

Wall Street Momentum fizzles even with Third-Quarter GDP Surging to 5.20% and Federal Reserve Rate Cut Speculation Grows.

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The U.S. and European stock markets closed mixed, with the Wall Street rally losing its fizzles even as the narrative of decreasing interest rates in 2024 began to take hold. Today, Wall Street is also absorbing a dose of confidence in the economic outlook, as results for third-quarter GDP were updated upwards to 5.20%, revised from the initial number of 4.90%, a significant 6.12% increase.

As we alluded to above, the narrative that the Fed will cut rates early in 2024 is taking hold. This narrative is beginning to be reflected in the decrease of U.S. treasury 2-year notes falling to 4.64%, down from 5.20% last month. However, the narrative began to form a comment by Fed Governor Waller, who noted that he does not see the need for the monetary policy rate to remain restrictive if inflation continues downward. While we like the premise, Wall Street is too optimistic to expect rate cuts until the PCE is below 3%. The PCE for October is predicted to fall to 3.09% and the Core PCE to 3.55%; we shall see the actual results tomorrow.

We predict inflation will continue to fall but do not expect the Fed to lower rates until well into the second quarter of 2024.

Key Economic Data:

- **U.S. Real GDP QoQ:** rose to 5.20%, compared to 2.10% last quarter. This is higher than the long-term average of 3.19%.
- **U.S. Total Vehicle Sales fell to 15.97 million**, down from 16.18 million last month, decreasing by 1.31%.
- **Eurozone Economic Sentiment Indicator:** rose to 93.80, up from 93.50 last month.
- **Eurozone Consumer Confidence Indicator:** is at -16.90, up from -17.80 last month.
- **Germany Consumer Price Index YoY:** fell to 3.20%, compared to 3.80% last month.
- **Japan Consumer Confidence Index:** fell to 35.70, up from 35.20 last month, increasing 1.42%.
- **Japan Industrial Production Index MoM:** fell to -0.42%, compared to 1.05% last month.
- **China PMI** fell to 49.50, down from 50.20 last month, decreasing -1.39%.
- **China Non-Manufacturing PMI:** fell to 50.60, down from 51.70 last month, declining -2.13%.

Eurozone Summary:

- **Stoxx 600** closed at 459.10, up 2.06 points or 0.45%
- **FTSE 100** closed at 7,423.46, down 31.78 points or 0.43%.
- **Dax Index** closed at 16,166.45, up 173.78 points or 1.09%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 35,430.42, up 13.44 points or 0.04%.
- **S&P 500** closed at 4,550.59, down 4.30 points or 0.09%.
- **Nasdaq Composite** closed at 14,258.49, down 23.27 points or 0.16%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,961.30, down 11.39 points or 0.38%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,788.64, down 6.07 points or 0.16%.
- **U.S. Treasury 10-year note** closed at 4.27%.
- **U.S. Treasury 2-year note market** closed at 4.64%.



US Total Vehicle Sales and US Real GDP QoQ

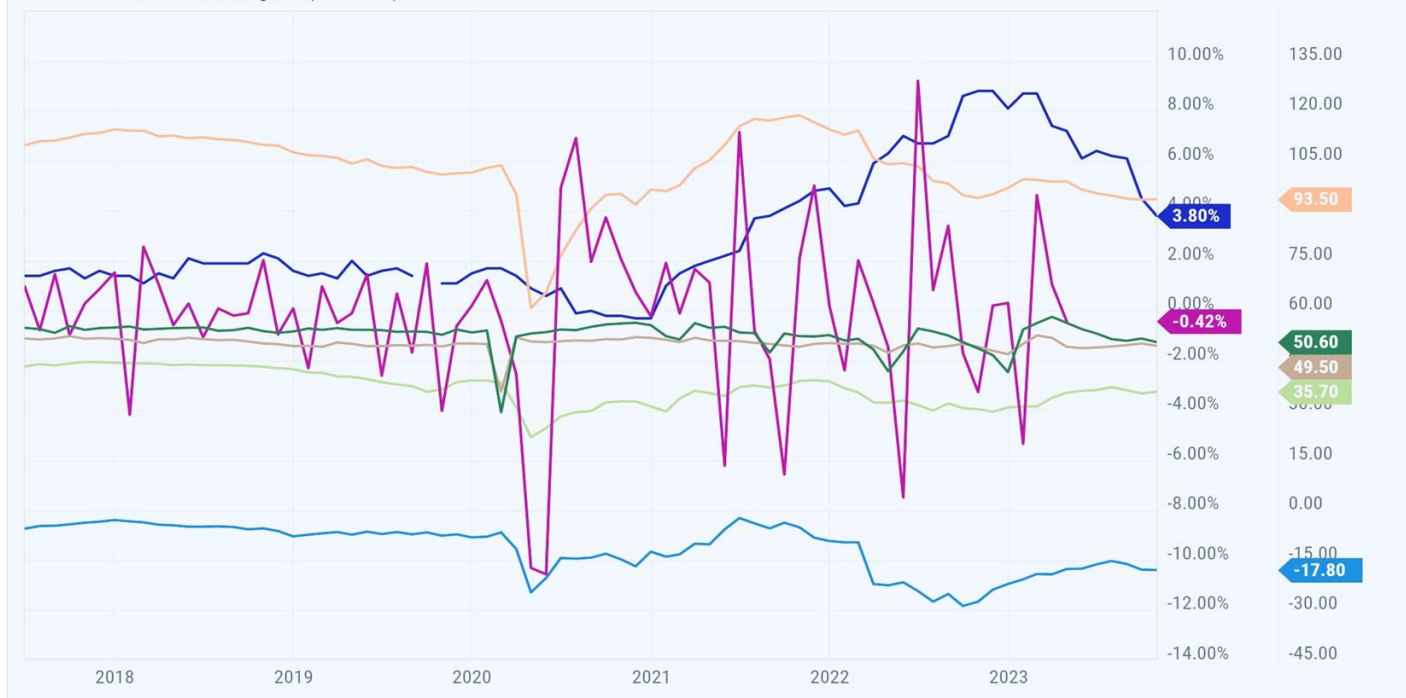




Germany CPI, EU Economic Sentiment Indicator, EU Consumer Confidence, Japan Consumer Confidence, Japan Industrial Production, China PMI & China Non-Manufacturing PMI

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Germany Consumer Price Index YoY (I:GCCPNGCS)	3.80%
Eurozone Economic Sentiment Indicator (I:EESI)	93.50
Eurozone Consumer Confidence Indicator (I:ECCISM)	-17.80
Japan Consumer Confidence Index (I:JPCCI)	35.70
Japan Industrial Production Index MoM (I:JCIIP)	-0.42%
China PMI (I:CPMI)	49.50
China Non-Manufacturing PMI (I:CNMPMI)	50.60

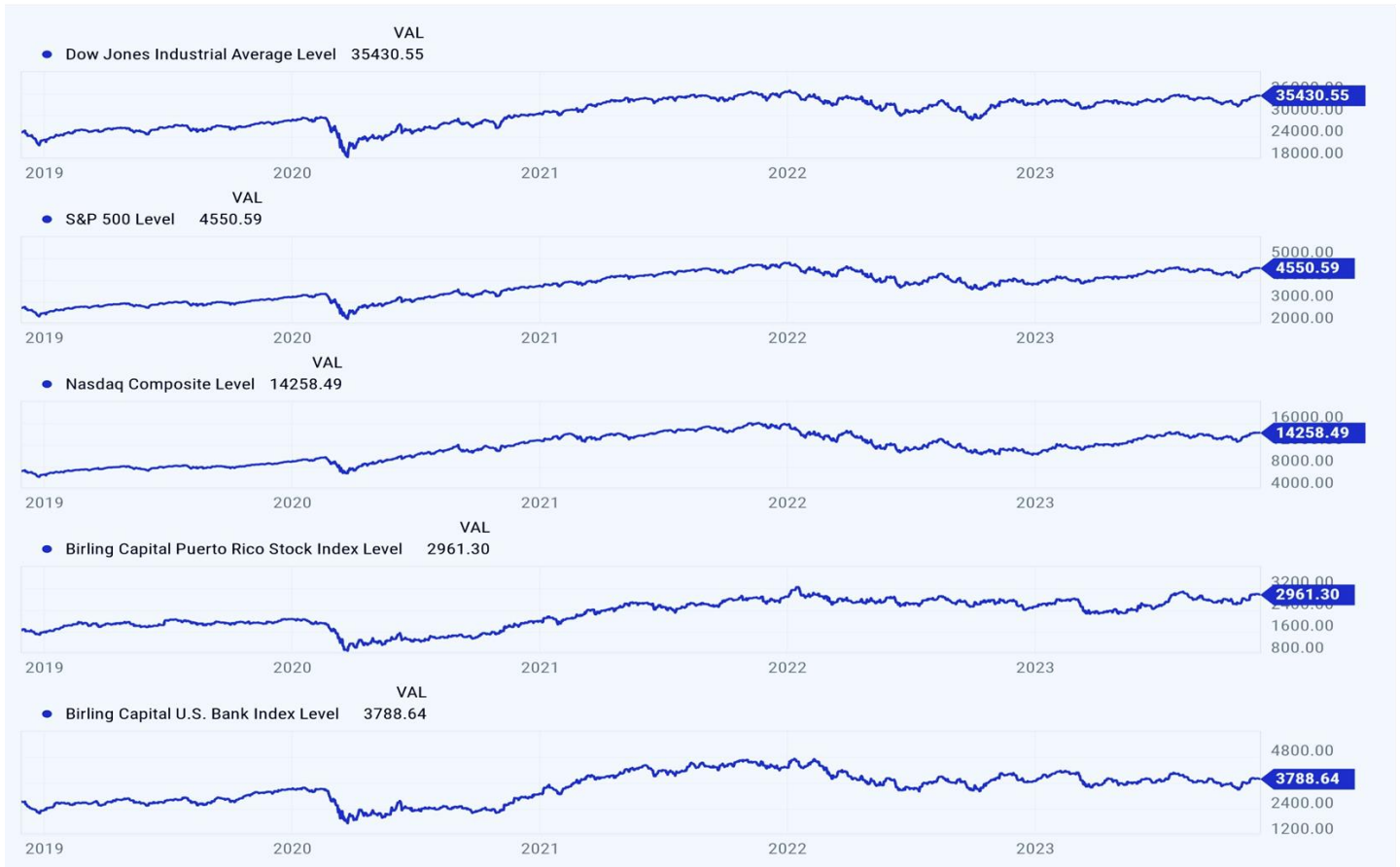




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