

## US Retail Sales fell -0.88% Above Estimates, the GDPNow for the 1Q25 At 2.30%, and Wall Street Closes Mixed.

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The US and European stock markets closed mostly lower except for the Nasdaq Composite, which closed up. The uncertainties surrounding tariffs and inflation proved too much for investors; however, stock markets ended the week with gains. The tech-heavy Nasdaq rose 2.58%, the S&P 500 climbed 1.47%, and the Dow Jones rose 0.55% during the week. Treasury yields experienced a significant drop on Friday following underwhelming retail sales data for January, impacted partly by devastating wildfires in Los Angeles and harsh winter conditions across other regions the yield on the US 10-year Treasury note has decreased, closing at 4.47%, a drop from its January peak of roughly 4.80%. Nonetheless, year-to-date, markets have maintained a robust performance, with the S&P 500 and Dow Jones Industrial Average increasing by 3.96% and 4.71%, respectively.

Despite policy uncertainties, this positive market trend reflects an economy demonstrating resilience and forward momentum.

Economic and earnings growth remains robust, and our analysis suggests that a strong economic foundation continues to support the bull market.

The Federal Reserve's GDPNow, updated today model, shows a healthy 2.30% annualized growth rate for the first quarter of 2025, indicating sustained economic momentum into the year.

Corporate earnings are also robust, with around 77% of S&P 500 companies reporting fourth-quarter earnings, showing a year-over-year growth rate of 16.4%—the highest since 2021. We anticipate corporate earnings will continue to grow in double digits throughout 2025, bolstered by contributions from both growth and value sectors, enhancing market sentiment and equity returns.

### **Let's focus on diversification in 2025**

After witnessing substantial gains and relatively low volatility in the stock markets over the past two years, we expect a moderation in returns and an uptick in market volatility. However, the outlook for the economy and earnings remains positive. Despite the ongoing uncertainties in tariffs and trade, we do not foresee these factors leading to an economic downturn. Additionally, the US government may soon prioritize potential pro-growth policies such as deregulation and tax reductions. These developments suggest market downturns present opportunities for investors to diversify, rebalance, and secure quality investments at more favorable prices across stock and bond markets. Diversification will continue to be a crucial strategy this year, helping investors mitigate risks associated with overexposure to any single asset class and maintain returns amid varying market performances. This approach should include investments in a mix of large-cap and mid-cap stocks.

### **GDPNow Update:**

- The GDPNow estimate for US GDP growth for the first quarter of 2025 was updated on February 14 to 2.30% GDP, from 2.90% on February 7, a decrease of 20.69%.

## Key Economic Data:

- **US Retail and Food Services Sales MoM:** fell by -0.88%, compared to 0.72% last month.
- **US Retail and Food Services Sales (Excluding Motor Vehicle and Part Dealers) MoM:** fell by -0.41%, compared to 0.67% last month.
- **US Export Prices YoY:** rose to 1.84%, compared to 0.88% last month.
- **US Import Prices YoY:** rose to 2.24%, compared to 1.36% last month.
- **US Industrial Production MoM:** fell to 0.51%, compared to 0.99% last month.
- **US Business Inventories MoM:** rose to 0.10%, compared to 0.05% last month.
- **US Wholesalers Inventories MoM:** fell by -0.19%, compared to -0.00% last month.
- **Canada Manufacturing Shipments:** rose to 71.44 billion, up from 71.19 billion last month.
- **Canada Wholesale Sales MoM:** is at -0.83%, compared to -2.04% last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 552.41, down 1.34 points or 0.24%.
- **FTSE 100:** Closed at 8,732.46, down 32.26 points or 0.37%.
- **DAX Index:** Closed at 22,513.42, down 98.60 points or 0.44%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,546.08, down 165.35 points or 0.37%.
- **S&P 500:** closed at 6,114.63, down 0.44 points or 0.01%.
- **Nasdaq Composite:** closed at 20,026.77, up 81.13 points or 0.41%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,815.99, up 33.16 points or 0.88%.
- **Birling Capital US Bank Index:** closed at 7,043.03, up 10.44 points or 0.15%.
- **US Treasury 10-year note:** closed at 4.47%.
- **US Treasury 2-year note:** closed at 4.26%.



# GDPNow

Date	GDPNow 1Q225	Change
1/31/2025	2.90%	Initial Forecast
2/3/2025	3.90%	34.48%
2/5/2025	2.90%	-25.64%
2/7/2025	2.90%	0.00%
2/14/2025	2.30%	-20.69%



# US Retail & Food Service Sales, US Export Prices, US Import Prices, US Industrial Production, US Business Inventories & US Wholesales Inventories

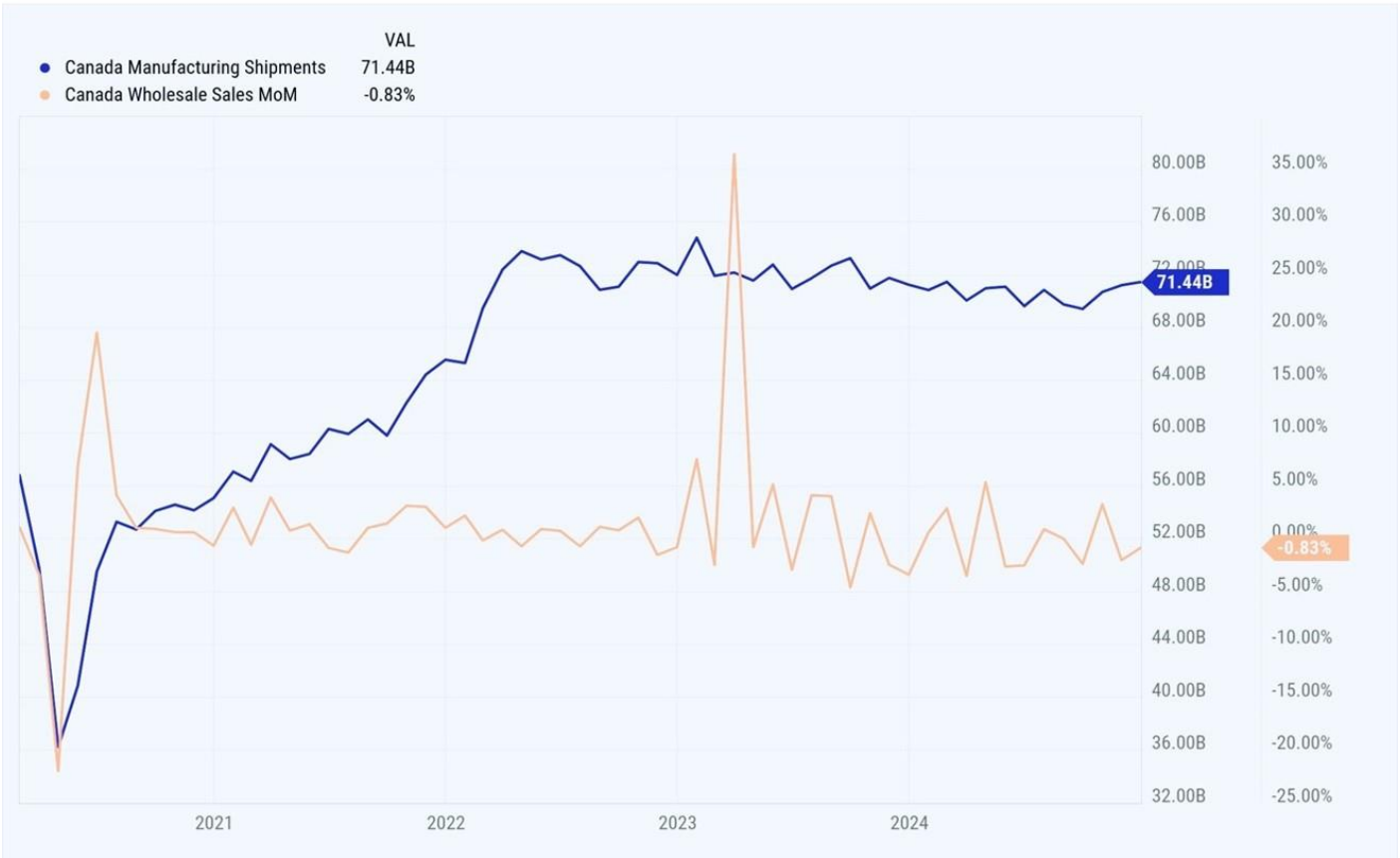
- US Retail and Food Services Sales MoM -0.88%
- US Retail and Food Services Sales (Excluding Motor Vehicle and Part Dealers) MoM -0.41%
- US Export Prices YoY 1.84%
- US Import Prices YoY 2.24%
- US Industrial Production MoM 0.51%
- US Business Inventories MoM -0.17%
- US Wholesalers Inventories MoM -0.46%

VAL  
-0.88%  
-0.41%  
1.84%  
2.24%  
0.51%  
-0.17%  
-0.46%





# Canada Manufacturing Shipments & Canada Wholesale Sales



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