



## GLOBAL MARKET SQUARE



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# Markets Hold Steady: Investors Brace for a Heavy Week of Earnings, Inflation, and GDP Reports.

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The U.S. and European stock markets began the week mostly higher; Wall Street was able to see both the Dow Jones and S&P 500 rise following a strong showing last week, where the Dow Jones rose 5.09%, the S&P 500 advanced 7.11%, the Nasdaq surged 9.53%, the Birling Puerto Rico Stock Index rose 7.15%, and the Birling US Bank Index rose 8.28%. However, today, the Nasdaq Composite fell slightly as the technology sector underperformed, and part of the pressure is attributed to increasing competition in the AI sector, particularly from China's Huawei, which is reportedly testing a new AI chip that could rival products from U.S. firms like NVIDIA.

While today's corporate and economic calendars are relatively light, the pace will accelerate significantly as the week progresses. Approximately 30% of S&P 500 companies are set to report first-quarter earnings alongside several key economic data releases. European markets closed higher, while Asian markets ended mixed. Bond yields are slightly lower in fixed income, with the 10-year U.S. Treasury yield closing at 4.23%.

### A Critical Week Ahead: Earnings and Economic Data in Focus

This week marks a crucial stretch for investors as earnings season heats up and important economic indicators are released. On the Corporate Earnings Parade, four of the Magnificent 7 will report earnings; the companies include Apple, Amazon, Microsoft, and Meta Platforms, all of which can offer insights into whether elevated AI-driven capital expenditures will persist into future quarters. To date, roughly 36% of S&P 500 companies have reported earnings, with 74% exceeding analyst's expectations. First-quarter S&P 500 earnings are on pace to grow by a robust 9.7%.

Regarding economic data, Wednesday will bring the first estimate of first-quarter GDP growth and an update on the Federal Reserve's preferred inflation metric, the Personal Consumption Expenditures (PCE) Index. The Kernal of Economists expects real GDP to grow at an annualized rate of 0.8%, down from 2.4% in the previous quarter, reflecting the impact of rising imports and softer consumer spending. Inflation Nowcasting has the Core PCE falling to 2.54% y-o-y, while headline PCE is expected to drop to 2.19%, lower than last month. Additionally, Friday's release of the April nonfarm payrolls report will be closely watched, with consensus estimates calling for a 125,000 job gain and an unemployment rate holding steady at 4.2%.

### Growth Outlook: Slow, But Still Resilient

The U.S. economy is positioned to slow modestly in the coming quarters compared to the robust growth rates of 2023 and 2024, and the last **GDPNow** has the US GDP for the first quarter at -2.50%, deep in contraction territory as the Tariffs and ongoing policy uncertainty weigh heavily on corporate investment and sentiment. However, the economy's current strength does provide a solid foundation to help absorb the tariff pressures. Encouragingly, recent developments suggest a softening in trade tensions. The U.S. administration has indicated an intent to ease tariffs with China and has reported progress in negotiations with other key partners such as South Korea. Should these efforts materialize

into formal agreements, and if trade policy uncertainty continues diminishing, it will provide a supportive backdrop for sustained economic growth.

### Trade Developments Helped Fuel Last Week's Rally

Reports suggest that the U.S. is considering tariff reductions on Chinese goods, and advanced trade talks with South Korea are helping to lift sentiment. Although no agreements have been finalized, the shift in rhetoric marks a potentially significant turning point.

With negotiations likely to stretch over the coming weeks, investors should expect continued market volatility. We recommend maintaining a long-term perspective and keeping portfolios diversified and aligned with individual financial goals.

### Inflation Nowcasting:

- PCE 2.19%
- Core PCE 2.54%

### Eurozone Summary:

- **Stoxx 600:** Closed at 523.19, up 2.74 points or 0.53%.
- **FTSE 100:** Closed at 8,417.34, up 2.09 or 0.02%.
- **DAX Index:** Closed at 22,271.67, up 29.22 or 0.13%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,227.59, up 114.09 points or 0.28%.
- **S&P 500:** closed at 5,528.75, up 3.54 points or 0.06%.
- **Nasdaq Composite:** closed at 17,366.13, down 16.81 points or 0.10%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,580.30, down 16.79 points or 0.47%.
- **Birling Capital U.S. Bank Index:** closed at 6,057.59, up 7.13 points or 0.12%.
- **U.S. Treasury 10-year note:** closed at 4.23%.
- **U.S. Treasury 2-year note:** closed at 3.67%.

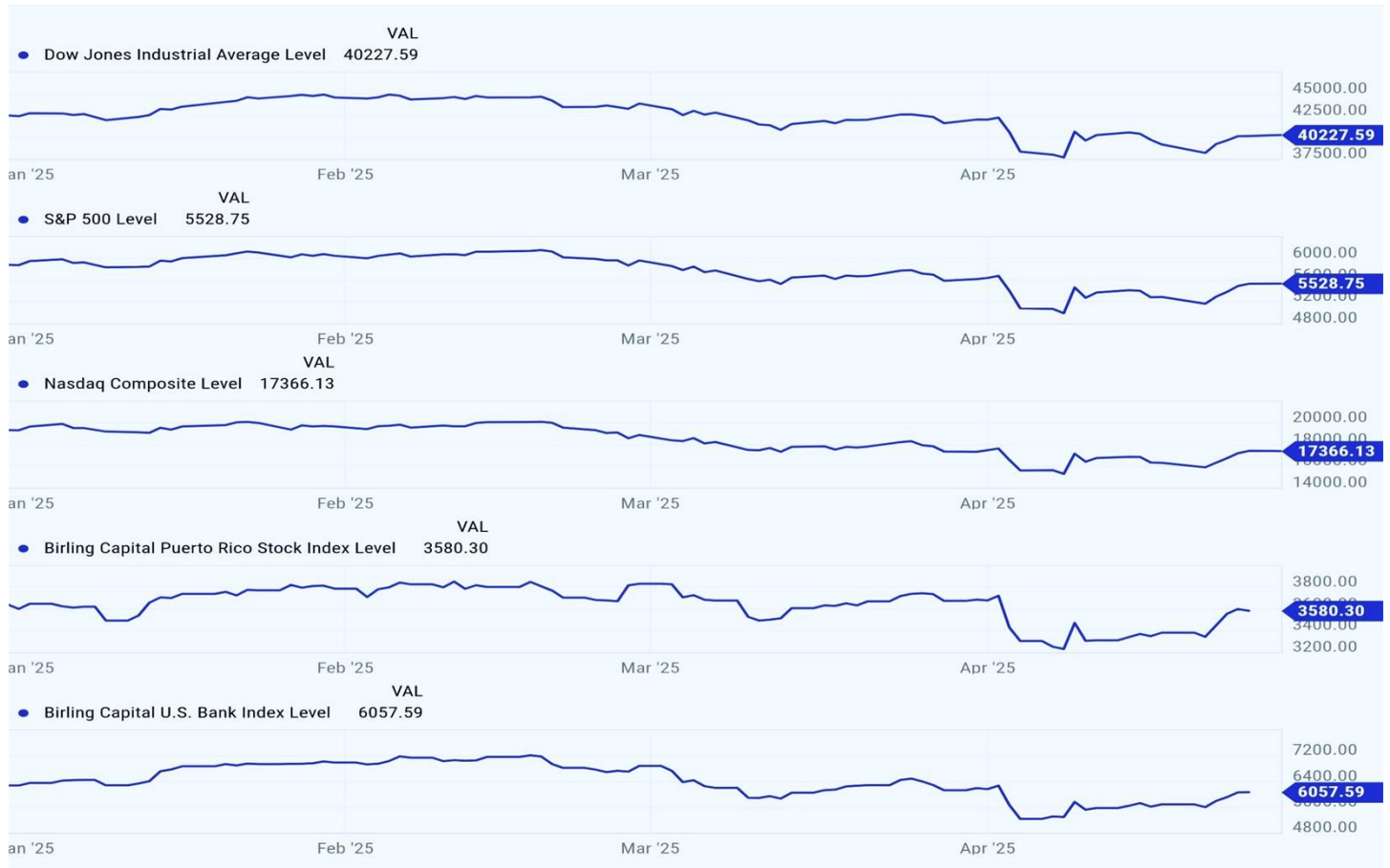


## Inflation Nowcasting PCE & Core PCE

Inflation Nowcasting	PCE Forecast	Core PCE Forecast	Updated
March	2.19%	2.54%	28-Apr



## Wall Street Recap April 28, 2025



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