

GLOBAL MARKET SQUARE



Market Volatility Surges as Weak Jobs Report, GDP Now at -2.40% For 1Q25 A Bleak Outlook Rattle Investors, and Uncertainty Weighs on Sentiment.

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The U.S. and European stock markets closed with mixed results on Friday's trading session marked by significant volatility, with the Dow plunging over 400 points at its lowest before staging a strong afternoon rebound. The S&P 500 and Nasdaq also experienced steep declines, dropping more than 1% to their worst intraday levels.

Despite the late-session recovery, the broader market wrapped up a tough week. The S&P 500 posted a 3.1% loss, its steepest weekly decline since September. The Dow shed 2.4% over the same period, while the Nasdaq Composite tumbled 3.5%, officially slipping into correction territory after closing more than 10% below its recent peak.

Among other items, the driver was a disappointing jobs report on Friday, which intensified worries about a cooling economy, pushing Treasury yields higher as investors adjusted expectations for future growth. The U.S. economy added 151,000 jobs in February, falling short of the 170,000 jobs economists had anticipated. Meanwhile, the unemployment rate increased to 4.1%, signaling potential labor market softening.

Markets have experienced heightened volatility this week, with investors reacting to President Donald Trump's trade policies and their potential impact on economic growth and inflation. On Thursday, Trump announced that certain goods from Canada and Mexico covered under the U.S.-Mexico-Canada Agreement (USMCA) would be temporarily exempt from recently imposed tariffs, with the exemption set to expire on April 2. This move provided some short-term relief, but trade uncertainties weighed on market sentiment.

Meanwhile, bond yields are declining as expectations for rate cuts are again factored into market pricing. International equities, which have enjoyed a strong rally, are pausing as investors assess the impact of potential U.S. tariffs. WTI crude is up 2% to \$68 per barrel in the commodities space, though it remains down over 3% for the week following OPEC's announcement of an April production increase.

Job Market Shows Resilience, But Signs of Softening Emerge

February's job report reflected a moderate expansion, with the economy adding 151,000 jobs—slightly below forecasts but 20.80% above last month's 125,000 jobs number; on the other hand, the unemployment rate increased to 4.1% from 4%. The healthcare and financial sectors led hiring, whereas federal government employment fell by 10,000. However, state and local hiring offset those losses, bringing the overall government sector to a net gain of 11,000 positions. Adverse weather conditions across several regions likely affected the 16,000-job decline in the leisure and hospitality industry.

While today's data suggest that labor market conditions remain stable, a gradual slowdown appears likely in the coming months, particularly as the effects of recent federal job cuts fully materialize. With inflation still a concern and uncertainty surrounding monetary policy, the Federal Reserve is expected to maintain its cautious stance at its upcoming meeting. However, if inflation modifies and economic growth slows further, policymakers could implement one or two rate cuts in the latter half of the year.

Portfolio Diversification Crucial as Market Leadership Shifts

Despite the S&P 500 facing its steepest weekly decline of the year, global equities—particularly in developed and emerging markets—have recorded solid gains. This underscores a key 2025 investment theme: shifting market leadership across regions, sectors, and investment styles. While U.S. mega-cap tech stocks have lost momentum, international markets benefit from early signs of economic stabilization in Europe and growing AI enthusiasm in China.

We remain cautious about declaring a long-term structural shift favoring international equities, but the near-term outlook suggests U.S. market dominance may take a temporary backseat. With evolving macroeconomic conditions, policy uncertainties, and trade tensions, maintaining a diversified portfolio will be essential for navigating market fluctuations. Investors will focus on next week's consumer price index (CPI) report, which is expected to show a slight dip in inflation from 3% to 2.9% year-over-year.

Corporate Earnings Parade:

- **Costco Wholesale Corp. (COST):** reported 2Q25 revenues of \$62.5 billion, up 9.1%, and net income of \$1.79 billion, up 2.60, with Earnings Per Share of \$4.02 and a stock price objective of \$1,052.74.
- **View our report on Costco:** [COSTCO.Report.2025.03.07.pdf](#)

Economic Data Update:

- **U.S. Nonfarm Payrolls MoM:** rose to 151,000, up from 125,000 last month, increasing 20.80%.
- **U.S. Unemployment Rate:** rose to 4.10%, compared to 4.00% last month.
- **U.S. Labor Force Participation Rate:** rose to 62.40%, compared to 62.60% last month.
- **U.S. Average Hourly Earnings YoY:** rose to 4.02%, compared to 3.95% last month.
- **U.S. Consumer Credit Outstanding MoM:** rose to 40.85 billion, up from -5.371 billion last month.
- **Canada Employment Net Change:** fell to 1,100, down from 76,000 last month, decreasing - 98.55%.
- **Canada Unemployment Rate:** is unchanged at 6.60%, compared to 6.60% last month.
- **Canada Labour Force Participation Rate:** fell to 65.30%, compared to 65.50% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 553.35, down 2.55 points or 0.46 %.
- **FTSE 100:** Closed at 8,679.88, down 2.96 points or 0.03%.
- **DAX Index:** Closed at 23,008.94, down 410.54 points or 1.75%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,579.08, down 427.51 points or 0.99%.
- **S&P 500:** closed at 5,738.50, down 104.13 points or 1.78%.
- **Nasdaq Composite:** closed at 18,069.26, down 483.48 points or 2.61%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,681.83, down 42.41 points or 1.14%.

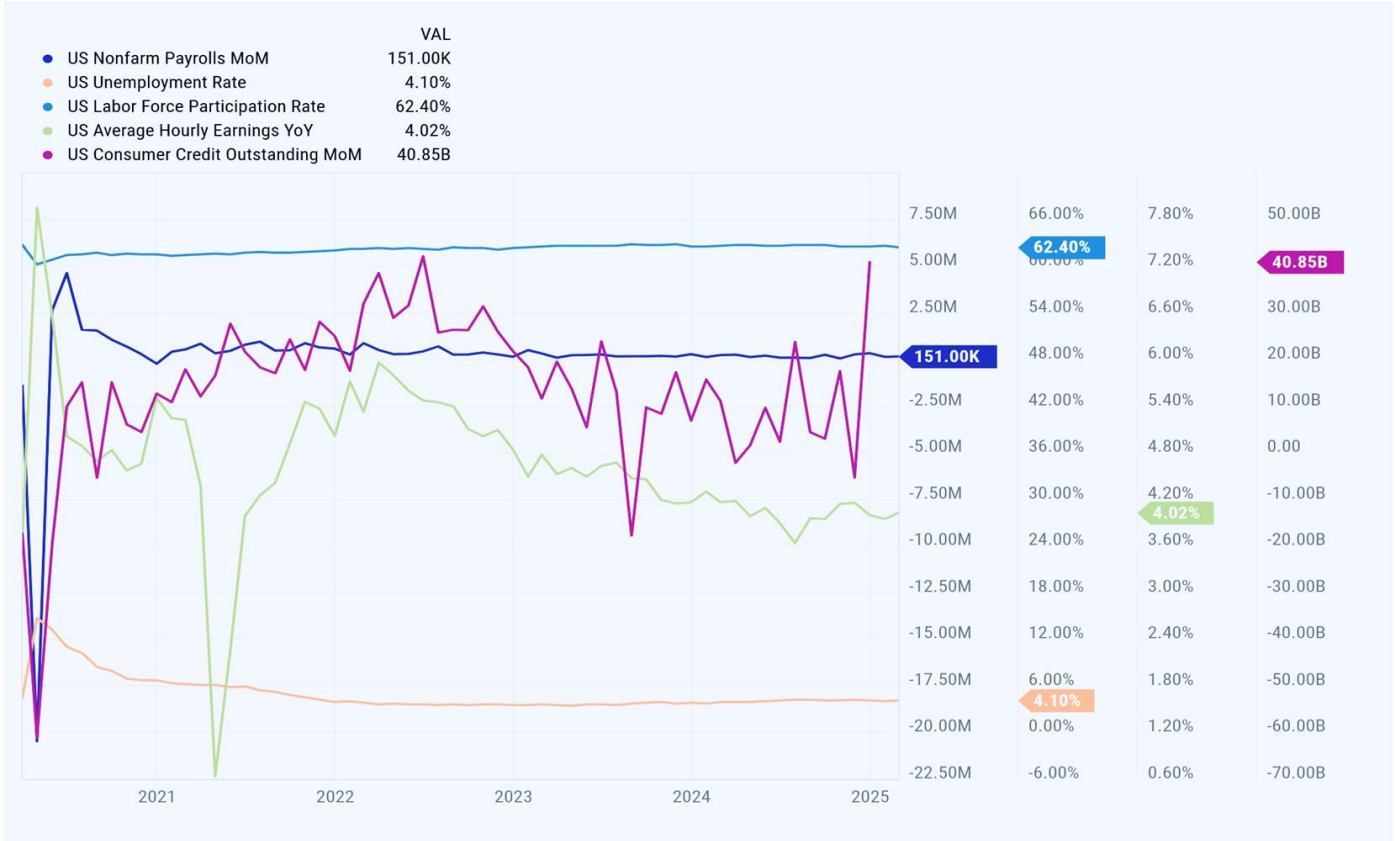
- **Birlinging Capital U.S. Bank Index:** closed at 6,243.74, down 182.87 points or 2.85%.
- **U.S. Treasury 10-year note:** closed at 4.29%.
- **U.S. Treasury 2-year note:** closed at 3.96%.



GDPNow 1Q25

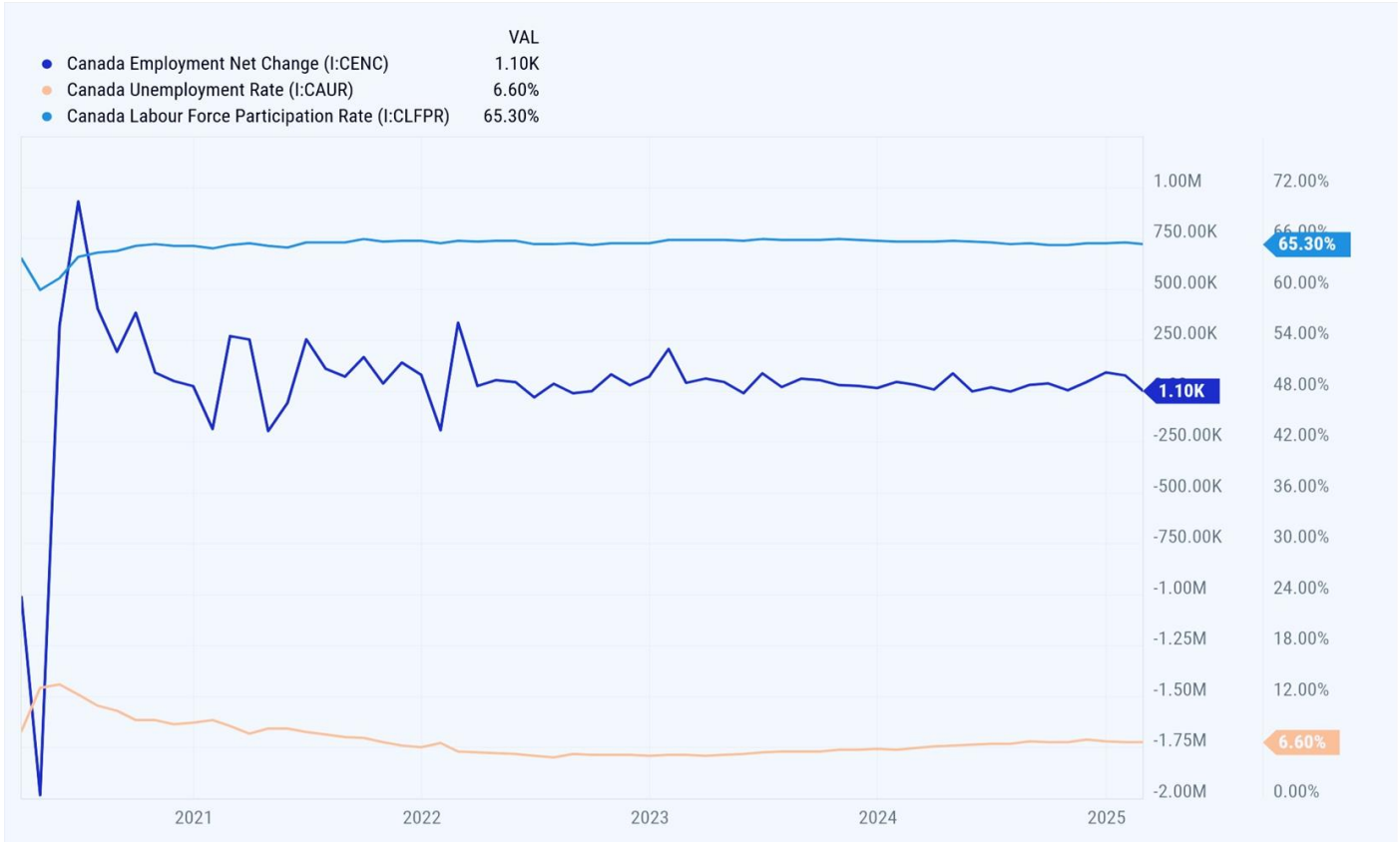
Date	GDPNow 1Q25	Change
1/31/2025	2.90%	Initial Forecast
2/3/2025	3.90%	34.48%
2/5/2025	2.90%	-25.64%
2/7/2025	2.90%	0.00%
2/14/2025	2.30%	-20.69%
2/19/2025	2.30%	0.00%
2/28/2025	-1.50%	-165.22%
3/3/2025	-2.80%	-86.67%
3/6/2025	-2.40%	14.29%

US Nonfarm Payrolls, US Unemployment Rate, US Labor Force Participation Rate, US Average Hour Earnings & US Consumer Credit Outstanding





Canada Employment Net Change, Canada Unemployment Rate & Canada Labour Force Participation Rate



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