

# GLOBAL MARKET SQUARE



## Markets Tumble as US Growth Outlook Weakens; Trump Pressured to Act Amid Prolonged Sell-Off, Consumer Spending Slump, and Tariff Concerns.

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The US and European stock markets closed broadly lower, pressured by softer consumer spending, weaker sentiment, and ongoing tariff uncertainties that cloud the economic outlook. The stock market's three-week decline accelerated on Monday, driven by mounting concerns that trade policy uncertainty could push the economy into a recession. Over the weekend, President Donald Trump acknowledged the possibility of an economic downturn in a televised interview, adding to investor unease.

The Dow Jones fell 890.01 points, the Nasdaq Composite lost 727.90 points, and the S&P 500 lost 155.64 points.

After a strong close to 2024, with fourth-quarter GDP expanding at a solid 2.5% and consumer spending surging at 4.2%, early signs suggest that the US economy is losing momentum as the first quarter of 2025 unfolds. Several key economic indicators, including retail sales and personal spending, have become weaker than expected, raising concerns about a potential slowdown.

The Fed's GDPNow, which had projected a robust 3.9% annualized growth rate earlier in the year, has since revised its estimate sharply downward to -2.4%.

A key factor behind this decline has been a surge in imports, as businesses stockpile inventory ahead of possible tariff changes. However, this trend is unlikely to persist long-term and may stabilize in the coming months. More concerning is the deceleration in consumer spending, now expected to grow by just 0.4% in the first quarter—down from an earlier estimate of 4.1%. Since consumption accounts for nearly 70% of US GDP, a cooling consumer sector could pressure overall economic growth.

Since President Trump took over and announced the beginning of America's "New Golden Age", we thought it essential to measure the results of the five US indexes we follow to see the results; we measure the returns **from January 20, 2025, to March 10, 2025:**

- Dow Jones has a return of -3.62%.
- S&P 500 has a return of -6.37%.
- Nasdaq Composite has a return of -11.01%.
- Birling PR Stock Index has a return of -1.63%.
- Birling US Bank Index has a return of -9.78%.

The current uncertainty, tariff implementation, and other issues affect investment sentiment.

If President Trump does not take decisive action to reassure markets, economic uncertainty could deepen, prolonging the current sell-off. A well-defined strategy that prioritizes pro-business policies, including targeted tax incentives, regulatory relief, and a commitment to maintaining competitive interest rates, would provide much-needed stability and confidence. These measures could help

reignite economic growth, encourage corporate investment, and restore market momentum for the remainder of the year. Without clear and assertive leadership, investor sentiment may continue to erode, increasing the risk of a prolonged downturn.

Fixed-income markets have provided some relief, with US investment-grade bonds gaining 2.1% year-to-date, offsetting some of the volatility in equities. Meanwhile, international equities have demonstrated resilience, with developed-market large-cap stocks rising 10.6% year-to-date, underscoring the benefits of global diversification.

### **Inflation Data in Focus This Week**

Investors are keenly awaiting fresh inflation data, with February's Consumer Price Index (CPI) report set for release on Wednesday. The Inflation Nowcasting has the CPI at 2.83%, down from 3.0% in January. The core CPI excludes volatile food and energy prices and is projected to drop 3.16% from the previous month's 3.29%. Shelter inflation, a critical component of overall price pressures, has continued to cool, slowing to 4.4% annualized in January from 6.1% a year ago. While elevated, shelter costs gradually align with broader housing inflation trends, contributing to the disinflationary momentum.

### **Bond Yields Decline Amid Fed Policy Expectations**

Bond yields edged lower at the start of the week, with the 10-year US Treasury yield closed at 4.22%, extending its recent downtrend. Fixed-income markets have increasingly priced in expectations of multiple Federal Reserve rate cuts this year, driven by decelerating inflation. The Fed's preferred inflation gauge, the Personal Consumption Expenditures (PCE) index, slowed to 2.5% annualized in January. Projections from the Inflation Nowcasting model suggest PCE inflation could moderate further to approximately 2.39% in the coming months, nearing the central bank's 2% target.

If inflation continues to cool, the Fed will likely shift toward a less restrictive monetary stance, paving the way for lower interest rates and improved financial conditions. Investors will closely monitor upcoming economic data to gauge the trajectory of growth, inflation, and policy adjustments in the months ahead.

### **Economic Data Update:**

- **US Retail Gas Price:** fell to \$3.206, down from \$3.255 last week, down -1.51%.
- **Germany Exports MoM:** rose to 2.90%, compared to 2.30% last month.
- **Germany Industrial Production Index MoM:** rose to 2.00%, compared to -1.50% last month.
- **Germany Trade Balance:** rose to 20.70B, up from 19.70B last month, increasing 5.08%.
- **Japan Real GDP QoQ:** rose to 0.70%, compared to 0.40% last quarter.
- **Japan Business Conditions Composite Coincident Index:** rose to 116.20, up from 116.10 last month.

### **Eurozone Summary:**

- **Stoxx 600:** Closed at 546.20, down 7.15 points or 1.29%.
- **FTSE 100:** Closed at 8,600.22, down 79.66 points or 0.92%.
- **DAX Index:** Closed at 22,620.95, down 387.99 points or 1.69%.

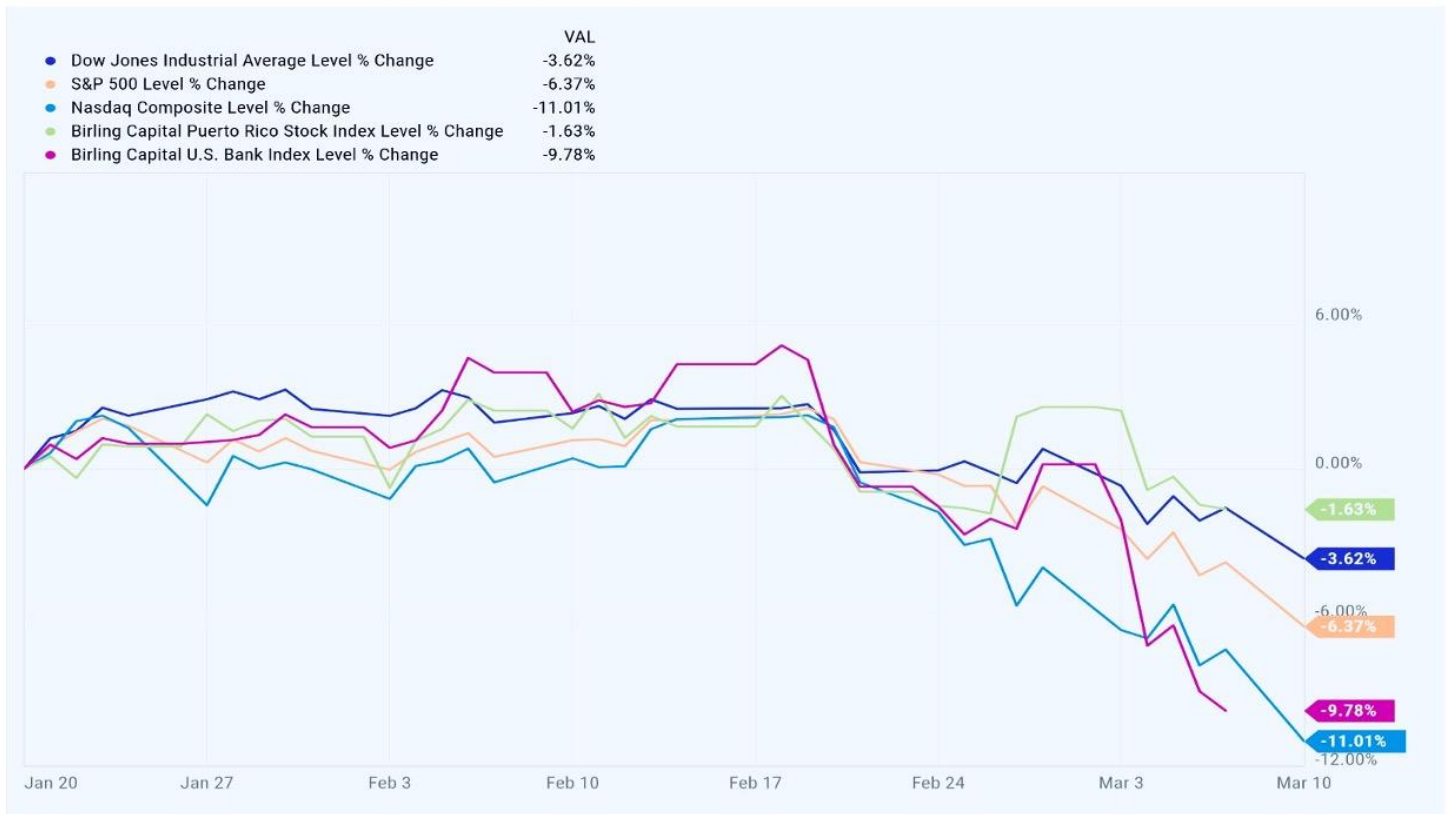
### **Wall Street Summary:**

- **Dow Jones Industrial Average:** closed at 41,911.71, down 890.01 points or 2.08%.
- **S&P 500:** closed at 5,614.56, down 155.63 points or 2.69%.

- **Nasdaq Composite:** closed at 17,468.33, down 727.90 points or 4.00%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,675.11, down 6.71 points or 0.18%.
- **Birling Capital US Bank Index:** closed at 6,191.22, down 54.02 points or 0.86%.
- **US Treasury 10-year note:** closed at 4.22%.
- **US Treasury 2-year note:** closed at 3.89%.



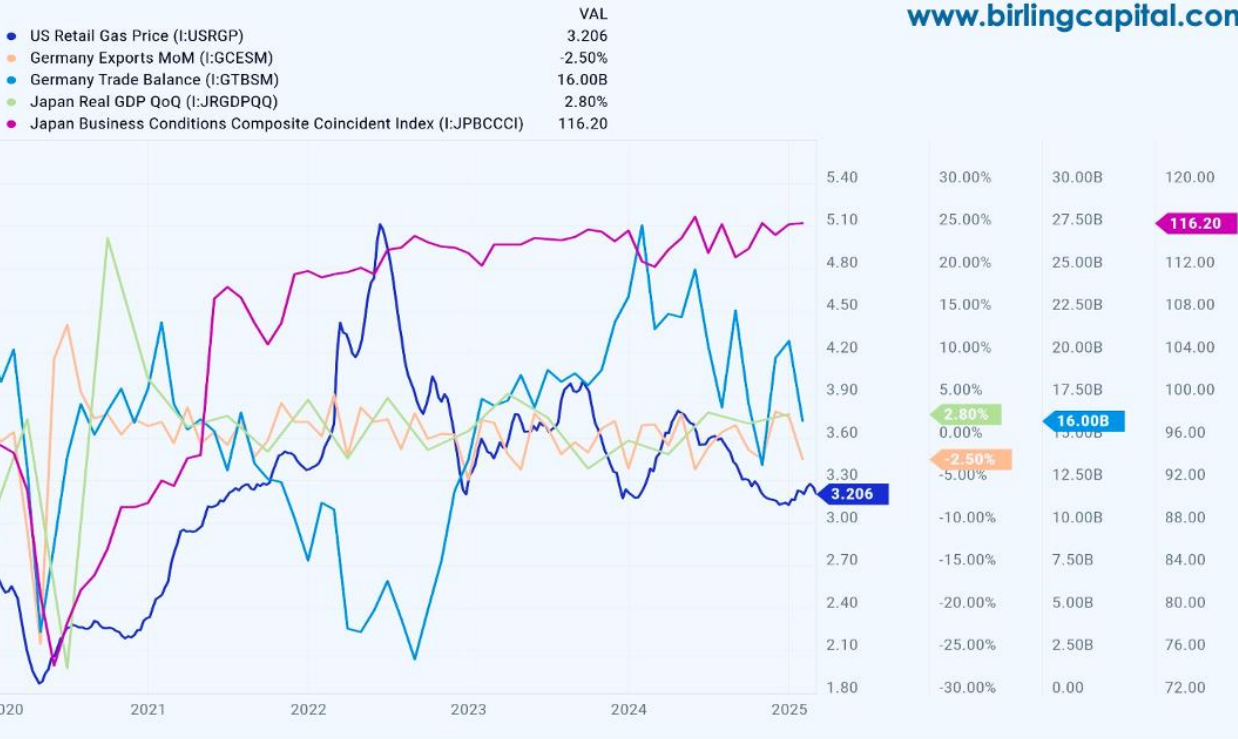
## Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index Returns Since President Trump took Office 1.20.25-3.10.25





# US Retail Gas Price, Germany Exports, Germany Trade Balance, Japan GDP & Japan Business Conditions Composite Index

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# CPI & Core CPI

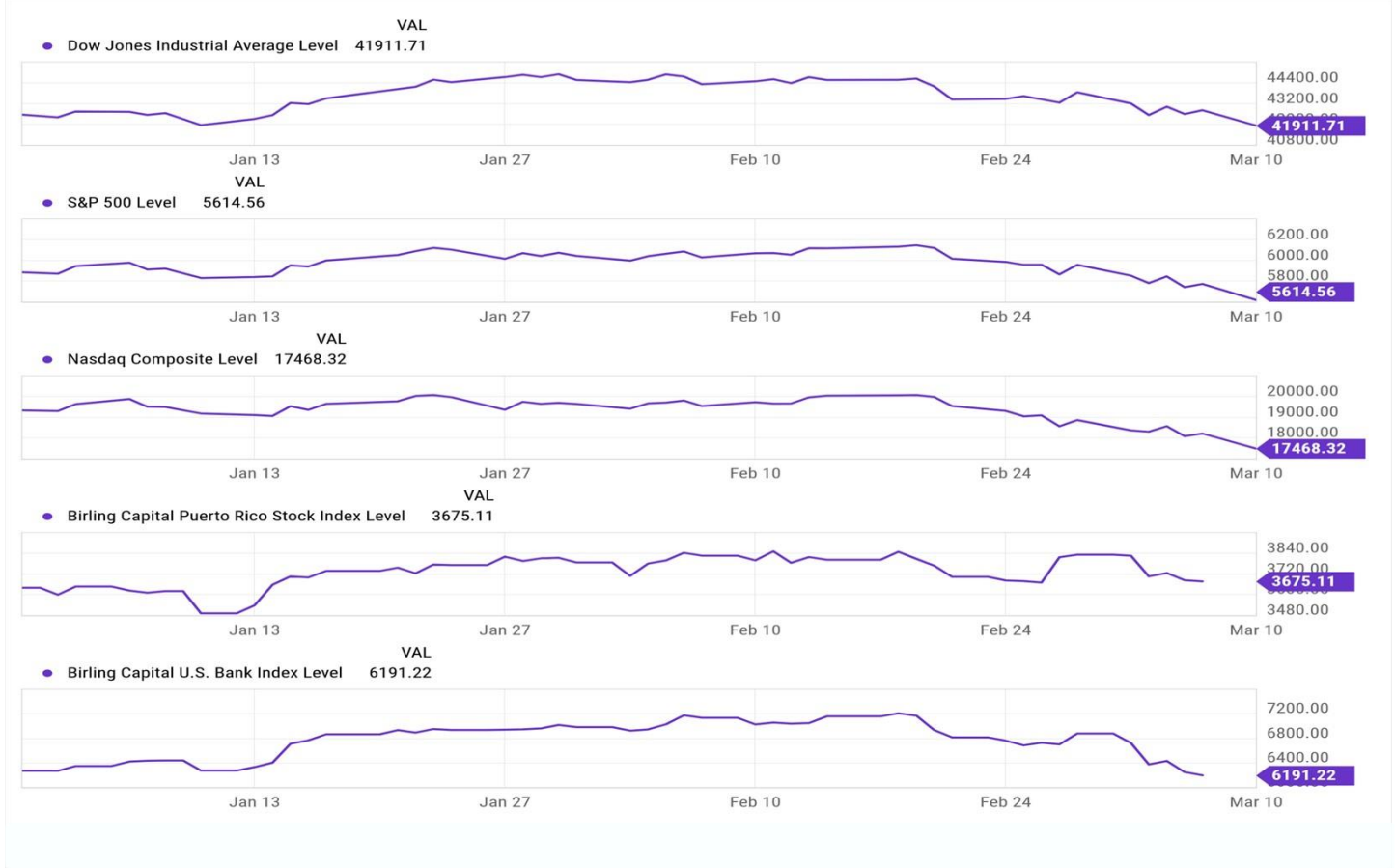
## Inflation Nowcasting

<b>Inflation Nowcasting</b>	<b>CPI Forecast</b>	<b>Core CPI Forecast</b>	<b>Updated</b>
<b>February</b>	<b>2.83%</b>	<b>3.16%</b>	<b>3.10.24</b>



# Wall Street Recap

## March 10, 2025



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