



Nvidia Breaks \$4 Trillion Barrier as Wall Street Snaps Losing Streak, Fed Divided on Lowering Rates, and TACO Tariffs Enter Next Phase.

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The U.S. and European stock markets snapped the losing streak, lifted by optimism surrounding ongoing trade negotiations and a rebound in growth sectors. On Wall Street, Nvidia shares soared on Wednesday, propelling the chipmaker's market capitalization above \$4 trillion for the first time in its history. The market advance comes amid expectations that President Trump may unveil additional tariff measures later today.

European markets closed with gains, buoyed by hopes that tariff negotiations could soften the impact of recent trade announcements, and Asian markets closed mixed. The WTI crude declined, pressured by concerns about growth related to the newly implemented 50% tariff on copper, which is seen by many as a proxy for industrial demand.

TACO Tariffs Enter Next Phase

Trade remains firmly in the spotlight. President Trump has now imposed new tariffs on 14 countries, with rates ranging between 25% and 40%. While the updated schedule delays implementation from the previously expected July 9 deadline to August 1, investors are parsing the new details closely. The revised tariffs average roughly 3% points lower than the April 2 announcements, hinting at a possible softening stance by the administration.

Vietnam struck a notable deal with the U.S. on July 2, agreeing to a 20% tariff rate, sharply down from the initially proposed 46%. The U.K. had previously reached a similar accord involving 10% duties. Although the sample of finalized deals remains small, it suggests that downward revisions from initial tariff levels may be part of a broader negotiating strategy. Continued progress on bilateral trade agreements could help mitigate inflation pressures and restore greater policy clarity, both key to investor sentiment heading into the second half of the year.

Bond Yields Slip as Treasury Prepares Auctions

Bond yields edged lower today, with the U.S. 10-year Treasury yielding 4.34%. The U.S. Treasury sold **\$39 billion** in 10-year notes this afternoon, and they were well received—strong demand pushed the yield slightly below expectations at approximately **4.362%**. Additionally, \$65 billion in four-month bills were sold today, part of a broader effort to rebuild its cash position. Earlier this year, Treasury liquidity was significantly drained following the January debt ceiling impasse, requiring the government to rely heavily on existing balances.

The newly passed fiscal package—**The One Big Beautiful Bill Act**—approved on July 4, lifts the debt ceiling by \$5 trillion, giving the Treasury room to resume full-scale borrowing and stabilize its general account.

Federal Reserve Divided on Path Forward Amid Mixed Economic Signals

Federal Reserve officials revealed deepening divisions over the direction of interest rates at their June 17–18 policy meeting, highlighting the growing tension between persistent inflation risks and emerging signs of a softening labor market. According to the minutes released Wednesday, while the

Federal Open Market Committee (FOMC) unanimously voted to keep the federal funds rate steady at its current range of **4.25% to 4.50%**, views diverged on whether a rate cut should come sooner rather than later.

The consensus leaned toward patience, with most policymakers favoring a **"wait-and-see"** approach in the face of elevated economic uncertainty. Yet, a majority acknowledged that **some easing of rates later this year may be warranted**, particularly if tariff-driven inflation proves transitory and broader economic momentum continues to cool.

"Most participants assessed that some reduction in the target range for the federal funds rate this year would likely be appropriate," the minutes stated. Officials noted that the inflationary impact of the Trump administration's new tariffs could be **"modest and temporary"**, especially given recent data suggesting a potential slowdown in hiring and consumer spending.

A handful of Fed members floated the idea of a **rate cut as early as the July 29–30 meeting**, contingent on inflation trends remaining subdued. Others argued that **no policy change may be necessary in 2025**, citing core inflation levels still above the Fed's 2% target and an economy that remains **"resilient"** despite global uncertainties.

As the summer unfolds, markets will continue to scrutinize incoming labor and inflation data for clues about the Fed's next move.

GDPNow:

- The GDPNow for the 2Q25 was updated today and is unchanged at 2.60%.

Economic Data Highlights:

- **U.S. Wholesale Inventories MoM:** fell to -0.31%, compared to 0.13% last month.
- **U.S. Crude Oil Stocks WoW:** rose to 7.07M, up from 3.845M last week.
- **China M2 Money Supply YoY:** fell to 7.93%, compared to 7.96% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 549.96, up 4.25 points or 0.78%.
- **FTSE 100:** Closed at 8,867.02, up 12.84 points or 0.15%.
- **DAX Index:** Closed at 24,549.56, up 342.65 points or 1.42%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,458.30, up 217.54 points or 0.49%.
- **S&P 500:** closed at 6,263.26, up 37.74 points or 0.61%.
- **Nasdaq Composite:** closed at 20,611.34, up 192.87 points or 0.95%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,142.44, up 2.21 points or 0.05%.
- **Birling Capital U.S. Bank Index:** closed at 7,418.17, down 167.00 points or 2.20%.
- **U.S. Treasury 10-year note:** closed at 4.34%.
- **U.S. Treasury 2-year note:** closed at 3.86%.

Second Quarter 2025

Date	GDPNow 2Q25	Change
4/30/2025	2.40%	Initial Forecast
5/1/2025	1.10%	-54.17%
5/6/2025	2.20%	100.00%
5/8/2025	2.30%	4.55%
5/15/2025	2.50%	8.70%
5/16/2025	2.40%	-4.00%
5/27/2025	2.20%	-8.33%
5/30/2025	3.80%	72.73%
6/2/2025	4.60%	21.05%
6/5/2025	3.80%	-17.39%
6/9/2025	3.80%	0.00%
6/17/2025	3.50%	-7.89%
6/18/2025	3.40%	-2.86%
6/27/2025	2.90%	-14.71%
7/1/2025	2.50%	-13.79%
7/3/2025	2.60%	4.00%
7/9/2025	2.60%	0.00%



Wall Street Recap

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