GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

The U.S. economy may continue strengthening and absorb the rate increases without falling into a recession, and Wall Street closed higher.

March 3, 2023

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The U.S. & European stock markets closed the week with gains following a combination of economic data, lower bond yields, and an indication from Atlanta Fed Raphael Bostic that the Fed could continue to increase rates at 25 basis point increments stating that "I'm going to stay open to any possibility that if data come in stronger than expected, then I will adjust my policy trajectory".

The U.S. economy may continue strengthening with robust consumer spending and flexing the labor market and may absorb the rate increases without falling into a recession.

Since January, the GDPNow forecast has been projecting a positive GDP for 1Q23, and the latest one is 2.30% GDP; to that end, we composed a chart of how a few relevant economic indicators have been trending compared to market performance, including US GDP, Consumer Sentiment, Inflation Rate, and the 10-2 Year Treasury Yield Spread.

Key Economic Data:

- **US ISM Services PMI:** fell to 55.10, down from 55.20 last month.
- **US ISM Services New Orders Index:** rose to 62.60, up from 60.40 last month.
- **US ISM Services Employment Index:** rose to 54.00, up from 50.00 last month.
- **US ISM Services Prices Paid Index:** fell to 65.60, down from 67.80 last month.
- **Canada Building Permits MoM:** improved to -3.97%, compared to -7.69% last month.
- **Germany Exports MoM:** rose to 2.10%, compared to -6.30% last month.
- **Germany Trade Balance:** rose to 16.70 billion, up from 10.00 billion last month, increasing 67.00%.

Puerto Rico COVID-19 Update March 3:

- Daily Cases: 65
- Positivity Rate: 11.63%
- Hospitalizations: 107
- Deaths: 2
- Source P.R. Department of Health.

Eurozone Summary for March 3:

- Stoxx 600 closed at 464.49, up 4.47 points or 0.97%.
- FTSE 100 closed at 7,947.11, up 3.07 points or 0.04%.
- Dax Index closed at 15,578.39, up 250.75 points or 1.64%.

Wall Street Summary for March 3:

- Dow Jones Industrial Average closed at 33,390.97, up 387.40 or 1.17%.
- S&P 500 closed at 4,045.64, up 64.29 points or 1.61%.
- Nasdaq Composite closed at 11,689.01, up 226.02 points or 1.97%.
- Birling Capital Puerto Rico Stock index closed at 2,770.90, down 34.43 points or 1.23%.
- U.S. Treasury 10-year note closed at 3.97%.
- U.S. Treasury 2-year note closed at 4.86%.

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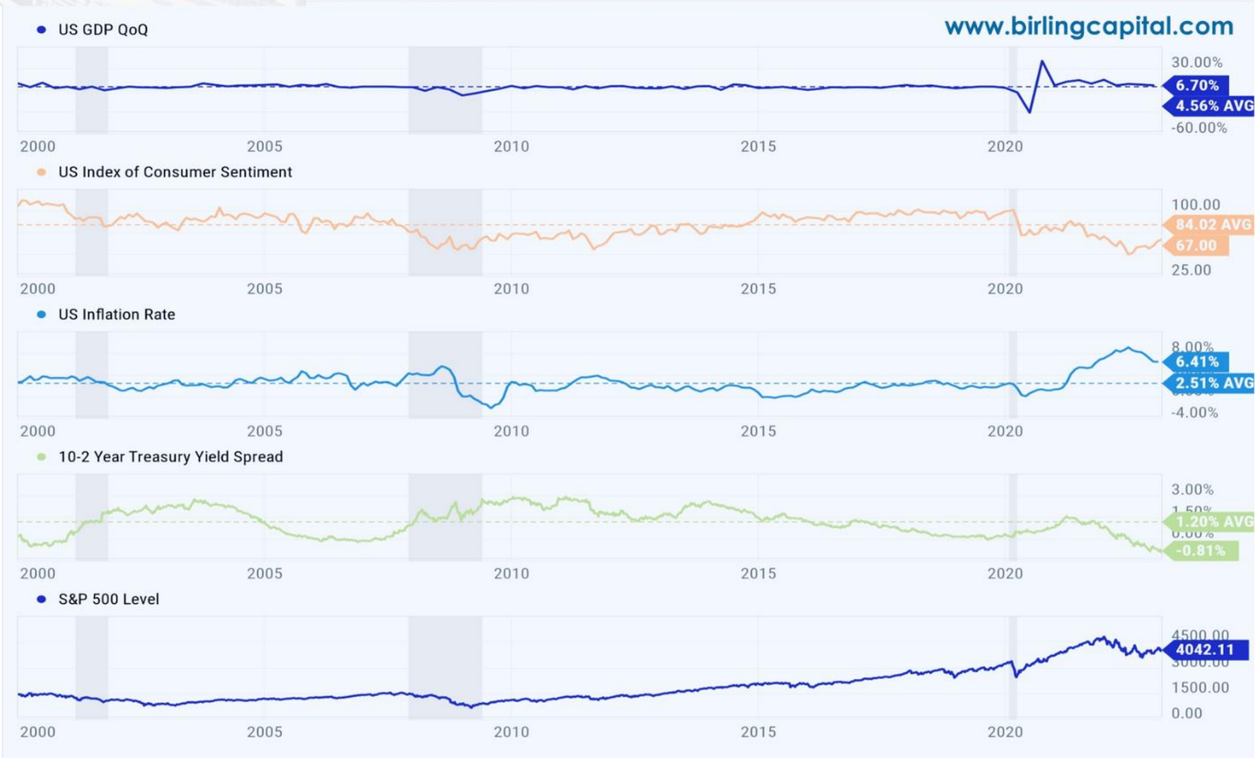
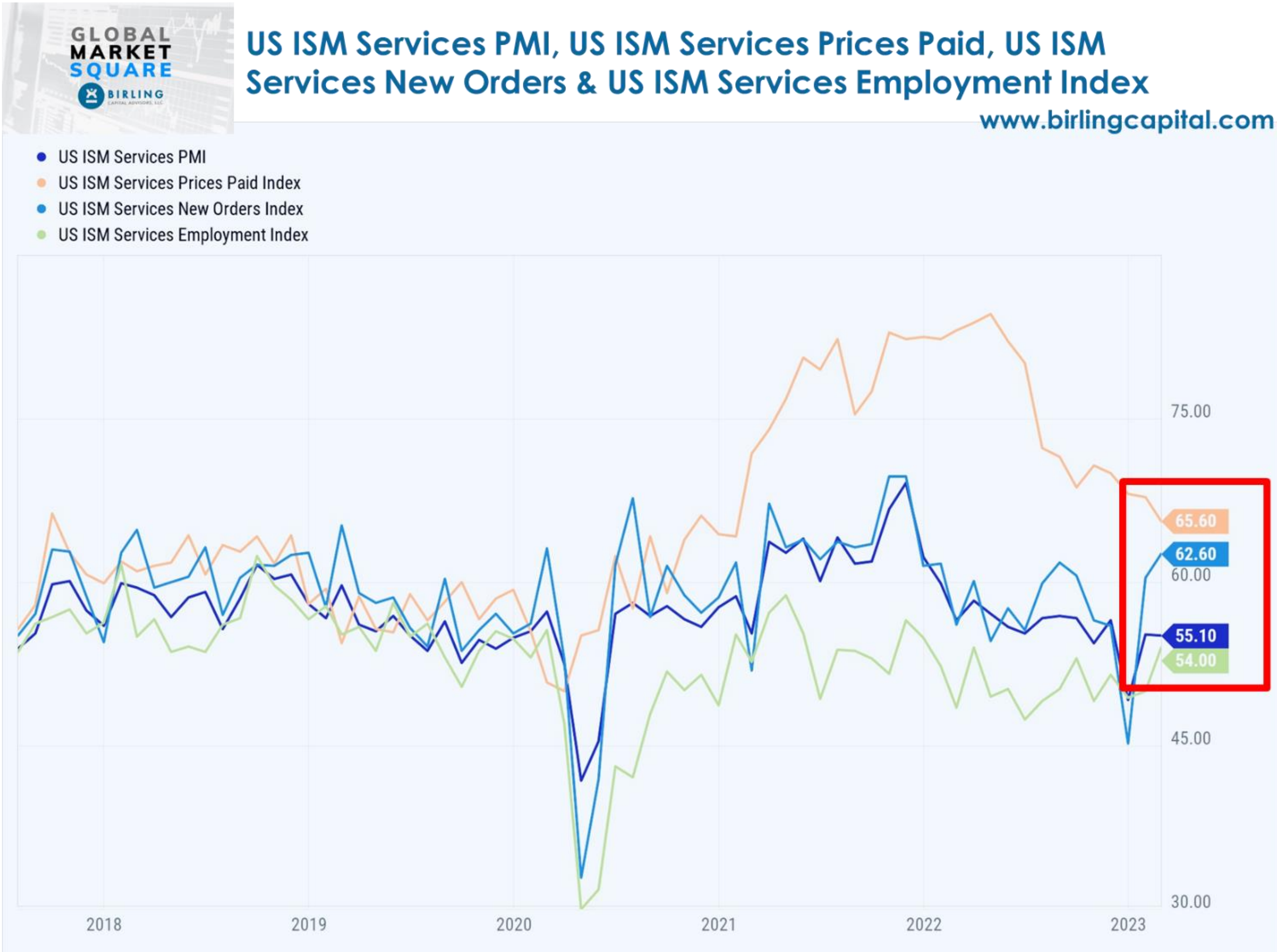
The Economic Cycle: US GDP, US Index of Consumer Sentiment, 10-year US Treasury, and S&P 500 Level





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US ISM Services PMI, US ISM Services Prices Paid, US ISM Services New Orders & US ISM Services Employment Index
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US ISM Services Prices Paid Index
US ISM Services New Orders Index
US ISM Services Employment Index
75.00
65.60
62.60
60.00
55.10
54.00
45.00
30.00
2018
2019
2020
2021
2022
2023

Canada Building Permits, Germany Exports & Germany Trade Balance