

Alphabet and Disney Stumble Despite Strong Earnings; Labor Market Shows Robust Growth Ahead of Key Jobs Report and Wall Street Closed Higher.

February 5, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US and European stock markets closed higher, marking a second consecutive day of gains across major indices, as investor sentiment remained resilient in the face of ongoing trade disputes. The broader market's uplift contrasts starkly with the performance of heavyweight players like Alphabet and AMD, which experienced significant declines after their earnings reports. This divergence highlights broader market confidence that appears to overshadow specific sectoral headwinds. Alphabet disclosed its earnings after the market closed yesterday, surpassing expectations for earnings per share but falling short of revenue forecasts. As a result, Alphabet's shares dropped closely to 7%.

Asian markets closed lower, while European markets remained unchanged after an expected eurozone inflation report.

Focusing on corporate performance, Alphabet's recent earnings are in the spotlight as they offer insights into AI investment trends. Despite exceeding earnings projections, Alphabet's revenue dipped slightly due to slower gains in Google Cloud. The company plans to escalate its capital investments to \$75 billion this year, marking a significant rise aimed at enhancing its AI capabilities. Also, the Walt Disney Company (DIS) is experiencing a mixed performance in the stock market after it reported its fiscal Q1 results, which exceeded market expectations; despite these positive figures, Disney faced a sequential decline in Disney+ subscribers, which fell by 1% to 124.6 million. The company anticipates a modest decrease in subscribers for the ongoing quarter, indicating potential challenges in its streaming segment.

So far, about half of the S&P 500 companies have reported their fourth-quarter earnings, with an approximate 14% growth rate. With 80% surpassing earnings predictions, the momentum is likely to extend into 2025, backed by solid labor markets anticipated to fuel economic and corporate profit growth.

Corporate Earnings Parade:

- **The Walt Disney Co (DIS):** reported 1Q25 revenues of \$24.7 billion, up 5%, net income of \$3.7 billion, up 27%, and earnings per-share of \$1.40, surpassing estimates. Disney has a stock price objective of \$124.36, and its stock closed today at \$110.56, down \$2.75 or 2.42%.
- **View Our Report on Disney:** [DIS pdf report 2025-02-05-20-00.pdf](#)

Key Economic Data:

- **ADP Employment Change:** rose to 183,000, up from 176,000 last month, increasing 3.98%.
- **ADP Median Annual Pay:** rose to 60,500, up from 60,100 last month.
- **ADP Median Pay YoY:** rose to 4.70%, compared to 4.60% last month.
- **US ISM Services PMI:** fell to 52.80, down from 54.00 last month.

- **US ISM Services Employment Index:** rose to 52.30, up from 51.30 last month.
- **US ISM Services New Orders Index:** fell to 51.30, down from 54.40 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 538.56, up 2.52 points or 0.47%.
- **FTSE 100:** Closed at 8,623.29, up 52.52 points or 0.61%.
- **DAX Index:** Closed at 21,585.93, up 80.23 points or 0.37%.

Wall Street Summary:

- **Dow Jones Industrial Average:** Closed at 44,421.91, down 122.75 points or 0.28%.
- **S&P 500:** Closed at 5,994.57, down 45.96 points or 0.76%.
- **Nasdaq Composite:** Closed at 19,391.96, down 235.49 points or 1.20%.
- **Birling Capital Puerto Rico Stock Index:** Closed at 3,778.62, up 71.35 points or 1.92%.
- **Birling Capital US Bank Index:** Closed at 6,940.04, up 30.86 points or 0.37%.
- **US Treasury 10-year note:** Closed at 4.54%.
- **US Treasury 2-year note:** Closed at 4.26%.



ADP Employment Change, ADP Median Annual Pay & ADP Median Pay YoY



US ISM Services PMI, US ISM Services Employment Index, & US ISM Services New Orders,

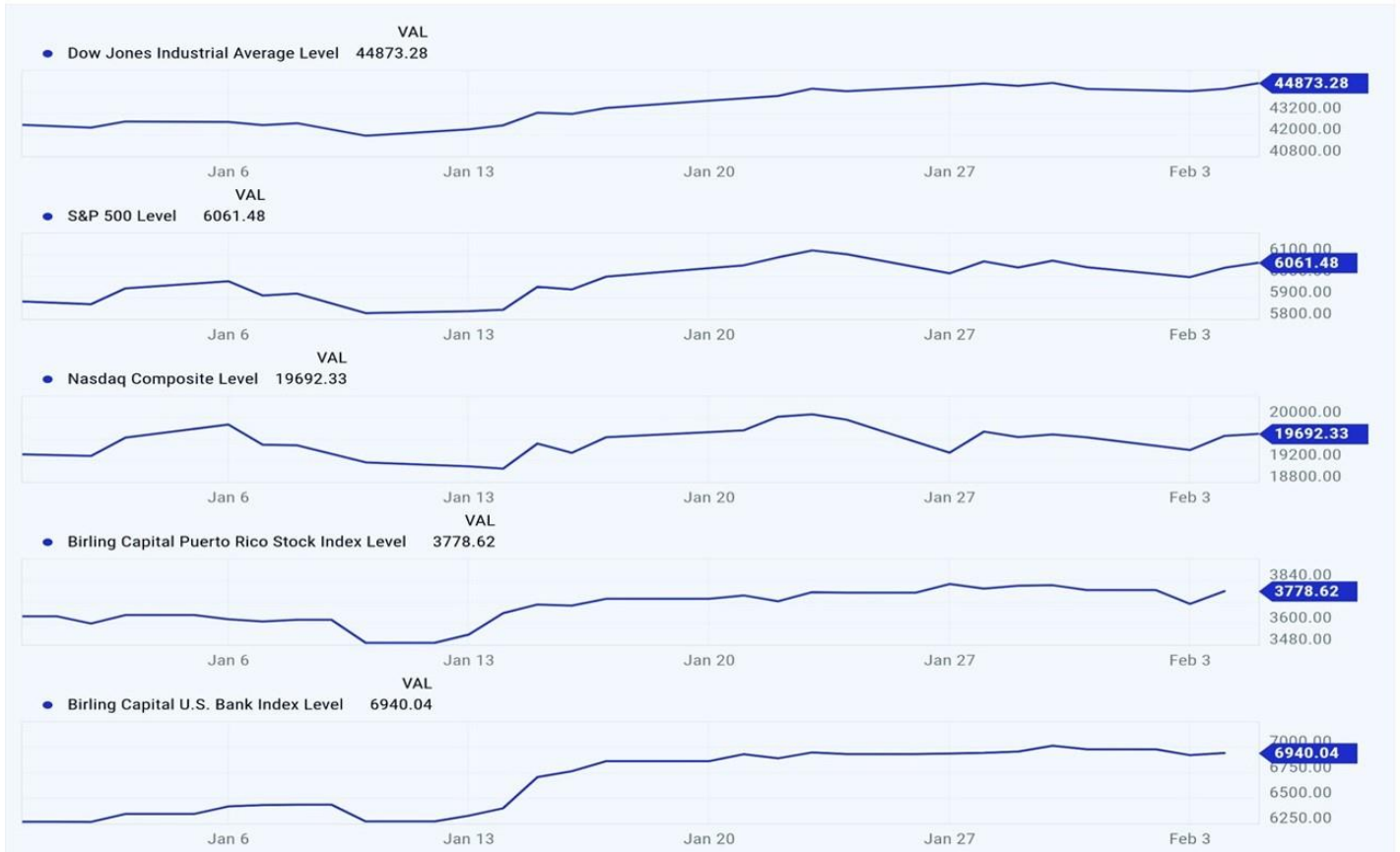




Wall Street Recap

February 5, 2025

www.birlingcapital.com



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.