

GLOBAL MARKET SQUARE



Popular, Firstbank and Oriental Share Rise on Fed Stress Test News, Eli Lilly Beats Earnings with Net Income Rising 101%, and Wall Street Closed Mixed.

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The US and European stock markets closed mostly higher as investors absorbed the latest corporate earnings. The S&P 500 closed up 0.32%, and the Nasdaq closed 0.51%, but the Dow Jones fell 125.65 points.

In the latest roundup of corporate earnings, Eli Lilly stands out with its impressive fourth-quarter performance. The pharmaceutical giant reported a substantial 45% increase in revenues, totaling \$13.532 billion for the quarter. Net income saw a remarkable surge, doubling from the previous year to \$4.409 billion, an increase of 101%.

Today, bank stocks climbed following the Federal Reserve's announcement of less severe hypothetical conditions for its annual industry stress test compared to previous years.

The 2025 test anticipates a rise in US unemployment to 10% and a 33% decrease in home prices—still formidable challenges but representing milder increases in joblessness and less drastic drops in stock and real estate values than seen in prior years.

Impact on Puerto Rico Banks

Local banks saw their shares rise: Popular rose 2.30% today and has a YTD return of 10.21%, FirstBank rose 1.79% today and has a YTD return of 13.39%, and Oriental rose 2.24% today and has a YTD return of 3.76% responding positively to the Fed's revised stress test parameters.

Meanwhile, bond yields fell, with the 10-year US Treasury yield closing at 4.45%. Europe closed higher following the EU increase in Retail Sales and the Bank of England's decision to reduce its key interest rate by 25 basis points. The US dollar is strengthening against major currencies. In the commodities sector, WTI oil prices are on the rise following Saudi Arabia's state oil firm announcing higher crude prices for March.

On the employment front, initial jobless claims have slightly increased to 219,000 this week, surpassing the anticipated 213,000. Although weekly figures can fluctuate and may not fully represent the overall trend, the average number of jobless claims this year stands at about 214,000, compared to last year's average of 223,000. This data suggests a robust labor market, with employers gradually reducing hiring rates rather than resorting to significant layoffs. With an unemployment rate of 4.1% and job openings outnumbering the unemployed, wage increases are expected to outpace inflation. Further data on the labor market will be available on Friday, along with the January nonfarm payrolls report and unemployment rate. The forecast maintains the unemployment rate at 4.1%, with a forecasted increase in nonfarm payrolls of 170,000.

Regarding labor expenses and productivity, unit labor costs increased by 3.0% annually in the fourth quarter of 2024, below the expected 3.4%. Productivity rose 1.2% during the same period, surpassing

projections of 1.1% but below last quarter's 2.30%. These figures suggest that labor costs should remain manageable when considering the positive impact of increased productivity on economic output.

Corporate Earnings Parade:

- **Eli Lilly and Co. (LLY):** reported 4Q24 revenues of \$13.532 billion, up 45%, net income of \$4.409 billion, up 101%, and earnings per share of \$4.88, surpassing estimates. Eli Lilly has a stock price objective of \$975.09, and its stock closed today at \$870.99, up \$28.81.
- **View Our Report on Eli Lilly:** [LLY pdf report 2025-02-06-15-18.pdf](#)

Key Economic Data:

- **US Initial Claims for Unemployment:** fell to 219,000, up from 208,000 last week, increasing 5.29%.
- **US 4-Week Moving Average of Initial Claims for Unemployment:** rose to 216,750, up from 212,750 last week, increasing 1.88%.
- **US Unit Labor Costs:** Nonfarm Business QoQ: rose to 3.00%, compared to 0.50% last quarter.
- **US Productivity:** fell to 1.20%, compared to 2.30% last quarter.
- **30-Year Mortgage Rate:** fell to 6.95%, compared to 6.96% last week.
- **Canada Ivey PMI:** fell to 46.20, down from 47.10 last month, decreasing -1.91%.
- **Eurozone Retail Trade YoY:** rose to 1.90%, compared to 1.60% last month.
- **Bank of England Bank Rate:** fell to 4.50%, compared to 4.75% yesterday.

Eurozone Summary:

- **Stoxx 600:** Closed at 544.84, up 5.28 points or 1.17%.
- **FTSE 100:** Closed at 8,727.28, up 103.99 points or 1.21%.
- **DAX Index:** Closed at 21,902.42, up 316.49 points or 1.47%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,873.28, down 125.65 points or 0.28%.
- **S&P 500:** closed at 6,074.43, up 12.95 points or 0.32%.
- **Nasdaq Composite:** closed at 19,751.99, up 99.6 points or 0.51%.
- **Birling Puerto Rico Stock Index:** closed at 3,796.54, up 17.92 points or 0.49%.
- **Birling Capital US Bank Index:** closed at 7,022.18, up 82.14 points or 1.18%.
- **US Treasury 10-year note:** closed at 4.45%.
- **US Treasury 2-year note:** closed at 4.21%.



Citigroup, Wells Fargo, Goldman Sachs, JP Morgan Chase, First Bancorp, Morgan Stanley, Popular, & Bank of America & OFG Bancorp YTD Returns as of 2.6.25

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	VAL
● Citigroup Inc Price % Change	16.08%
● Wells Fargo & Co Price % Change	15.50%
● The Goldman Sachs Group Inc Price % Change	14.53%
● JPMorgan Chase & Co Price % Change	13.99%
● First BanCorp Price % Change	12.53%
● Morgan Stanley Price % Change	12.15%
● Popular Inc Price % Change	9.73%
● Bank of America Corp Price % Change	8.69%
● OFG Bancorp Price % Change	3.59%



US Initial Claims for Unemployment, US 4-Week Monthly Average of Initial Claims, US Unit Labor Costs, US Productivity & 30-Year Mortgage Rate



Canada Ivey PMI, Eurozone Retail Sales & Bank of England Bank Rate



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