



The U.S. Index of Consumer Sentiment fell to 50.80, its lowest level since 2022, down from 71.70 in January 2025, and Wall Street closed up.

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The U.S. and European stock markets ended the week up, even as the U.S. Index of Consumer Sentiment fell to 50.80, its lowest since 2022, down 29.1% from its 71.70 in January 2025.

The S&P 500 has gained 0.8% year-to-date, still trailing mid-cap stocks, which have posted a 1.6% gain over the same period. Meanwhile, bond markets show strength, with the 10-year U.S. Treasury yield at 4.41% as investors digest mixed macroeconomic signals.

Asian equities ended the session with a mixed tone after Japan's GDP contracted at an annualized rate of 0.7% in the first quarter—its first negative print in a year and worse than forecast. The U.S. dollar is strengthening against a basket of major currencies, while West Texas Intermediate (WTI) crude oil prices are climbing amid signs of easing global trade tensions.

Housing Market Shows Resilience Despite High Rates

April housing data showed a modest increase in activity. Privately owned housing starts rose to a seasonally adjusted annual rate of 1.36 million, slightly below consensus expectations of 1.38 million. Building permits fell to an annual pace of 1.41 million, undershooting forecasts of 1.45 million. Despite elevated mortgage rates—now averaging 6.76%—the underlying data suggests that homebuilder confidence remains intact.

These trends support gradually rebalancing housing supply and demand, which could help moderate shelter-related inflation going forward. Shelter prices, a key component of the Consumer Price Index (CPI), remained elevated at 4.0% year-over-year in April, significantly higher than the overall CPI increase of 2.3%. Many homeowners remain reluctant to sell due to locked-in mortgage rates far below current levels, but any future Fed rate cuts could unlock supply by lowering borrowing costs.

Consumer Sentiment Hits Lowest Level Since 2022

Consumer confidence continues to erode. The University of Michigan's preliminary sentiment index dropped for a fifth straight month, falling to 50.8—well below expectations for a rebound to 55.0 and marking the weakest reading since late 2022. The deterioration was driven primarily by inflation expectations. Short-term inflation expectations surged to 7.3%, up from 6.5% in the previous month, while long-term expectations increased to 4.6%.

Nearly 75% of respondents cited tariffs as contributing to inflation concerns. While some of these costs may be passed on to consumers soon, we anticipate the long-term inflationary impact will be more contained. Encouragingly, despite weakening sentiment, consumer spending remains solid. A sustained de-escalation of trade tensions could lift consumer outlooks in the months ahead.

GDPNow:

- The GDPNow for the second quarter of 2025 was updated on May 16 to 2.40%, down from 2.50%, a decrease of 4.00%.

Economic Update:

- **U.S. Index of Consumer Sentiment:** is at a current level of 50.80, down from 52.20 last month, decreasing -2.68%.
- **U.S. Export Prices YoY:** fell to 2.00%, compared to 2.55% last month.
- **U.S. Import Prices YoY:** fell to 0.07%, compared to 0.78% last month.
- **U.S. Housing Starts:** rose to 1.361 million, up from 1.339 million last month, increasing 1.64%.
- **U.S. Building Permits:** fell to 1.412 million, down from 1.481 million last month, decreasing by 4.66%
- **N.Y. Fed Business Leaders Survey Current Business Activity:** is at -16.20, up from -19.80 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 549.26, up 2.31 points or 0.42%.
- **FTSE 100:** Closed at 8,684.56, down 50.61 or 0.59%.
- **DAX Index:** Closed at 23,767.43, up 71.84 or 0.30%.

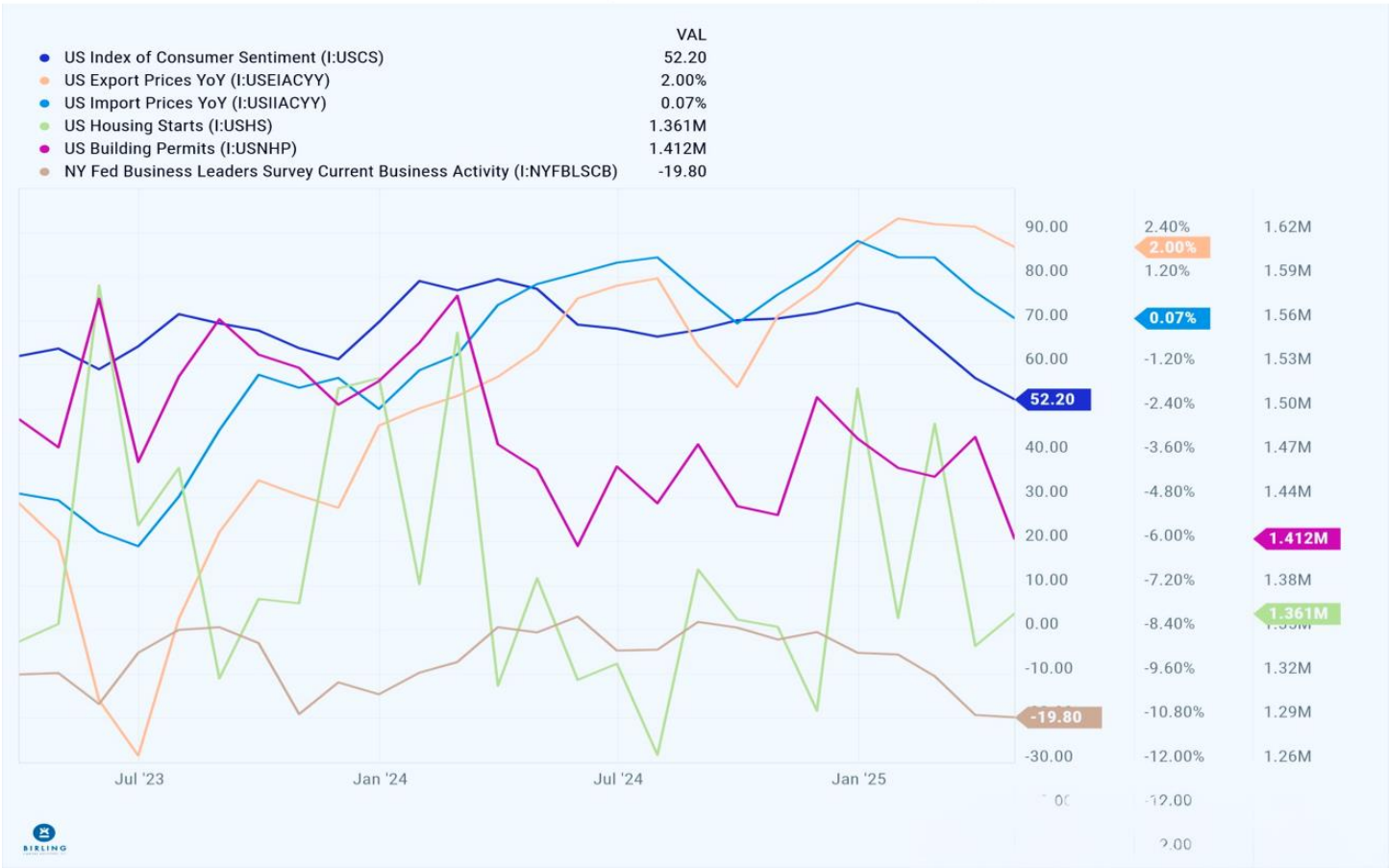
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,654.74, up 331.99 points or 0.78%.
- **S&P 500:** closed at 5,958.38, up 41.45 points or 0.70%.
- **Nasdaq Composite:** closed at 19,211.10, up 98.78 points or 0.52%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,975.78, up 40.71 points or 1.03%.
- **Birling Capital U.S. Bank Index:** closed at 6,772.12, up 19.53 points or 0.29%.
- **U.S. Treasury 10-year note:** closed at 4.43%.
- **U.S. Treasury 2-year note:** closed at 3.98%.

Second Quarter 2025

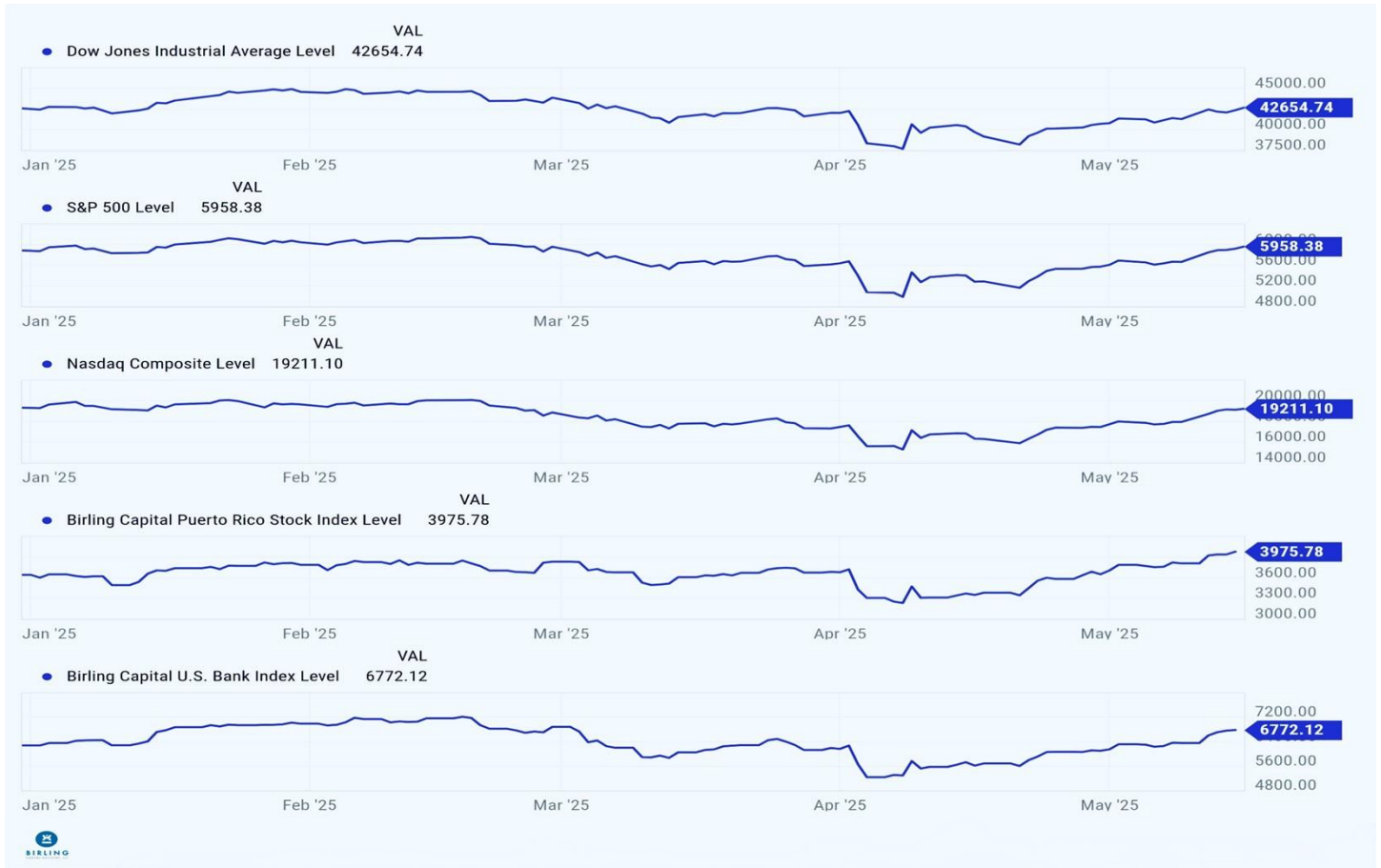
Date	GDPNow 2Q25	Change
4/30/2025	2.40%	Initial Forecast
5/1/2025	1.10%	-54.17%
5/6/2025	2.20%	100.00%
5/8/2025	2.30%	4.55%
5/15/2025	2.50%	8.70%
5/16/2025	2.40%	-4.00%

US Index of Consumer Sentiment; US Export Prices YoY; US Import Prices YoY; US Housing Starts; US Building Permits & NY Fed Business Leaders Survey Current Business Activity





Wall Street Recap May 16, 2025



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