



# Wall Street Tanks with Markets in Retreat as Trump's Tariff Shock Sparks Inflation Fears and Lifts Yields.

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The U.S. & European stocks finished mostly lower on Monday, opening a week with few major economic releases on the calendar. Defensive sectors led the way, with utilities and consumer staples showing modest gains, while consumer discretionary and materials stocks came under pressure.

European markets edged higher following the release of Eurozone retail sales data, which rose 1.8% year-over-year in May, a cooler pace than in April but better than anticipated. Meanwhile, Asian markets' performance was mixed. The U.S. dollar advanced against most major currencies, supported by risk-off sentiment. In the commodities market, WTI crude rose, reflecting ongoing supply tightness despite OPEC+ unexpectedly increasing its output during the July 6 meeting.

## Trade developments rattle sentiment

President Trump unveiled a new round of tariffs on Monday, escalating trade tensions with several key partners. The U.S. will now impose 25% tariffs on imports from Japan, South Korea, Malaysia, and Kazakhstan, while South Africa will face a steeper 30% levy. These measures are scheduled to take effect August 1, extending the original July 9 deadline for countries that fail to finalize trade deals.

Additionally, nations aligning with select BRICS policies will be subject to an extra 10% tariff. The timing coincides with the BRICS summit currently underway in Brazil, involving Brazil, Russia, India, China, and South Africa. While additional agreements could emerge this month, today's announcements came above market expectations and reignited concerns over inflationary pressures and global growth.

## Bond yields move higher as rate expectations shift

Treasury yields climbed modestly, with the 10-year yield closing at 4.40%. Although still off the May high near 4.60%, the uptick reflects changing expectations around Federal Reserve policy. Markets have now priced in only two rate cuts for the remainder of 2025, down from three, following last week's strong June jobs report. The labor market remains resilient, though signs of gradual cooling persist. This gives the Fed room to hold steady in the short term as it assesses the economic impact of the newly announced tariffs. Rate cuts could begin in September or October if inflationary pressures moderate. Lower rates would provide a tailwind for credit-sensitive sectors, offering support for consumer spending and business investment.

## GDPNow:

- **GDPNow** rose to 2.6%, up from 2.5%, a 4% increase.

## Economic Data Highlights:

- **US Consumer Credit Outstanding MoM:** rose to \$17.87 billion, up from \$8.599 billion last month, increasing 107.8%.
- **Eurozone Retail Trade YoY:** fell to 1.80%, compared to 2.70% last month.
- **Germany Industrial Production Index MoM:** rose to 1.20%, compared to -1.60% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 115.90, down from 116.00 last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 543.50, up 2.37 points or 0.44%.
- **FTSE 100:** Closed at 8,806.53, down 16.38 points or 0.19%.
- **DAX Index:** Closed at 24,073.67, up 286.22 points or 1.20%.

## Wall Street Summary:

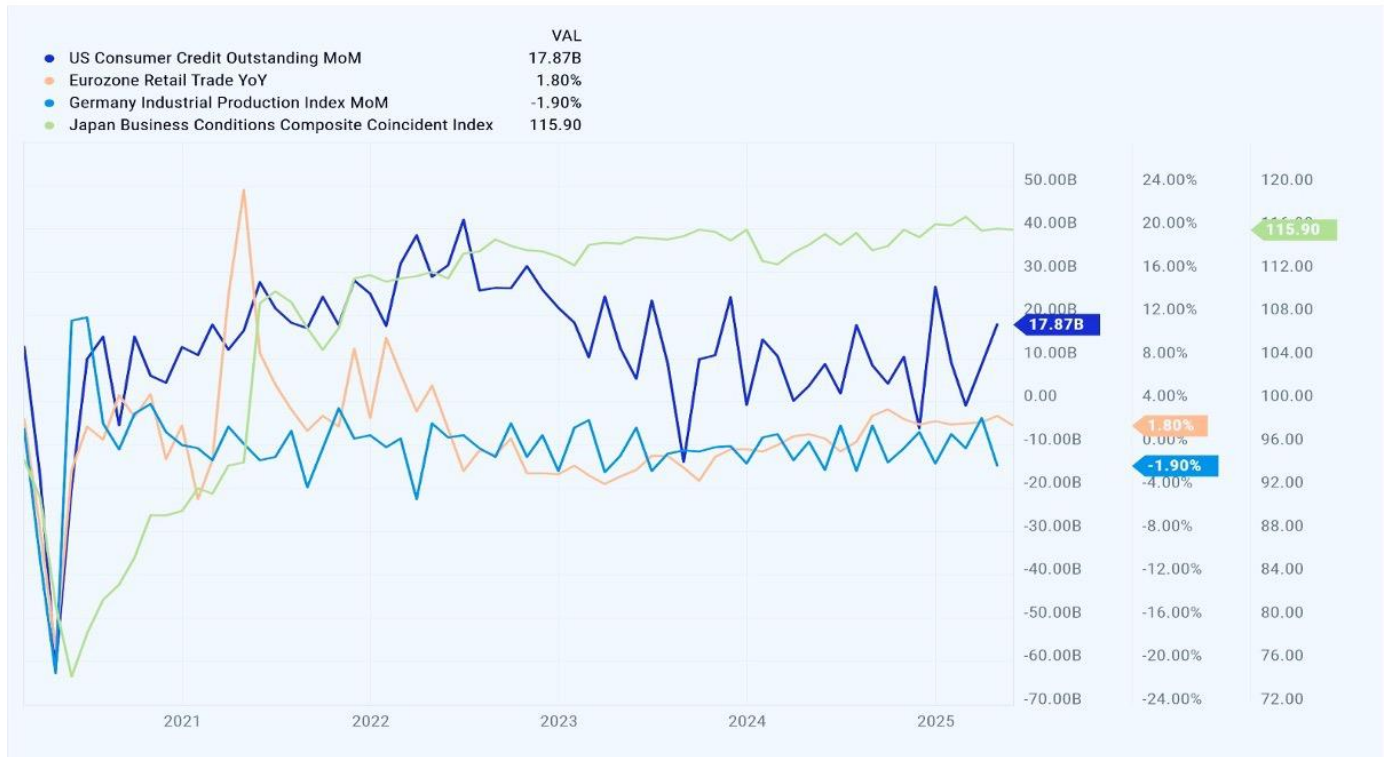
- **Dow Jones Industrial Average:** closed at 44,406.36, down 422.17 points or 0.94%.
- **S&P 500:** closed at 6,229.98, down 49.37 points or 0.79%.
- **Nasdaq Composite:** closed at 20,412.52, down 188.59 points or 0.92%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,186.54, up 40.39 points or 0.97%.
- **Birling Capital U.S. Bank Index:** closed at 7,671.17, up 101.44 points or 1.34%.
- **U.S. Treasury 10-year note:** closed at 4.40%.
- **U.S. Treasury 2-year note:** closed at 3.90%.



## GDPNow 2Q25

Date	GDPNow 2Q25	Change
4/30/25	2.40%	Initial Forecast
5/1/25	1.10%	-54.17%
5/6/25	2.20%	100.00%
5/8/25	2.30%	4.55%
5/15/25	2.50%	8.70%
5/16/25	2.40%	-4.00%
5/27/25	2.20%	-8.33%
5/30/25	3.80%	72.73%
6/2/25	4.60%	21.05%
6/5/25	3.80%	-17.39%
6/9/25	3.80%	0.00%
6/17/25	3.50%	-7.89%
6/18/25	3.40%	-2.86%
6/27/25	2.90%	-14.71%
7/1/25	2.50%	-13.79%
7/3/25	2.60%	4.00%

# US Consumer Credit Outstanding, Eurozone Retail Sales, Germany Industrial Production & Japan Business Condition Composite Index



## Wall Street Recap July 7, 2025



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