

# Trump Attacks on Fed Chair Powell Escalate as Rate Cut Demands Mount and Wall Street Tanks.

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The U.S. stock markets closed with losses as investors digested the escalation of attacks by President Trump towards Fed Chair Powell and ongoing trade discussions between the United States and several international partners. This combination of issues has taken the Dow Jones down 971.82 points, the S&P 50 fell 124.50 points, and the Nasdaq dropped 415.55 points.

European markets are closed in observance of Eastern Monday; we expect some movement following the recent European Central Bank rate cut as it shifts toward monetary easing. Asian markets closed mostly in positive territory after China's central bank kept its benchmark interest rates unchanged, aligning with market expectations. The U.S. dollar weakens against key global currencies, adding pressure to the currency markets.

## President Trump Increases Attacks on Fed Chair Powell

President Donald Trump increased his pressure campaign towards Federal Reserve Chair Jerome Powell on Monday, labeling him a "major loser" and urging the central bank to cut interest rates immediately to avoid a potential economic slowdown.

In a post on Truth Social, Trump argued that the U.S. economy is showing little to no inflation, stating: "'Preemptive Cuts' in Interest Rates are being called for by many". He claimed that prices for energy and "most other things" are declining, suggesting that inflation is no longer a concern.

"With costs moving steadily downward—just as I predicted—there's virtually no inflation", Trump wrote on Truth Social, "But we could see a slowdown in the economy unless Mr. Too Late, a major loser, acts now to reduce interest rates".

Trump's renewed criticism of Powell, whom he appointed initially during his first term, comes amid reports that his legal team is exploring whether the president can remove the Fed Chair before his term concludes in May 2026.

Federal Reserve Chairman Powell has stated that U.S. law protects his independence and that the president has no legal grounds to dismiss him unilaterally.

Any move by President Trump to oust Powell could spark a sharp sell-off in U.S. equity markets.

## Bond Yields Edge Higher as Market Eyes Rate Cuts

Treasury yields are trending upward, with the 10-year yield closing at 4.42%. Despite the recent uptick, fixed-income markets are pricing in three to four interest rate cuts by the Federal Reserve beginning in June. The Fed's latest "dot plot" indicates a more cautious outlook, projecting two rate reductions that would bring the federal funds target to 3.75% to 4.00% by year-end.

We anticipate the 10-year yield will trade within a 4.00% to 4.50% range throughout 2025. A normalized, upward-sloping yield curve should keep intermediate maturities above the fed funds rate, which we project to settle in the 3.5% to 4.0% zone. The Fed's recent halt to quantitative tightening signals a shift in posture, with renewed participation in Treasury auctions expected to support bond prices and help cap further yield increases. Nonetheless, persistent fiscal deficits and inflation-related uncertainty may limit the extent of yield compression.

### Focus Shifts to the Leading Economic Index

Investor attention is now turning to the March release of The Conference Board's Leading Economic Index (LEI), a forward-looking gauge designed to flag potential inflection points in the economic cycle. Consensus expectations call for a 0.5% decline, continuing the index's downward trajectory. Recent weakness has stemmed mainly from softening ISM new orders and subdued consumer sentiment.

Still, the six-month trend through February remained on an improving path, albeit in negative territory, and does not currently signal imminent recession risks. While growth appears to moderate under the weight of policy uncertainty, the broader outlook remains resilient. We believe pro-growth initiatives—such as deregulation and strategic tax reforms—could support economic momentum in the year's second half.

### GDPNow:

- The latest GDPNow for 1Q25, reported on April 17, remains unchanged at -2.20%.

### Eurozone Summary:

- **Stoxx 600:** Closed for Eastern Monday.
- **FTSE 100:** Closed for Eastern Monday.
- **DAX Index:** Closed for Eastern Monday.

### Wall Street Summary:

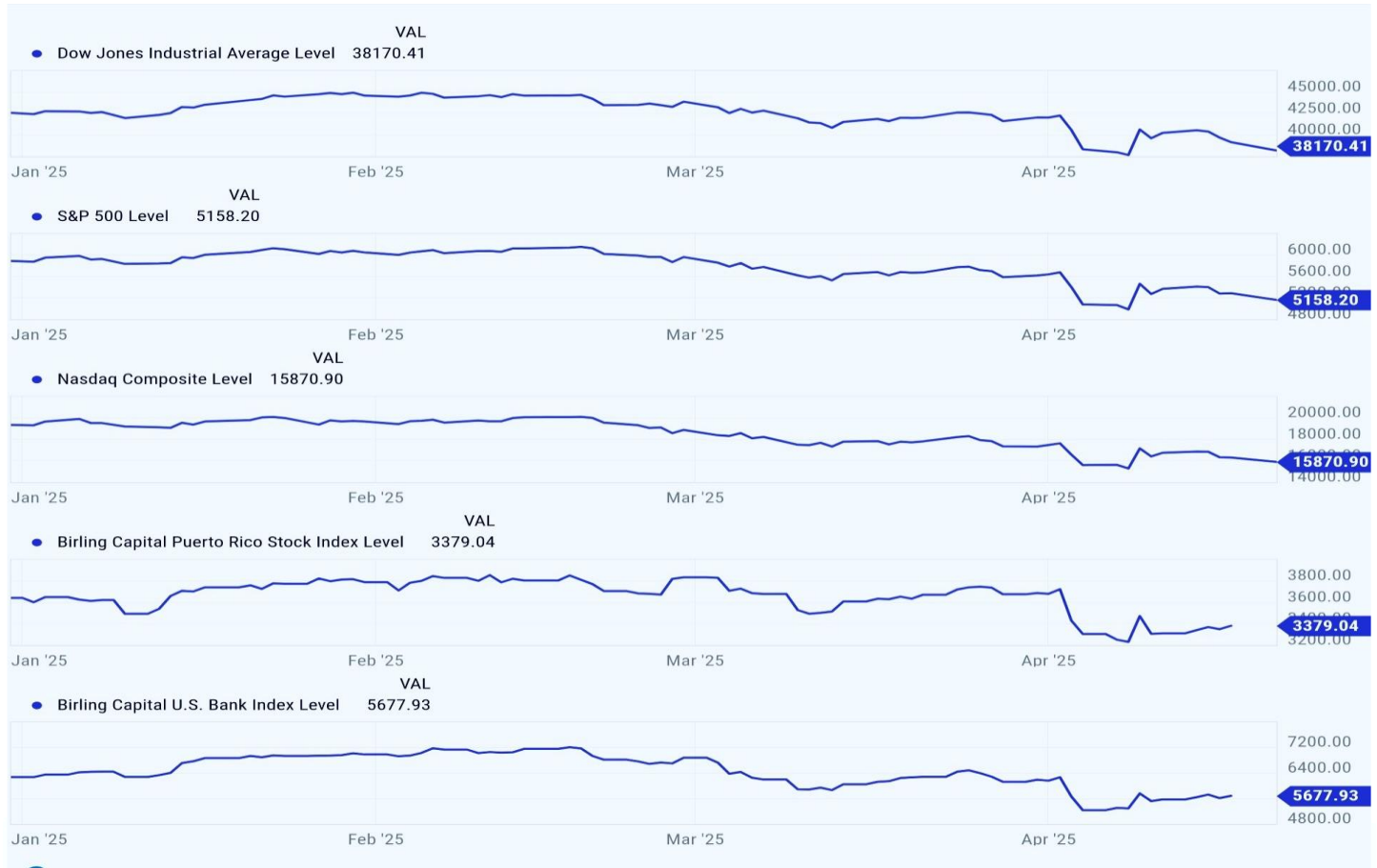
- **Dow Jones Industrial Average:** closed at 38,170.41, down 971.82 points or 2.48%.
- **S&P 500:** closed at 5,158.20, down 124.50 points or 2.36%.
- **Nasdaq Composite:** closed at 15,870.90, down 415.55 points or 2.55%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,379.04, up 31.59 points or 0.94%.
- **Birling Capital U.S. Bank Index:** closed at 5,677.93, up 70.45 points or 1.26%.
- **U.S. Treasury 10-year note:** closed at 4.42%.
- **U.S. Treasury 2-year note:** closed at 3.75%.

<b>Date</b>	<b>GDPNow 1Q25</b>	<b>Change</b>
<b>1/31/2025</b>	<b>2.90%</b>	<b>Initial Forecast</b>
<b>2/3/2025</b>	<b>3.90%</b>	<b>34.48%</b>
<b>2/5/2025</b>	<b>2.90%</b>	<b>-25.64%</b>
<b>2/7/2025</b>	<b>2.90%</b>	<b>-25.64%</b>
<b>2/14/2025</b>	<b>2.30%</b>	<b>-20.69%</b>
<b>2/19/2025</b>	<b>2.30%</b>	<b>0.00%</b>
<b>2/28/2025</b>	<b>-1.50%</b>	<b>-165.22%</b>
<b>3/6/2025</b>	<b>-2.40%</b>	<b>60.00%</b>
<b>3/7/2025</b>	<b>-1.60%</b>	<b>-33.33%</b>
<b>3/17/2025</b>	<b>-2.10%</b>	<b>31.25%</b>
<b>3/18/2025</b>	<b>-1.80%</b>	<b>-14.29%</b>
<b>3/26/2025</b>	<b>-1.80%</b>	<b>0.00%</b>
<b>3/28/2025</b>	<b>-2.80%</b>	<b>55.56%</b>
<b>4/1/2025</b>	<b>-3.70%</b>	<b>32.14%</b>
<b>4/3/2025</b>	<b>-2.80%</b>	<b>-24.32%</b>
<b>4/9/2025</b>	<b>-2.40%</b>	<b>-14.29%</b>
<b>4/16/2025</b>	<b>-2.20%</b>	<b>8.33%</b>
<b>4/17/2025</b>	<b>-2.20%</b>	<b>0.00%</b>



# Wall Street Recap

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