

The Fed Raises Rates by 25 basis points, U.S. Recession Probability rose to 47.31%, and Wall Street closed higher.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. & European stock markets closed with asymmetrical results, as investors expected the Federal Reserve Banks' determination to increase rates by 25 basis points instead of the 50 basis points it had elected to do during past FOMC meetings.

As the Fed announced the latest interest rate increase of 25 basis points, Wall Street, trading in negative territory, changed course following the announcement, and the market closed up.

However, the Fed made two critical statements that interest rate increases would continue during 2023 to restrain activity enough to allow inflation to decrease to its target of 2%. The FOMC stated that they do not envision rate drops during 2023. The latest rate increase brings the federal funds rate to between 4.5% and 4.75%, the highest level in 16 years.

In Europe, the good news was that inflation fell more than expected to 8.5% from 9.2%, decreasing much more than expected; while positive, it's still 325%, apart from the 2% ECB rate.

Corporate Earnings Parade:

- **Peloton Interactive Inc (PTON):** reported its second quarter 2023 earnings with revenues of \$792.7 million, down 30%, and a net loss of \$335.4 million, up 24%, which beat estimates. Peloton increased its connected subscriptions by 10% to 3.033 million. The stock closed at \$16.37, up \$3.44 or 26.60%. The Stock Price Target was \$12.65, and the investors surpassed it.

Key Economic Data:

- **U.S. Job Openings: Total Nonfarm:** rose to 11.01 million, up from 10.44 million last month, increasing 5.48%.
- **ADP Employment Change:** fell to 106,000, down from 253,000 last month, decreasing -58.10%.
- **U.S. ISM Manufacturing PMI:** fell to 47.40, down from 48.40 last month, declining -2.07%.
- **U.S. ISM Manufacturing New Orders Index:** fell to 42.50, down from 45.10 last month, dropping to -5.76%.
- **U.S. Recession Probability:** rose to 47.31%, compared to 38.06% last month.

Puerto Rico COVID-19 Update February 1:

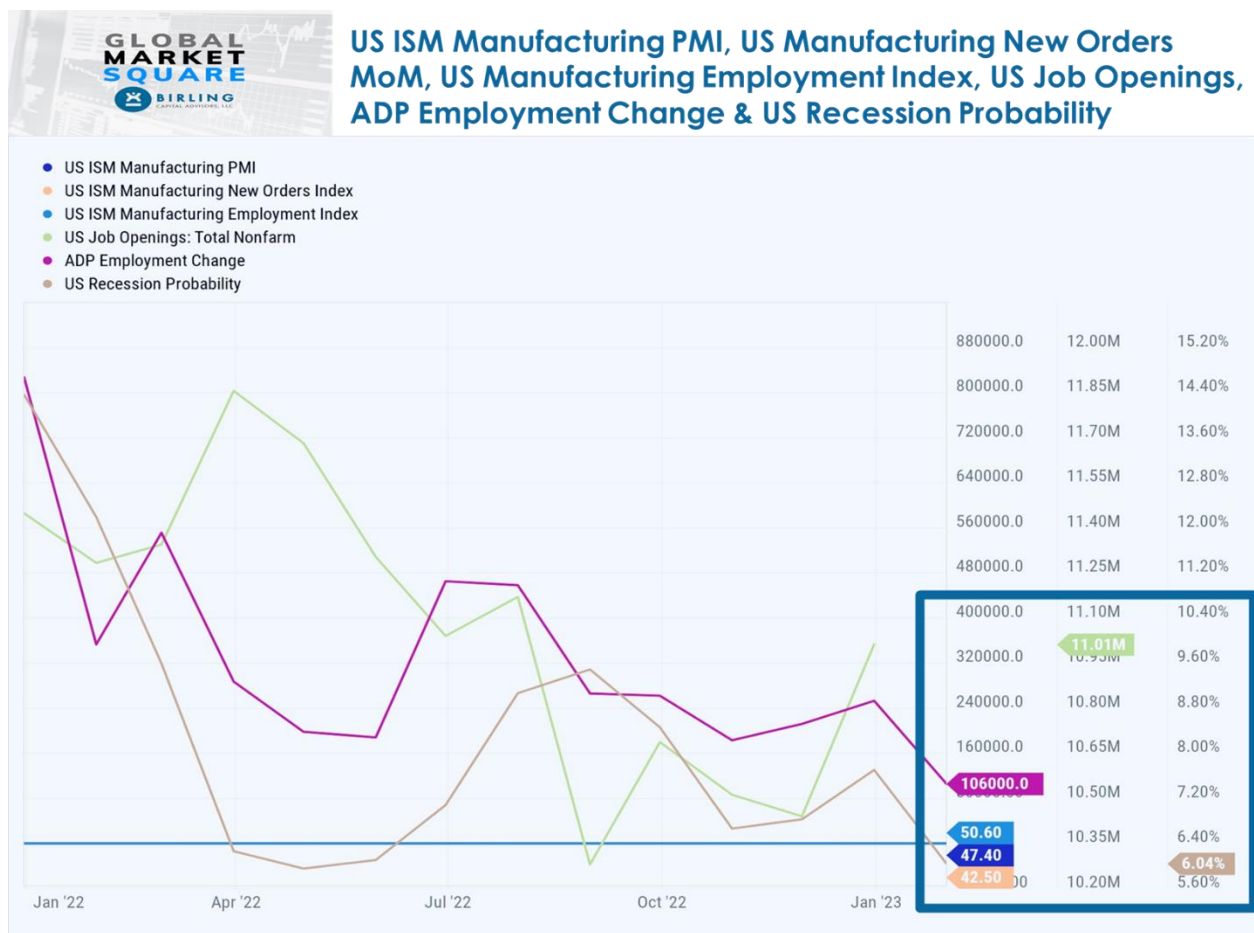
- Daily Cases: 160
- Positivity Rate: 17.49%
- Hospitalizations: 152
- Deaths: 6
- Source P.R. Department of Health.

Eurozone Summary for February 1:

- Stoxx 600 closed at 452.83, down 0.38 points or 0.084%.
- FTSE 100 closed at 7,761.11, down 10.59 points or 0.14%.
- Dax Index closed at 15,180.74, up 52.47 points or 0.35%.

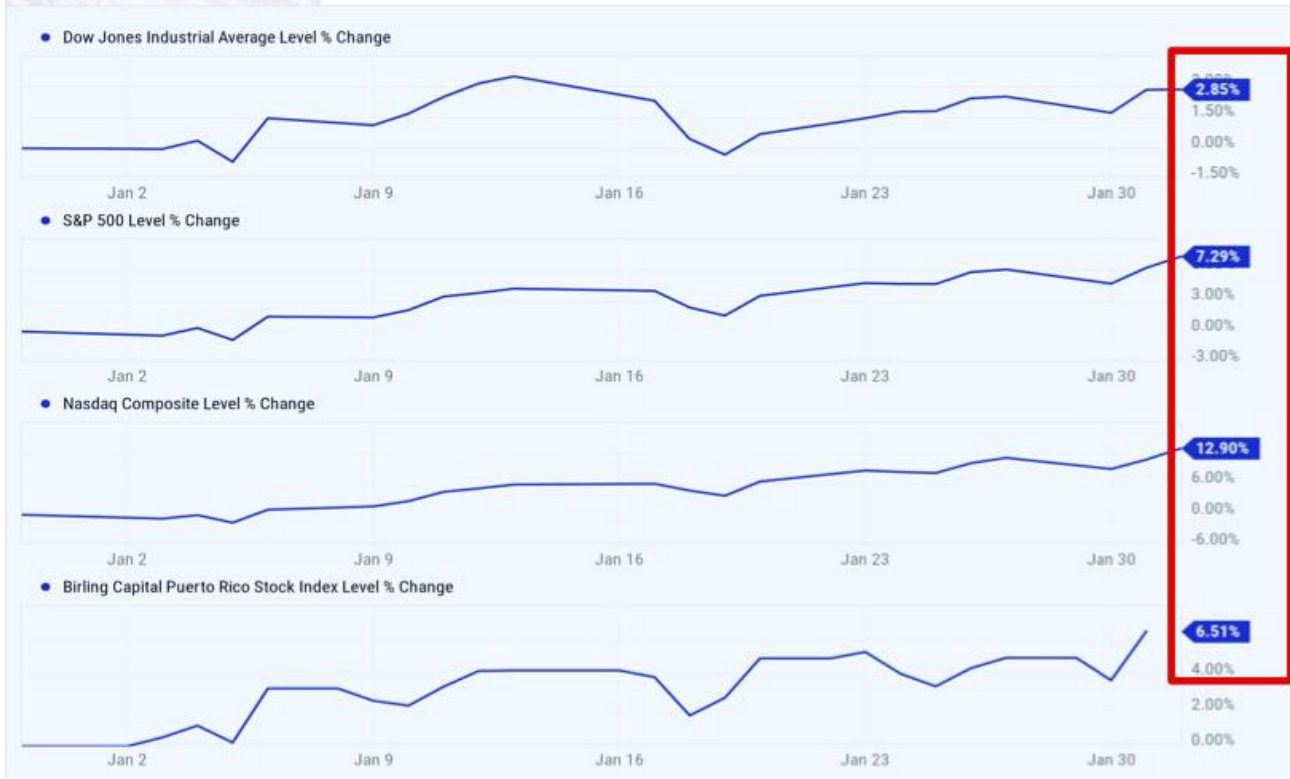
Wall Street Summary for February 1:

- Dow Jones Industrial Average closed at 34,092.96, up 6.92 points or 0.02%.
- S&P 500 closed at 4,119.21, up 42.61 points or 1.05%.
- Nasdaq Composite closed at 11,816.22, up 231.77 points or 2.00%.
- Birling Capital Puerto Rico Stock index closed at 2,684.87, up 70.04 points or 2.68%.
- U.S. Treasury 10-year note closed at 3.39%.
- U.S. Treasury 2-year note closed at 4.09%.



Wall Street YTD Returns

Dow Jones, S&P 500, Nasdaq Composite & Birling Puerto Rico Stock Index





Cierre de Wall Street

1 de febrero de 2023

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