



## Consumer Price Index Falls Below Estimates to 2.31%, the S&P 500 Erases Losses for the year, and the Birling PR Stock Index Rises to 7.74% YTD Return.

May 13, 2025

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The U.S. and European stock markets closed with mixed results, driven in the US by a lower-than-expected April inflation report. The headline CPI and core CPI readings show little indication that tariffs contributed to higher prices in the latest data. Wall Street's recent rally has propelled several indices into positive territory. Below are the latest returns:

- Dow Jones: -0.95%
- S&P 500: 0.08%
- Nasdaq Composite: -1.56%
- Birling Puerto Rico Stock Index: 7.74%.
- Birling U.S. Bank Index: 5.23%.

Asian markets closed mostly higher, and European markets closed mostly up, bolstered by stronger-than-expected economic sentiment data from Germany.

Meanwhile, Bond yields remain stable, with the 10-year yield closing at 4.49%.

### CPI, Core CPI, and Inflation In Focus

Inflation remains in focus today, as the latest CPI data for April shows modest increases. Headline CPI rose by 0.2% month-over-month and 2.31% y-o-y, while core CPI increased by 0.2% for the month and 2.78% y-o-y. Notably, the three-month annualized change in core CPI has dropped to 2.1%, the lowest since July 2024. Also, compared to the Inflation Nowcasting forecast with the CPI at 2.34%, the CPI came in at 2.31%, and the Core CPI was at 2.76%, and it rose to 2.78%.

There is little evidence of tariffs pushing up prices in the April report. Durable goods saw a modest monthly gain of 0.2%, and nondurable goods declined by 0.1%. Instead, services accounted for the bulk of the price increase by 0.4%. Although inflation has moderated recently, we anticipate a slight uptick in the coming months as tariffs impact prices. However, we view tariffs as a temporary boost to price levels rather than a sustained source of inflation that would destabilize long-term inflation expectations. Market-based inflation measures, like the 10-year breakeven inflation rate, remain contained, signaling that inflation expectations remain well-anchored. Futures markets are anticipating two Fed rate cuts in 2025, which seems a reasonable expectation in the current economic outlook.

The first-quarter earnings season is nearing its end, with around 90% of S&P 500 companies having reported. Results have been mainly positive, with approximately 78% of companies surpassing earnings expectations by an average of 8.6%. Earnings growth for the quarter is on track to reach 13%, up from the 7% expected at the start of April. Healthcare and communication services have posted the strongest earnings growth, each sector expecting a rise of at least 30%. Looking ahead to 2025, S&P 500 earnings are projected to grow by roughly 9%. This single-digit growth seems achievable, especially with trade tensions easing. Last weekend, the U.S. and China agreed to a 90-

day tariff reduction to facilitate ongoing negotiations. Although a 30% tariff remains on U.S. imports from China for the next three months, the new agreement should help mitigate trade disruptions and reduce the impact on corporate profit margins compared to the prior 100% tariff imposition. With easing trade tensions and continued healthy economic activity, single-digit earnings growth in 2025 remains feasible.

### Economic Update:

- **U.S. Consumer Price Index YoY:** fell to 2.31%, compared to 2.39% last month.
- **U.S. Core Consumer Price Index YoY** is at 2.78%, compared to 2.81% last month.
- **U.S. Inflation Rate:** fell to 2.31%, compared to 2.39% last month.
- **U.S. Retail Gas Price:** rose 3.273, up from 3.261 last week.
- **ZEW Indicator of Economic Sentiment for Germany:** fell -14.00, down from 51.60 last month.
- **UK ILO Unemployment Rate:** Aged 16-64: rose to 4.60%, compared to 4.50% last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 545.17, up 0.68 points or 0.12%.
- **FTSE 100:** Closed at 8,602.92, down -2.06 or 0.02%.
- **DAX Index:** Closed at 23,638.56, up 72.02 or 0.31%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,140.43, down 269.67 points or 0.64%.
- **S&P 500:** closed at 5,886.55, up 42.36 points or 0.72%.
- **Nasdaq Composite:** closed at 19,010.08, up 301.74 points or 1.61%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,920.09, up 144.84 points or 3.02%.
- **Birling Capital U.S. Bank Index:** closed at 6,595.85, up 247.74 points or 3.90%.
- **U.S. Treasury 10-year note:** closed at 4.49%.
- **U.S. Treasury 2-year note:** closed at 4.02%.

# Inflation Nowcasting

Inflation Nowcasting	CPI Forecast	CPI Actual	Core CPI Forecast	Core CPI Actual	Updated
April	2.34%	2.31%	2.76%	2.78%	5.13.25

# US Consumer Price Index, US Core CPI, US Inflation Rate & US Retail Gas Price





## Wall Street Recap May 13, 2025



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