

Monthly Market Review: A Comprehensive Analysis of April 2025

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The **Birling Capital Global Market Square Monthly Market Review for April 2025** provides an in-depth look at the economic landscape in both the United States and Puerto Rico, with insights into key asset class performances, market trends, and economic indicators. Released on May 14, 2025, this review offers valuable insights for investors, board members, and senior management alike, assisting in navigating today's volatile markets.

- **Key U.S. Market Insights**

The U.S. stock market presented a mixed picture in April 2025. Despite gains in the technology sector, particularly in the **Nasdaq**, which rose by 0.88%, the broader market faced challenges. The **Dow Jones Industrial Average** fell by 3.08%, with a notable underperformance from several major companies. **UnitedHealth Group** and **Chevron** were among the worst performers, losing 21.44% and 18.67%, respectively. Meanwhile, **Walmart**, **Boeing**, and **Microsoft** performed strongly, each delivering solid returns.

The **S&P 500** also declined 0.68% in April, primarily due to weak performances in sectors like **Health Care** (-3.8%) and **Energy** (-13.9%). However, the **Technology** sector stood out with a gain of 1.69%, continuing its dominance in the market.

- **Economic Indicators: A Mixed Outlook**

The **Federal Reserve's GDPNow forecast** for Q2 2025 indicates modest growth, with the forecast rising slightly from 2.20% to 2.30%. This is an encouraging sign, although inflation remains a critical factor to watch. The **inflation rate** fell to 2.39% in March 2025, the lowest since February 2021, and core inflation dropped below 3% for the first time in over four years, signaling potential price stabilization.

Despite the positive news on inflation, the **unemployment rate** ticked slightly to 4.2% in March, signaling that the labor market, though robust, may be slowing down. This aligns with the **economic activity index**, which shows signs of contraction, particularly in sectors like manufacturing.

- **Key Performance Metrics: Domestic vs. International Markets**

Looking at performance by asset class, the **Dow Jones** was the worst-performing major index in April, down by 3.1%, while **developed markets** (EAFE) gained 4.69%, suggesting that international stocks continue to outpace U.S. equities. **Emerging markets** also saw positive returns, gaining 1.34% for the month. The **Birling Capital Puerto Rico Stock Index** outperformed, with an impressive 8.14% increase year-to-date, reflecting the resilience of Puerto Rico's market in the face of broader challenges.

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Sectoral Performances

In terms of sector performance, **Energy** suffered the most, down 13.9%, driven by falling oil prices. **Technology** was the standout, gaining 1.7%, continuing its role as a primary growth driver in the U.S. market. The **Health Care** sector, heavily impacted by UnitedHealth's poor earnings, experienced a notable decline, as did **Materials** and **Financials**. On the other hand, **Utilities** showed positive momentum, up 20% year-to-date, signaling strength in defensive sectors.

- **Puerto Rico: Local Economic Performance**

Puerto Rico's economic performance remains mixed, with some indicators showing growth while others signal ongoing challenges. The **Government Progress Index**, which tracks key economic benchmarks in Puerto Rico, saw some positive movement, with the price of gasoline and manufacturing PMI improving. However, the **Economic Activity Index** remains in contraction, down by 0.90% in February 2025. This suggests that while specific sectors perform well, overall economic activity is still sluggish.

Unemployment in Puerto Rico remains stable at 5.5% as of March 2025, showing some improvement from prior years. The **housing market** also shows signs of stability, with median home prices rising to \$403,700, the same level as December 2024.

The **Birling Capital Puerto Rico Stock Index** has increased by an impressive 8.14% year-to-date, outperforming other major indices and reflecting the underlying strength in Puerto Rico's corporate sector. Companies like **FirstBank**, **Popular, Inc.**, and **Evertec** have posted strong returns, with **FirstBank** up by 12.59% year-to-date, leading the pack in Puerto Rican stocks.

- **Puerto Rico Governors' Impact: A Detailed Overview Measured by the Birling PR Stock Index**

The economic performance of Puerto Rico, particularly as measured by the **Birling Capital Puerto Rico Stock Index (PRSI)**, has been significantly influenced by the leadership of various governors over the years. The stock index's performance under each administration provides an insightful gauge of how political decisions, fiscal management, and governance affect the island's financial health and growth potential. Here, we highlight the impact of each governor since 1985 and analyze their tenure's contribution to Puerto Rico's economic trajectory.

1. **Governor Rafael Hernández-Colón (1985-1993): A Period of Growth**

Under **Rafael Hernández-Colón**, Puerto Rico saw notable economic expansion. His administration is remembered for modernizing infrastructure, focusing on social programs, and strengthening the industrial base. His tenure coincided with favorable U.S. monetary conditions, including rising federal investments in Puerto Rico and the continuation of Operation Bootstrap, which pushed the island's manufacturing sector forward.

Impact on the Birling PR Stock Index:

- **Return:** +144.90%
- Hernández-Colón's administration saw positive stock market growth, particularly in critical sectors such as pharmaceuticals and manufacturing during the 1980s and early 1990s.

2. **Governor Pedro Rosselló (1993-2001): A Period of Exceptional Growth**

The **Pedro Rosselló** administration is often regarded as one of the most transformative periods in Puerto Rican history. Rosselló championed a wave of privatizations and economic reforms to modernize the economy. His government focused on attracting foreign investment, particularly through tax incentives, and expanded Puerto Rico's role as a hub for high-tech industries and pharmaceuticals. Rosselló also pushed for greater autonomy in managing the island's economic affairs, negotiating with the U.S. for better fiscal arrangements.

Impact on the Birling PR Stock Index:

- **Return:** +485.50%
- This period represents the highest growth in the Birling PR Stock Index, driven by a boom in technology, pharmaceuticals, and services. Rosselló's policies led to unprecedented stock market returns, showcasing his success in fostering an environment conducive to economic growth.

3. **Governor Sila M. Calderón (2001-2005): A Period of Strain but Stability**

Sila M. Calderón presided over a challenging period that included the economic slowdown of the early 2000s, following the end of the tech bubble and the impact of the September 11 attacks. Her tenure focused on addressing the needs of the working-class population, expanding social services, and investing in infrastructure projects. However, the broader economy suffered as external factors, including the end of Section 936 tax incentives, began to affect Puerto Rico's industrial base.

Impact on the Birling PR Stock Index:

- **Return:** +273.53%
- While the economy experienced some challenges, Calderón's administration still delivered positive stock index growth, albeit less robust than the Rosselló era. The returns reflect a period of stability, though there were growing concerns about the island's economic sustainability.

4. **Governor Aníbal Acevedo-Vilá (2005-2009): A Time of Decline**

Aníbal Acevedo-Vilá led Puerto Rico during the onset of the global financial crisis, severely impacting the island's economy. His administration faced challenges related to government debt, declining public sector employment, and economic stagnation. The loss of the Section 936 tax benefits further exacerbated Puerto Rico's challenges, and the island's financial struggles became more apparent. Acevedo-Vilá's policies were aimed at fiscal discipline and adapting Puerto Rico's economy to a post-Section 936 world.

Impact on the Birling PR Stock Index:

- **Return:** -80.20%
- Acevedo-Vilá's administration saw a significant contraction in the stock market, mainly reflecting the broader economic downturn. This negative return marked one of the most challenging periods in Puerto Rican economic history, primarily driven by the global recession and a shrinking industrial base.

5. **Governor Luis Fortuño (2009-2013): Fiscal Austerity and Economic Reforms**

The **Luis Fortuño** administration was marked by aggressive austerity measures and efforts to restructure Puerto Rico's fiscal situation. Fortuño implemented drastic spending cuts and reforms to restore the island's budget balance. His government focused on reducing the public sector and cutting the number of government employees, which helped to reduce the budget deficit but also led to public unrest. Despite the fiscal challenges, Fortuño's administration focused on attracting foreign investment through tax reforms and business incentives.

Impact on the Birling PR Stock Index:

- **Return:** -9.04%
- While the Fortuño administration managed to stabilize the fiscal situation somewhat, it could not reverse the economic decline caused by external factors like the global financial crisis. The stock index underperformed, reflecting the long-term consequences of fiscal austerity, high unemployment, and reduced consumer spending.

6. **Governor Alejandro García-Padilla (2013-2017): Struggling with the Debt Crisis**

Alejandro García-Padilla inherited a deeply indebted Puerto Rico and became the face of the island's fiscal crisis. His administration faced substantial challenges in managing Puerto Rico's growing debt, ultimately leading to a bankruptcy-like proceeding in 2016 under the PROMESA Act. García-Padilla's efforts to tackle the debt crisis were controversial, with some praising his steps toward fiscal restructuring while others criticized the lack of long-term solutions.

Impact on the Birling PR Stock Index:

- **Return:** +18.46%
- Despite the severe debt crisis, the stock index had modest positive returns, attributed to efforts to restructure the island's economy and the continued strength of specific sectors like financial services.

7. **Governors Ricardo Rosselló/Wanda Vázquez (2017-2021): Political Turmoil Amid Economic Struggles**

Governor Ricardo Rosselló's leadership, followed by Governor Wanda Vázquez's, was marked by significant political instability and economic challenges. Rosselló's administration, which lasted from January 2, 2017, to August 2, 2019, faced the devastating aftermath of Hurricane María in 2017, which caused widespread destruction across Puerto Rico. Compounding the crisis were political corruption scandals, creating a highly uncertain environment. While recovery efforts from the hurricane were slow, Rosselló pushed forward with reforms to revitalize the economy and rebuild the island's infrastructure.

During Rosselló's tenure, efforts such as the Opportunity Zones program were introduced to attract business and investment, although the long-term impact of these measures remained mixed. Despite these challenges, Rosselló's administration oversaw significant economic gains,

as Puerto Rico's markets began to stabilize and show signs of recovery. Also, the unemployment rate fell from 10.8% in 2017 to 8.30% in 2019, which was at that time the lowest rate in 50 years. Since then, the unemployment rate continues to fall, and it stands now at 5.50%.

Impact on the Birling PR Stock Index:

- **Return under Rosselló: +67.28%** (January 2017 to August 2, 2019)

Rosselló's leadership produced impressive returns in the Birling Puerto Rico Stock Index, reflecting strong market performance despite the hurdles faced. His recovery policies, particularly focusing on rebuilding infrastructure and promoting business incentives, were significant in driving this growth.

Following Rosselló's resignation, Governor Wanda Vázquez took office on August 2, 2019, during political and economic turmoil. Her administration, which lasted until January 2, 2021, faced mounting challenges, including the ongoing fiscal crisis and the economic effects of the COVID-19 pandemic. While efforts were made to stabilize the island's economy and continue the recovery, the results were more muted compared to Rosselló's leadership.

Impact on the Birling PR Stock Index:

- **Return under Vázquez: +0.98%** (August 2, 2019, to January 2, 2021)

Vázquez's tenure did see some stability amidst the chaos, but her administration achieved a far more modest return on the Birling PR Stock Index. The stark contrast in performance underlines the difficulty of sustaining momentum in the face of Puerto Rico's political and fiscal challenges. While Rosselló's policies delivered solid growth, Vázquez's period marked a significant slowdown in market performance, contributing to investor concerns about Puerto Rico's future prospects during this turbulent period.

The data underscores the more effective handling of Puerto Rico's challenges under Rosselló's administration, which navigated the island through difficult times far more successfully than the slower recovery under Vázquez.

8. **Governor Pedro Pierluisi (2021-2024):** Economic Resilience Amid Global Uncertainty
Under **Pedro Pierluisi**, Puerto Rico faced challenges from the ongoing global pandemic and the broader geopolitical and economic uncertainties of trade tensions and inflation. Pierluisi's administration worked on rebuilding Puerto Rico's economy, focusing on recovery from the pandemic impact while also navigating the complexities of federal aid. His administration focused on modernizing infrastructure, attracting foreign investment, and implementing new economic policies aimed at long-term sustainability.

Impact on the Birling PR Stock Index:

- **Return: +79.81%**

- Pierluisi's leadership guided Puerto Rico through a time of global instability, leading to a robust stock market recovery. His tenure saw strong growth in specific sectors and improved investor sentiment, although Puerto Rico's debt issues remained a significant challenge.

9. **Governor Jennifer González (2025-Present):** Early Positive Impact

Jennifer González, inaugurated as governor in 2025, has faced the task of steering Puerto Rico through a period of economic uncertainty, marked by fiscal challenges and global inflation. However, her administration has shown promising early signs of resilience. The **Birling PR Stock Index** has gained 8.14% under her leadership, suggesting that the island is on a recovery path, driven by government action and private sector growth.

Impact on the Birling PR Stock Index:

- **Return:** +8.14% (YTD 2025)
- Though early in her term, González's leadership appears to influence investor sentiment and stock market performance positively. Her policies are expected to continue fostering economic stability while addressing critical infrastructure needs and promoting fiscal responsibility.

A Resilient, Yet Challenging Market Landscape

The review underscores **Puerto Rico's financial markets' resilience and** growing potential for investors. Despite ongoing economic challenges in Puerto Rico and the U.S., the right strategies and investments can capitalize on emerging opportunities. Birling Capital's deep expertise in market analysis and local economic trends positions it as a key partner for those navigating these complex markets.

This review offers critical insights for investors looking to harness the potential in the U.S. and Puerto Rican markets. It can help drive decisions in an ever-changing global economic environment.

The Birling Capital Global Market Square Monthly Market Review for April 2025 reflects both challenges and opportunities. While global markets face mixed results, the Puerto Rican market demonstrates resilience. As always, Birling Capital stands ready to guide investors through the complexities of today's financial landscape, offering tailored solutions that align with strategic goals.



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