



# GLOBAL MARKET SQUARE



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**Evertec Revenues rose to \$845.5 million, with a Net Income of \$114.779 million, and the GDPNow fell into contraction at -1.50% GDP, and Wall Street Closed Up.**

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The US and European stock markets ended the week with a bang, as discussed below, reacting to US inflation figures aligned with the Inflation Nowcasting forecasts.

Over the week, the US stock markets saw significant drops, led by a downturn in major technology stocks, that had positioned the Nasdaq Composite to record a decrease of -3.47%, its most brutal week since last September. The rest of the indexes saw the Dow Jones rise 0.95%; the S&P 500 fell -0.98%, the Birling PR Stock Index rose 3.66%, and the Birling US Bank Index fell -0.91%.

Asian stocks declined sharply overnight following recent declarations by President Trump about new 10% tariffs on Chinese imports starting next week. Bond yields slightly decreased, with the 10-year Treasury yield at 4.24% and the 2-year Treasury yield at 3.99%.

Today's spotlight is on inflation, particularly with January's personal consumption expenditures (PCE) inflation data release. The headline PCE increased by 0.3% for the month and 2.51% YoY, matching the Inflation Nowcasting Forecast. The core PCE, excluding food and energy and the preferred inflation metric of the Fed, also fell to 2.65% YoY, just below the 2.66% Inflation Nowcasting. January's inflation drivers included a notable 0.5% rise in goods prices, the highest since last February, while services inflation recorded a more minor 0.2% increase. Recent signs of slowing economic momentum in the US, indicated by weaker PMI data and a rise in jobless claims, suggest a normalization of economic growth rather than a recession risk. This slowdown has reignited market expectations for Federal Reserve rate reductions, with futures markets anticipating two quarter-point cuts in 2025.

These anticipated cuts could offset potential economic decelerations; however, new tariffs might push inflation higher, potentially causing the Fed to pause rate cuts.

### **Shifting market dynamics highlight the benefits of having a diversified portfolio.**

After years dominated by gains in mega-cap tech stocks, 2025 has seen a shift in market leadership during its first two months. Although the S&P 500 is slightly down YTD, nine of its 11 sectors have posted positive returns. The information technology and consumer discretionary sectors, collectively from about 40% of the index, have declined by over 5% this year. Conversely, sectors like financials, health care, and consumer staples have demonstrated strong performance. The Russell 1000 Value Index has risen by 3.6% year-to-date, in contrast to the Russell 1000 Growth Index, which has dropped by 3.4%. We anticipate the further diversification of market leadership, with earnings in the Russell 1000 Value Index expected to grow by roughly 10% in 2025. Since value stocks often derive a larger share of their revenue from domestic markets, they may be less affected by trade-policy uncertainties, setting a promising stage for diverse market leadership moving forward and underscoring the benefits of maintaining diversified investment portfolios.

## GDPNow Update:

- The GDPNow estimate for US GDP growth for the first quarter of 2025 was updated on February 28 down to -1.50% GDP, down from 2.30% decreasing 165.22%.

## Corporate Earnings Parade:

- **Evertec, Inc. (EVTC):** Reported 4Q24 revenues of \$216.4 million, up 11%, and net income of \$40.667 million, up 243.43%, and Earnings Per Share of \$0.87, which met expectations. With a stock price objective of \$36.40, the stock closed today at \$37.34, down \$0.21.
- **Full-year 2024:** Revenues were \$845.5 million, up 22%, and Net Income of \$114.779 million, up 43.69%.
- **Click our report on Evertec:** [EVTC\\_pdf\\_report\\_2025-02-28-15-13.pdf](#)

## Economic Data:

- **US PCE Price Index YoY:** fell to 2.51%, compared to 2.60% last month.
- **US Core PCE Price Index YoY:** fell to 2.65%, compared to 2.86% last month.
- **US Personal Income MoM:** rose to 0.88%, compared to 0.42% last month.
- **US Personal Spending MoM:** fell -0.15%, compared to 0.84% last month.
- **Canada Real GDP QoQ:** rose to 2.61%, compared to 2.21% last quarter.
- **Germany Real Retail Sales YoY:** rose to 3.50%, compared to 2.00% last month.
- **Germany Unemployment Rate:** is unchanged at 6.40%, compared to 6.40% last month.
- **Germany Consumer Price Index YoY:** is unchanged at 2.30%, compared to 2.30% last month.
- **Japan Housing Starts YoY:** fell -4.61%, compared to -2.52% last month.
- **China PMI:** fell to 49.10, down from 50.10 last month, decreasing 1.99%
- **China Non-Manufacturing PMI:** fell to 50.20, down from 52.20 last month, decreasing -3.83%.

## Eurozone Summary:

- **Stoxx 600:** Closed at 557.19, up 0.08 points or 0.01%.
- **FTSE 100:** Closed at 8,809.74, up 53.53 points or 0.61%.
- **DAX Index:** Closed at 22,551.43, up 0.43 points or 0.00%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,840.72, up 601.22 points or 1.39%.
- **S&P 500:** closed at 5,654.50, up 92.93 points or 1.59%.
- **Nasdaq Composite:** closed at 18,847.28, up 302.86 points or 1.63%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,814.81, up 146.28 points or 3.99%.
- **Birling Capital US Bank Index:** closed at 6,694.70, down 27.64 points or 0.41%.
- **US Treasury 10-year note:** closed at 4.24%.
- **US Treasury 2-year note:** closed at 3.99%.

# GDPNow 1Q25

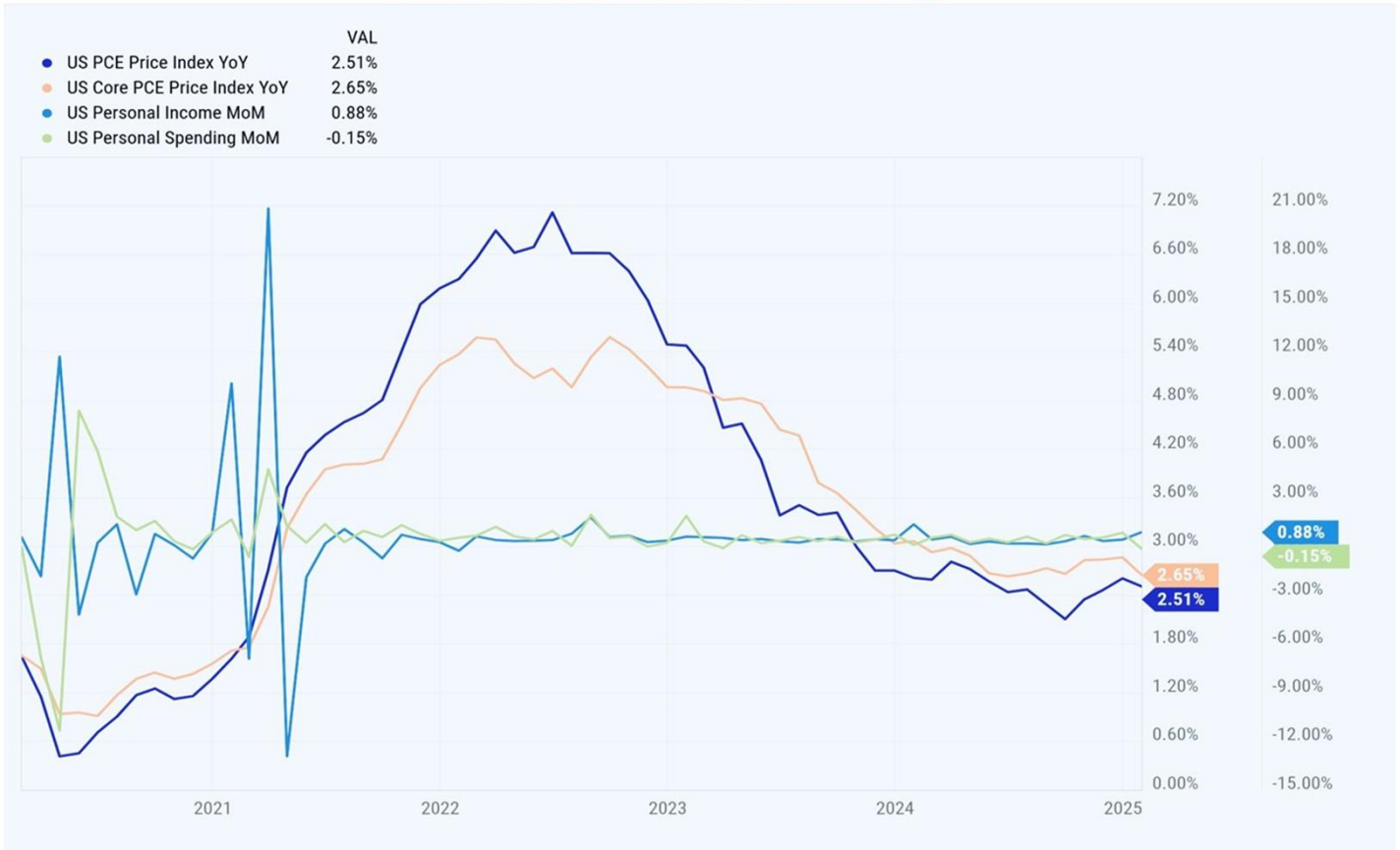
Date	GDPNow 1Q25	Change
1/31/2025	2.90%	Initial Forecast
2/3/2025	3.90%	34.48%
2/5/2025	2.90%	-25.64%
2/7/2025	2.90%	0.00%
2/14/2025	2.30%	-20.69%
2/19/2025	2.30%	0.00%
2/28/2025	-1.50%	-165.22%

## Inflation Nowcasting Vs Actual PCE & Core PCE

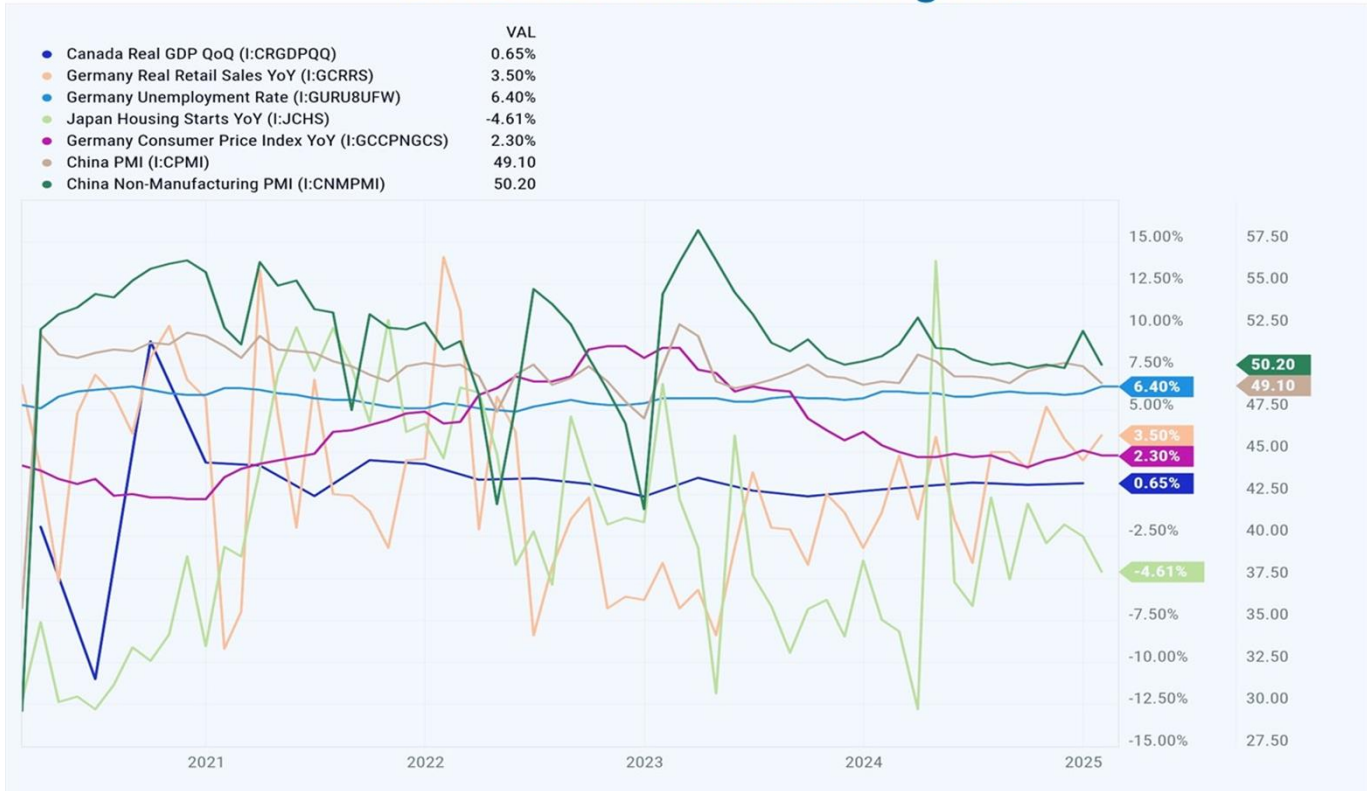
Inflation Nowcasting	PCE Forecast	PCE Actual	Core PCE Forecast	Core PCE Actual	Updated
January	2.51%	2.51%	2.66%	2.65%	2.28.25



# US PCE, US Core PCE, US Index of Consumer Sentiment, US Personal Income & US Personal Spending



# Canada Real GDP, Germany Retail Sales, Germany Unemployment Rate, Japan Housing Starts, Germany CPI, China PMI & China Non-Manufacturing PMI



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