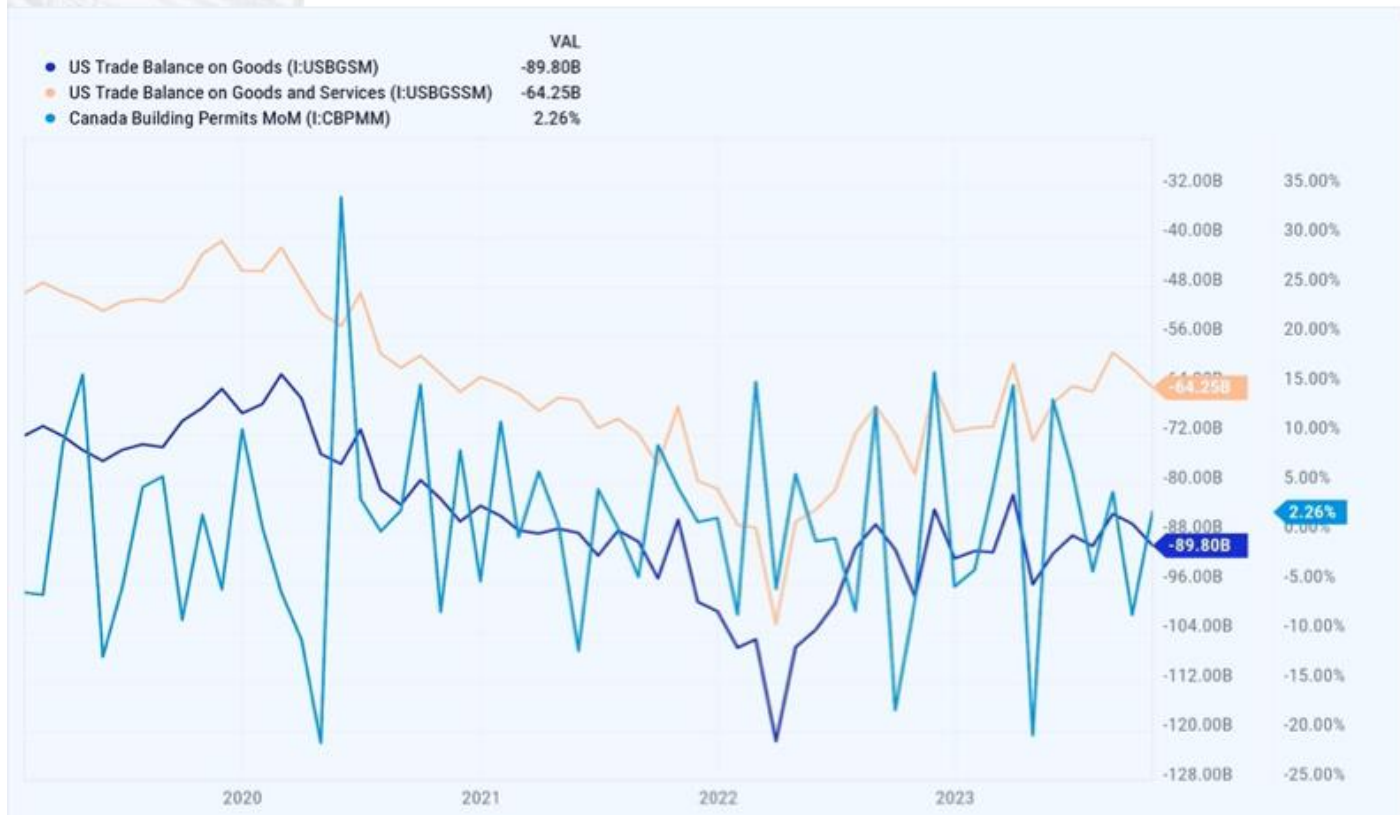
- **Dow Jones Industrial Average** closed at 37,525.16, down 157.85 points or 0.42%
- **S&P 500** closed at 4,756.47, down 7.07 points or 0.15%.
- **Nasdaq Composite** closed at 14,843.77, up 13.94 points or 0.09%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,284.28, up 54.01 points or 1.67%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,436.62, down 4.76 points or 0.11%.
- **U.S. Treasury 10-year note** closed at 4.02%.
- **U.S. Treasury 2-year note market** closed at 4.36%.



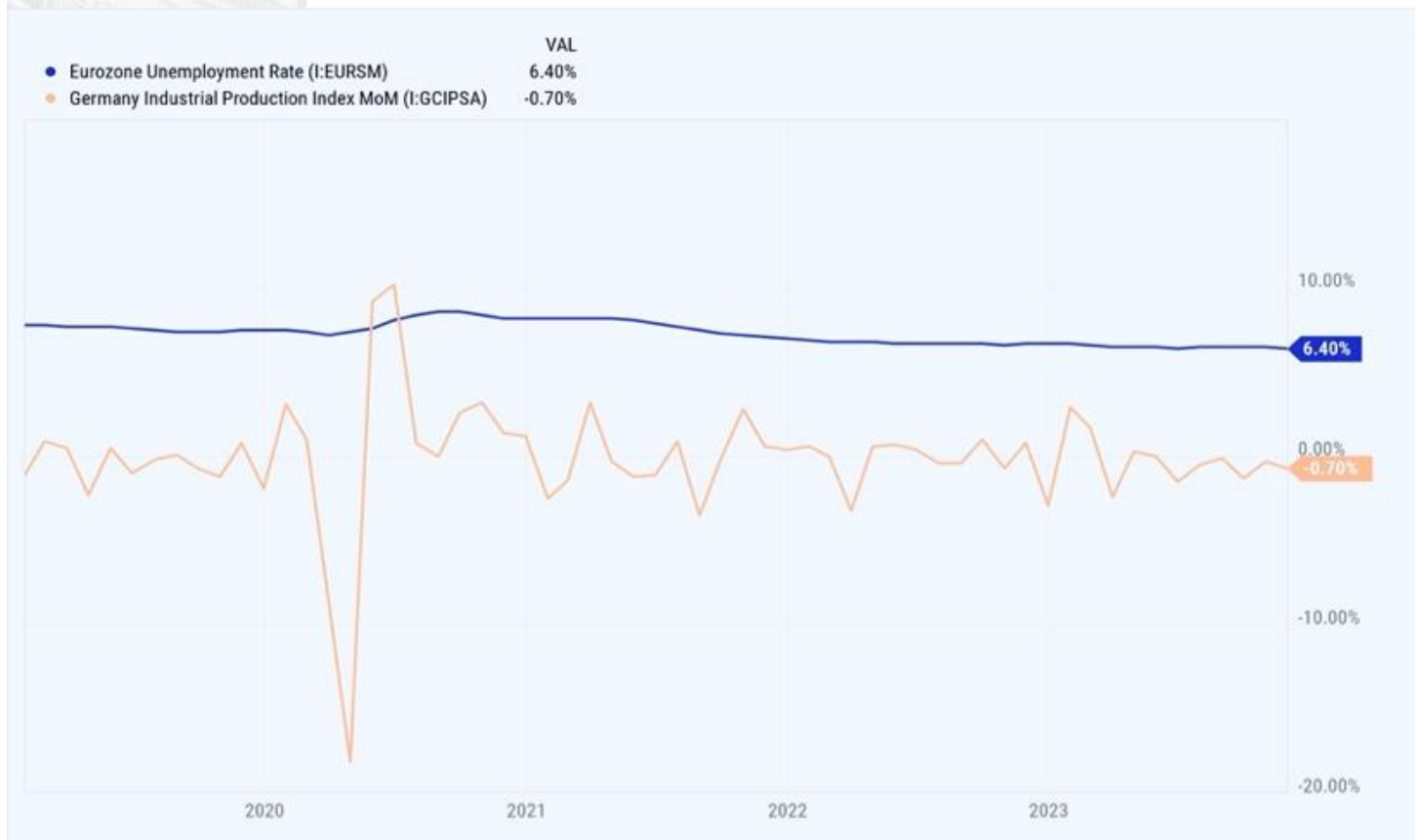
GDPNow 4Q23

Date	GDPNow 4Q23	Change
10/27/23	2.30%	Initial Forecast
11/1/23	1.20%	-47.8%
11/7/23	2.10%	42.9%
11/8/23	2.10%	0.0%
11/15/23	2.20%	4.5%
11/17/23	2.00%	-9.1%
11/22/23	2.10%	4.8%
11/30/23	1.80%	-16.7%
12/1/23	1.20%	-50.0%
12/6/23	1.30%	7.7%
12/7/23	1.20%	-8.3%
12/14/23	2.60%	50.0%
12/19/23	2.70%	55.6%
12/22/23	2.30%	-17.4%
1/2/24	2.00%	-15.0%
1/3/24	2.50%	20.0%
1/9/24	2.20%	-13.6%

US Trade Balance on Goods, US Trade Balance on Goods and Service and Canada Building Permits MoM



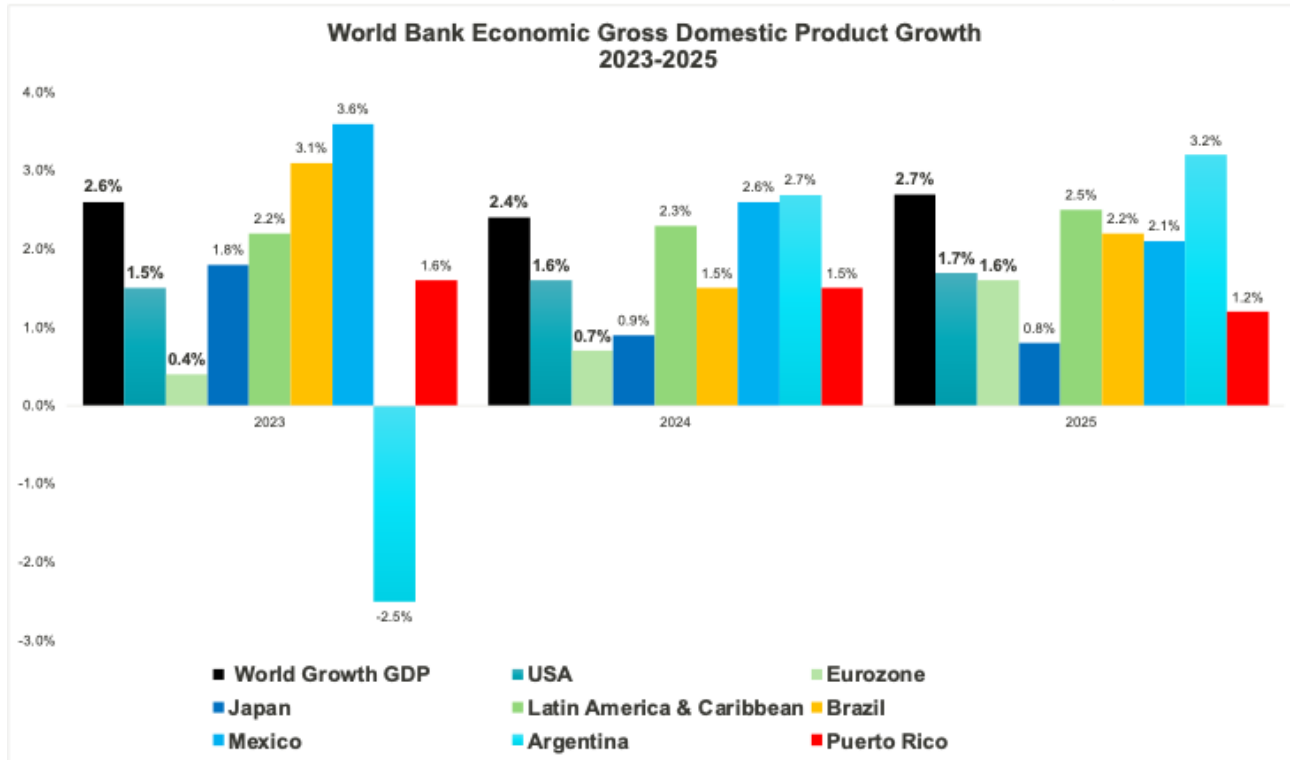
Eurozone Unemployment Rate and Germany Industrial Production Index MoM





World Bank Economic GDP Growth

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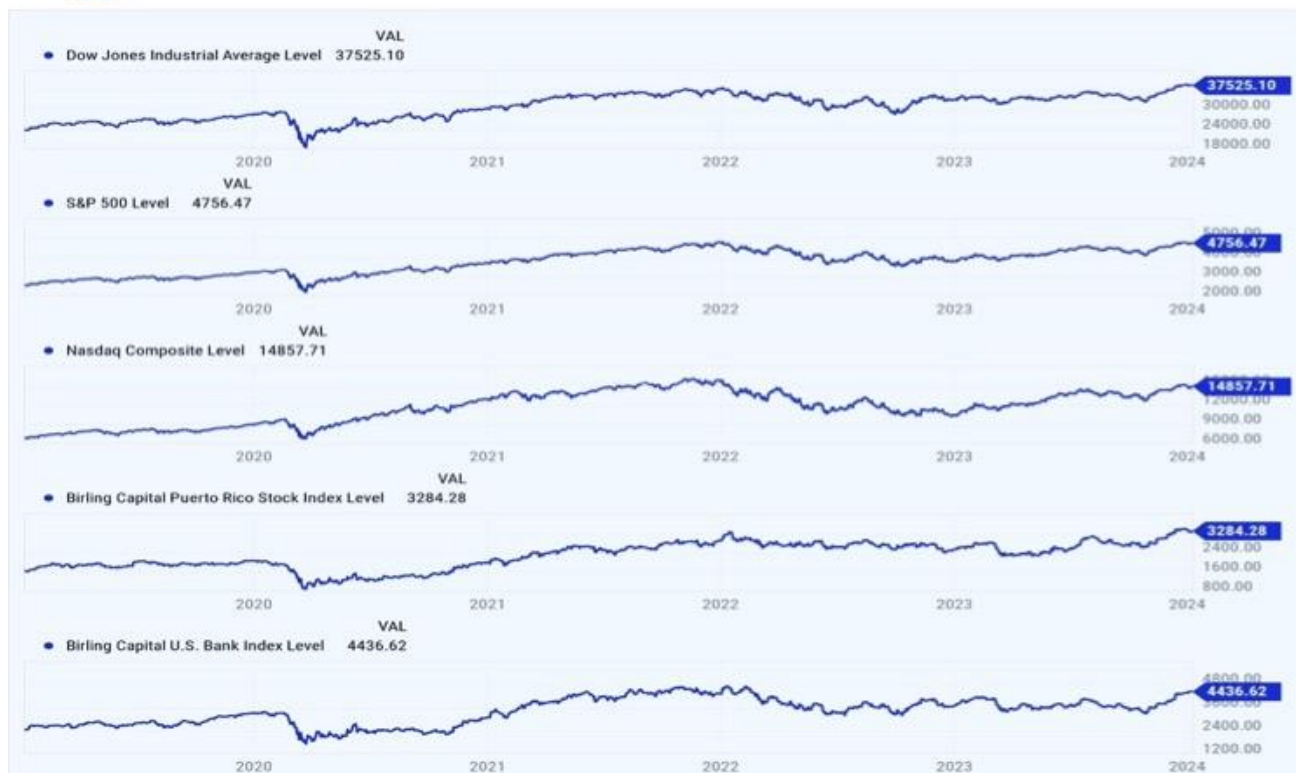


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