



# GLOBAL MARKET SQUARE



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## Markets Stabilize Amid Earnings Disappointments and Trade Uncertainty; Fed Holds Course as Rotation Deepens.

**March 21, 2025**

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The US and European stock markets closed with mixed results, impacted by disappointing earnings from FedEx and Nike. FedEx cut its full-year outlook, pointing to persistent inflationary pressures and weakening demand for shipping services. Meanwhile, Nike reported shrinking margins, partially due to ongoing US tariffs on imports from China and Mexico.

After entering correction territory last week—marked by a 10% drop from recent highs—stocks have shown signs of some stabilization. However, the broader market closed with gains, snapping its four-week losing streak. Under the surface, rotation continues to unfold across sectors, styles, regions, and asset classes. Notably, the equal-weighted S&P 500 is in positive territory this week, underscoring the shift in market leadership.

In Europe, optimism surrounding Germany's expansive fiscal stimulus package has helped buoy regional equities. The legislation has passed its final hurdle, lending strength to the market's recent outperformance, even as today sees a pause in momentum.

### Trade Policy in Focus as Tariff Clock Ticks

Trade tensions remain a key theme. Although there were no new tariff headlines this week, the lack of clarity creates an undercurrent of market fragility. Investors are eyeing the looming April 2 announcement on reciprocal tariffs, with the administration expected to unveil a framework targeting imports based on the trade practices of individual partners.

While markets have priced in some trade friction, the unpredictability surrounding policy execution keeps volatility elevated. Diversification remains essential for navigating this complex landscape with sector leadership in flux. Historically, equity markets experience a 10% correction annually—today's pullback may follow that pattern without necessarily signaling deeper trouble. The private sector continues to generate jobs, corporate earnings are growing, and the Federal Reserve remains on hold regarding further tightening.

### Fed Holds Steady, But Leans Toward Easing

The Federal Reserve held interest rates steady this week, maintaining the target range at 4.25%–4.50% while easing the pace of balance sheet reduction. Policymakers retained their forecast for two rate cuts this year, even as they downgraded GDP growth expectations to 1.7% from 2.1% and revised their core PCE inflation forecast higher to 2.8% from 2.5%.

Despite those adjustments, the Fed's longer-term inflation outlook remains unchanged, suggesting officials view recent tariff-related price pressures as temporary. Fed Chair Jerome Powell emphasized that the committee monitors inflation expectations closely and is prepared to respond if they begin to de-anchor.

The Fed appears content to wait for more policy clarity before acting, especially with underlying economic indicators—jobs, earnings, and spending—still showing resilience. That said, the bias

remains tilted toward rate cuts, and any short-term uptick in inflation stemming from trade policy is likely to be treated as a one-off event rather than a structural shift.

In our view, the Fed's policy rate is likely to settle in the 3.5%–4% range as the year unfolds.

### Corporate Earnings Parade:

- **Carnival Corp. (CCL):** Q25 revenues of \$5.8 billion, up 7.40%, and adjusted net income of \$174 million, up from a loss and includes \$252 million debt extinguishment costs associated with the company's refinancing transactions, accretive to future earnings—achieved Earnings Per Share of \$0.13, With a stock price objective of \$29.14, the stock closed today at \$20.94, down \$0.26.
- **Click our report on Carnival:** [https://mcusercontent.com/8a74dec0cc0cdc6eb732b812/files/521447fa-810d-e13b-a2f1-12ea030439d8/CCL\\_pdf\\_report\\_2025\\_03\\_21\\_15\\_50.pdf](https://mcusercontent.com/8a74dec0cc0cdc6eb732b812/files/521447fa-810d-e13b-a2f1-12ea030439d8/CCL_pdf_report_2025_03_21_15_50.pdf)

### Economic Data Update:

- **Canada New Housing Price Index YoY:** is unchanged at 0.08%, compared to 0.08% last month.
- **Eurozone Consumer Confidence Indicator:** fell by -13.60, up from -14.20 last month.
- **Eurozone Economic Sentiment Indicator:** rose to 96.30, up from 95.30 last month, increasing 1.05%.

### Eurozone Summary:

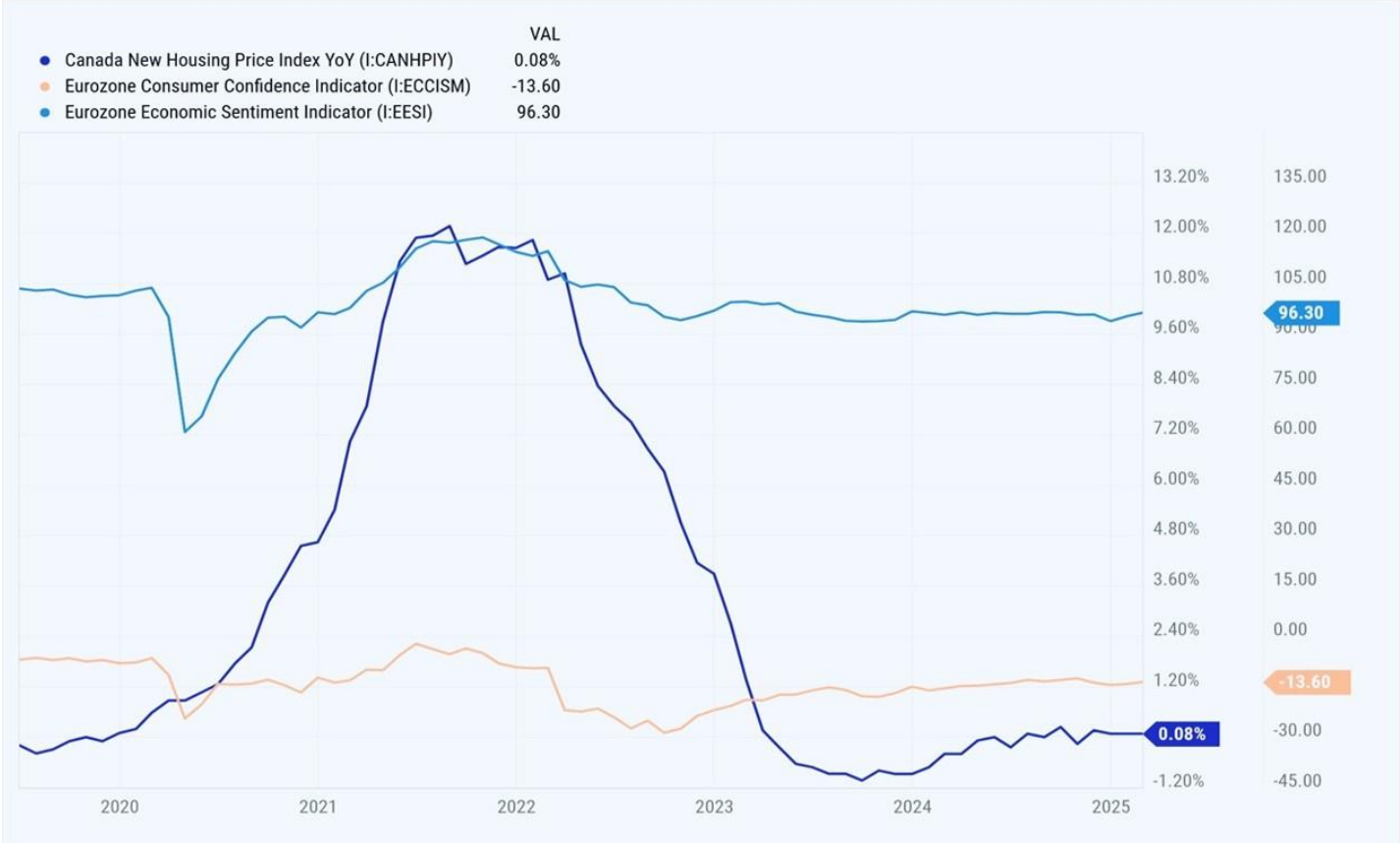
- **Stoxx 600:** Closed at 549.67, down 3.31 points or 0.60%.
- **FTSE 100:** Closed at 8,646.79, down 55.20 points or 0.63%.
- **DAX Index:** Closed at 22,891.68, down 107.47 points or 0.47%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,985.35, up 32.03 points or 0.08%.
- **S&P 500:** closed at 5,667.56, up 4.67 points or 0.08%.
- **Nasdaq Composite:** closed at 17,784.05, up 92.43 points or 0.52%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,630.39, down 19.57 points or 0.54%.
- **Birling Capital US Bank Index:** closed at 6,260.78, up 23.43 points or 0.38%.
- **US Treasury 10-year note:** closed at 4.25%.
- **US Treasury 2-year note:** closed at 3.94%.

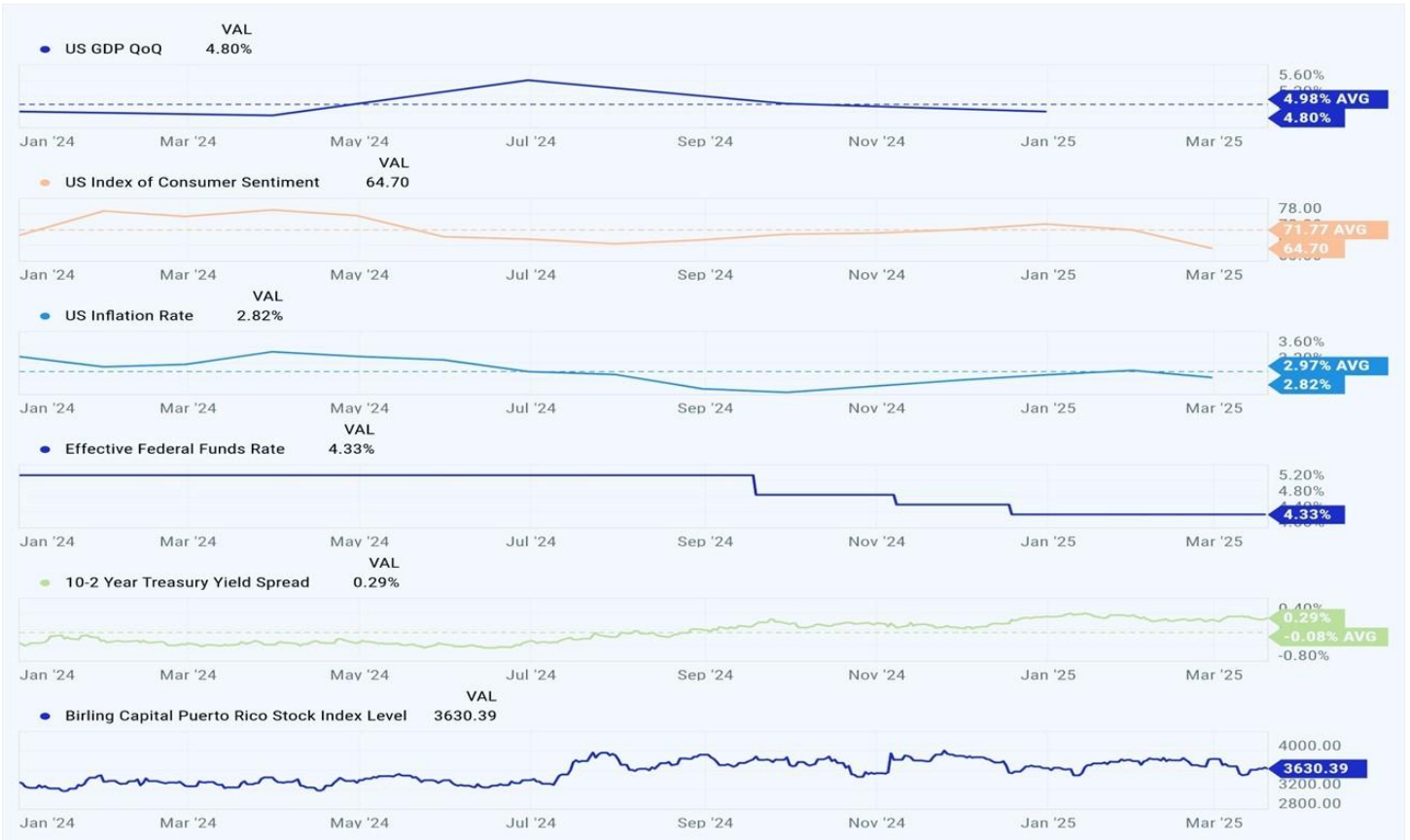


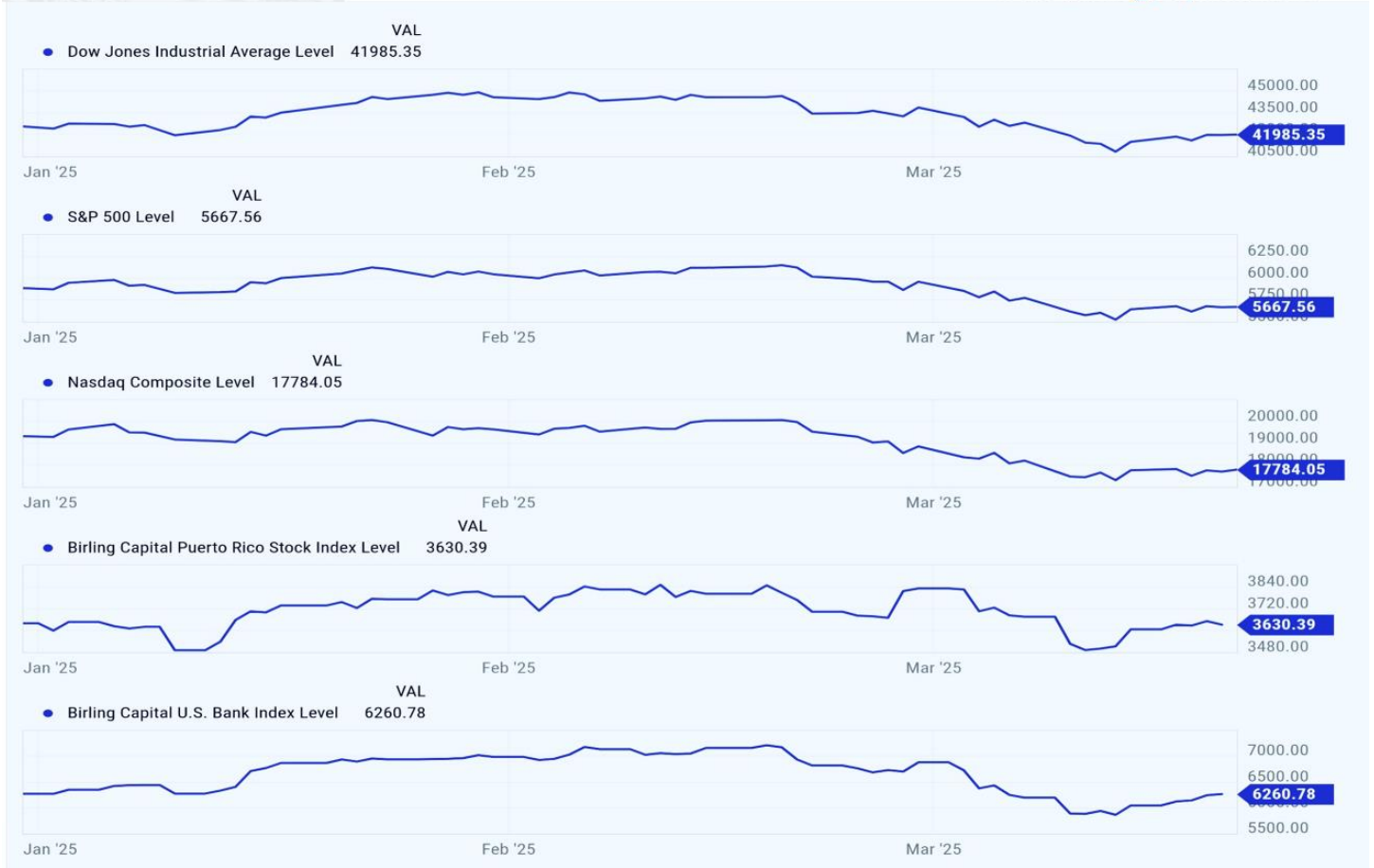
# Canada New Housing Price Index, Eurozone Consumer Confidence Indicator & Eurozone Economic Sentiment Indicator





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





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