

Markets Find Footing as Targeted Tariff Approach Lifts Sentiment; Dow Jones Rises 597.97 Points and Services Sector Surges Past Expectations.

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The US and European stock markets opened the week with mixed results; Wall Street surged Monday as hopes grew that President Donald Trump could soften his approach to broad tariff measures. While investors remain uneasy about rising inflation and the risk of a potential recession ahead of Trump's planned April 2 rollout of reciprocal tariffs, sentiment improved on reports that the proposed duties may be more limited in scope. According to Bloomberg News and The Wall Street Journal, sector-specific tariffs could also face delays, further easing market concerns.

In terms of Year to Date returns, the indices have these results:

- Dow Jones has a YTD return of 0.09%.
- S&P 500 has a YTD return of -1.94%.
- Nasdaq Composite has a YTD return of -5.81%.
- Birling PR Stock Index has a YTD return of 0.81%.
- Birling US Bank Index has a YTD return of 0.13%.

European markets fell due to concerns over persistent inflation, weak economic data, geopolitical tensions, a stronger euro hurting exports, and disappointing corporate earnings.

Asian markets closed broadly higher, driven by optimism over a more targeted US tariff strategy, stronger-than-expected US services data, and improved global risk sentiment. Weaker regional currencies boosted export prospects, while hopes for continued policy support in China added to the positive tone. Meanwhile, the US dollar is gaining ground against major global currencies. In commodities, WTI crude is trading higher on signs that OPEC's latest output strategy may lead to tighter supply conditions ahead.

Services Outperform While Manufacturing Slips

Economic data out this morning showed a surprisingly strong performance from the services sector. The S&P Global US Services PMI rose to 54.3 in March, beating expectations for a dip to 50.8. This marks a solid expansion, driven by a rebound in business activity following earlier weather disruptions and ongoing pricing strength linked to tariffs and labor costs.

On the other hand, the manufacturing PMI slipped to 49.8, falling short of the anticipated 51.9. A slowdown in new orders, as firms front-loaded production ahead of tariff changes, weighed on the latest reading. Nonetheless, the broader picture remains positive: given that services represent a much larger share of the US economy, their continued strength could more than compensate for manufacturing softness.

Treasury Yields Climb as Rate Cut Expectations Hold Steady

Bond markets are also moving, with the 10-year US Treasury yield rising to 4.32%. Investors continue to price in two to three rate cuts from the Federal Reserve this year—aligning with the Fed's own projections released last week. While policymakers are likely to remain patient, awaiting greater clarity on the economic fallout from potential tariff shifts, the broader bias remains tilted toward easing. Any future rate cuts could help lower borrowing costs, offering additional support to consumer spending and corporate earnings.

Economic Data Update:

- **US Retail Gas Price:** fell to \$3.184, down from \$3.197 last week, decreasing -0.41%.

Eurozone Summary:

- **Stoxx 600:** Closed at 548.93, down 0.74 points or 0.13%.
- **FTSE 100:** Closed at 8,638.01, down 8.78 points or 0.10%.
- **DAX Index:** Closed at 22,852.66, down 39.02 points or 0.17%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,583.32, up 597.97 points or 1.42%.
- **S&P 500:** closed at 5,767.57, up 100.01 points or 1.76%.
- **Nasdaq Composite:** closed at 18,188.59, up 404.54 points or 2.27%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,667.76, up 37.37 points or 1.03%.
- **Birling Capital US Bank Index:** closed at 6,275.85, up 15.08 points or 0.24%.
- **US Treasury 10-year note:** closed at 4.34%.
- **US Treasury 2-year note:** closed at 4.04%.



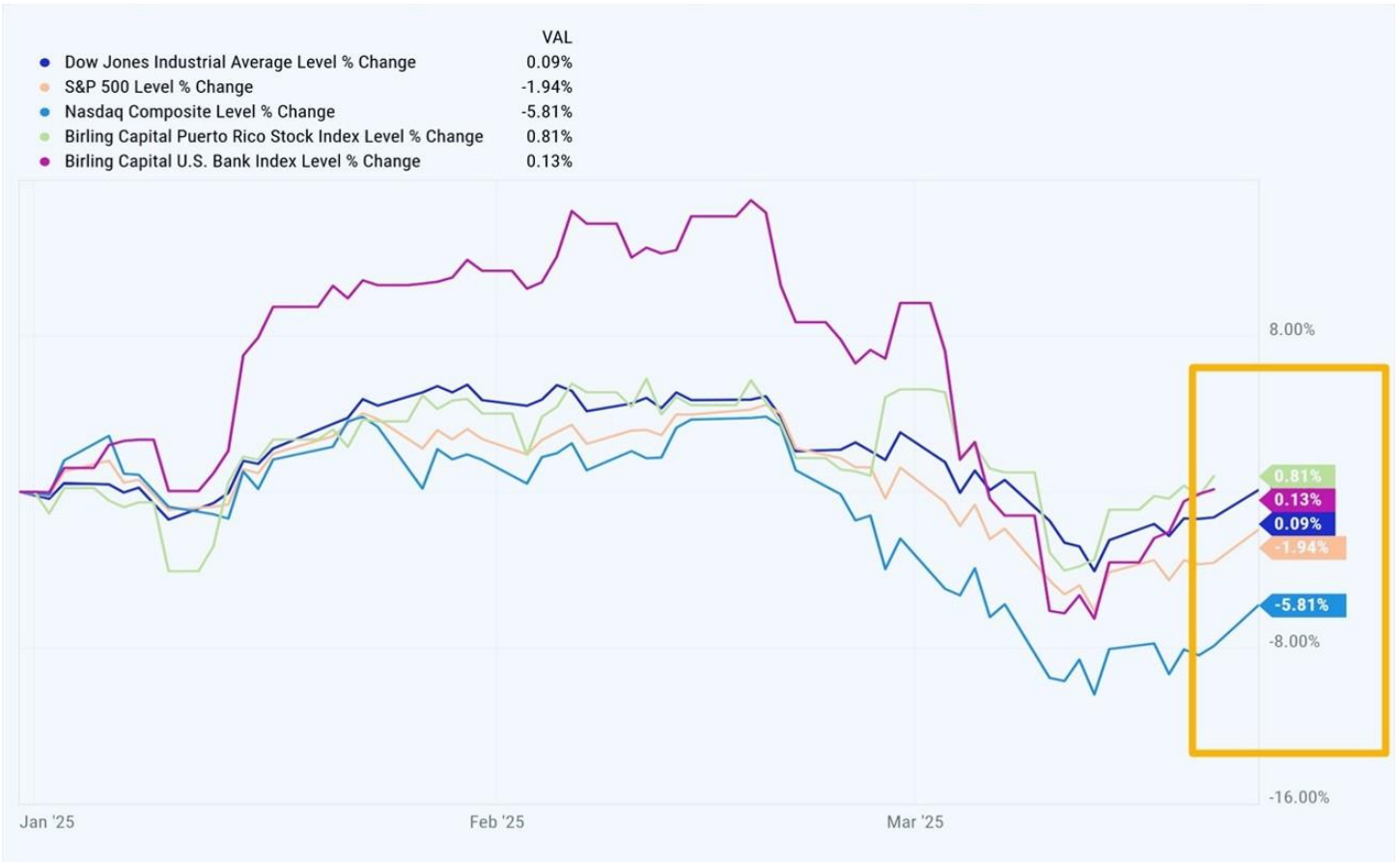
The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate, 10-year US Treasury & Birling PR Stock Index

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Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 3.24.25

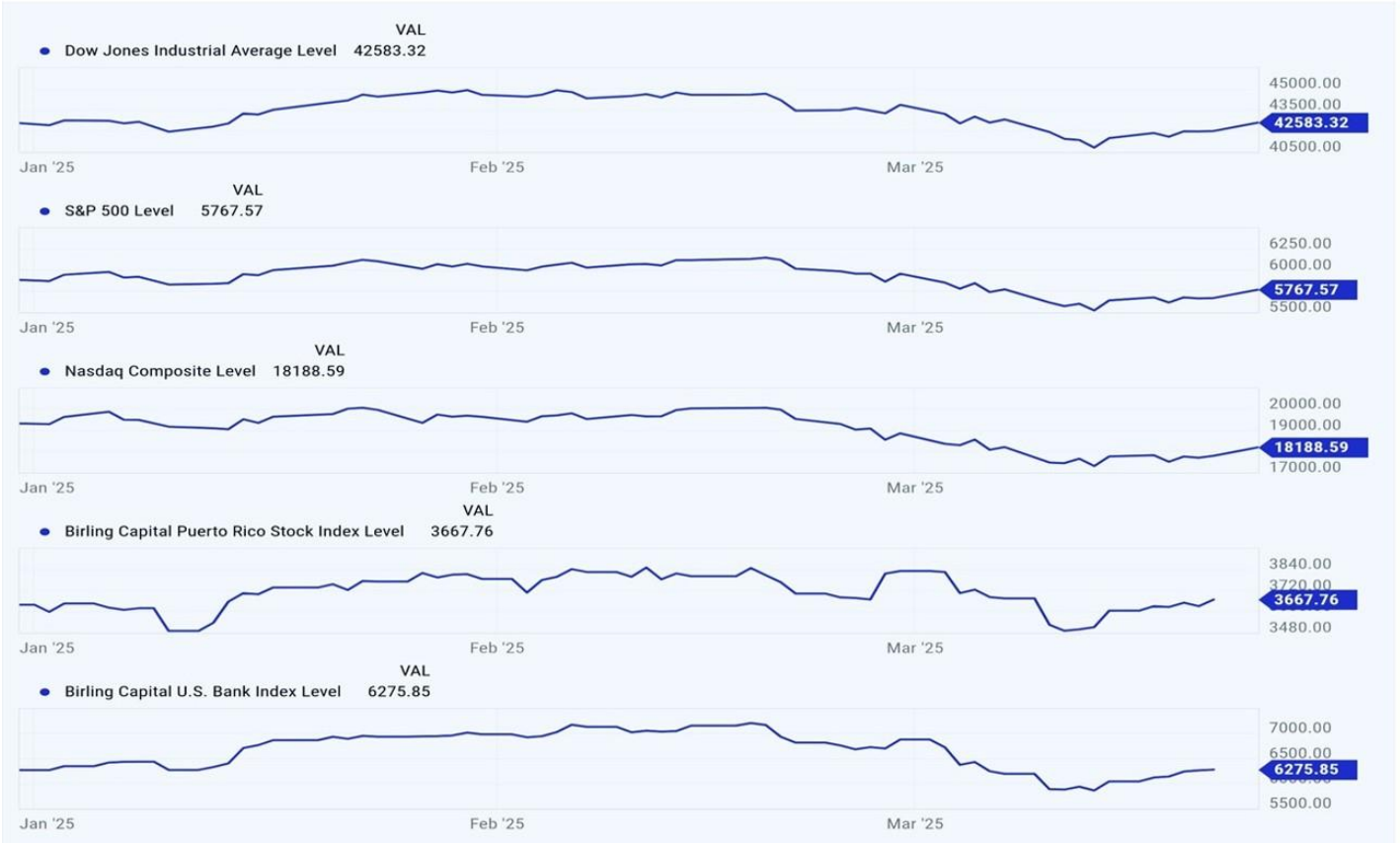




Wall Street Recap

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