



U.S. Jobs Report Reassures Investors, But Fed Rate Cuts May Wait, Resilient Earnings Keep Markets Steady Amid Policy Crosscurrents.

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The U.S. and European stock markets closed mostly up, with Wall Street lifted by a better-than-expected May employment report that helped reinforce investor confidence and drove the Dow Jones up 443.13 points, the Nasdaq Composite up 231.50 points, and the S&P 500 up 61.06 points.

Nonfarm payrolls increased by 139,000 in May, topping consensus forecasts of 130,000. The unemployment rate held firm at 4.2% for the third consecutive month. While May's headline jobs figure surprised to the upside, downward revisions to the March and April numbers totaling 95,000 moderated the overall picture. Still, the report suggests that while labor market momentum is easing, it remains fundamentally solid.

The stronger employment data has tempered expectations for immediate rate cuts but supports the view that the Federal Reserve is likely to stay on hold in the near term. We continue to anticipate that rate reductions may resume in the latter half of 2025, contingent on incoming economic data and inflation trends.

Bond yields moved higher on the news, with the 10-year Treasury yield closing at 4.51% and the 2-year yield at 4.04%.

For the week, equities remain firmly in the green. The S&P 500 is on track to post a 1.7% gain, marking its fifth positive week in the last seven.

Earnings Season Closes Strong, Despite Softer Outlook Ahead

The first-quarter earnings season is drawing to a close with solid contributions from Broadcom and Lululemon, both of which reported modest beats on revenue and profits yesterday. Their results cap what has been a robust quarter for U.S. corporates.

Approximately 78% of S&P 500 constituents outperformed analyst earnings forecasts, delivering an average upside surprise of 8.3%. With aggregate earnings growth approaching 13% for the quarter, this marks the third time in the past year that the index has posted double-digit profit expansion.

Looking ahead, analysts have trimmed earnings forecasts for the coming quarters, yet expectations for the full year remain positive. Current projections suggest around 9% earnings growth for 2025. Given a resilient economy and easing inflation pressures, we believe this target is within reach, even amid policy uncertainty.

Economic Update:

- **U.S. Nonfarm Payrolls MoM:** fell to 139,000, down from 147,000 last month, decreasing -5.44%.
- **U.S. Unemployment Rate:** is unchanged at 4.20%, compared to 4.20% last month.

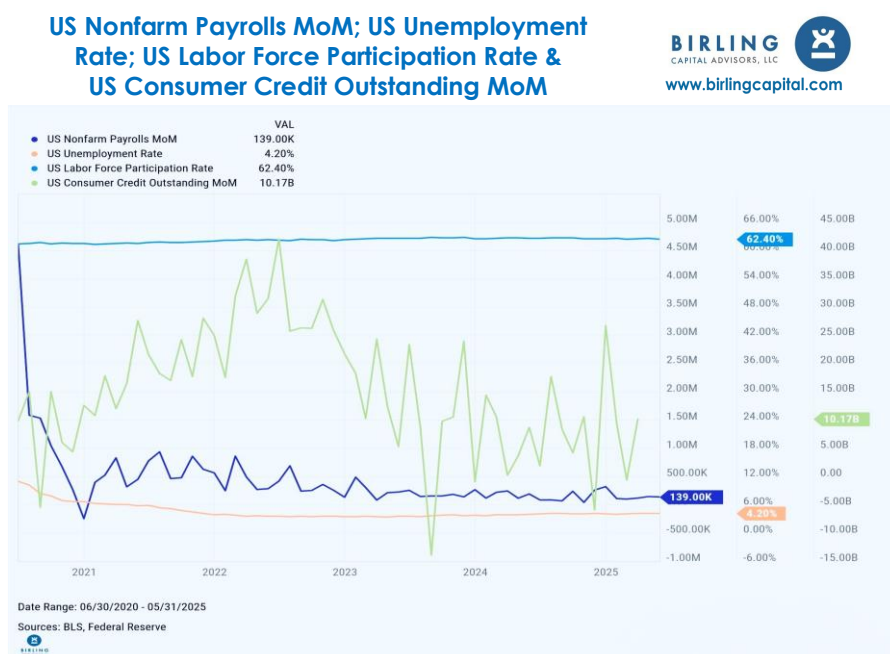
- **U.S. Labor Force Participation Rate:** fell to 62.40%, compared to 62.60% last month.
- **U.S. Consumer Credit Outstanding MoM:** rose to \$10.17 billion, up from -\$613.67 million last month.
- **Canada Employment Net Change:** rose to 8,800, up from 7,400 last month.
- **Canada Unemployment Rate:** rose to 7.00%, compared to 6.90% last month.
- **Canada Labour Force Participation Rate:** is unchanged at 65.30%, compared to 65.30% last month.
- **Eurozone Retail Trade YoY:** rose to 2.30%, compared to 1.90% last month.
- **Germany Exports MoM:** fell -1.70%, compared to 1.20% last month.
- **Germany Trade Balance:** fell to 14.60 billion, down from 21.10 billion last month, decreasing -30.81%.
- **Germany Industrial Production Index MoM:** fell -1.40%, compared to 2.30% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 115.50, down from 115.80 last month.

Eurozone Summary:

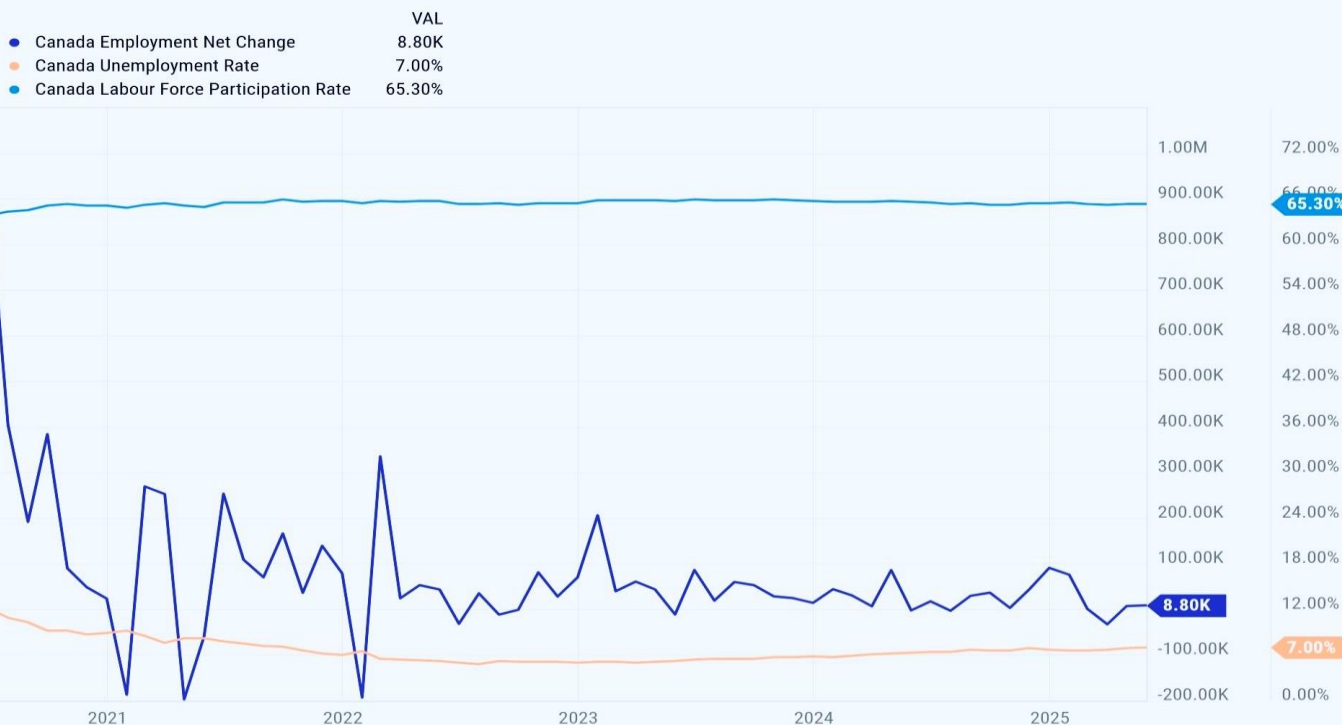
- **Stoxx 600:** Closed at 553.64, up 1.76 points or 0.32%.
- **FTSE 100:** Closed at 8,837.91, up 26.87 or 0.30%.
- **DAX Index:** Closed at 24,304.46, down 19.12 or 0.079%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,762.87, up 443.13 points or 1.05%.
- **S&P 500:** closed at 6,000.36, up 61.06 points or 1.03%.
- **Nasdaq Composite:** closed at 19,529.95, up 231.50 points or 1.20%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,858.13, down 6.60 points or 0.17%.
- **Birling Capital U.S. Bank Index:** closed at 6,752.45, up 21.60 points or 0.32%.
- **U.S. Treasury 10-year note:** closed at 4.51%.
- **U.S. Treasury 2-year note:** closed at 4.04%.



Canada Employment Net Change; Canada Unemployment Rate & Canada Labour Force Participation Rate

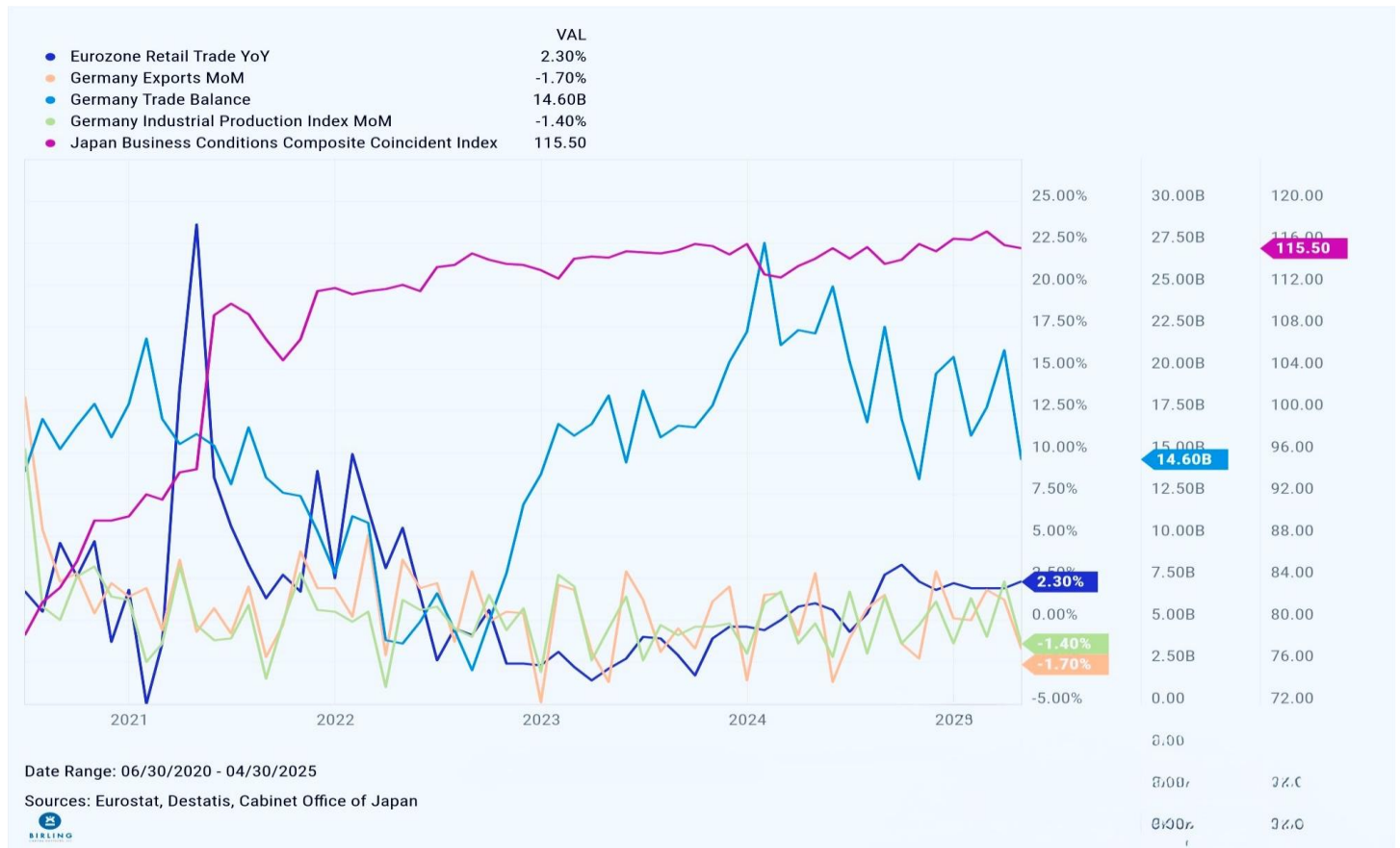


Date Range: 06/30/2020 - 05/31/2025

Source: Statistics Canada



Eurozone Retail Trade YoY; Germany Exports MoM; Germany Trade Balance; Germany Industrial Production Index MoM & Japan Business Conditions Composite Coincident Index





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