

Wall Street Ends Volatile Week on a High Note Amid JP Morgan Chase & Morgan Stanley Earning Surprises and Inflation Relief, But Consumer Sentiment Plunges to 13-Year Low.

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The U.S. and European stock markets closed a volatile week with mixed results. Initially, Wall Street traded in negative territory as investors digested the first wave of corporate earnings and a fresh round of economic data. However, as the session progressed, the indexes jumped to close the session with gains.

Meanwhile, the University of Michigan's preliminary consumer sentiment reading for April slipped to 50.8—its fourth consecutive monthly decline and notably below expectations of 54.0. The last four readings are as follows:

- April 30, 2025 50.80
- March 31, 2025 57.00
- February 28, 2025 64.70
- January 31, 2025 71.70

As you can see, the Index has fallen 29.14% since January, and the data reflects growing consumer concern over rising tariffs, with short-term inflation expectations jumping to 6.7%, up sharply from 5.0% in March.

While the dip in sentiment could weigh on spending in the near term, the recent 90-day suspension of additional tariffs announced by President Trump is not yet reflected in the survey. This policy move may help stabilize confidence in the months ahead.

Globally, markets are mixed. Asian trading closed with no clear direction after China raised tariffs on select U.S. imports to 125%, while European markets posted modest losses. U.S. bond yields are climbing, with the 10-year Treasury now yielding 4.57%. The dollar is weaker against a basket of major global currencies. In commodities, WTI crude oil is rebounding after several weeks of losses.

Corporate Earnings Parade:

- **JPMorgan Chase & Co (JPM):** reported 1Q25 revenues of \$45,310 billion, up 8%, net income of \$14,643 billion, up 9%, and earnings per share of \$5.07, surpassing estimates. JPM has a Tier 1 Capital Ratio of 16.70% and a stock price objective of \$299.12 and closed today at \$236.07.
- **Morgan Stanley (MS):** reported 1Q25 revenues of \$17,739 billion, up 17.21%, net income of \$4,539 billion, up 12.04%, and earnings per share of \$2.60, beating estimates. MS has a Tier 1 Capital Ratio of 17.20% and a stock price objective of \$129.83 and closed today at \$108.04.

Earnings Season Begins on a Strong Note

The first-quarter corporate earnings season kicked off with positive surprises from major financial institutions. J.P. Morgan Chase, Wells Fargo, and Morgan Stanley posted results of the above analyst forecasts. Although overall S&P 500 earnings growth for Q1 has been revised to 6.4%, analysts

anticipate solid performance across the board, with earnings gains expected in seven out of 11 market sectors. Full-year 2025 earnings growth is projected to accelerate to 10.5%, suggesting that fundamentals remain constructive for equity markets over the longer term.

Producer Inflation Eases in March, Driven by Energy Prices

Producer price inflation moderated in March, with the headline PPI rising just 2.7% year-over-year—well below the anticipated 3.3% increase. A sharp monthly drop in energy costs, down 4.0%, contributed significantly to the lower reading. Core PPI, which strips out volatile food and energy prices, also came in softer at 3.3% versus forecasts of 3.6%.

Although the latest figures don't yet capture the full effects of tariff changes, they indicate a continued easing in inflation pressures. That said, we expect import-related costs to filter through to consumer prices soon, though these effects will likely be transitory rather than structural.

Economic Data Update:

- **U.S. Index of Consumer Sentiment:** fell to 50.80, down from 57.00 last month, decreasing -10.88%.
- **U.S. Producer Price Index YoY:** fell to 2.74%, compared to 3.24% last month.
- **U.S. Core Producer Price Index YoY:** fell to 3.31%, compared to 3.50% last month.
- **Germany Consumer Price Index YoY:** fell to 2.20%, compared to 2.30% last month.
- **UK Industrial Production Index YoY:** rose to 0.10%, compared to -0.50% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 486.80, down 0.48 points or 0.099%.
- **FTSE 100:** Closed at 7,964.18, up 50.93 points or 0.64%.
- **DAX Index:** Closed at 20,374.10, down 188.63 points or 0.92%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,212.71, up 619.05 points or 1.56%.
- **S&P 500:** closed at 5,363.36, up 95.31 points or 1.18%.
- **Nasdaq Composite:** closed at 16,724.46, up 337.14 points or 2.06%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,304.67, down 164.16 points or 4.73%.
- **Birling Capital U.S. Bank Index:** closed at 5,511.70, down 242.38 points or 4.21%.
- **U.S. Treasury 10-year note:** closed at 4.48%.
- **U.S. Treasury 2-year note:** closed at 3.96%.

US Index of Consumer Sentiment, US Producer Price Index & US Core PPI





Wall Street Recap

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