

President Trump's Reciprocal Tariffs Memo Spurs Market Gains, Commerce Secretary Lutnick to Lead Review by April, and PPI Report Reveals Inflation Pressures Easing?

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The US and European stock markets closed higher following President Donald Trump's declaration of a presidential memorandum to review reciprocal tariffs on imports from foreign nations. However, significant changes in trade policies were not immediately forthcoming, as no new tariffs were imposed. Trump indicated that further tariffs could be introduced, possibly including those on auto imports. Additionally, the implementation of the reciprocal tariffs will be delayed, with Trump's nominee for Commerce Secretary, Howard Lutnick, tasked with leading the studies to establish suitable tariff levels for each affected country. Lutnick expects to complete these evaluations **by April 1**, as stated during a session in the Oval Office.

Also, the release of the Producer Price Index, which showed that in January, wholesale prices climbed more than analysts had predicted; the PPI rose to 3.51% versus an expectation of 3%, while the Core PPI fell to 3.61%, down from 3.75%, evidencing certain aspects of the data hint at diminishing inflationary pressures in the pipeline.

Following the announcement, stock market futures experienced a rise, while Treasury yields notably dropped despite the unexpectedly high headline figure. We view specific components of the report that paint a milder inflation outlook.

Specifically, some healthcare-related costs show signs of relief; prices for physician services dropped by 0.5%, domestic flight fares decreased by 0.3%, and brokerage services fell by 2.2%.

European markets are optimistic, spurred by the potential for peace negotiations concerning Ukraine. WTI crude prices have fallen in the commodities market, possibly in anticipation of the Ukraine peace talks.

Following the recent CPI report highlighting persistent inflation, the Federal Reserve will likely maintain its current rate pause stance. Inflation will gradually ease, though this trajectory may be uneven and slower than anticipated. The moderation in shelter costs should aid this process, as they begin to align more closely with other housing and rental price indicators showing more modest increases.

Unemployment Claims Show Decline

Last week saw initial jobless claims fall to 213,000, slightly under projections of 215,000 and this year's average of 214,000. Continuing claims indicate that the number of individuals currently receiving unemployment benefits also decreased to 1.85 million, below the expected 1.88 million. These figures suggest a resilient labor market. With the unemployment rate at 4.0% and job vacancies outnumbering the unemployed, wage growth should continue to outpace inflation.

Key Economic Data:

- **US Initial Claims for Unemployment Insurance:** fell to 213,000, down from 220,000 last week, decreasing -3.18%.
- **US Producer Price Index YoY:** rose to 3.51%, compared to 3.48% last month.
- **US Core Producer Price Index YoY:** fell to 3.61%, compared to 3.75% last month.
- **30-Year Mortgage Rate:** fell to 6.87%, compared to 6.89% last week.
- **Eurozone Industrial Production Index YoY:** fell -2.00%, compared to -1.80% last month.
- **Germany Consumer Price Index YoY:** fell to 2.30%, compared to 2.60% last month.
- **UK Real GDP YoY:** rose to 1.40%, compared to 0.90% last quarter.
- **UK Business Investment YoY:** fell to -0.73%, compared to 4.35% last quarter.
- **UK Industrial Production Index YoY:** is at -1.90%, compared to -2.00% last month.
- **UK Balance of Trade:** is at -11.54 billion, down from -4.869 billion last quarter.

Eurozone Summary:

- **Stoxx 600:** Closed at 553.75, up 5.97 points or 1.09%.
- **FTSE 100:** Closed at 8,764.72, down 42.72 points or 0.49%.
- **DAX Index:** Closed at 22,612.02, up 463.99 points or 2.09%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,711.43, up 342.87 points or 0.77%.
- **S&P 500:** closed at 6,115.07, up 63.10 points or 1.04%.
- **Nasdaq Composite:** closed at 19,945.64, up 295.69 points or 1.50%.
- **Birling Capital PR Stock Index:** closed at 3,782.83, down 66.66 points or 1.73%.
- **Birling Capital US Bank Index:** closed at 7,032.59, down 18.56 points or 0.26%.
- **US Treasury 10-year note:** closed at 4.51%.
- **US Treasury 2-year note:** closed at 4.31%.

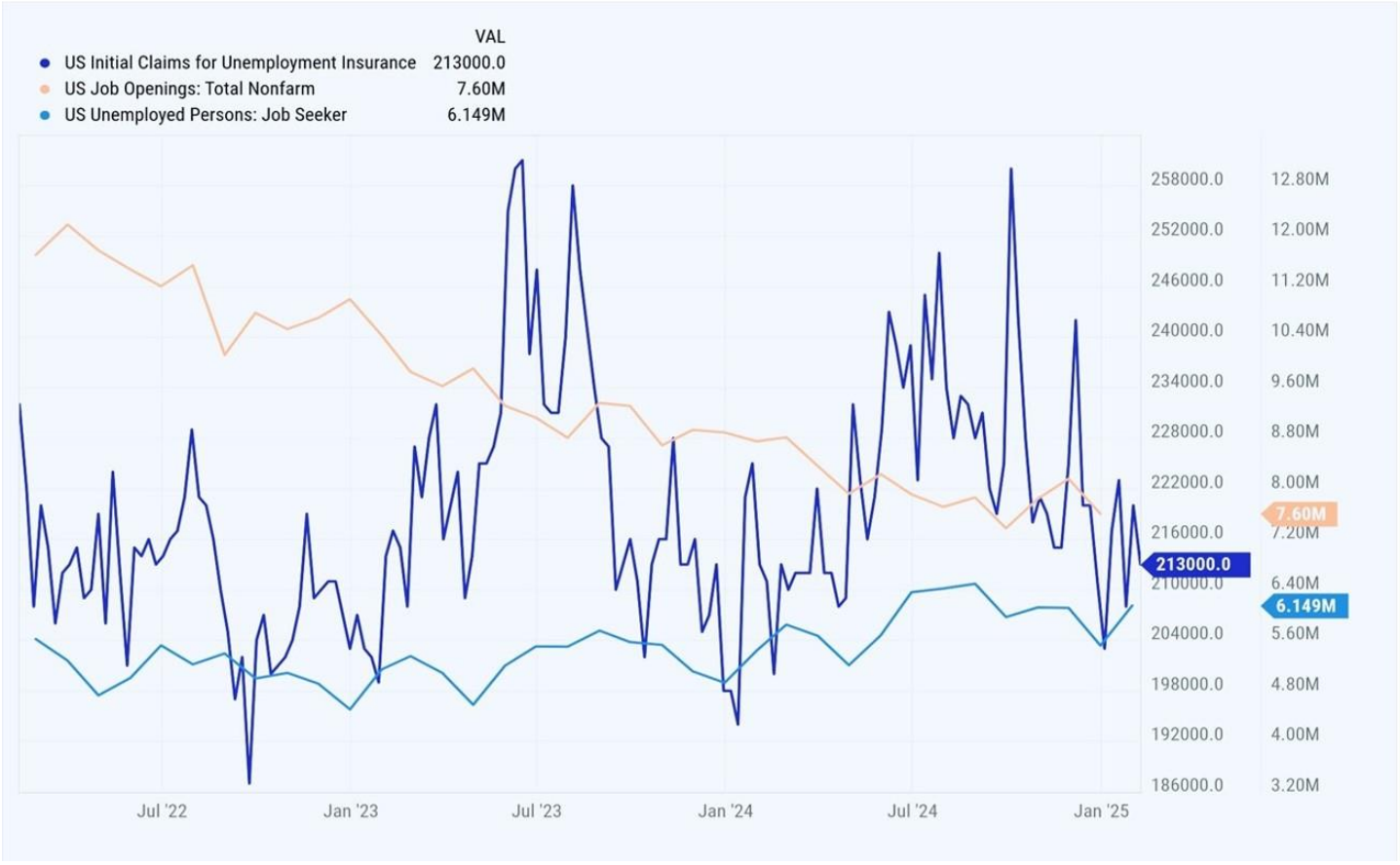


US Producer Price Index & US Core Producer Price Index





US Initial Claims for Unemployment, US Job Openings & US Job Seekers



Eurozone Industrial Production Index, Germany CPI, UK GDP, UK Business Investment, UK Balance of Trade & UK Industrial Production Index

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● Eurozone Industrial Production Index YoY (I:ECIPN0K1)	-2.00%
● Germany Consumer Price Index YoY (I:GCCPNGCS)	2.30%
● UK Real GDP YoY (I:UKCRGDSQ)	1.40%
● UK Business Investment YoY (I:UKCBISQ)	-0.73%
● UK Balance of Trade (I:UKBT)	-11.54B
● UK Industrial Production Index YoY (I:UKCIPIP)	-1.90%



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