



GLOBAL MARKET SQUARE



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Wall Street Slides as Trump's Surprise 25% Auto Tariff Shakes Global Markets and Reignites Trade Tensions.

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The U.S. and European stock markets closed lower as investors digested the major shift in trade policy after President Donald Trump unveiled a new 25% tariff on all vehicles not manufactured in the United States. The announcement, made Wednesday afternoon, has led to a risk-off tone in early trading. Shares of domestic auto giants such as Ford and General Motors fell more than 3% and 7%, respectively, as investors assess the potential impact on the sector.

Defensive sectors, including health care and consumer staples, are showing relative strength amid the uncertainty, while growth-oriented segments like technology are trailing. Overseas, Asian markets posted mixed results overnight, whereas European stocks are broadly lower, with concerns over the U.S. auto tariffs weighing on sentiment across the region.

Focus Shifts to Trade Policy Amid Tariff Escalation

The newly announced tariffs will apply to imported passenger cars and a broad range of automotive parts, including engines, transmissions, and electrical systems. However, vehicles imported under the United States-Mexico-Canada Agreement (USMCA) will be taxed only on their non-U.S. content, offering a partial exemption.

This move comes ahead of a closely watched reciprocal tariff announcement expected on April 2. While recent signals from the administration hint at a potentially softer stance or room for negotiation, the path forward remains unclear. We believe that trade tensions will continue to be a source of volatility in the months ahead, underscoring the importance of maintaining a diversified portfolio.

Despite recent equity market turbulence, internationally developed large-cap equities have returned close to 10% year-to-date, including dividends, while U.S. investment-grade bonds have posted gains of around 2%. We encourage investors to use market pullbacks as opportunities to strengthen positions in high-quality assets aligned with long-term objectives.

Economic Data Points to Resilience Despite Policy Headwinds

Amid trade uncertainty, economic fundamentals remain solid. The final estimate for fourth-quarter GDP was revised upward to 2.4% from 2.3%, mainly due to a downward revision in imports, signaling a stronger-than-expected end to 2024. While GDP data is backward-looking, the upward revision supports the view that the economy entered 2025 with healthy momentum.

Labor market data also remains favorable. Initial jobless claims for the latest week came in at 224,000—essentially flat from the prior reading and well below the 30-year median of 324,000. This suggests continued strength in employment trends.

Although evolving trade dynamics could pose modest headwinds, we believe the U.S. economy is undergoing a mid-cycle adjustment following two years of robust growth—not heading into

recession. Investors should remain focused on fundamentals, maintain discipline, and emphasize diversification across asset classes.

Economic Data Update:

- **U.S. Initial Claims for Unemployment Insurance:** fell to 224,000, down from 225,000 last week, down -0.44%.
- **U.S. Total Vehicle Sales:** rose to 16.46 million, up from 15.99 million last month, increasing 2.95%.
- **U.S. Pending Home Sales YoY:** is at -3.61%, compared to -5.23% last month.
- **30-Year Mortgage Rate:** fell to 6.65%, compared to 6.67% last week.
- **Kansas City Fed Manufacturing Production Index:** rose to 1.000, up from -13.00 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 546.31, down 2.42 points or 0.44%.
- **FTSE 100:** Closed at 8,666.12, down 23.47 points or 0.27%.
- **DAX Index:** Closed at 22,678.74, down 160.29 points or 0.70%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,299.70, down 155.09 points or 0.37%.
- **S&P 500:** closed at 5,693.31, down 18.89 points or 0.33%.
- **Nasdaq Composite:** closed at 17,804.03, down 94.98 points or 0.53%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,742.63, up 5.90 points or 0.16%.
- **Birling Capital US Bank Index:** closed at 6,391.16, down 88.79 points or 1.37%.
- **US Treasury 10-year note:** closed at 4.38%.
- **US Treasury 2-year note:** closed at 3.97%.

US Initial Claims for Unemployment, US Job Openings, and US Job Seekers





U.S. Total Vehicle Sales, U.S. Pending Home Sales, 30-Year Mortgage Rate, and Kansas City Fed Manufacturing Production Index





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