



GLOBAL MARKET SQUARE



Wall Street Rallies: Dow Jones Climbs 485.60 Points on Trade Optimism, Boosted by Automaker Stocks, Despite Soft Jobs Data and Economic Uncertainty.

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The US and European stock markets closed with gains, and Wall Street rallied, rebounding after consecutive losses, as news of a potential exemption for automakers from President Donald Trump's tariffs sparked optimism for further trade concessions.

The US Commerce Secretary Howard Lutnick had suggested potential tariff relief for Canada and Mexico. The White House announced a one-month extension for tariffs on automakers whose vehicles meet the United States-Mexico-Canada Agreement standards. Stellantis saw a 10% jump, while Ford and General Motors rose by more than 5% and 8%, respectively.

Asian stocks saw gains overnight, while European markets rally after Germany's decision to exclude military and defense spending from its strict fiscal rules. Furthermore, Germany revealed plans to establish a 500 billion euro fund to support infrastructure investment, with a vote expected in the German parliament next week. On the economic front, the ADP private-sector employment report indicated a rise of 77,000 jobs in February, falling short of the anticipated 145,000. Following the weaker-than-expected jobs data, bond yields have dipped, with the 2-year Treasury yield hovering around 3.91% and the 10-year yield dropping to 4.19%.

Trade uncertainty persists, but the fundamentals remain positive: Ongoing trade policy uncertainty continues to fuel market volatility, most recently with US tariffs on goods from Canada, Mexico, and China, leading to retaliatory actions from these nations. Despite future trade policy's unknowns, we maintain that the underlying economic conditions remain favorable. The S&P 500 is on track to post earnings growth of around 18% in the fourth quarter, marking the most substantial increase since the fourth quarter of 2021. Analysts expect earnings momentum to continue in 2025, with a projected 12% growth. Labor market conditions remain solid, and inflation-adjusted household incomes are rising, supporting consumer spending. While sustained tariffs may create a modest headwind for US economic growth, this can be managed. Investors should focus on their long-term goals and maintain diversified portfolios instead of reacting impulsively to headline news.

ADP private-sector job growth below expectations: The ADP private-sector employment report showed that US employers added only 77,000 jobs in February, well below the anticipated 145,000 and below January's 186,000 gain. This slowdown may reflect policy uncertainty and signs of weakening economic activity, possibly prompting businesses to hold off on hiring. While we anticipate a potential soft patch in the US economy in the first half of the year, the overall economic backdrop remains strong. Corporate profits are rising, and the labor market is still supportive despite the weaker-than-expected job growth. Analysts are forecasting US real GDP growth of 2.2% in 2025, slightly above the long-term trend of about 2%, but the GDPNow is forecasting a -2.80% GDP contraction for the first quarter of 2025. This week, labor-market data will remain in focus with the release of nonfarm payrolls and the unemployment rate on Friday. Economists expect 160,000 new jobs in February and the unemployment rate will remain at 4%.

Economic Data Update:

- **ADP Employment Change:** fell to 77,000, down from 186,000 last month, decreasing -58.60%.
- **US Durable Goods New Orders MoM:** fell -2.20%, compared to -1.99% last month.
- **US ISM Services PMI:** fell to 52.80, down from 54.00 last month.
- **US ISM Services Employment Index:** rose to 52.30, up from 51.30 last month.
- **US ISM Services New Orders Index:** fell to 51.30, down from 54.40 last month.
- **US ISM Services Prices Paid Index:** fell to 60.40, down from 64.40 last month.
- **ECB Deposit Facility Interest Rate:** fell to 2.75%, compared to 3.00% yesterday.

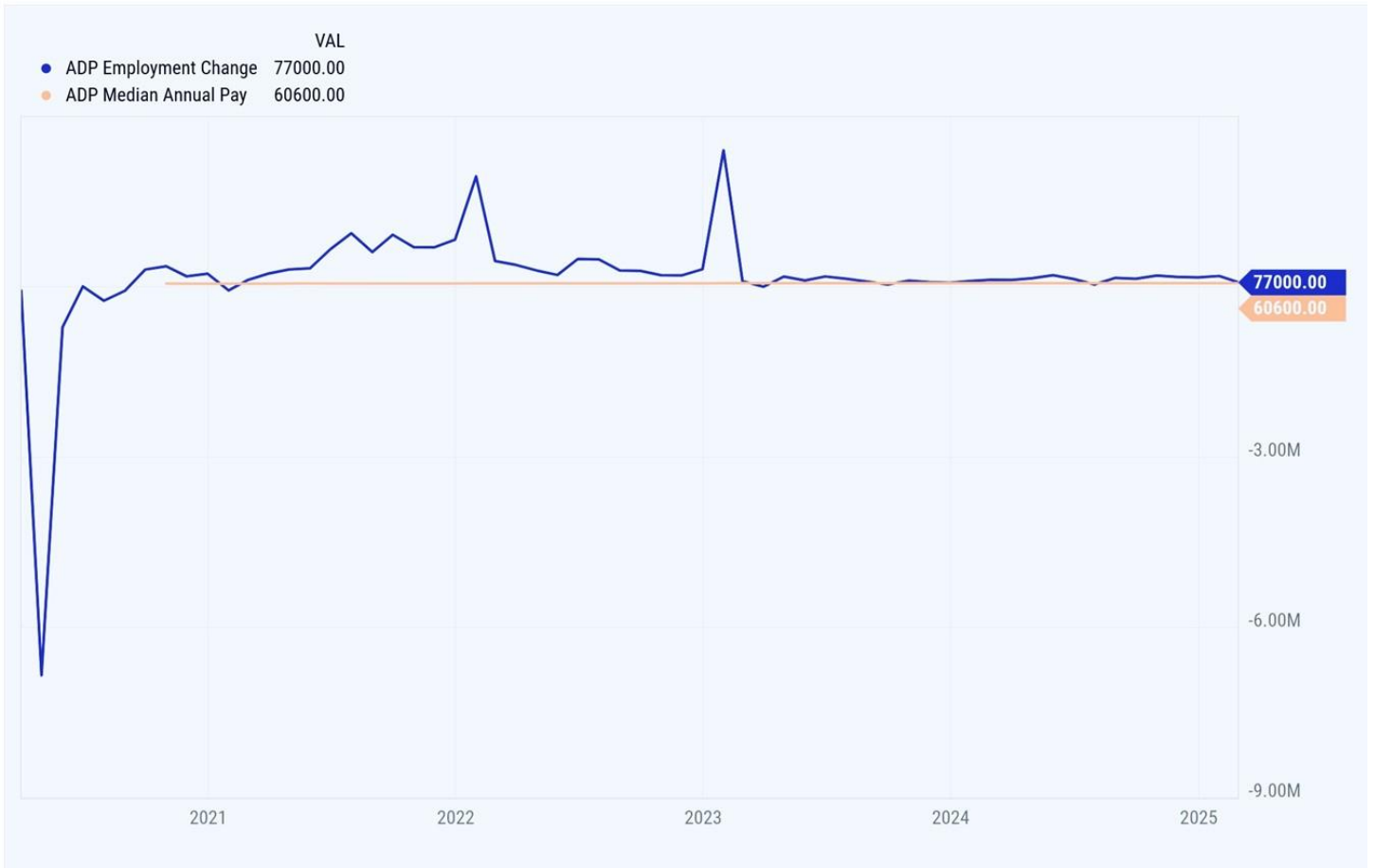
Eurozone Summary:

- **Stoxx 600:** Closed at 556.09, up 5.02 points or 0.91 %.
- **FTSE 100:** Closed at 8,755.84, down 3.16 points or 0.036%.
- **DAX Index:** Closed at 23,081.03, up 755.22 points or 3.38%.

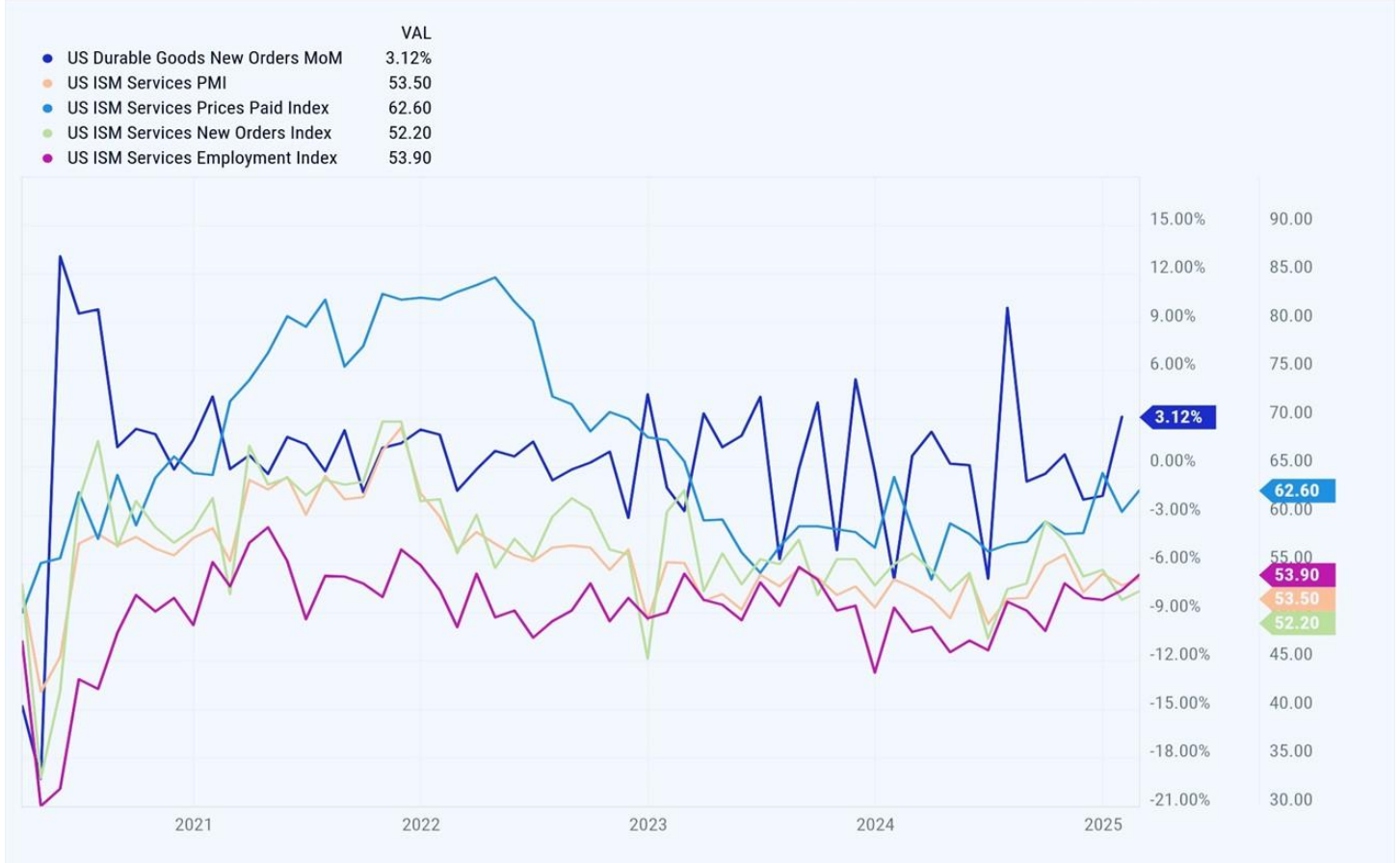
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,006.59, up 485.60 points or 1.14%.
- **S&P 500:** closed at 5,842.54, up 64.39 points or 1.11%.
- **Nasdaq Composite:** closed at 18,552.73, up 257.57 points or 1.46%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,704.27, down 119.83 points or 3.13%.
- **Birling Capital US Bank Index:** closed at 6,369.76, down 348.50 points or 5.19%.
- **US Treasury 10-year note:** closed at 4.28%.
- **US Treasury 2-year note:** closed at 3.99%.

ADP Employment Change & ADP Annual Median Pay



US Durable Goods New Orders, US ISM Services PMI, US ISM Services Employment Index, & US ISM Services New Orders,



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