

The US Index of Consumer Sentiment Falls below estimates at 67.8, Job growth falls 53.42%, and Wall Street ends the week down.

February 7, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US and European stock markets closed as the US Index of Consumer Sentiment from the University of Michigan took a hit as the consumer confidence index fell to 67.8, well below the 71.3 forecasts. During the last three months, the index has dropped from 74 in December to 71.10 in January and now 67.80 in February.

Asian stocks closed mixed after India's central bank enacted its first interest rate cut in five years. Meanwhile, the US dollar fell against major global currencies, and the WTI crude oil prices climbed following the imposition of new US sanctions on Iran's crude exports.

Slower Job Growth but Upward Revisions to Prior Data

US job growth cooled in January, with nonfarm payrolls reaching 143,000, falling short of the 170,000 forecast and 53.42% below last month's 307,000 jobs growth.

The unemployment rate declined slightly to 4.0%, reflecting a resilient labor market. Average hourly earnings rose 4.1% annually, exceeding the expected 3.8% increase. These substantial wage gains continue to support consumer spending by outpacing inflation. However, productivity growth of 1.2% is only partially offsetting these wage increases, which may slow disinflation. As a result, the Federal Reserve may feel less urgency to cut interest rates, keeping upward pressure on bond yields.

Earnings Season Shows Strength and Market Rotation

The corporate earnings season shows 62% of S&P 500 companies have reported, with 77% exceeding expectations, delivering an average earnings surprise of 7.5%. Year-over-year earnings growth is projected at 15.5%, with eight of the 11 market sectors expected to post higher profits.

GDPNow Update:

- The GDPNow estimate for US GDP growth for the first quarter of 2025 was updated on February 7 to 2.9% GDP, unchanged from 2.90% on February 5.

Corporate Earnings Parade:

- **Perella Weinberg Partners (PWP):** reported 4Q24 revenues of \$226 million, up 6%, net income of \$40 million, and earnings per share of \$0.26, surpassing estimates. Perella Weinberg has a stock price objective of \$27.50, and its stock closed today at \$24.39, down \$1.77.
- **Full-year 2024:** Revenues \$878 million, up 35%, and net income of \$137 million.
- **View Our Report on Perella Weinberg:** [PWP Overview](#)

Key Economic Data:

- **US Nonfarm Payrolls MoM:** fell to 143,000, down from 307,000 last month, decreasing -53.42%
- **US Unemployment Rate:** fell to 4.00%, compared to 4.10% last month.
- **US Labor Force Participation Rate:** rose to 62.60%, compared to 62.50% last month.
- **US Index of Consumer Sentiment:** fell to 67.80, down from 71.10 last month, decreasing -4.64%.
- **US Wholesale Inventories MoM:** fell -0.19%, compared to -0.00% last month.
- **US Consumer Credit Outstanding MoM:** fell -7.489 billion, down from 17.32 billion last month.
- **Canada Employment Net Change:** fell to 76,000, down from 91,000 last month, decreasing -16.48%.
- **Canada Unemployment Rate:** fell to 6.60%, compared to 6.70% last month.
- **Canada Labour Force Participation Rate:** rose to 65.50%, compared to 65.40% last month.
- **Germany Exports MoM:** rose to 2.90%, compared to 2.30% last month.
- **Germany Industrial Production Index MoM:** fell -2.40%, compared to 1.30% last month.
- **Germany Trade Balance:** rose to 20.70 billion, up from 19.70 billion last month.
- **Japan Business Conditions Composite Coincident Index:** rose to 116.80, up from 115.40 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 542.75, down 2.09 points or 0.38%.
- **FTSE 100:** Closed at 8,700.53, down 26.75 points or 0.31%.
- **DAX Index:** Closed at 21,787.00, down 115.42 points or 0.53%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,303.40, down 444.23 points or 0.99%.
- **S&P 500:** closed at 6,025.99, down 57.58 points or 0.95%.
- **Nasdaq Composite:** closed at 19,523.40, down 268.59 points or 1.36%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,840.47, up 43.92 points or 1.16%.
- **Birling Capital US Bank Index:** closed at 7,168.87, up 146.70 points or 2.09%.
- **US Treasury 10-year note:** closed at 4.48%.
- **US Treasury 2-year note:** closed at 4.29%.



BIRLING
CAPITAL ADVISORS, LLC

GDPNow

US GDP Forecast for the First Quarter 2025

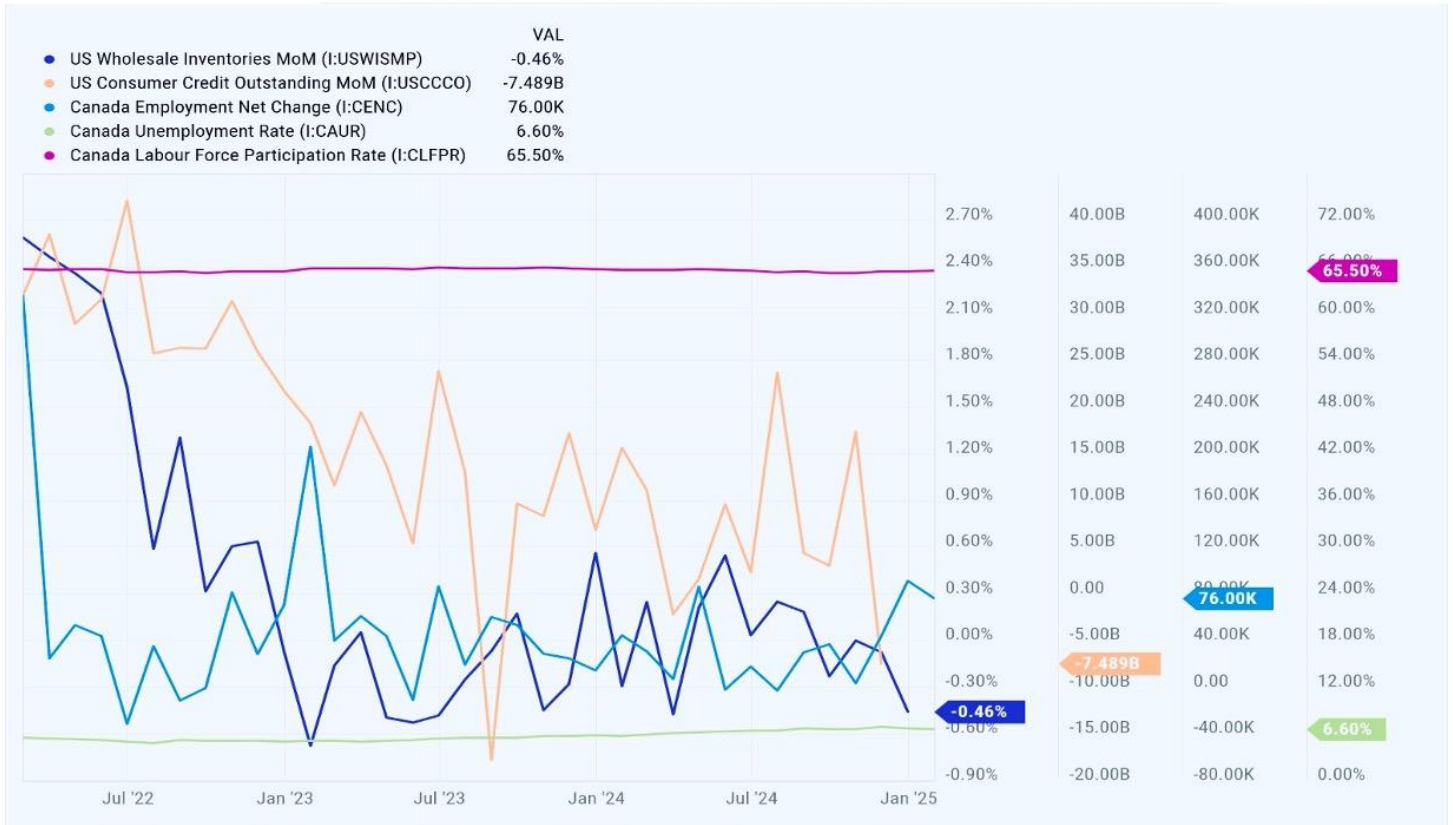
Date	GDPNow 1Q25	Change
1/31/25	2.90%	Initial Forecast
2/3/25	3.90%	34.48%
2/5/25	2.90%	-25.64%
2/7/25	2.90%	0.00%



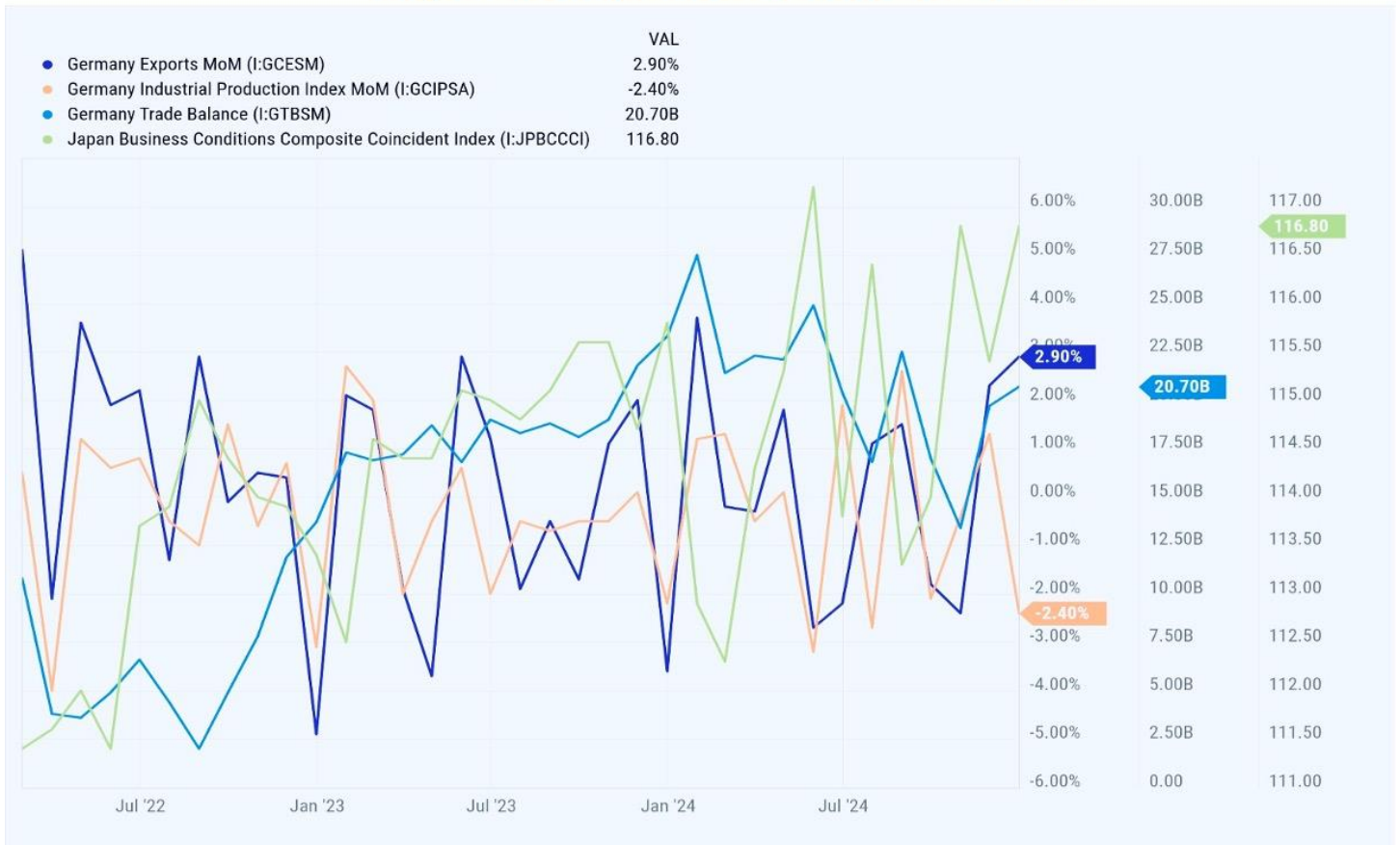
US Nonfarm Payrolls, US Unemployment Rate & US Labor Force Participation Rate



US Wholesale Inventories, US Consumer Credit Outstanding, Canada Employment Net Change, Canada Unemployment Rate and Canada Labour Force Participation



Germany Exports MoM, Germany Industrial Production, Germany Trade Balance & Japan Business Conditions Index



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.