

High Yields Bonds are yielding 8%; it's time to look into them; Unemployment claims rise 7.10%, and Wall Street tanks.

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The U.S. and European stock markets closed with asymmetrical results as Wall Street turned pessimistic, While Europe's sentiment improved, outperforming Wall Street. The concerns continue over the Federal Reserve Bank's actions to curb inflation and how much higher the interest rate would have to consider inflation tamed.

The pessimistic tone, in our view, is not warranted since the current scenario of rates and economic growth all point that the U.S. will avoid falling into a recession.

In a recent interview Kristalina Georgieva, Managing Director of the International Monetary Fund, said "The U.S. economy is also going to slow down this year. But, at least based on the data we have today, we think the U.S. would be able to go through the year narrowly avoiding falling into recession".

As we pointed out yesterday, the GDPNow Forecast for Q1-23 is for GDP growth of 2.2%, and these numbers are far from recessionary.

Also, consider these two numbers: the U.S. Consumer Price Index is at 6.45%, and the Eurozone Consumer Price Index is at 9.20%; while both are far from their 2% inflation targets, the U.S. is better positioned.

One of the asset classes that may be worth your while considering is the High Yield bonds, formerly known as "Junk Bonds", as the prices of risky U.S. companies' debt have risen sharply, the yields on U.S. junk bonds, which is debt sold by businesses with below investment grade rating is at 8%. This is a good asset class for investors looking to increase yields.

Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** rose to 196,000, up from 183,000 last week, increasing 7.10%.
- **30-Year Mortgage Rate:** fell to 6.09%, compared to 6.13% last week.
- **Germany Consumer Price Index YoY:** fell 8.70%, compared to 8.60% last month.
- **China Inflation Rate:** rose to 1.80%, compared to 1.60% last month.
- **China Producer Price Index YoY:** is at -0.70%, compared to -1.30% last month.

Puerto Rico COVID-19 Update February 9:

- Daily Cases: 90
- Positivity Rate: 14.14%
- Hospitalizations: 165

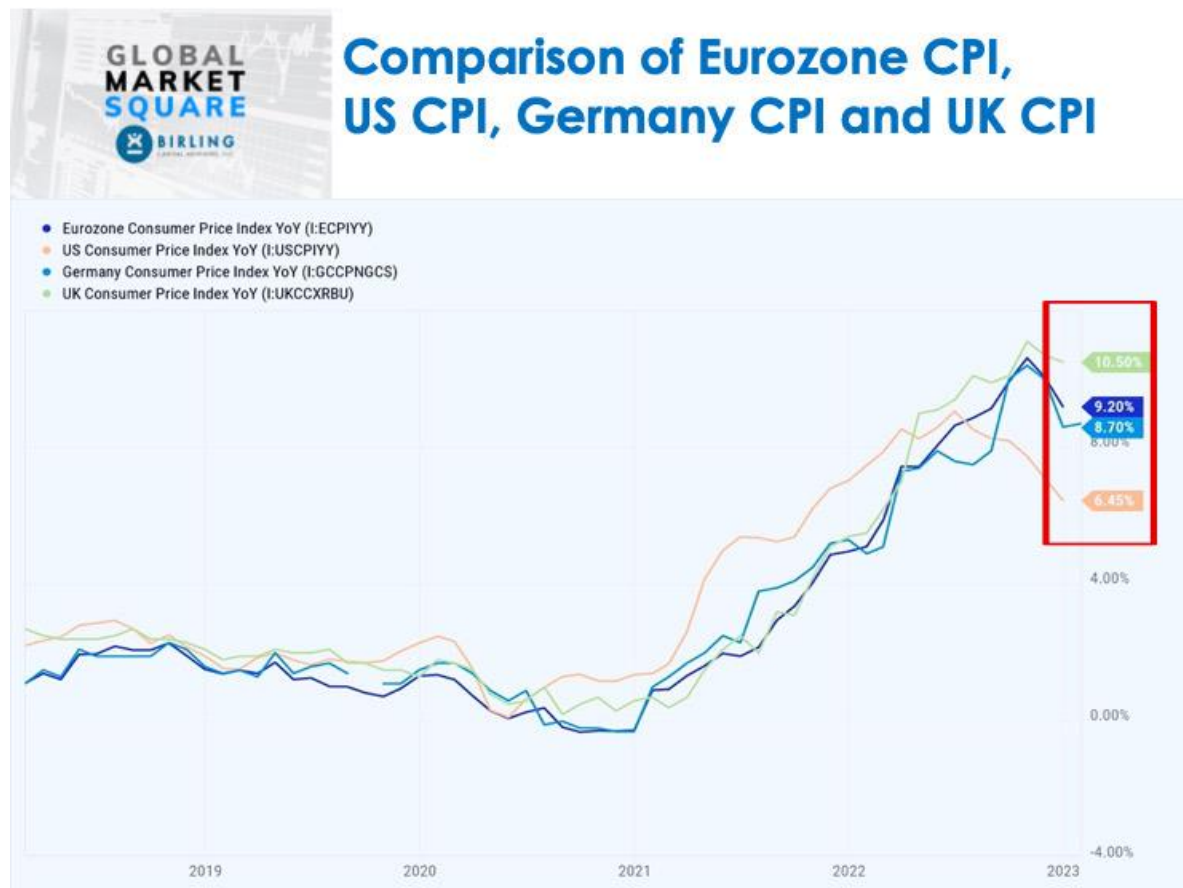
- Deaths: 10
- Source P.R. Department of Health.

Eurozone Summary for February 9:

- Stoxx 600 closed at 462.38, up 2.92 points or 0.64%.
- FTSE 100 closed at 7,911.15, up 25.98 points or 0.33%.
- Dax Index closed at 15,523.42, up 111.37 points or 0.72%.

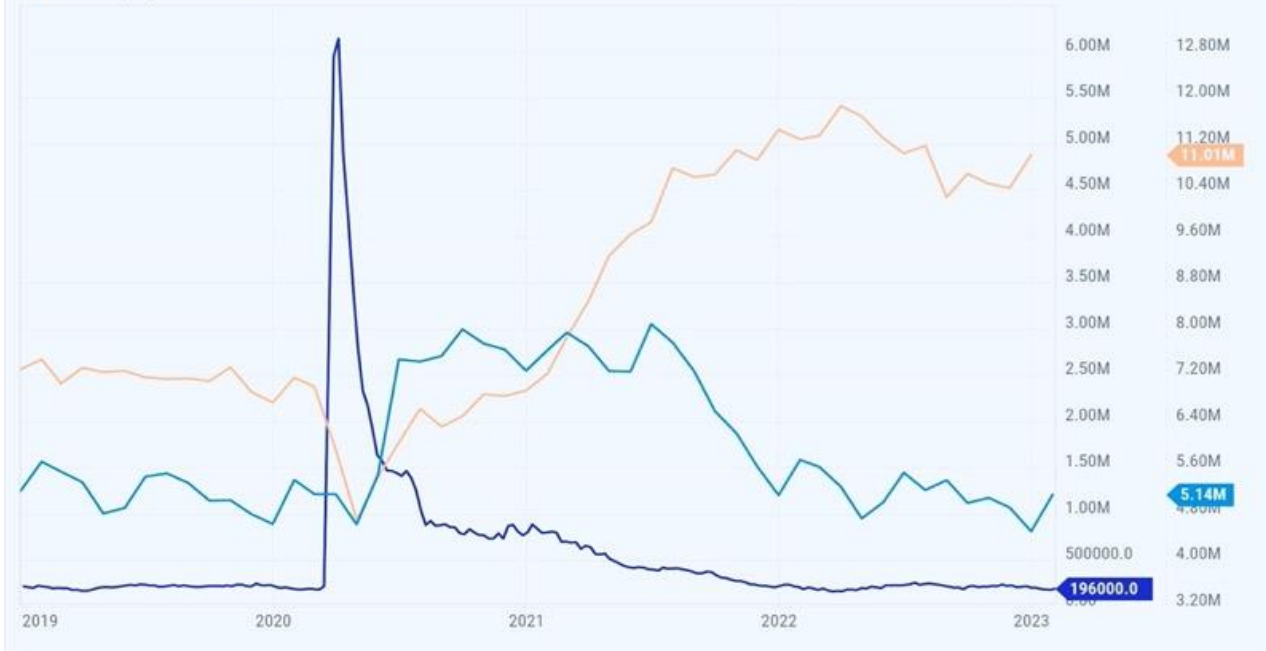
Wall Street Summary for February 9:

- Dow Jones Industrial Average closed at 33,699.88, down 249.13 or 0.73%.
- S&P 500 closed at 4,081.50, down 36.36 points or 0.88%.
- Nasdaq Composite closed at 11,789.58, down 120.94 points or 1.02%.
- Birling Capital Puerto Rico Stock index closed at 2,751.33, down 31.12 points or 1.12%.
- U.S. Treasury 10-year note closed at 3.67%.
- U.S. Treasury 2-year note closed at 4.48%.



US Claims for Unemployment rose to 196,000 up 7.10%

- US Initial Claims for Unemployment Insurance
- US Job Openings: Total Nonfarm
- US Unemployed Persons: Job Seeker





Wall Street Recap

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