

GLOBAL MARKET SQUARE



Global Markets Mixed as Wall Street Takes a Breather, Fed Meeting in Focus Amid Housing Strength and Manufacturing Resilience.

March 18, 2025

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The US and European stock markets closed with mixed results as Wall Street paused its two days of substantial gains. The US housing market showed mixed signals as housing starts surged 11.19% to 1.501 million, while building permits dipped 1.15% to 1.456 million, hinting at future caution. Business sentiment weakened sharply, with the NY Fed Business Leaders Survey dropping to -19.30 from -10.50. Export prices fell to 2.09%, while import prices ticked up to 2.00%, reflecting mixed inflation trends. Meanwhile, industrial production jumped 0.75%, showing resilience in manufacturing. This stronger-than-anticipated growth aligns with recent surveys pointing to increased momentum in the manufacturing sector.

European indices closed with gains, buoyed by an uptick in German economic sentiment, which reached its highest level since 2022. Additionally, German lawmakers are set to vote on a fiscal package that, if approved, would boost spending on defense and infrastructure, lastly Asian markets closed with gains.

Fed Meeting Begins as Investors Eye Economic Projections

The Fed's March FOMC meeting kicked off today, with a policy announcement and updated economic outlook scheduled for tomorrow. Market participants widely anticipate that the central bank will keep the fed funds rate unchanged at 4.25%-4.50%. This expectation aligns with recent statements from the Fed Chair, Jerome Powell, who has emphasized that the economy remains resilient, allowing the Fed to be patient before considering rate cuts. With a rate hold largely priced in, investors will focus on the Fed's updated economic projections.

International Stocks Rally, Reinforcing the Case for Diversification

While US markets have seen a volatile start to the year, including the S&P 500's first 10% correction since 2023 international equities have provided a bright spot for diversified investors, the MSCI EAFE Index, which tracks stocks in developed markets such as Europe and Japan, has climbed more than 10% year-to-date. Meanwhile, the MSCI Emerging Markets Index, which includes stocks from countries like China and India, has gained over 5%.

European fiscal policy measures and pro-business signals from Chinese policymakers have driven the strength in global markets. While it's too early to determine whether international equities will sustain this outperformance over the US market, these developments underscore the importance of maintaining strategic exposure to global investments within a well-balanced portfolio.

GDPNow:

- **The GDPNow** for the first quarter of 2025 was updated today, March 18, to -1.80% up from -2.10%, increasing 14.28%.

Economic Data Update:

- **US Housing Starts:** rose to 1.501 million, up from 1.35 million last month, increasing 11.19%.
- **US Building Permits:** fell to 1.456 million, down from 1.473 million last month, decreasing -1.15%.
- **NY Fed Business Leaders Survey Current Business Activity:** fell by -19.30, down from -10.50 last month.
- **US Export Prices YoY:** fell to 2.09%, compared to 2.71% last month.
- **US Import Prices YoY:** rose to 2.00%, compared to 1.79% last month.
- **US Industrial Production MoM:** rose to 0.75%, compared to 0.26% last month.
- **Canada Consumer Price Index YoY:** rose to 2.64%, compared to 1.90% last month.
- **Canada Inflation Rate:** rose to 2.64%, compared to 1.90% last month.
- **Canada Core Consumer Price Index MoM:** rose to 0.52%, compared to 0.26% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** rose to 51.60, up from 26.00 last month, increasing 98.46%.
- **Japan Machinery Orders YoY:** fell to 6.15%, compared to 9.45% last month.
- **Japan Industrial Production Index MoM:** fell by -1.08%, compared to -0.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 554.30, up 3.36 points or 0.61%.
- **FTSE 100:** Closed at 8,705.23, up 24.94 points or 0.29%.
- **DAX Index:** Closed at 23,380.70, up 226.13 points or 0.98%.

Wall Street Summary:

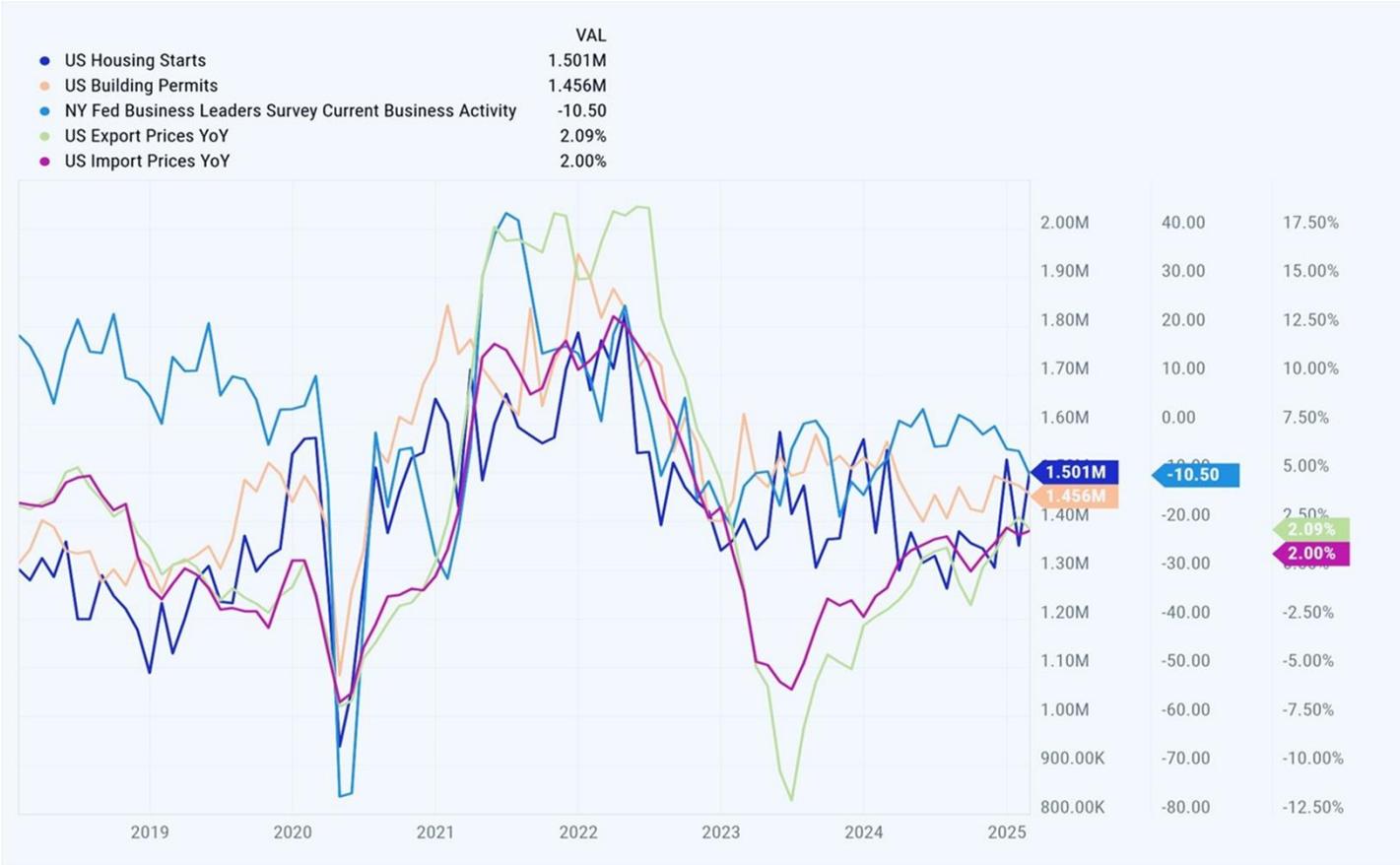
- **Dow Jones Industrial Average:** closed at 41,581.31, down 260.32 points or 0.62%.
- **S&P 500:** closed at 5,614.66, down 60.45 points or 1.07%.
- **Nasdaq Composite:** closed at 17,504.12, down 304.54 points or 1.71%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,630.50, up 25.52 points or 0.71%.
- **Birling Capital US Bank Index:** closed at 6,118.76, up 77.52 points or 1.28%.
- **US Treasury 10-year note:** closed at 4.29%.
- **US Treasury 2-year note:** closed at 4.04%.

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%
3/7/2025	-1.60%	-33.33%
3/17/2025	-2.10%	31.25%
3/18/2025	-1.80%	-14.29%

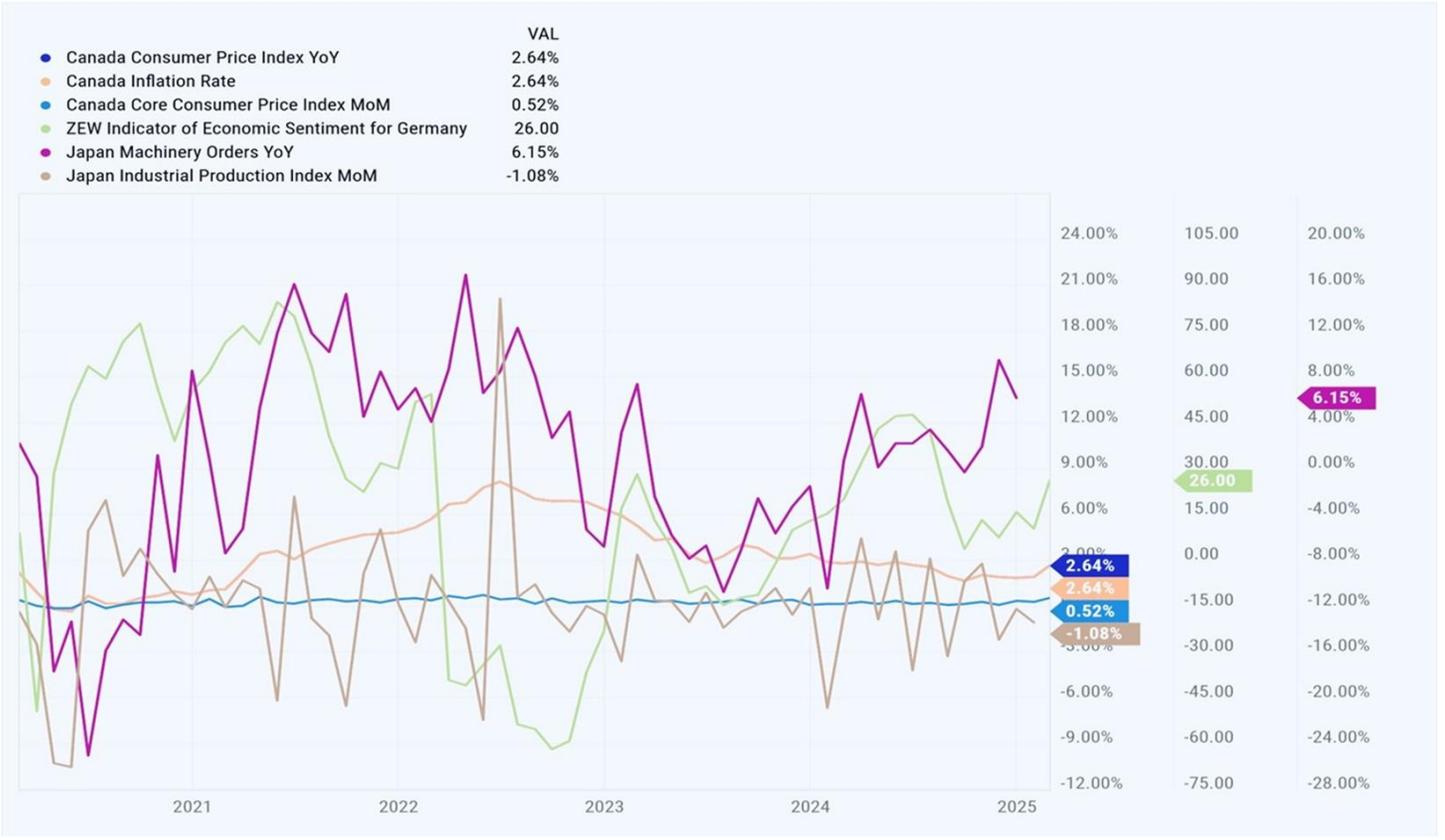


US Housing Starts, US Building Permits, NY Fed Business Leaders Survey Current Business Activity, US Export Prices & US Import Prices





Canada CPI, Canada Inflation Rate, Canada Core CPI, MoM, ZEW Indicator of Economic Sentiment for Germany, Japan Machinery Orders, and Japan Industrial Production Index





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