

Mixed Market Reaction as CPI Report Meets Expectations; Consumer Spending in Focus as Inflation Data Reflects Potentially Uneven Path Ahead.

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The U.S. and European markets closed with mixed results after the release of the consumer price index report, which met market expectations. While Wall Street's indexes, such as the Dow Jones and S&P 500, rose, the Nasdaq Composite closed down. Meanwhile, Asian markets closed mostly lower, and European stocks also declined. Bond yields were mixed after yesterday's spike, with the 10-year Treasury yield rising to 4.44% and the 2-year Treasury yield fell to 4.27%.

Inflation in Line with Projections

The October Consumer Price Index (CPI) showed a 0.24% increase M-o-M and a 2.60% annual rise, both aligning with some forecasts but ahead of the Inflation Nowcasting that anticipated a 2.56% CPI. The Core CPI is at 3.30%, higher than last month's 3.26% number but slightly below the 3.34% Inflation Nowcasting forecast.

This marks the third straight month with a 0.3% monthly increase, raising the three-month annualized core CPI rate to 3.6% from July's low of 1.6%. While inflation is expected to trend down over time, recent data suggests a potentially uneven decline. Market indicators suggest an 80% likelihood of a Fed rate cut in December, a reasonable expectation given current condition. However, strong economic growth tempers the urgency for aggressive cuts, and bond markets are now pricing in only three 0.25% rate cuts by the end of 2025.

Consumer Spending in the Spotlight

With the latest inflation data behind us, attention now turns to consumer spending, as October's retail sales report is due on Friday. Expectations are for a 0.3% month-over-month increase, slightly below September's 0.4% gain. The control-group retail sales, excluding volatile categories like autos, gas, and building materials, are also anticipated to grow by 0.3%. Despite elevated borrowing costs, consumer spending has shown resilience, bolstering U.S. economic growth in recent quarters. A robust labor market and healthy household balance sheets continue to support consumer activity, likely extending the economic expansion.

Key Economic Data:

- **U.S. Consumer Price Index YoY:** rose to 2.60%, compared to 2.44% last month.
- **U.S. Core Consumer Price Index YoY:** rose to 3.30%, compared to 3.26% last month.
- **U.S. Inflation Rate:** rose to 2.60%, compared to 2.44% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 501.59, down 0.64 points or 0.13%.
- **FTSE 100:** Closed at 8,030.33, up 4.56 points or 0.057%.
- **DAX Index:** Closed at 19,003.11, down 30.53 points or 0.16%.

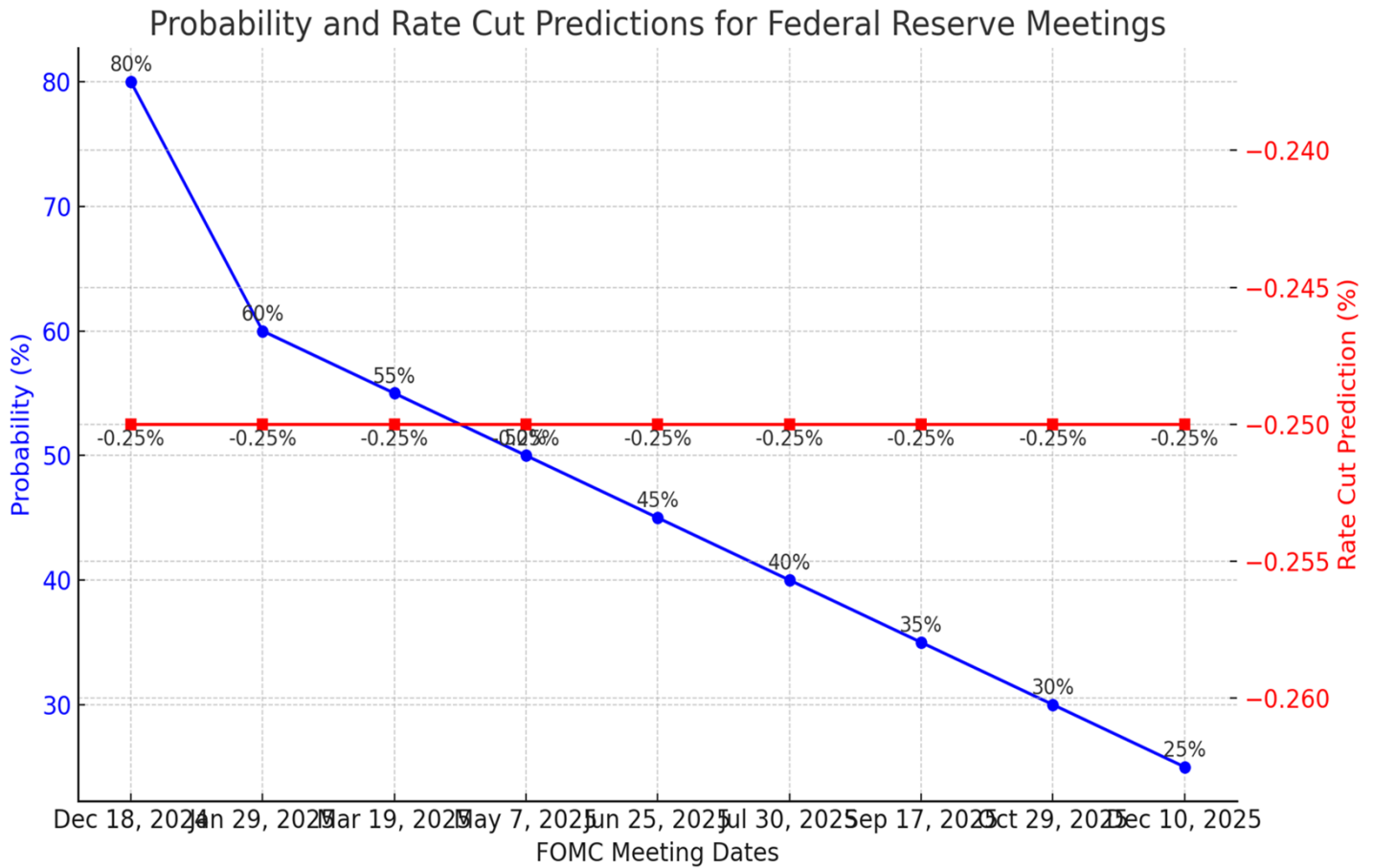
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,958.19, up 47.21 points or 0.11%.
- **S&P 500:** closed at 5,985.38, up 1.39 points or 0.02%.
- **Nasdaq Composite:** closed at 19,230.74, down 50.66 points or 0.26%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,888.94, down 11.23 points or 0.29%.
- **Birling Capital U.S. Bank Stock Index:** closed at 6,402.22, down 43.13 points or 0.67%.
- **U.S. Treasury 10-year note:** closed 4.44%.
- **U.S. Treasury 2-year note:** closed 4.27%.



Inflation Nowcasting CPI & Core CPI

Inflation Nowcasting	CPI Forecast	CPI Actual	Core CPI Forecast	Core CPI Actual	Updated
October	2.56%	2.60%	3.34%	3.30%	11.13.24



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