

The Euro and Dollar hit parity, PepsiCo led off the earnings parade, beating estimates, and Wall Street closed down.

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The U.S. & European stock markets ended the session with asymmetrical results as mounting investors' concerns over a global economic meltdown and continued high inflation could impact markets further. Tomorrow the Consumer Price Index reading is due to report, and the consensus estimates go from deceleration to an increase in the range of 8.60% to 8.80%; our view is that inflation has peaked, and we expect the CPI to reflect it.

Today the Euro and the Dollar hit parity for the first time since 2002; the Euro fell to \$0.998, down 19% since 2021 closed at \$1.003 over fears of a prolonged European recession.

Economists and analysts estimate that the Euro could drop further should a recession materialize, be mindful that Europe depends intensely on Russian oil by 25% and gas by 40%, making it vulnerable.

Like the currency, this has two sides; on one side, it is terrible news for U.S. companies because their products have already become 19% more expensive for foreign buyers, and if this continues to rise, it will hurt sales sharply. If U.S. exports weaken, the result will be that the already sluggish U.S. economy will take yet another hit.

But on the other side, it is good news for Americans planning to visit Europe this summer, where everything will be cheaper because of the exchange rate, something that has not happened in 20 years.

The corporate Earnings Parade began today:

- PepsiCo Inc. (PEP): reported 2Q22 earnings with revenues of \$20.225 billion, up 5.20%, and a Net income of \$1.429 billion, down 39%, beating estimates, and the company increased its revenue outlook by 10%. The company stock has a price target of \$181.37 and closed at \$169.60, down \$0.97.

Key economic data:

- ZEW Indicator of Economic Sentiment for Germany: fell to -53.80, down from -28.00 last month.

Puerto Rico COVID-19 Update July 12:

- Daily Cases: 475, down 2.26%
- Positivity Rate: 31.29, down 1.91%.
- Hospitalizations: 359, up 3.89%
- Deaths: 10, up 233%.
- Source Puerto Rico Department of Health.

Eurozone Summary for July 12:

- Stoxx 600 closed at 416.72, up 1.70 points or 0.41%.
- FTSE 100 closed at 7,209.86, up 13.27 points or 0.18%.
- Dax Index closed at 12,905.48, up 77.04 points or 0.57%.

Wall Street Summary for July 12:

- Dow Jones Industrial Average closed at 30,981.33, down 192.51 points or 0.62%
- S&P 500 closed at 3,818.80, down 35.63 points or 0.92%.
- Nasdaq Composite closed at 11,264.73, down 107.87 points or 0.95%.
- Birling Capital Puerto Rico Stock index closed at 2,629.55, down 10.67 points or 0.40%.
- The U.S. Treasury 10-year note closed at 2.96%.
- The U.S. Treasury 2-year note closed at 3.03%.

As you can see, the Inverted Yield Curve remains for the fifth consecutive trading session.



Euro to Dollar Exchange Rate 1/1/ 99 a 7/11/22

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Wall Street July 12, 2022

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• Dow Jones Industrial Average Level



• S&P 500 Level



• Nasdaq Composite Level



• Birling Capital Puerto Rico Stock Index Level

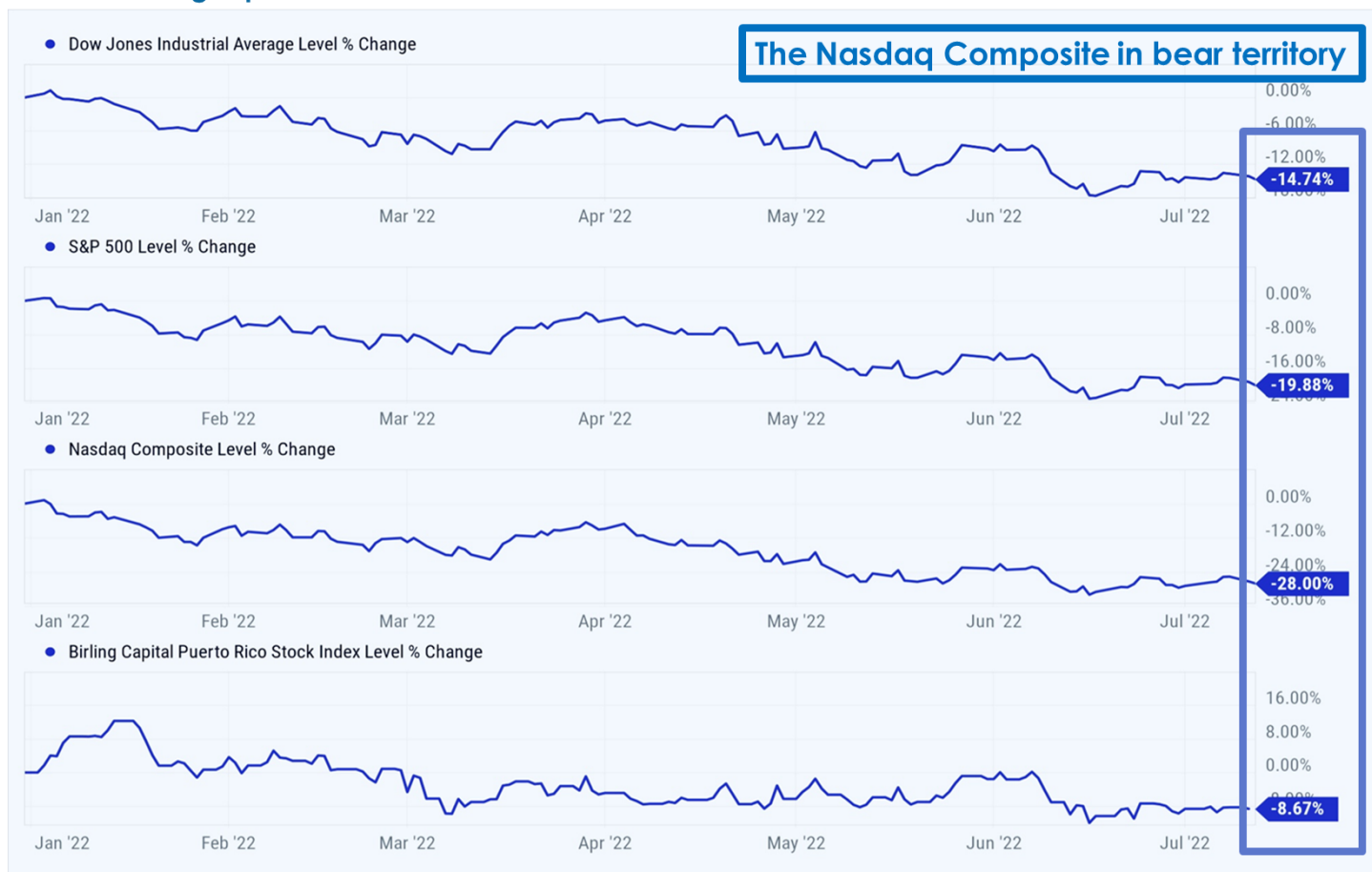




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YTD Returns



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