



Global Markets Diverge as Wall Street Retreats: Tariff Pause, Cooling Inflation, and Resilient Labor Market Shape Investor Outlook.

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The U.S. and European stock markets closed with different results following a powerful rally yesterday; Wall Street could not sustain the rally, and investors reassessed the latest developments on trade policy. President Trump announced a 90-day halt on the rollout of new tariffs, opening a window for negotiations to scale back trade barriers. While general tariff rates will drop to 10% for all countries, China remains the outlier—facing a dramatic increase to 145%. Meanwhile, the existing 25% tariffs on steel, aluminum, and autos stay firmly in place.

Global markets are reacting positively. Japan's Nikkei soared 9.1%, leading gains in Asia, while European equities are up between 4% and 5% after the EU mirrored the U.S. move, suspending its retaliatory tariffs for the same 90-day period. Treasury yields have ticked higher in fixed income, with the 10-year note yielding 4.40%.

Inflation Cools More Than Anticipated – CPI Signals Further Progress

March CPI data delivered a pleasant surprise for markets, with headline inflation falling to 2.4% year-over-year, beating expectations of 2.6%. Energy prices led the decline, down 3.3% from a year ago, as falling crude oil prices continued to ripple to gasoline and other energy goods. Core CPI—which strips out food and energy—dropped to 2.8%, also below the 3.0% forecast.

Shelter inflation has notably eased to 4.0%, down sharply from 5.6% a year ago, helping to drive the overall deceleration. While tariffs are not yet reflected in this data, they may introduce temporary price pressures. Still, markets remain confident in the Fed's ability to keep inflation under control—10-year breakeven rates suggest inflation expectations around 2.27%, underscoring stability in the long-term outlook.

Labor Market Holding Steady – Jobless Claims Rise Slightly

Weekly jobless claims increased to 223,000, under the consensus estimate of 225,000. The four-week moving average now stands at the same level—still consistent with healthy labor market conditions. Although upcoming government workforce reductions could push claims higher in the coming months, the underlying data points to resilience.

The national unemployment rate remains low at 4.2%, with job openings (7.6 million) continuing to outnumber unemployed workers (7.1 million). Wage growth remains solid and above the inflation rate, which should support real income growth and underpin consumer spending in the near term.

GDPNow Update:

- The GDPNow for 1Q25 was updated on April 9, up 2.40%, up from -2.80%, increasing 14.29%.

Economic Data Update:

- **U.S. Consumer Price Index YoY:** fell to 2.39%, compared to 2.82% last month, decreasing 15.24%.
- **U.S. Core Consumer Price Index YoY:** fell to 2.81%, compared to 3.14% last month, decreasing by 10.19%.
- **U.S. Inflation Rate:** fell to 2.39%, compared to 2.82% last month.
- **U.S. Initial Claims for Unemployment Insurance:** rose to 223,000, up from 219,000 last week, increasing 1.83%.
- **30-Year Mortgage Rate:** fell to 6.62%, compared to 6.64% last week.

Eurozone Summary:

- **Stoxx 600:** Closed at 487.28, up 17.39 points or 3.70%.
- **FTSE 100:** Closed at 7,913.25, up 233.77 points or 3.04%.
- **DAX Index:** Closed at 20,562.73, up 891.85 points or 4.53%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,593.66, down 1,014.79 points or 2.50%.
- **S&P 500:** closed at 5,268.05, down 188.85 points or 3.46%.
- **Nasdaq Composite:** closed at 16,387.31, down 737.66 points or 4.31%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,468.63, up 239.17 points or 7.41%.
- **Birling Capital U.S. Bank Index:** closed at 5,754.08, up 469.09 points or 8.88%.
- **U.S. Treasury 10-year note:** closed at 4.40%.
- **U.S. Treasury 2-year note:** closed at 3.84%.

GDPNow 1Q25

Date	GDPNow 1Q25	Change
1/31/2025	2.90%	Initial Forecast
2/3/2025	3.90%	34.48%
2/5/2025	2.90%	-25.64%
2/7/2025	2.90%	-25.64%
2/14/2025	2.30%	-20.69%
2/19/2025	2.30%	0.00%
2/28/2025	-1.50%	-165.22%
3/6/2025	-2.40%	60.00%
3/7/2025	-1.60%	-33.33%
3/17/2025	-2.10%	31.25%
3/18/2025	-1.80%	-14.29%
3/26/2025	-1.80%	0.00%
3/28/2025	-2.80%	55.56%
4/1/2025	-3.70%	32.14%
4/3/2025	-2.80%	-24.32%
4/9/2025	-2.40%	-14.29%



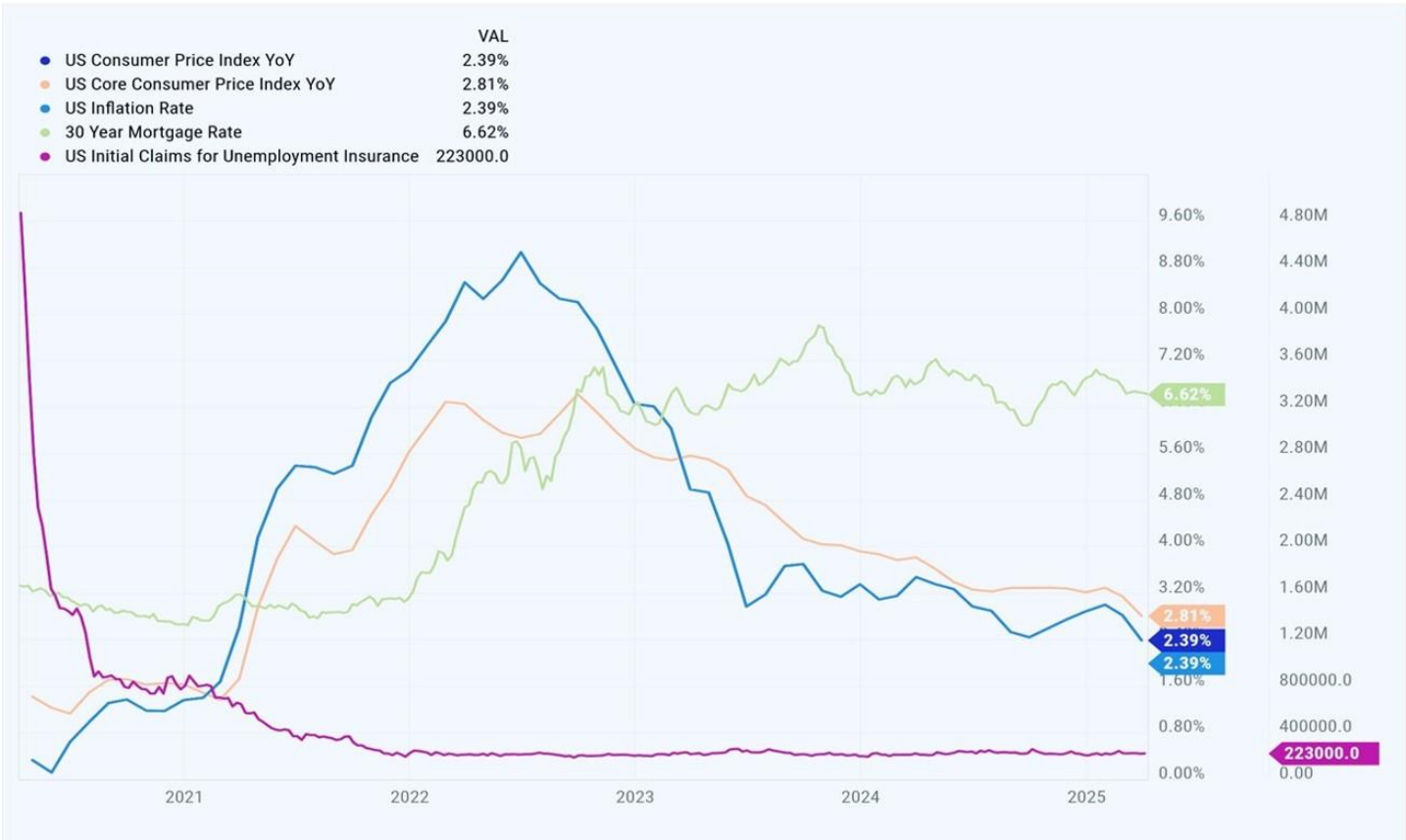
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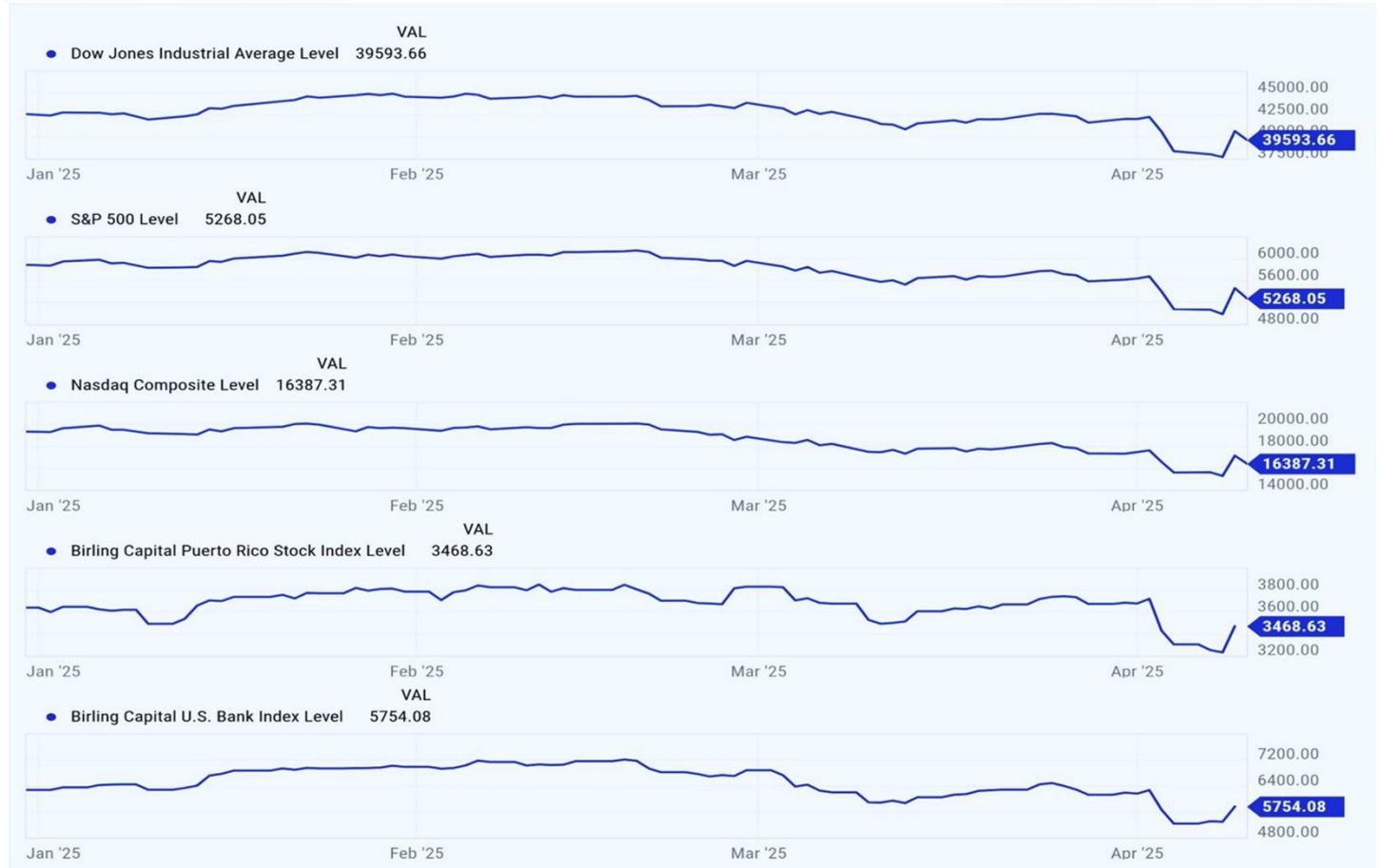
Inflation Nowcasting Vs Actual CPI & Core CPI

Inflation Nowcasting	CPI Forecast	CPI Actual	Core CPI Forecast	Core CPI Actual	Updated
March	2.49%	2.39%	2.99%	2.81%	4.10.25



US CPI, US Core CPI, US Inflation Rate, US Initial Claims for Unemployment & 30-Year Mortgage Rate





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