

The European Central Bank raised interest rates by 25 basis points, U.S. Retail and Food Services Sales fell, and Wall Street closed higher.

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The U.S. and European stock markets closed the session with mixed results as two divergent issues separate both sides of the Atlantic. Today, the European Central Bank raised the three key ECB interest rates by 25 basis points. The ECB's increase has happened since the Central Bank updated the EU inflation outlook and now expects headline inflation to average 5.4% in 2023, 3.0% in 2024, and 2.2% in 2025. While underlying price pressure indicators remain strong, some show tentative signs of softening.

In Wall Street, investors continue to digest the Fed's determination to leave rates unchanged while it signaled that two more rate increases might be in the cards, the first possibly during the July meeting; however, the narrative in Wall Street is now that the Fed rate increases are close to being done.

On the other hand, Fed Chairman Powell, during the press conference yesterday, reaffirmed the Fed's goal of reaching 2% target inflation and that the FOMC is focused on achieving that goal, with the CPI at 4.05%, surpassing the forecast of 4.13%, and a sharp decrease of 17.84% from last month's 4.93% and 55.29%, down the highest reading in June 2022 of 9.06%. The current CPI of 4.05% is still 102.5% above the Fed's 2% Inflation target rate. The Fed would most likely take the cautious path of adjusting its interest rate campaign prudently, but it will raise rates to achieve the target inflation, hoping it does not take the U.S. into a recession.

In economic news, the Claims for Unemployment remain unchanged at 262,000, the same as last week and the highest number since 10/2021 and a healthy manageable number. Moreover, the Retail and Food Services Sales decreased to 0.34%, compared to 0.37% last month, evidencing that Retail Sales have shifted as inflation Impacts Consumer Habits from Discretionary to Essential.

Today, the Greek and Mediterranean-focused chain Cava Group made its Initial Public Offering at \$22 per share; the company sold 14.4 million shares, raising \$318 million. Under the ticker symbol CAVA, the company traded as high as \$42.36, a 93% increase, valuing the restaurant chain at close to \$2.5 billion.

Cava Group, Inc., the parent of Cava and Zoës Kitchen, has 253 locations in 26 states.

GDPNow Update:

- The GDPNow for the second quarter of 2023 was updated on 6/15/23 and fell to 1.80% GDP from 2.20%, down 22.22%.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** is unchanged at 262,000, from 262,000 last week.
- **U.S. Retail and Food Services Sales MoM:** fell to 0.34%, compared to 0.37% last month.
- **U.S. Export Prices YoY:** fell to -10.13%, compared to -5.98% last month.
- **U.S. Import Prices YoY:** fell to -5.94%, compared to -4.88% last month.
- **U.S. Industrial Production MoM:** fell to -0.16%, compared to 0.51% last month.
- **U.S. Business Inventories MoM:** rose to 0.16%, compared to -0.23% last month.
- **U.S. Wholesalers Inventories MoM:** improved to -0.10%, compared to -0.23% last month.
- **30-Year Mortgage Rate:** fell to 6.71%, compared to 6.79% last week.
- **Canada Manufacturing Shipments MoM:** fell to 0.25%, compared to 0.79% last month.
- **ECB Deposit Facility Interest Rate:** increased to 3.50%, compared to 3.25% yesterday.
- **ECB Main Refinancing Operations Interest Rate:** increased to 4.00%, compared to 3.75% yesterday.

Eurozone Summary:

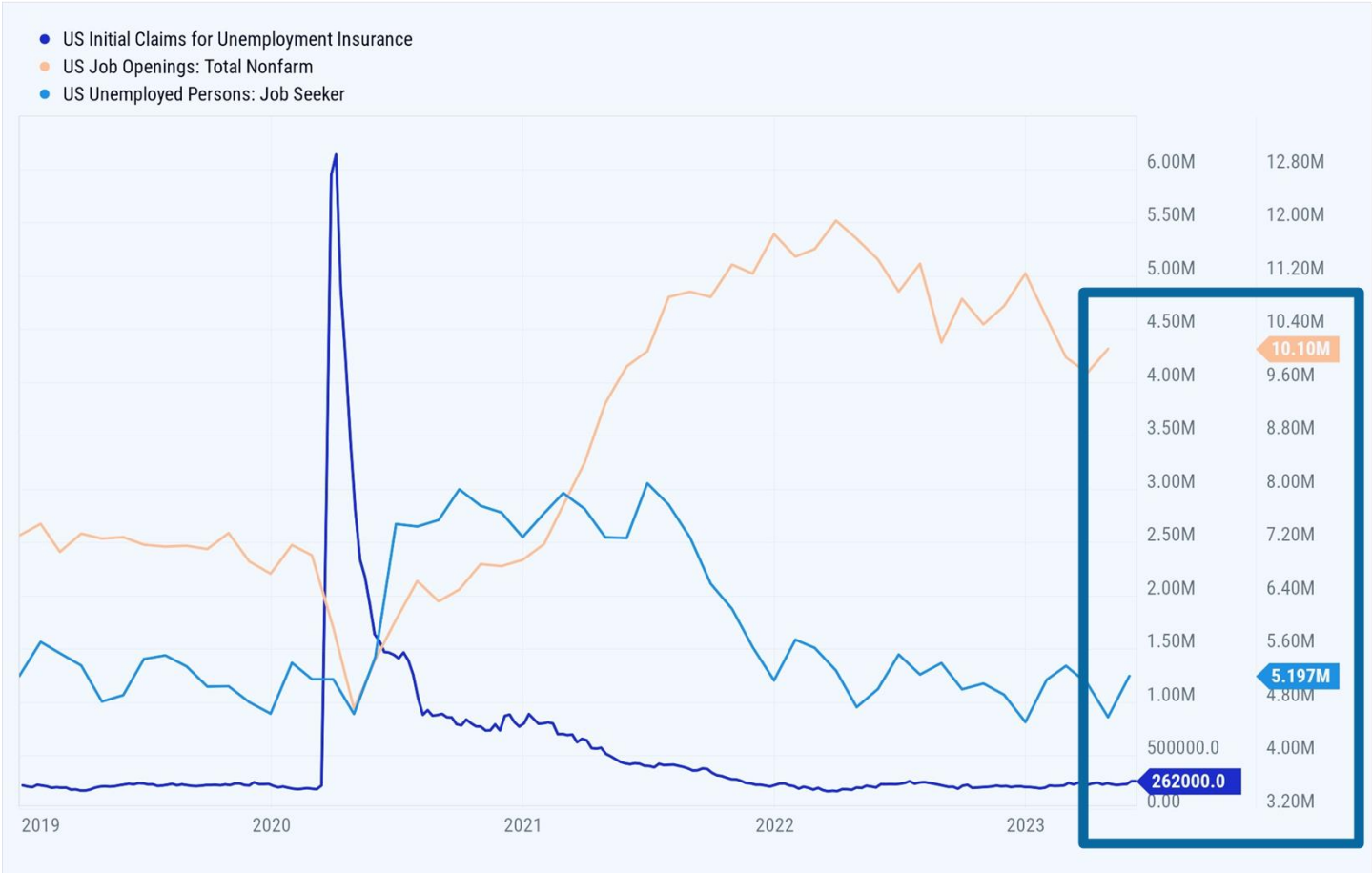
- **Stoxx 600** closed at 464.38, down 0.56 points or 0.12%.
- **FTSE 100** closed at 7,628.26, up 25.52 points or 0.34%.
- **Dax Index** closed at 16,290.12, down 20.67 points or 0.13%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 34,408.06, up 428.73 points or 1.26%.
- **S&P 500** closed at 4,425.84, up 53.25 points or 1.22%.
- **Nasdaq Composite** closed at 13,782.82, up 156.34 points or 1.15%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,538.19, down 40.92 points or 1.1.59%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,767.09, down 32.43 points or 0.85%.
- **U.S. Treasury 10-year note** closed at 3.72%.
- **U.S. Treasury 2-year note** closed at 4.62%.



US Unemployment Claims were unchanged at 262,000.



US Retail & Food Services Sales, US Export Prices, US Import Prices, US Industrial Production, US Business Inventories, US Wholesale Inventories, 30-year Mortgage Rate & Canada Manufacturing Shipments

- US Retail and Food Services Sales MoM
- US Export Prices YoY
- US Import Prices YoY
- US Industrial Production MoM
- US Business Inventories MoM
- US Wholesalers Inventories MoM
- 30 Year Mortgage Rate
- Canada Manufacturing Shipments MoM

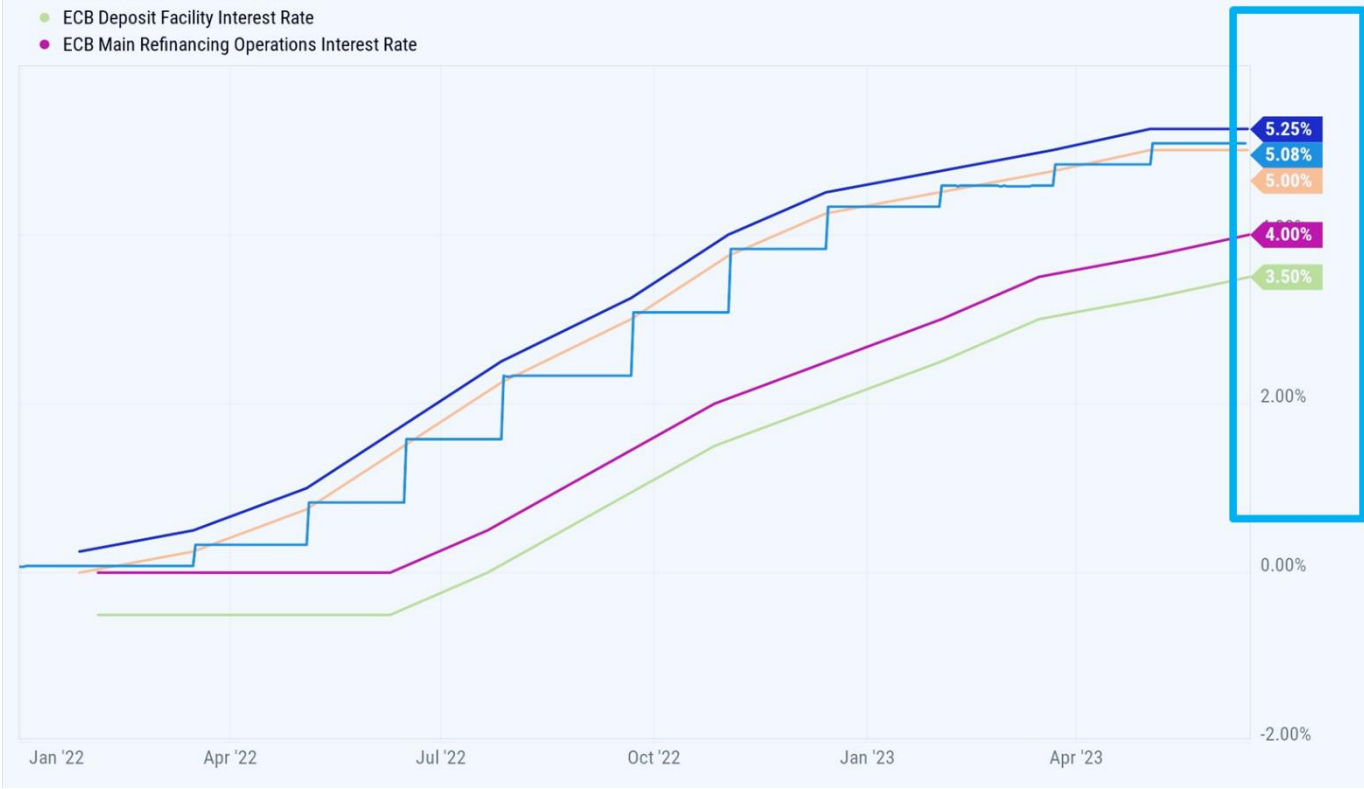




Federal Reserve Banks Versus European Central Bank Interest Rate Campaigns

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- Target Federal Funds Rate Upper Limit
- Target Federal Funds Rate Lower Limit
- Effective Federal Funds Rate
- ECB Deposit Facility Interest Rate
- ECB Main Refinancing Operations Interest Rate





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GDPNow 6.15.23

Second Quarter GDP Forecast

Date	GDPNow 2Q23	Change
4/28/2023	1.70%	Initial Forecast
5/1/2023	1.80%	5.56%
5/4/2023	2.70%	33.33%
5/8/2023	2.70%	0.00%
5/16/2023	2.60%	-3.85%
5/17/2023	2.90%	10.34%
5/26/2023	1.90%	-52.63%
6/1/2023	2.00%	5.00%
6/7/2023	2.20%	9.09%
6/8/2023	2.20%	0.00%
6/15/2023	1.80%	-22.22%



Wall Street Recap June 15, 2023



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