

The GDPNow for 1Q25 Falls Further into Contraction at -2.80%, with the Dow falling 649.67 points and the Nasdaq falling 497.09 points over concerns about the economy and Broad Tariffs.

March 3, 2025

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The US and European stock markets began the week with mixed results. Wall Street's tech and energy sectors led the downward trend, with 3.02% and 3.47%, respectively. European markets, particularly defense stocks, experienced a surge following regional discussions about increasing military expenditures.

Wall Street has continued its downward trend since February and has been turning negative for the year after President Donald Trump confirmed upcoming tariffs. President Trump reaffirmed that 25% tariffs on imports from Mexico and Canada would commence on Tuesday, worsening the market sentiment. The announcement quashed any remaining hopes for a last-minute agreement to prevent the imposition of comprehensive tariffs on these key US trading partners.

Asian markets closed mostly positively as investors anticipate further details on potential tariffs.

In the bond market, yields have dropped, with the 10-year Treasury yield closing at 4.16%. The US dollar fell against major global currencies. Meanwhile, West Texas Intermediate crude oil prices have declined in commodities.

Manufacturing growth persists: February's final S&P US Manufacturing Purchasing Managers' Index, known as PMI, climbed to 52.7, surpassing expectations and achieving its highest level since 2022. This trend marks the second month of accelerated growth in the manufacturing sector, driven primarily by increased production and new orders. Some of this activity may stem from preemptive actions by businesses anticipating price hikes and potential supply chain disruptions due to looming tariffs. Conversely, the Institute for Supply Management (ISM) Manufacturing PMI fell to 50.3 in February, slightly below the anticipated 50.5, yet it still indicates sector growth. The resurgence in manufacturing is pivotal for the economy's broader stabilization and enduring growth.

Impending tariff implementations: Starting tomorrow, the US will enforce tariffs up to 25% on imports from Canada and Mexico and an additional 10% on goods from China. This move has started to dampen consumer sentiment due to the uncertainty it brings. However, the impact on inflation might be moderated by shifts in currency exchange rates, which could make imported goods cheaper if the US dollar gains strength. Additionally, manufacturers may be reluctant or unable to pass the full cost of tariffs onto consumers, potentially cushioning price rises. Growth-supportive policies like tax reductions and deregulation might further balance these tariff effects.

GDPNow Update:

- The **GDPNow** estimate for US GDP growth for the first quarter of 2025 was updated on March 3, down to -2.80%, GDP, down from -1.50%, decreasing 86.67%

Economic Data:

- **US ISM Manufacturing PMI:** fell to 50.30, down from 50.90 last month, decreasing -1.18%.
- **US ISM Manufacturing Prices Paid Index:** rose to 62.40, up from 54.90 last month, increasing 13.66%.
- **US ISM Manufacturing New Orders Index:** It fell to 48.60, down from 55.10 last month and decreased 11.80%.
- **US ISM Manufacturing Employment Index:** fell to 47.60, down from 50.30 last month, decreasing -5.37%.
- **US Retail Gas Price:** It fell to \$3.255, down from \$3.276 last week and decreased -0.64%.
- **US Construction Spending MoM:** fell by -0.16%, compared to 0.51% last month.
- **Japan Consumer Confidence Index:** It fell to 35.20, down from 36.20 last month, decreasing 2.76%.
- **Japan Unemployment Rate:** fell to 2.40%, compared to 2.50% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 563.13, up 5.94 points or 1.07%.
- **FTSE 100:** Closed at 8,871.31, up 61.57 points or 0.70%.
- **DAX Index:** Closed at 23,147.02, up 595.59 points or 2.64%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,191.24, down 649.67 points or 1.48%.
- **S&P 500:** closed at 5,849.72, down 104.76 points or 1.76%.
- **Nasdaq Composite:** closed at 18,350.19, down 497.09 points or 2.64%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,829.45, up 14.64 points or 0.38%.
- **Birling Capital US Bank Index:** closed at 6,873.43, up 178.72 points or 2.67%.
- **US Treasury 10-year note:** closed at 4.16%.
- **US Treasury 2-year note:** closed at 3.96%.

GDPNow 1Q25

Date	GDPNow 1Q25	Change
1/31/2025	2.90%	Initial Forecast
2/3/2025	3.90%	34.48%
2/5/2025	2.90%	-25.64%
2/7/2025	2.90%	0.00%
2/14/2025	2.30%	-20.69%
2/19/2025	2.30%	0.00%
2/28/2025	-1.50%	-165.22%
3/2/2025	-2.80%	86.67%

US ISM Manufacturing PMI, US ISM Manufacturing Prices Paid, US ISM Services New Orders, US ISM Manufacturing Employment Index, US Retail Gas Price & US Construction Spending



Japan Consumer Confidence Index & Japan Unemployment Rate

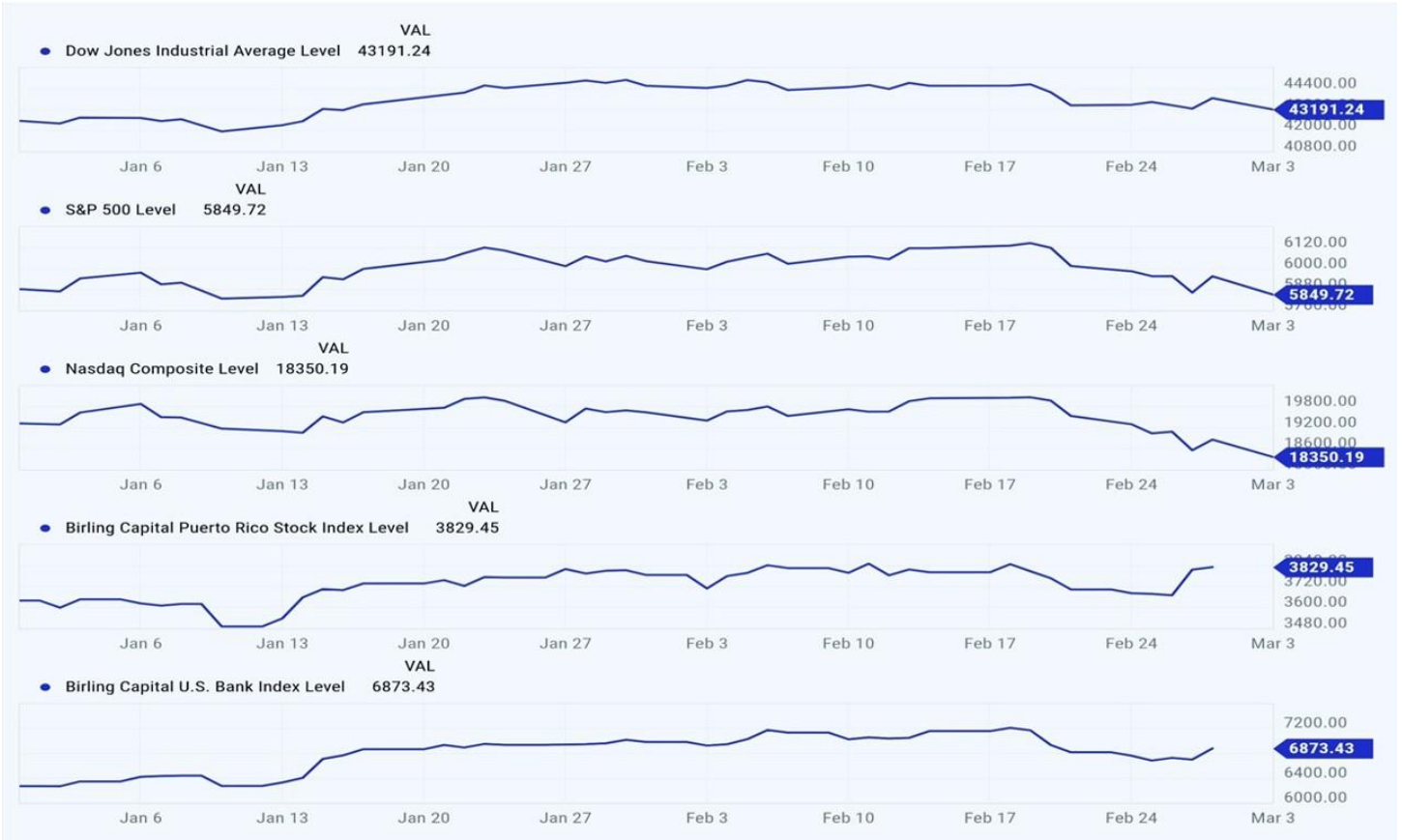




Wall Street Recap

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