

## S&P 500 and Nasdaq Reach New Highs Amid Mixed Global Performance; Earnings Season Surpasses Expectations Amid Ongoing Tariff Uncertainty.

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The U.S. and European stock markets started the week mostly higher, with the S&P 500 and the Nasdaq closing higher, while the Dow Jones closed lower. The S&P 500 and the Nasdaq closed at new record highs, reflecting continued investor enthusiasm for tech stocks amid a dynamic market environment. Despite the positive performance in the U.S., Canadian and European markets closed mixed, weighed down by persistent uncertainties surrounding tariffs.

Year-to-date, however, both Canadian and European indexes have outpaced U.S. performance. That said, the U.S. markets have managed to recover since hitting lows on April 8, narrowing the gap. Bond yields also saw a slight decline, with the 10-year U.S. Treasury yield falling to close at 4.38%. This move follows the release of inflation data for June, which aligned with or slightly exceeded expectations.

### Earnings Season: S&P 500 Beats Expectations for Q2:

The Q2 corporate earnings season is off to a strong start. With approximately 12% of S&P 500 companies having reported, 86% have exceeded analysts' expectations, well above the 10-year average of 75%.

Today, Verizon Communications posted strong Q2 results with revenue up 5.2%, and Domino's Pizza reported Q2 revenue of \$1.15 billion, up 4.3%, both beating estimates. Financial companies have been the standout performers, with the six largest banks reporting higher trading revenues and robust activity in capital markets.

Despite the positive results, earnings growth expectations were revised downward in recent months—from about 11% annually at the start of the year to 5% by June. Nevertheless, second-quarter earnings are on track to surpass this revised target. Looking ahead, we anticipate continued earnings growth in the mid-to-high single digits for the year, with potential for re-acceleration in 2026. With the possibility of lower interest rates and greater clarity on tariffs, double-digit earnings growth could return in the near future.

### Tariffs: Limited Impact on Inflation and Consumption:

Tariffs continue to cast a shadow over global trade, particularly with the looming August 1 deadline. However, their impact on inflation has been muted so far. Several factors contribute to this, including:

1. **Absorption of Tariff Costs:** Higher tariffs have been absorbed across various parts of the supply chain, with corporations either absorbing the costs or passing them onto consumers.
2. **Stockpiling Inventories:** Many companies have stockpiled inventories ahead of tariff increases, allowing them to maintain stable prices for consumers even under higher tariff conditions.
3. **Falling Energy Prices:** Oil and energy prices have declined this year, with WTI crude oil hovering between \$60 and \$70 per barrel. This has helped reduce costs for both consumers and companies, supporting economic stability.

While tariff uncertainties persist, there are signs of positive developments in trade negotiations. For example, the U.S. administration recently indicated it may ease export restrictions, potentially allowing companies like NVIDIA to sell certain semiconductor chips to China again. Additionally, companies such as Apple have been seeking deals for essential rare earth minerals with non-Chinese suppliers. These moves, along with ongoing negotiations with countries such as Vietnam and Indonesia, could help diversify supply chains and mitigate tariff risks, potentially opening up new markets for U.S. goods.

As the trade landscape evolves, the administration's focus on tariffs may encourage a broader opening of economies to U.S. products, helping to reduce both tariff and non-tariff barriers globally.

### Corporate Earnings Parade:

1. **Verizon Communications Inc. (VZ):** reported 2Q25 revenues of \$34,504 billion, up 5.2%, net income of \$5,121 billion, up 8.9%, and earnings per share of \$1.18, beating estimates. Verizon has a stock price target of \$48.45, closing today at \$42.49.
2. **Domino's Pizza Inc (DPZ):** reported 2Q25 revenues of \$1,145 billion, up 4.3%, net income of \$131,091 million, down 7.7%, and earnings per share of \$3.81, beating estimates. Dominos has a stock price target of \$505.84, closing today at \$462.24

### Eurozone Summary:

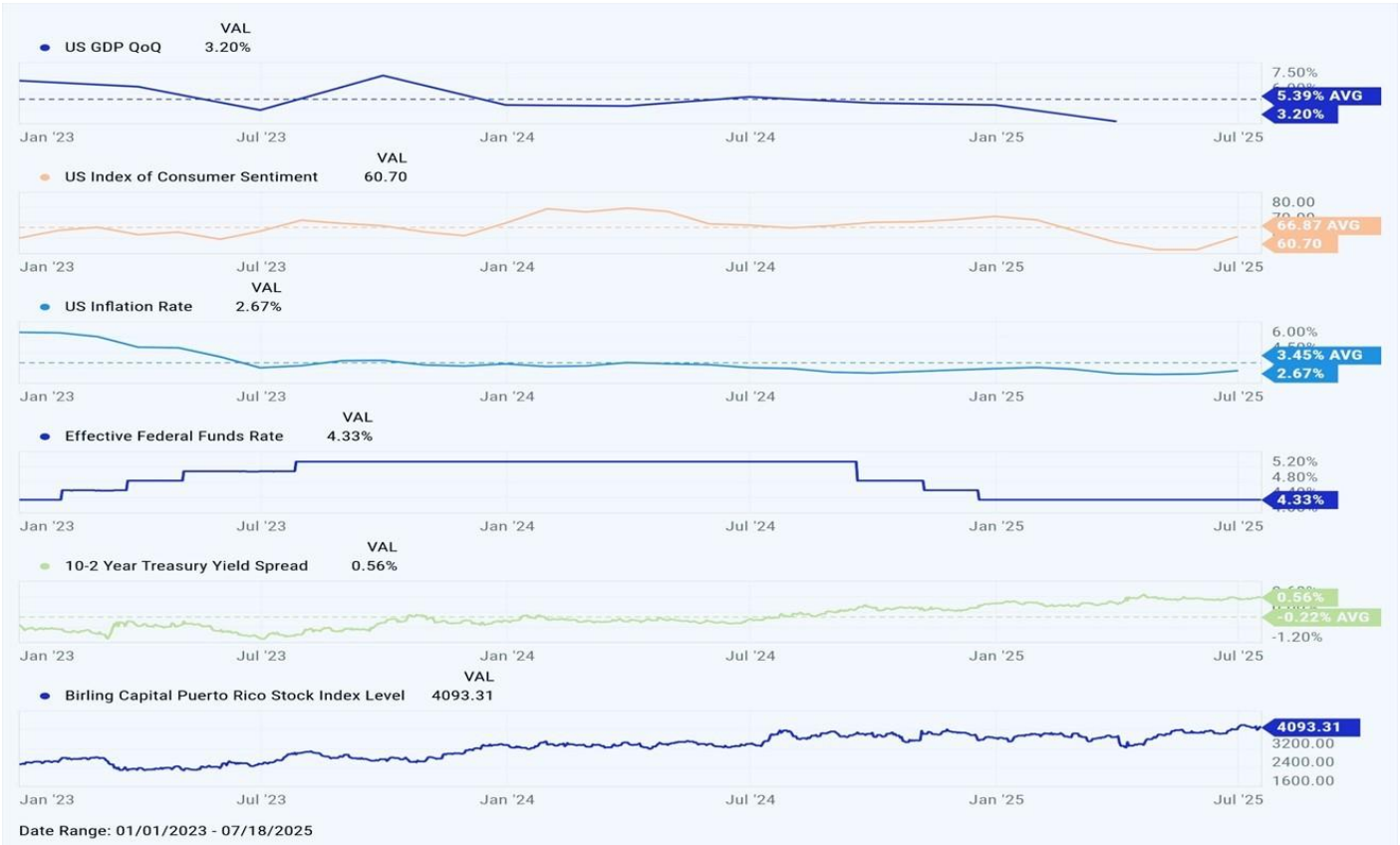
- **Stoxx 600:** Closed at 546.58, down 0.42 points or 0.54%.
- **FTSE 100:** Closed at 9,012.99, up 20.87 points or 0.23%.
- **DAX Index:** Closed at 24,307.80, up 18.29 points or 0.08%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,323.07, down 19.12 points or 0.04%.
- **S&P 500:** closed at 6,305.60, up 8.81 points or 0.14%.
- **Nasdaq Composite:** closed at 20,974.17, up 78.52 points or 0.38%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,093.31, down 22.23 points or 0.54%.
- **Birling Capital U.S. Bank Index:** closed at 7,575.67, up 36.98 points or 0.49%.
- **U.S. Treasury 10-year note:** closed at 4.38%.
- **U.S. Treasury 2-year note:** closed at 3.85%.

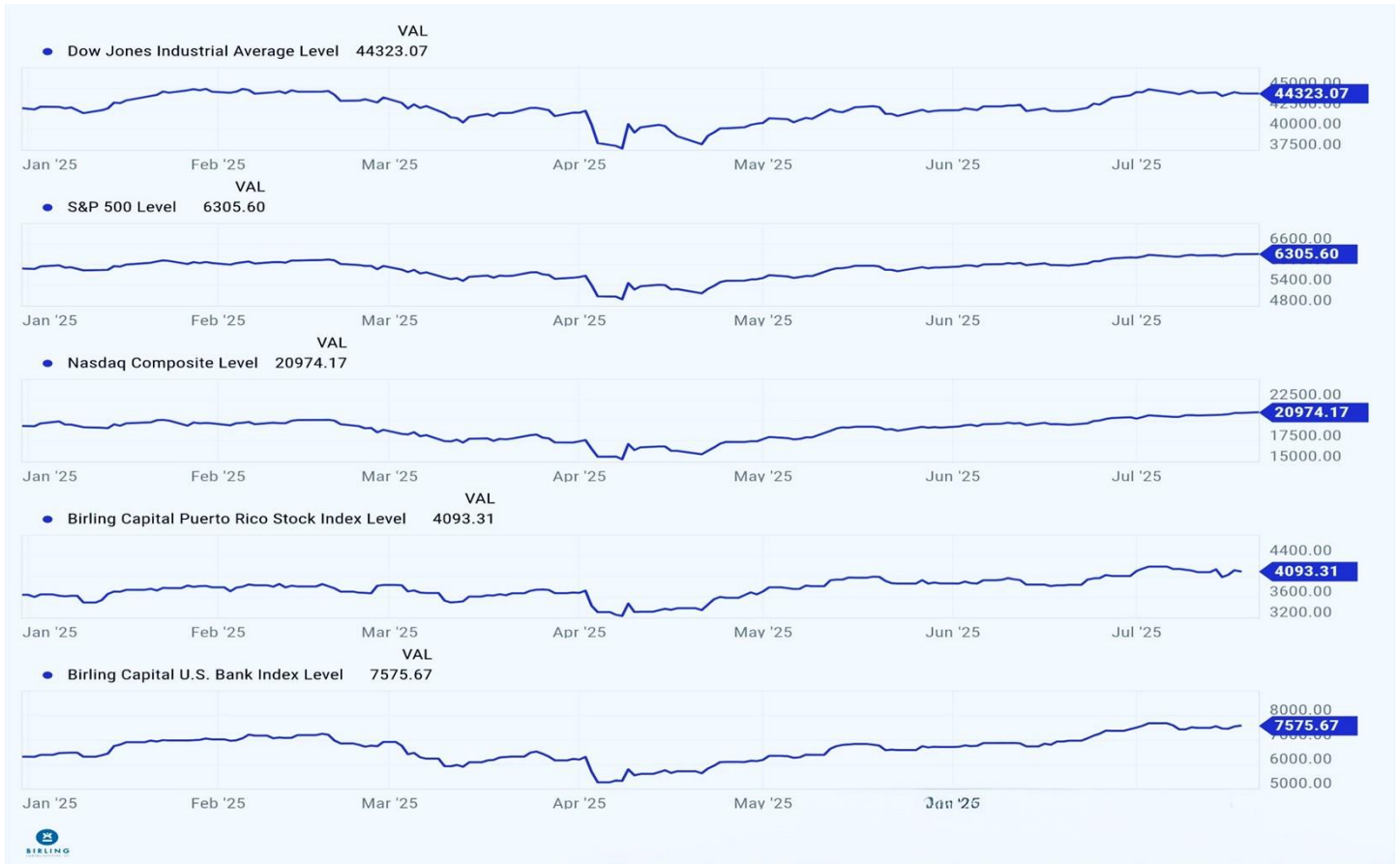


# The Economic Cycle: US GDP QoQ, US Index of Consumer Sentiment, US Inflation Rate, Effective Feds Fund Rate & Birling PR Stock Index



# Wall Street Recap

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