The Fed's preferred inflation index, the PCE reading, misses consensus estimates of 5.18%, coming in at 5.54%, and Wall Street closes with gains.

December 23, 2022

by Francisco Rodríguez-Castro
frc@birlingcapital.com

Today, the U.S. & European stock markets oscillated between gains and losses as investors dealt with three vital economic benchmarks: two missed expectations, and one rose above estimates.

The Personal Consumption Expenditures or PCE Index fell to 5.54% below last month and a year ago but above consensus estimates that forecasted a 5.18% reading. Since this is the Fed's preferred inflation reading, this is a big miss, as one may wonder if the aggressive interest rate campaign is having the desired effect. Also, the U.S. Durable GoodS New Orders M-o-M fell to -2.09%, while most expected it to rise, and the lower-than-expected reading is a negative development.

GDPNow Update:

- The GDPNow estimate for the fourth quarter was updated today to 3.70% GDP, up from 2.70% on 12/20.

GDPNow Update 12/23/22

Date	GDPNow 4Q	Change
11/23/22	4.30%	2.40%
12/6/22	3.40%	-20.9%
12/9/22	3.20%	-5.9%
12/15/22	2.80%	-12.5%
12/20/22	2.70%	-3.6%
12/23/22	3.70%	37.0%

Key Economic Data:

- **U.S. PCE Price Index YoY:** fell to 5.54%, compared to 6.08% last month and below the 5.85% last year.
- **U.S. Core PCE Price Index YoY:** fell to 4.68%, compared to 5.05% last month.

- **U.S. Index of Consumer Sentiment:** rose to 59.70, up from 56.80 last month, an improvement of 5.11%.
- **U.S. Durable Goods New Orders MoM:** fell to -2.09%, compared to 0.68% last month.
- **U.S. New Single-Family Houses Sold:** rose to 640,000, up from 605,000 last month, increasing 5.79%.
- **U.S. Personal Income MoM:** fell to 0.36%, compared to 0.68% last month.
- **U.S. Personal Spending MoM:** fell to 0.11%, compared to 0.86% last month.
- **Canada Real GDP MoM:** fell to 0.07%, compared to 0.17% last month.

Puerto Rico COVID-19 Update December 23:

- Daily Cases: 227
- Positivity Rate: 25.34%
- Hospitalizations: 216
- Deaths: 3
- Source P.R. Department of Health.

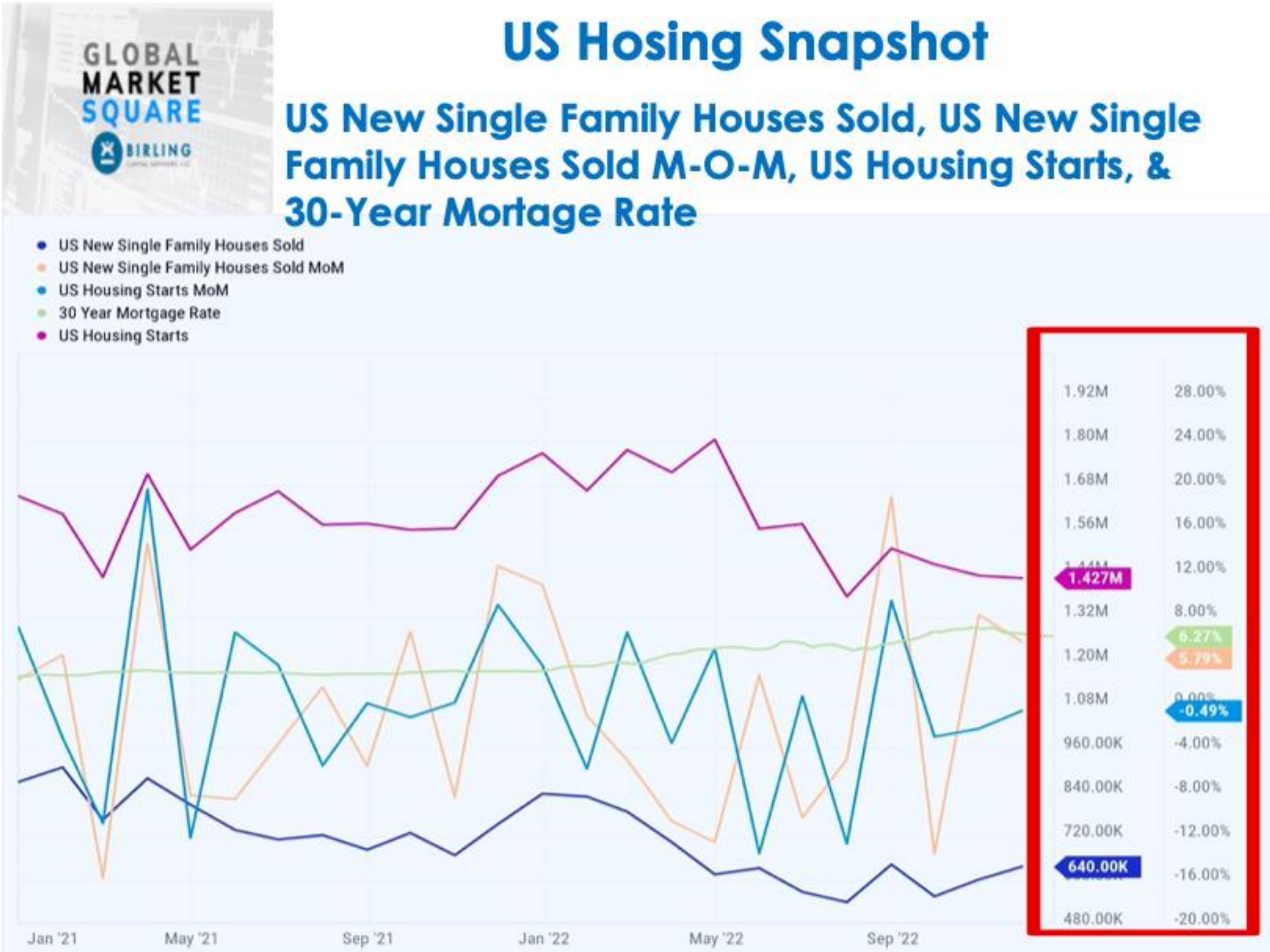
Eurozone Summary for December 23:

- Stoxx 600 closed at 427.38, up 0.72 points or 0.082%.
- FTSE 100 closed at 7,473.01, up 3.73 points or 0.050%.
- Dax Index closed at 13,949.09, up 35.02 points or 0.26%.

Wall Street Summary for December 23:

- Dow Jones Industrial Average closed at 33,203.93, Up 176.44 points or 0.53%.
- S&P 500 closed at 3,844.82, Up 22.43 points or 0.59%.
- Nasdaq Composite closed at 10,497.86, Up 21.74 points or 0.21%.
- Birling Capital Puerto Rico Stock index closed at 2,451.97, down 6.64 points or 0.27%.
- U.S. Treasury 10-year note closed at 3.75%.
- U.S. Treasury 2-year note closed at 4.31%.

US PCE Index, US Core PCE, US Personal Income, US Personal Spending & US Durable Goods New Orders


GLOBAL
MARKET
SQUARE
BIRLING
US Hosing Snapshot
US New Single Family Houses Sold, US New Single Family Houses Sold M-O-M, US Housing Starts, & 30-Year Mortage Rate
US New Single Family Houses Sold
US New Single Family Houses Sold MoM
US Housing Starts MoM
30 Year Mortgage Rate
US Housing Starts
1.92M
1.80M
1.68M
1.56M
1.427M
1.32M
1.20M
1.08M
960.00K
840.00K
720.00K
640.00K
480.00K
28.00%
24.00%
20.00%
16.00%
12.00%
8.00%
6.27%
5.79%
-0.49%
-4.00%
-8.00%
-12.00%
-16.00%
-20.00%
Jan '21
May '21
Sep '21
Jan '22
May '22
Sep '22