



GLOBAL MARKET SQUARE



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S&P 500 and Nasdaq Reach New Record Highs as Canada Backs Down on Digital Tax, Bond Yields Dip Ahead of Key Manufacturing Data.

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The U.S. and European stock markets closed with mixed results, marking the end of the month. U.S. equity markets opened the week on a strong note. The S&P 500 rose by 0.52%, setting a new record, and the Nasdaq Composite followed suit, climbing 0.47% to finish at an all-time high. Meanwhile, the Dow Jones Industrial Average rose 0.63%, buoyed by news that Canada has withdrawn its proposed 3.0% digital services tax, which aimed to target both domestic and foreign tech firms. The move follows President Trump's decision on Friday to suspend trade negotiations in protest of the levy, a signal that diplomatic pressure may have led to a swift policy reversal.

Europe, equities are broadly lower despite a positive signal from Germany, where CPI inflation cooled to 2.0% year-over-year, aligning with the European Central Bank's long-term target.

Asian markets closed mixed overnight, with China's June manufacturing PMI coming in higher but remained in contraction for a third straight month, reinforcing a cautious view of the region's industrial recovery.

The U.S. dollar is modestly weaker against a basket of major currencies while crude oil prices continue to retreat.

Bond Yields Retreat as Markets Look Toward Fed and Fiscal Picture

In fixed-income markets, Treasury yields have edged lower, with the 10-year benchmark closing at 4.24%, continuing its slide from the May high of 4.58%. Market participants are increasingly pricing in the possibility of three interest rate cuts by the Federal Reserve before year-end—above the Fed's official projection of two cuts.

This dovish tilt comes against the backdrop of modest but resilient economic growth. However, slower demand for credit, along with the flattening of the yield curve, points to a more cautious lending environment ahead. While we expect yields to remain rangebound between 4.0% and 4.5% in the near term, persistent concerns over U.S. fiscal deficits and inflation volatility could limit further downside in long-term rates.

Focus Shifts to June Manufacturing Reports

Looking ahead, investors will closely watch tomorrow's final S&P Global U.S. Manufacturing PMI, expected to decline to 49.3, falling back below the 50.0 threshold that separates expansion from contraction. The ISM Manufacturing PMI, also due tomorrow, is projected to rise slightly to 49.1 from 48.5 in May.

Although the manufacturing sector appears to be flirting with a downturn, the services sector—representing over two-thirds of U.S. economic activity—continues to expand, albeit at a slower pace. Our view remains that continued moderate growth, supported by a strong labor market and solid consumer spending, will keep the expansion on track as we head into the second half of 2025.

Economic Data Highlights:

- **U.S. Crude Oil Production:** rose to 418.14 million, up from 370.72 million last month, increasing 12.79%.
- **Germany Consumer Price Index YoY:** fell to 2.00%, compared to 2.10% last month.
- **Germany Real Retail Sales YoY:** fell to 3.60%, compared to 4.60% last month.
- **U.K. Business Investment YoY:** rose to 6.06%, compared to 1.82% last quarter.
- **U.K. Balance of Trade:** is at -12.34B, up from -12.48B last quarter.
- **Japan Housing Starts YoY:** fell by -34.41%, compared to -26.63% decline last month.
- **Japan Consumer Confidence Index:** rose to 32.80, up from 31.20 last month.

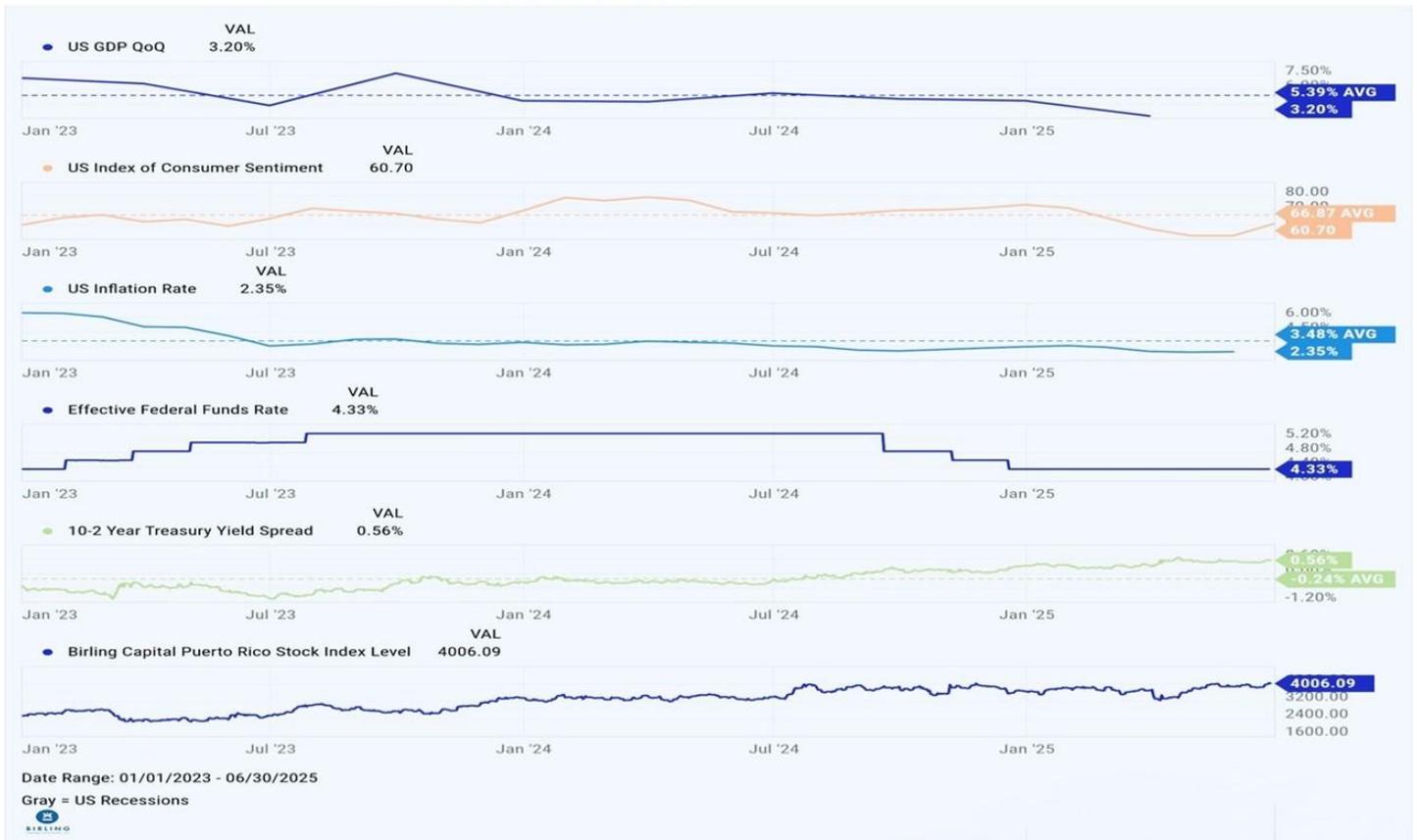
Eurozone Summary:

- **Stoxx 600:** Closed at 541.37, down 2.26 points or 0.42%.
- **FTSE 100:** Closed at 8,760.96, down 37.95 points or 0.43%.
- **DAX Index:** Closed at 23,909.61, down 123.61 points or 0.51%.

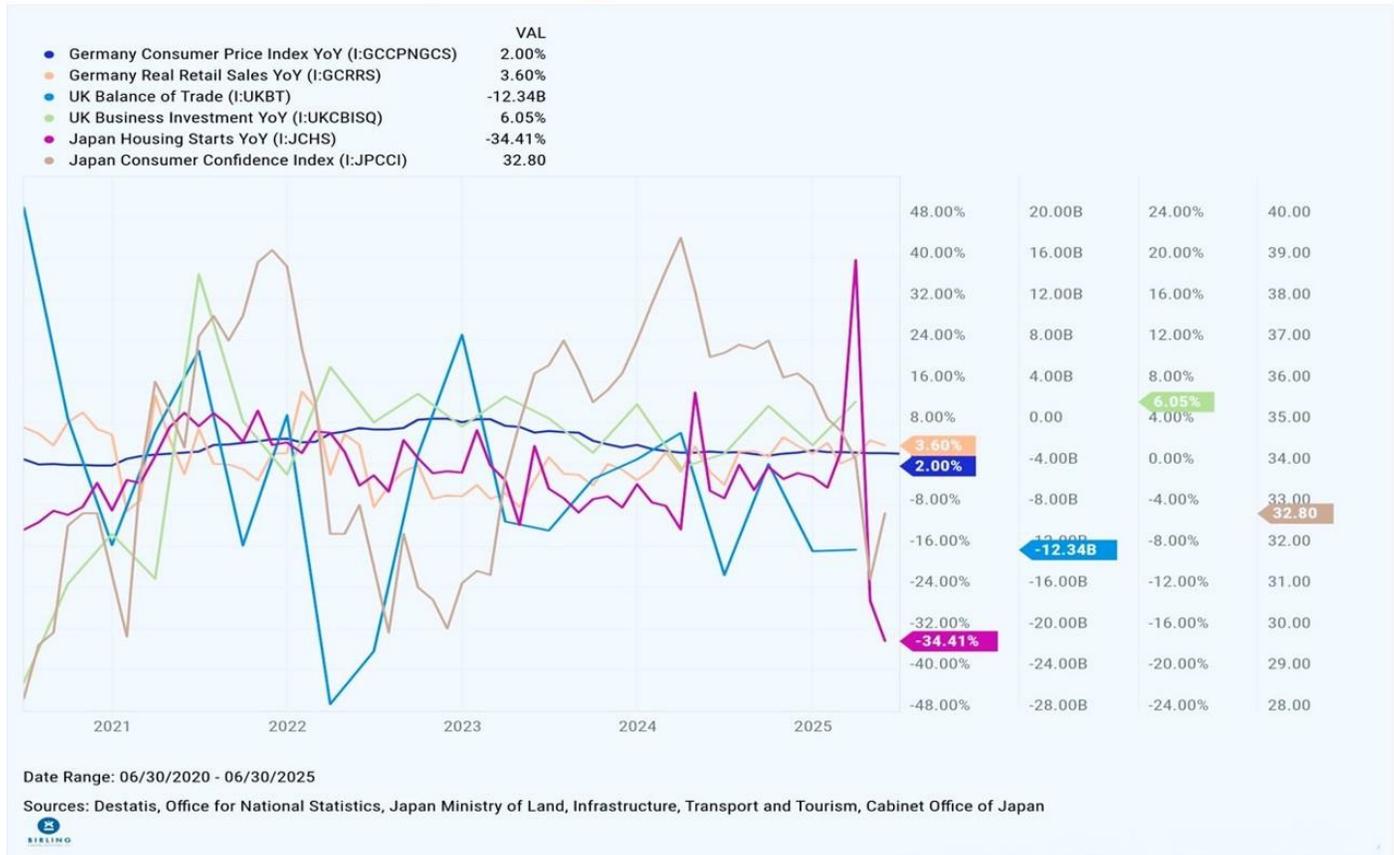
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,094.77, up 275.50 points or 0.63%.
- **S&P 500:** closed at 6,204.95, up 31.88 points or 0.52%.
- **Nasdaq Composite:** closed at 20,369.73, up 96.28 points or 0.48%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,006.89, down 16.39 points or 0.41%.
- **Birling Capital U.S. Bank Index:** closed at 7,363.89, down 7.33 points or 0.10%.
- **U.S. Treasury 10-year note:** closed at 4.24%.
- **U.S. Treasury 2-year note:** closed at 3.72%.

The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate, 10-year US Treasury & Birling PR Stock Index



Germany CPI, Germany Retail Sales, UK Balance of Trade, UK Business Investment, Japan Housing Starts & Japan Consumer Confidence





Wall Street Recap

June 30, 2025



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