GLOBAL MARKET SQUARE
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Tariff Fears Rattle Markets, Goldman Sachs Earnings Surpass Estimates and History Reminds Investors to Trust Temperament Over Turbulence.

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The U.S. and European stock markets closed higher today following a significant development in tariff policy as the Trump administration announced that smartphones, computers, semiconductors, and other key electronics would be temporarily exempt from the sweeping "reciprocal" tariffs—specifically, the 125% rate on Chinese goods and the 10% baseline on other nations. The Nasdaq initially led the rally, then the Dow Jones took off, fueled by gains in tech stocks. Still, investor enthusiasm was tempered by Commerce Secretary Lutnick's warning that these exemptions are only provisional. A new sector-specific tariff framework—focused on semiconductors—is expected within one to two months, signaling that tech could still face trade headwinds ahead.

The announcement marks a rare moment of relief in an increasingly fraught global trade environment. Coupled with signs of calm returning to the bond market—where the 10-year Treasury yield fell back to 4.43% from last week's spike to 4.50%—today's developments offered markets a much-needed breather.

A Strategic Pause, But Not a Pivot

With equity markets teetering on the edge of bear territory last week, the administration introduced a 90-day delay in implementing most reciprocal tariffs, excluding those targeting China. This temporary suspension opens the door for international negotiations, offering a potential off-ramp from escalating trade tensions. While that may help reduce near-term volatility, lasting clarity remains elusive.

While disruptive in the short term, these tariffs rarely derail long-term market growth. Drawing on historical examples—from the Smoot-Hawley Act to Trump-era tariffs—markets have consistently rebounded after tariff shocks. The actual risk lies not in the tariffs but in emotional investor reactions to them.

Citing Warren Buffett, it emphasizes that **temperament—not intellect—is the key to investment success**. Investors who stayed the course through events like the 2008 financial crisis and the 2020 COVID crash saw substantial recoveries, while those who exited missed out on historic gains.

As trade talks gain momentum, markets are expected to remain headline-sensitive. Still, after last week's volatility surge—when the VIX touched 52 on April 8—there appears to be more room for sentiment to improve than deteriorate further. Historically, when the VIX surpasses 43, subsequent six- and 12-month returns for equities tend to be positive, reinforcing the notion that volatility-driven selloffs often create opportunities for disciplined investors.

Earnings in the Spotlight

This holiday-shortened week—capped by Good Friday—shifts focus toward corporate earnings. Due to tariffs' uncertainty, analysts are dialing back expectations as first-quarter results roll in. The consensus now pegs Q1 earnings growth at 7.3%, a notable drop from the robust 18.2% growth seen in Q4 2024. Still, seven out of 11 S&P 500 sectors are forecast to post positive earnings.

Technology and health care are poised to grow, while energy and materials are projected to report the steepest declines. For the full year 2025, analysts expect earnings for the S&P 500 to grow 10%. However, further revisions are likely due to economic growth decelerating and unresolved trade uncertainty.

One silver lining? Valuations have compressed. Major indexes now trade at or below their 10-year historical averages, a reset that may lay the groundwork for stronger long-term returns.

Corporate Earnings Parade:

- **Goldman Sachs Group (GS):** reported 1Q25 revenues of $15,06 billion, up 6%, net income of $4,738 billion, up 15%, and earnings per share of $14.12, surpassing estimates. GS has a stock price objective of $608.26 and closed today at $505.xx.

Economic Data Update:

- **Canada Wholesale Sales MoM:** fell -2.72%, compared to 2.18% last month.
- **China Exports YoY:** fell 12.75%, compared to 21.74% last month.
- **China Imports YoY:** fell by 4.41%, compared to 2.09% last month.
- **China Trade Balance:** rose to $102.64 billion, up from $85.26 billion last month, increasing 20.38%.

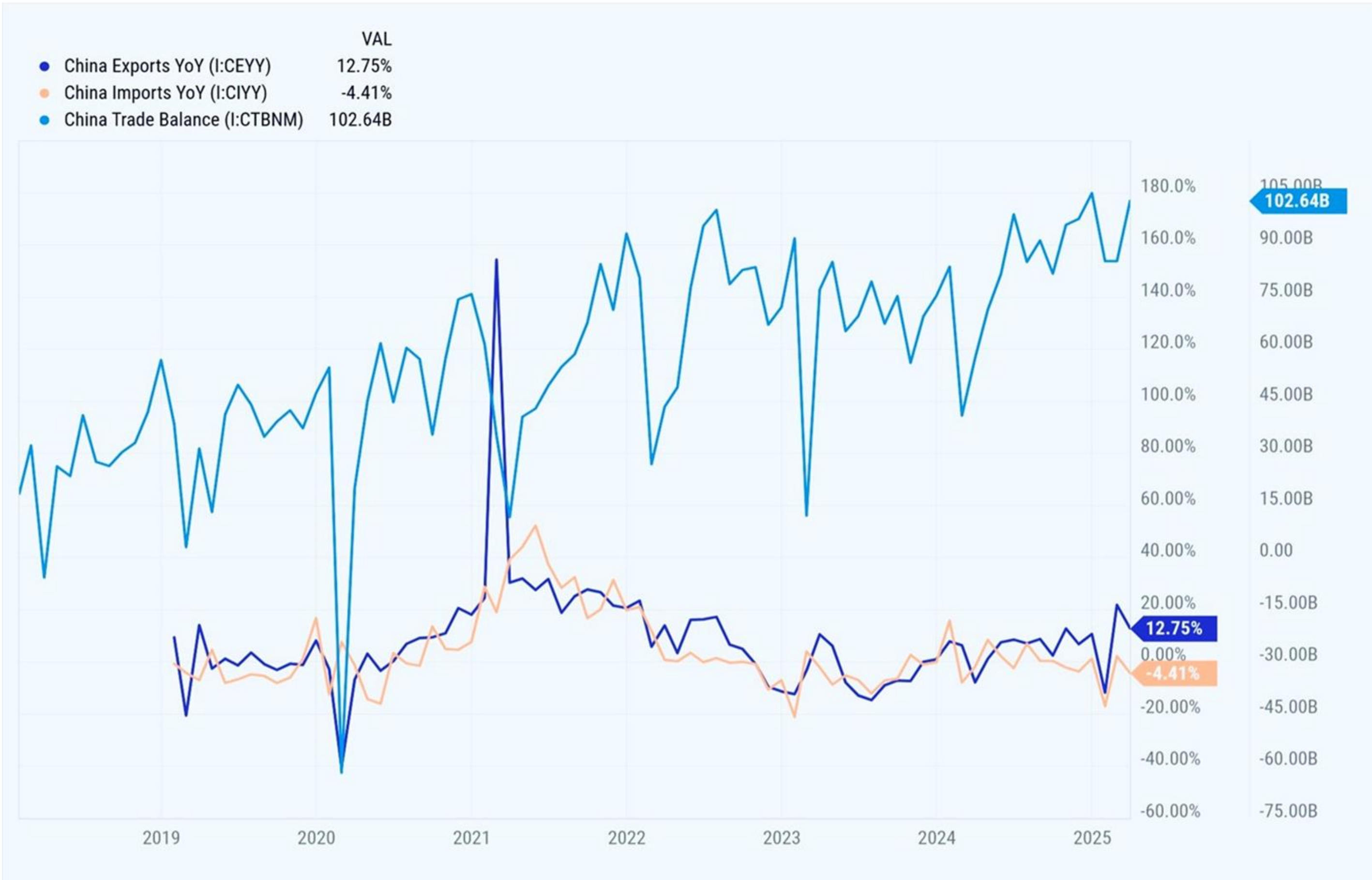
Eurozone Summary:

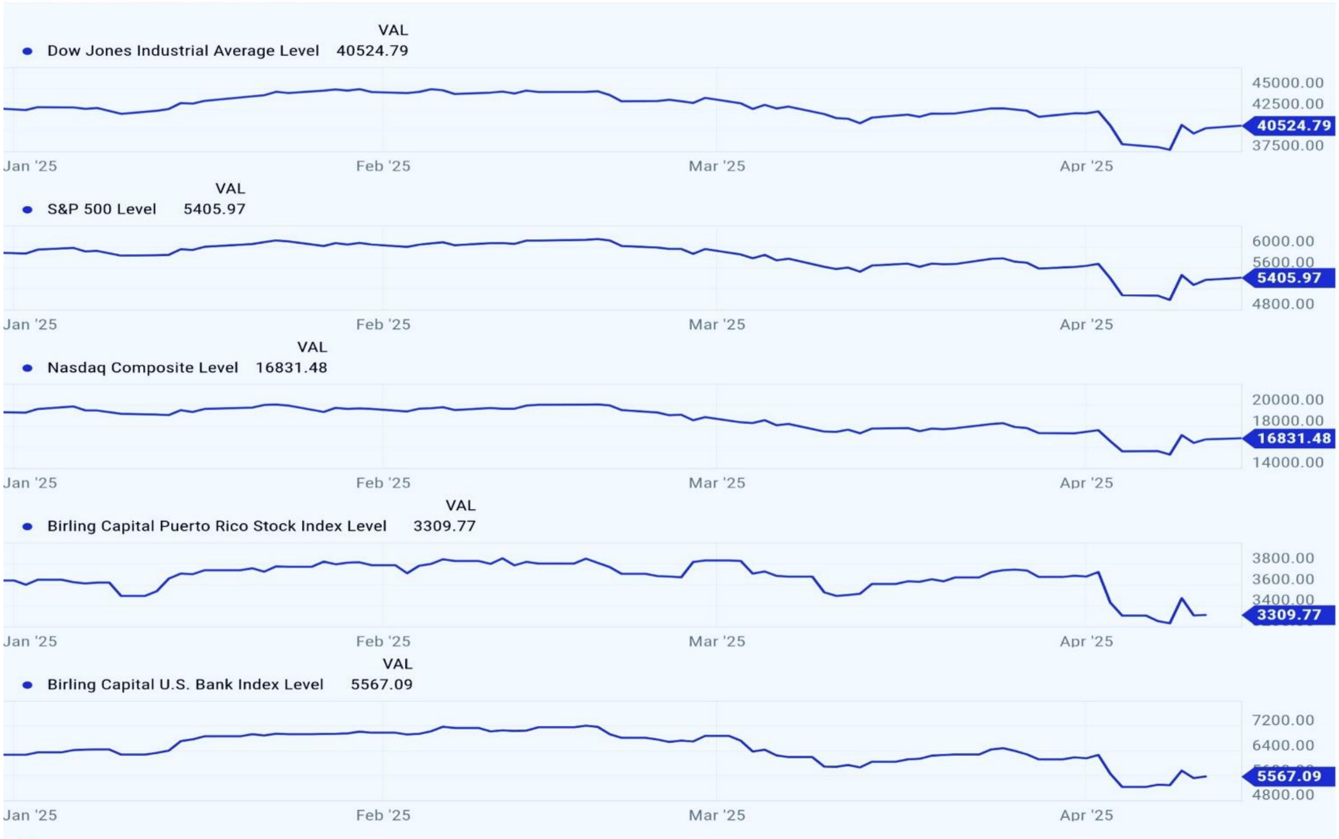
- **Stoxx 600:** Closed at 499.89, up 13.09 points or 2.69%.
- **FTSE 100:** Closed at 8,134.34, up 170.16 points or 2.14%.
- **DAX Index:** Closed at 20,954.83, up 580.73 points or 2.85%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,524.79, up 312.08 points or 0.78%.
- **S&P 500:** closed at 5,405.97, up 42.61 points or 0.79%.
- **Nasdaq Composite:** closed at 16,831.48, up 107.03 points or 0.64%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,309.77, up 5.11 points or 0.15%.
- **Birling Capital U.S. Bank Index:** closed at 5,567.09, up 55.38 points or 1.00%.
- **U.S. Treasury 10-year note:** closed at 4.38%.
- **U.S. Treasury 2-year note:** closed at 3.84%.

China Exports, China Imports & China Trade Balance

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