



Markets Mixed as U.S.-U.K. Trade Talks and China Tariff Proposals Shape Economic Outlook, and the GDPNow for the second quarter rose to 2.30%.

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The U.S. and European stock markets closed with mixed results as investors and traders continue to monitor the U.S.-U.K. trade agreement. Also early today, President Donald Trump signaled that he is open to reducing tariffs in China to 80% ahead of critical trade discussions. However, this proposed level may fall short of what investors and business leaders hope for.

The Dow Jones, S&P 500, and Nasdaq recorded weekly losses, and we review the five U.S. indices, we follow YTD Returns:

- Dow Jones has a return of -3.04%.
- S&P 500 has a return of -3.77%.
- Nasdaq Composite has a return of -7.16%.
- Birling PR Stock Index has a return of 4.94%.
- Birling U.S. Bank Index has a return of 1.36%.

In a post on Truth Social, Trump stated, "80% Tariff on China seems right" up to Treasury Secretary Scott Bessent is among the U.S. officials scheduled to meet with Chinese counterparts in Switzerland this weekend to discuss the trade talks.

While an 80% tariff represents a significant drop from the current 145% levied on many Chinese imports, it could still be viewed as a barrier to trade. Furthermore, this rate remains much higher than the 10% baseline tariff outlined in the recently announced U.S.-U.K. trade agreement from Thursday.

On a relatively quiet day for economic data, multiple Federal Reserve officials are scheduled to speak, marking the end of the Fed's blackout period. The consumer discretionary and energy sectors are leading the gains, while consumer staples is the only sector showing a decline in early trading.

Asian stocks finished mixed, with China's export growth in April surpassing expectations. The U.S. dollar is weakening against other major currencies. WTI oil prices have risen in commodities, exceeding \$60 per barrel as trade tensions ease.

U.S. Treasury yields are slightly lower, with the 10-year yield closing at 4.37%. One factor contributing to this trend is the market's reduced expectations for a more aggressive Fed, now anticipating three rate cuts this year, down from four previously forecasted. The 2-year Treasury yield has increased as a result. The Federal Reserve has kept rates unchanged for the last three meetings and is expected to remain on hold at its upcoming June meeting. A strong labor market, with the unemployment rate at a low 4.2%, is allowing the Fed flexibility to delay rate adjustments as it evaluates the economic impact of tariffs and inflation. The Federal Open Market Committee's April statement highlighted the increasing risks of higher inflation and unemployment. We expect the Fed to target the 3.5% - 4% range for the federal funds rate this year, with moderating inflation providing room for a less restrictive monetary policy. While tariffs may temporarily push prices higher, they will unlikely result in sustained inflation.

Earnings season nears its end with strong results – With 90% of S&P 500 companies having reported quarterly earnings, the results have exceeded expectations. Seventy-eight percent of companies have beaten analyst forecasts, with an average earnings surprise of 8.6%. First-quarter earnings growth for S&P 500 companies has been revised upward to 13.2%, from an earlier forecast of 6.7% at the end of the quarter.

GDPNow Update:

- The GDPNow for the second quarter was updated on May 8, 2025, to 2.30%, up from 2.20%, a 4.55% increase.

Economic Update:

- **Canada Employment Net Change:** rose to 7,400, up from -32,600 last month.
- **Canada Unemployment Rate:** rose to 6.90%, compared to 6.70% last month.
- **Canada Labour Force Participation Rate:** rose to 65.30%, compared to 65.20% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 116.00, down from 117.30 last month, down -1.11%.
- **China Exports YoY:** fell 8.37%, compared to 12.75% last month.
- **China Imports YoY:** are at -0.22%, compared to -4.41% last month.
- **China Trade Balance:** it fell to 96.18 billion, down from 102.64 billion last month and decreasing 6.29%.
- **China Inflation Rate:** is at -0.10%, compared to -0.70% last month.
- **China Producer Price Index YoY:** fell -2.50%, compared to -2.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 537.96, up 2.33 points or 0.44%.
- **FTSE 100:** Closed at 8,554.80, up 23.19 or 0.27%.
- **DAX Index:** Closed at 23,499.32, up 146.63 or 0.63%.

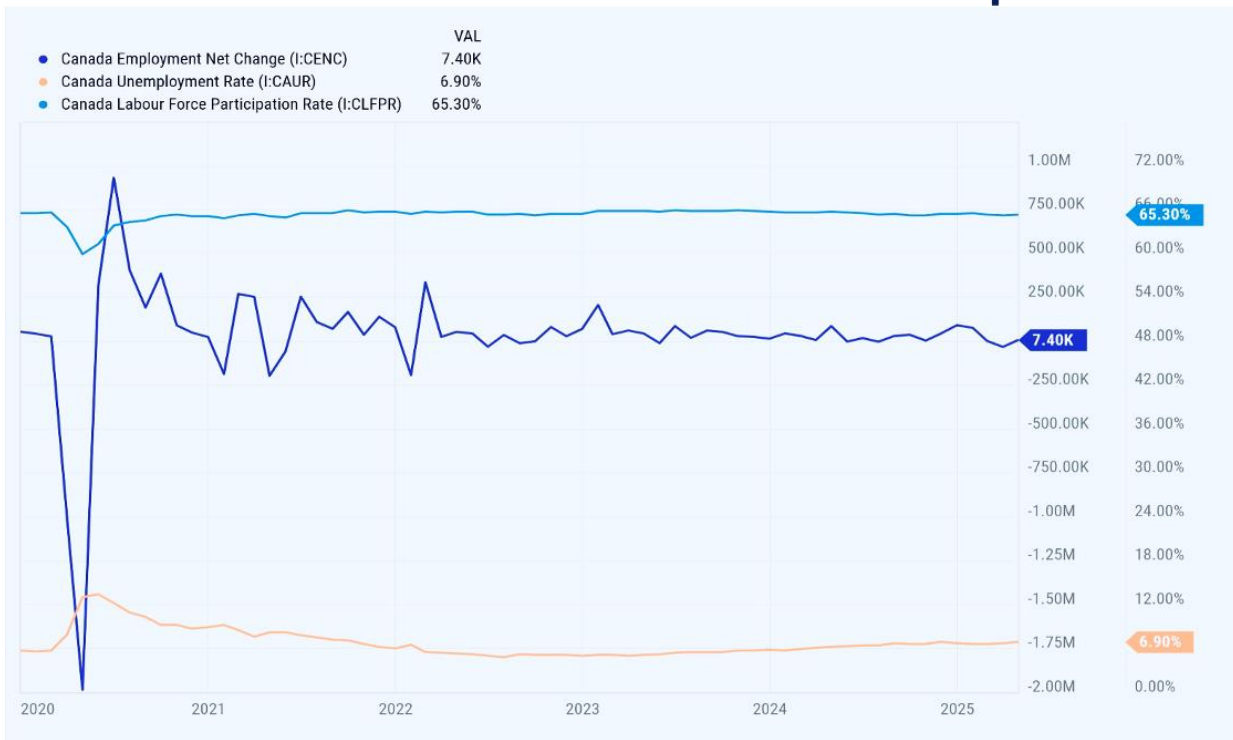
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,249.38, down 119.07 points or 0.29%.
- **S&P 500:** closed at 5,659.91, down 4.03 points or 0.07%.
- **Nasdaq Composite:** closed at 17,928.92, up 0.78 points or 0.00%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,818.35, up 62.67 points or 1.67%.
- **Birling Capital U.S. Bank Index:** closed at 6,353.30, up 106.67 points or 1.71%.
- **U.S. Treasury 10-year note:** closed at 4.37%.
- **U.S. Treasury 2-year note:** closed at 3.88%.

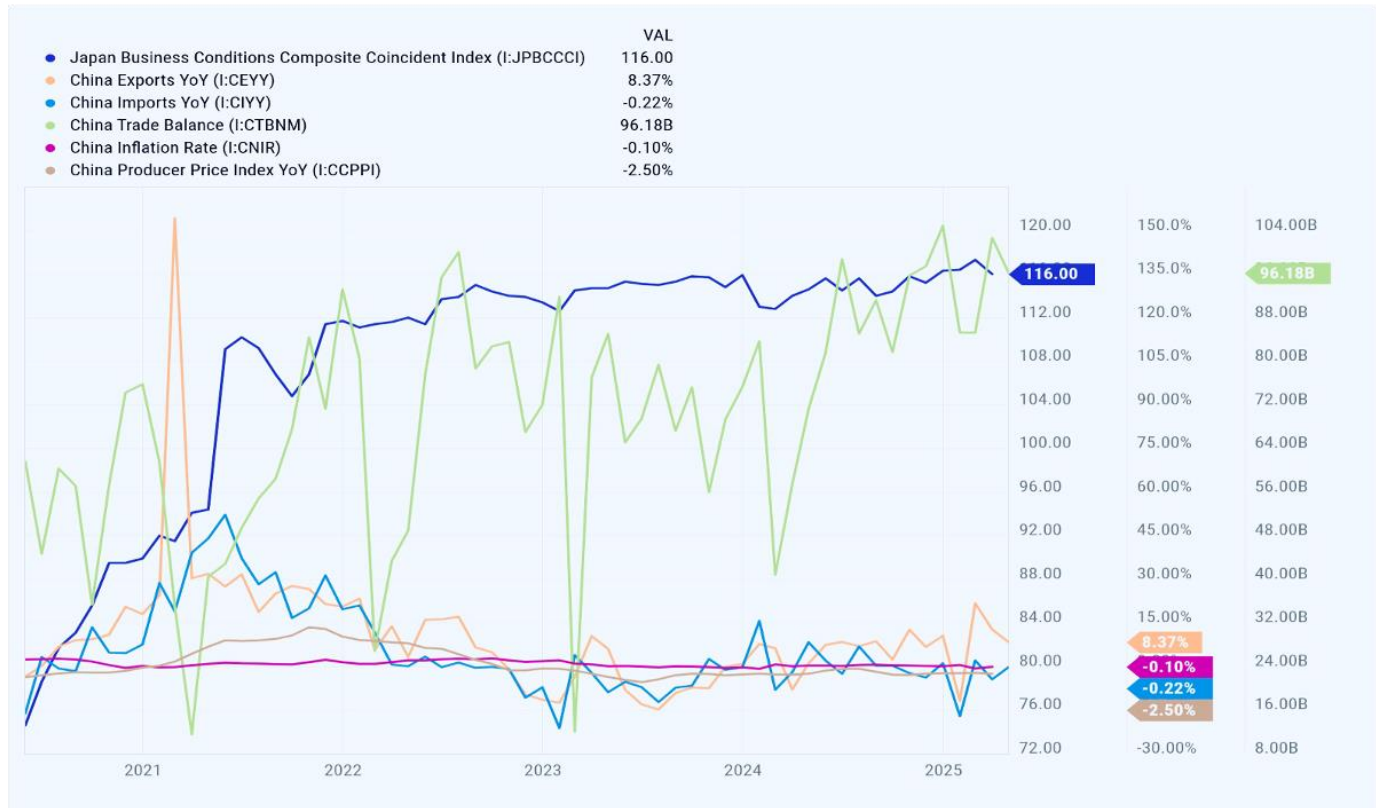
Second Quarter 2025

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%

Canada Employment Net Change, Canada Unemployment Rate & Canada Labour Force Participation

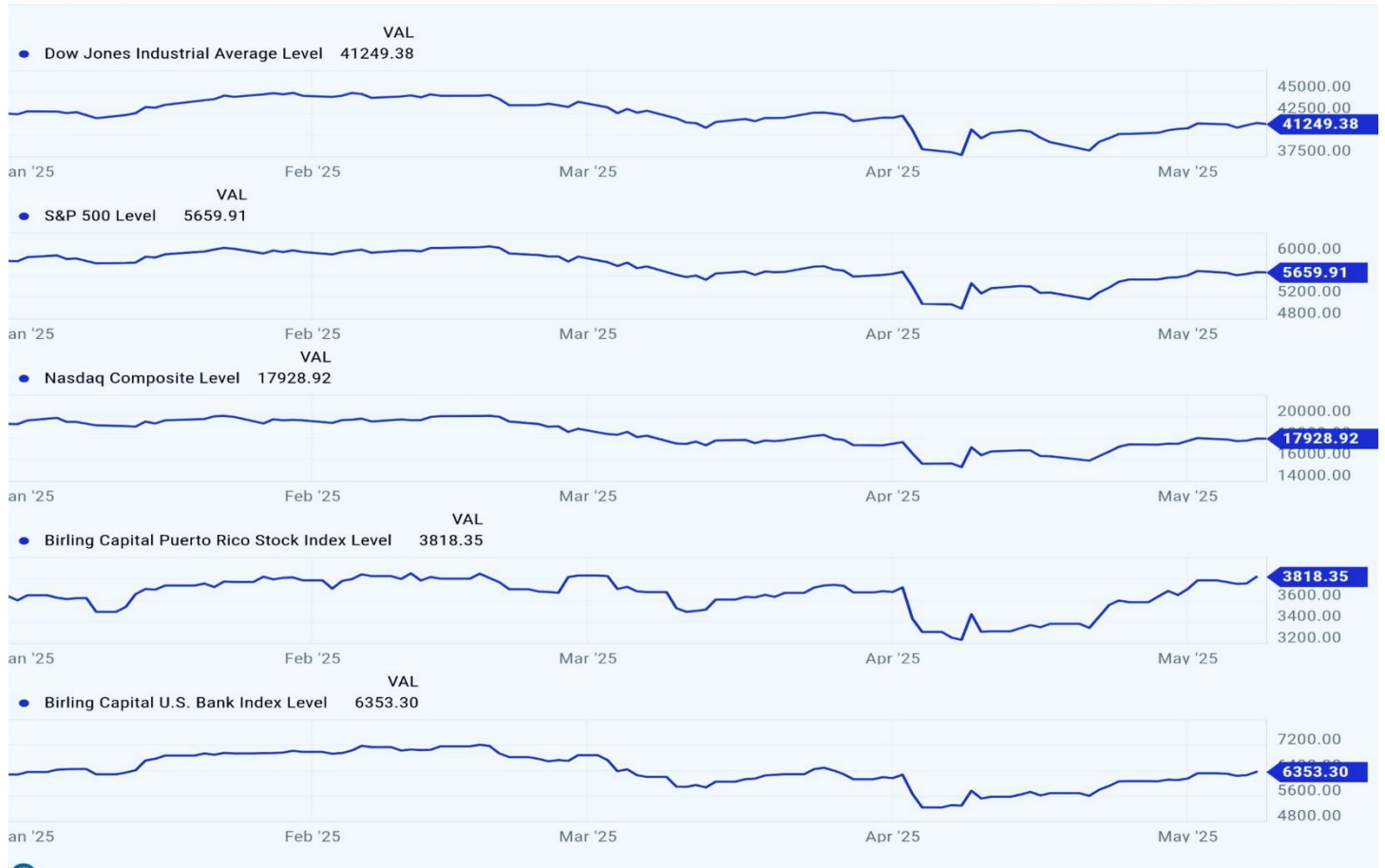


Japan Business Conditions Index, China Exports, China Imports, China Trade Balance, China Inflation & China PPI





Wall Street Recap May 9, 2025



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