

## **ADP Employment falls to 37,000 -71.53% below estimates; U.S. ISM Services PMI fell to 49.90 into contraction, and Wall Street Closed Mixed.**

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The U.S. and European stock markets closed mostly higher, except for the Dow Jones, which closed lower, driven by a weaker-than-expected private-sector payroll report for May that signaled a cooling labor market. European equities advanced following the European Central Bank rate decision, while Asian stocks ended mostly higher overnight, extending their recent rebound. The 10-year Treasury yield closed at 4.37%, while the 2-year yield closed at 3.87%.

### **Focus Shifts to Labor Market Signals**

All eyes are on labor market indicators this week. Wednesday's ADP National Employment Report revealed that private employers added just 37,000 jobs in May, far short of the 130,000 consensus estimate and marking the smallest monthly increase since March 2023. Gains were concentrated in service-sector roles, while goods-producing industries saw a decline of 2,000 jobs.

This disappointing data suggests firms may be scaling back hiring amid growing macroeconomic uncertainty and a shifting policy landscape.

However, it follows a more upbeat JOLTS report released Tuesday, which showed job openings rose to 7.4 million in April, up from 7.2 million in March. While both reports reflect past conditions, the rise in job openings supports the view that labor demand remains resilient.

Looking ahead, we anticipate a gradual easing of labor market strength as economic momentum slows. Still, given the strong starting point, we expect any deceleration to unfold in a measured and orderly fashion rather than a sharp downturn.

### **May's Rally Could Signal Positive Momentum Ahead**

Equities closed out May with impressive gains, offering a potential tailwind for the remainder of the year. The S&P 500 surged more than 6% for the month—its second-best May performance since 1980. Historically, strong Mays have correlated with solid forward returns.

Since 1980, there have been six other instances when the S&P 500 gained at least 5% in May (excluding last month). In four of those cases, the index posted positive returns from June through December, averaging 8.6%. Notably, all six instances saw gains over the following 12 months, with an average return approaching 20%.

While historical patterns are not predictive by themselves, they do provide helpful context. The strength in May, combined with a still-resilient labor market and easing inflation pressures, suggests that equities may have room to continue their upward trajectory in the months ahead.

### Economic Update:

- **ADP Employment Change:** fell 37,000, down from 60,000 last month, decreasing -38.33%.
- **US ISM Services PMI:** fell to 49.90, down from 51.60 last month, decreasing -3.29%.
- **US ISM Services Employment Index:** rose to 50.70, up from 49.00 last month, increasing 3.47%.
- **US ISM Services New Orders Index:** fell to 46.40, down from 52.30 last month, decreasing -11.28%.
- **US ISM Services Prices Paid Index:** rose to 68.70, up from 65.10 last month, increasing 5.53%.

### Eurozone Summary:

- **Stoxx 600:** Closed at 551.02, up 2.58 points or 0.47%.
- **FTSE 100:** Closed at 8,801.29, up 14.27 or 0.16%.
- **DAX Index:** Closed at 24,276.48, up 184.86 or 0.77%.

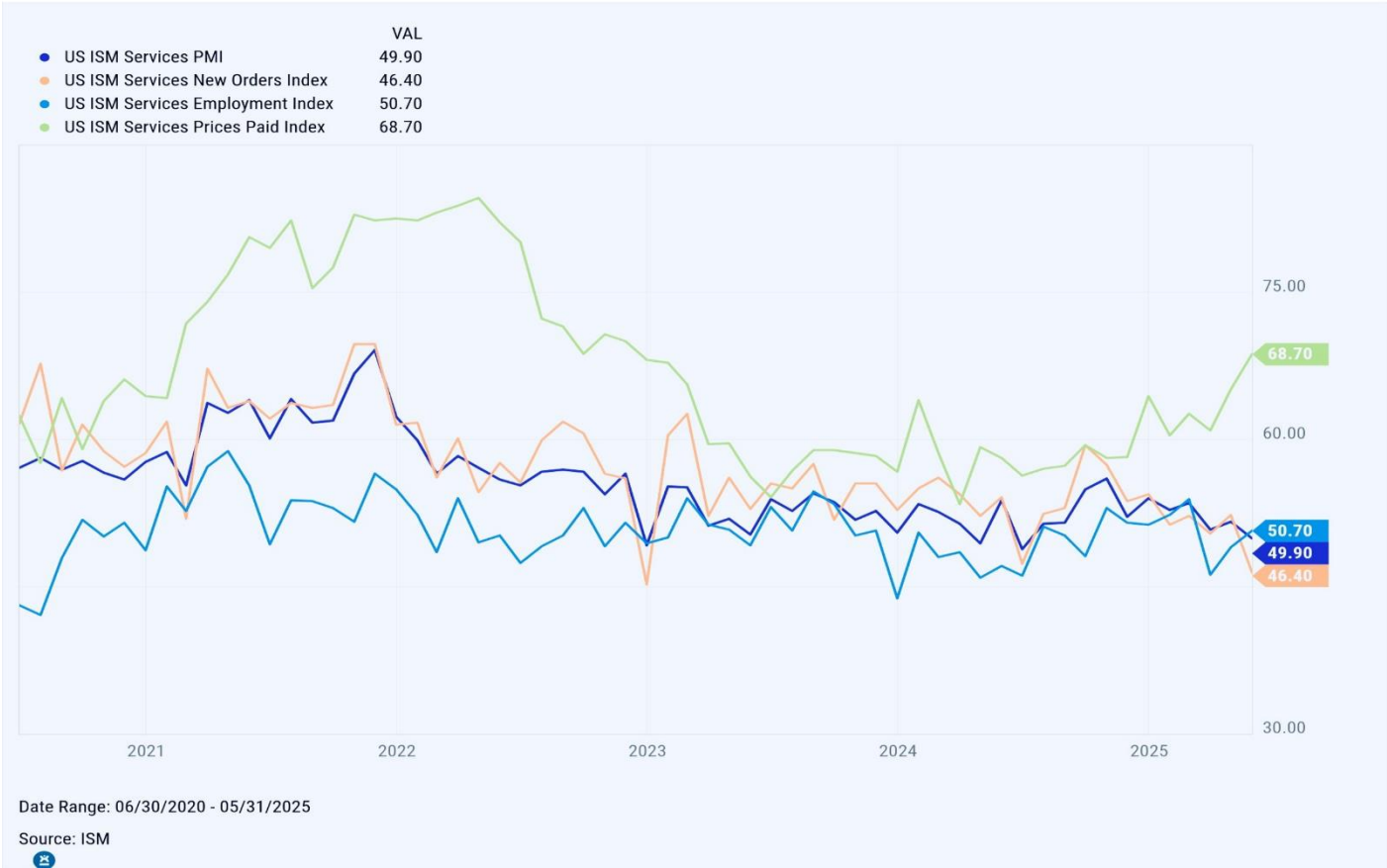
### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,427.74, down 91.90 points or 0.22%.
- **S&P 500:** closed at 5,970.81, up 0.44 points or 0.01%.
- **Nasdaq Composite:** closed at 19,460.49, up 61.53 points or 0.32%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,896.61, up 39.03 points or 1.01%.
- **Birling Capital U.S. Bank Index:** closed at 6,765.95, up 57.89 points or 0.86%.
- **U.S. Treasury 10-year note:** closed at 4.37%.
- **U.S. Treasury 2-year note:** closed at 3.87%.

# ADP Employment Change; ADP Median Annual Pay & US Job Openings: Total Nonfarm

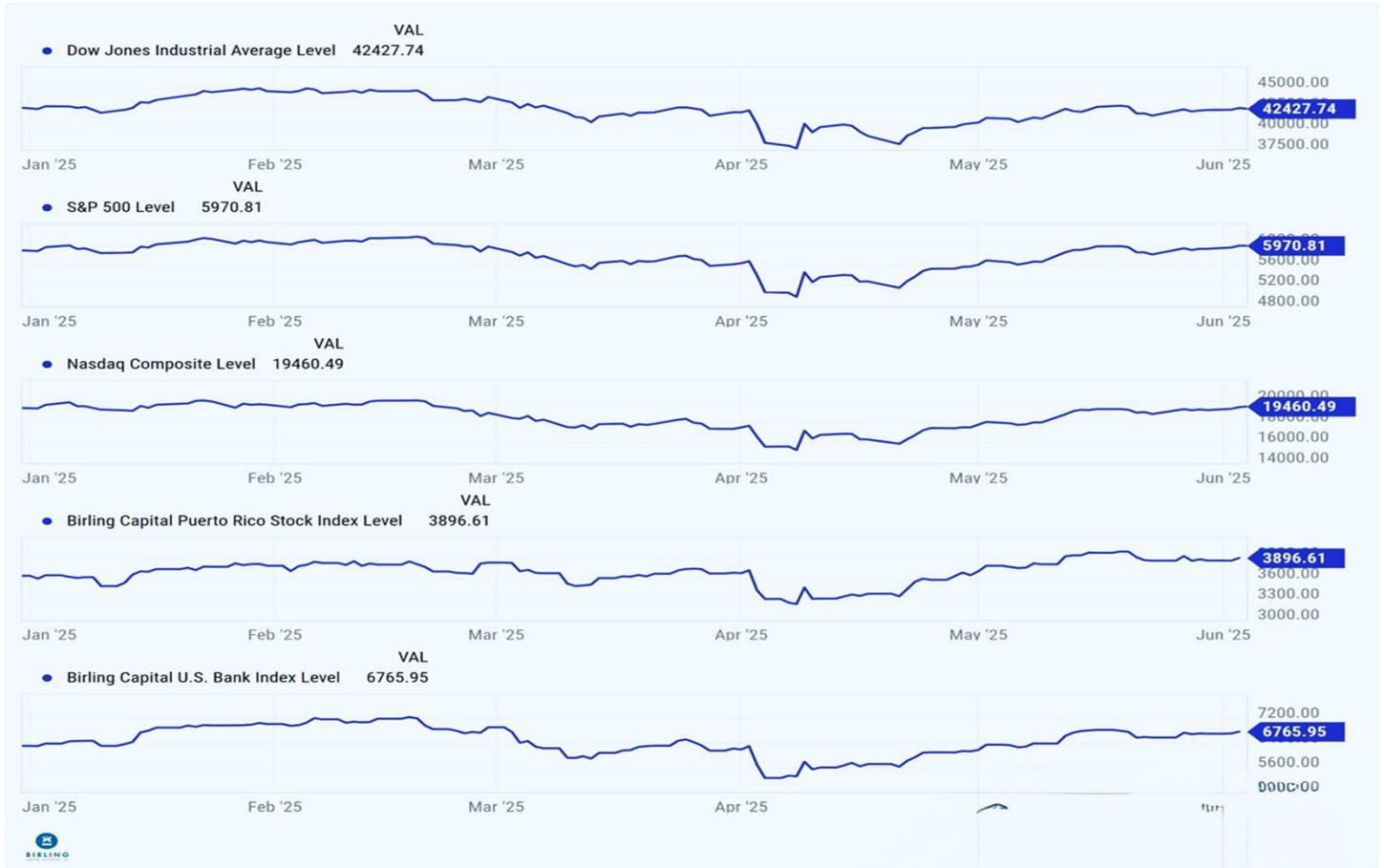


# US ISM Services PMI; US ISM Services New Orders Index; US ISM Services Employment Index & US ISM Services Prices Paid Index





## Wall Street Recap June 4, 2025



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