

Firstbank Posts Solid Q2 with 6.5% Revenue Growth; Coca-Cola Surprises with 58% Profit Surge on Modest Sales Gain, and Wall Street Closed Mixed.

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The U.S. and European stock markets closed with mixed results, similar to most international markets, which showed a split performance. Eurozone indexes closed mixed, impacting investors' sentiment due to sluggish economic momentum, and Japan's equity markets declined.

U.S. bond yields held steady, with the benchmark 10-year Treasury yield closing at 4.35%, nearly identical to its three-month average. This reinforces expectations that yields will remain range-bound between 4.0% and 4.5% as the Federal Reserve maintains a cautious, wait-and-see stance. Currency markets were similarly subdued, with the U.S. dollar remaining stable against a trade-weighted basket of currencies. In commodities, oil prices slipped 1%, although they continue to oscillate within the recent \$65 to \$70 per barrel range.

Corporate Earnings Beat Muted Expectations Amid Tariff Pressures

Earnings season remains focused as corporate results broadly outperform recently downgraded analyst forecasts. First BanCorp (FBP) posted solid Q2 results with revenues up 6.5% to \$246.8, and Coca-Cola (KO) delivered a stronger-than-expected quarter, with EPS of \$0.88 on net income of \$3.803, up 58%, despite just 1% revenue growth to \$12.535B.

Trade negotiations remain top of mind: President Trump will meet with the President of the Philippines at the White House today for bilateral talks, while South Korean trade officials are expected to arrive in Washington on Friday. Meanwhile, Treasury Secretary Sarah Bessant will meet with Chinese counterparts in Stockholm next week. Bessant emphasized over the weekend that there's no urgency to finalize new trade agreements before the August 1 self-imposed deadline, giving markets room to speculate on extended discussions.

Fed Under Scrutiny Ahead of July Rate Decision

Treasury Secretary Bessant also defended Federal Reserve Chair Jerome Powell amid renewed political pressure, stating she sees no grounds for his removal. However, she acknowledged the need for a full internal review of the Fed's non-monetary functions, including the cost of its ongoing headquarters renovation project.

The Federal Open Market Committee (FOMC) meets to determine monetary policy next week. While few expect a change in July, markets view the September meeting as increasingly "live," particularly as economic data continues to send mixed signals. This week's economic calendar is light, with Thursday's preliminary July PMI figures taking center stage. Investors will be watching closely to see whether recent improvements in business sentiment persist or falter under the weight of global trade uncertainty. Housing data, meanwhile, is expected to reaffirm a sluggish recovery in this rate-sensitive sector, and weekly jobless claims will offer additional insight into labor market resilience.

Looking Ahead

The tone remains cautious as markets digest corporate earnings, await further trade developments, and position ahead of the Fed's July policy meeting. With few catalysts expected this week, attention

may turn to broader geopolitical signals and the evolution of investor sentiment in the face of ongoing global headwinds.

Corporate Earnings Parade:

1. **First BanCorp (FBP)** reported 2Q25 revenues of \$246.80 million, up 6.5%, net income of \$80.180 million, up 4%, and earnings per share of \$0.50, meeting estimates. FBP has a Tier 1 Capital Ratio of 14.50% and a stock price target of \$24.80, which closed at \$21.33.
2. **Coca-Cola Co (KO)** reported 2Q25 revenues of \$12.535 billion, up 1%, net income of \$3.803 billion, up 58%, and earnings per share of \$0.88, beating estimates. KO has a stock price target of \$77.71, closing at \$69.66.

Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.254, up from \$3.251 the previous week, an increase of 0.09%.
- **Richmond Fed Manufacturing Index:** fell -20.00, down from -8.000 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 544.34, down 2.24 points or 0.41%.
- **FTSE 100:** Closed at 9,023.81, up 10.82 points or 0.12%.
- **DAX Index:** Closed at 24,041.90, down 265.90 points or 1.09%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,502.44, up 179.37 points or 0.40%.
- **S&P 500:** closed at 6,309.62, up 4.02 points or 0.06%.
- **Nasdaq Composite:** closed at 20,892.69, down 81.49 points or 0.39%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,070.28, down 23.04 points or 0.56%.
- **Birling Capital U.S. Bank Index:** closed at 7,534.23, down 21.44 points or 0.28%.
- **U.S. Treasury 10-year note:** closed at 4.35%.
- **U.S. Treasury 2-year note:** closed at 3.83%.

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