

Markets Rattle from Quadruple Shock: Surprise Tariffs, Jobs Miss, Fed Cut Momentum — and Trump Fires Labor Chief in New Presidential Low.

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The U.S. and European stock markets closed with broad losses, as markets stumbled amid a quadruple shock of new surprise tariffs ahead of the August 1 self-imposed deadline from the Trump administration and disappointing U.S. job growth, rattling investor confidence and reviving fears of a potential economic slowdown. To make matters worse, when it seems President Trump can go no lower, he manages to set a new low. The abrupt dismissal of Bureau of Labor Statistics Commissioner Dr. Erika McEntarfer, mere hours after the release of a weak jobs report, marks another deeply troubling turn. While we often assume his actions cannot become more demeaning to our institutions, this latest move underscores a pattern of undermining nonpartisan, independent agencies for political gain.

The decision is expected to ignite renewed debate over the politicization of federal data agencies and the erosion of trust in the objectivity of key economic indicators institutions that, until recently, operated above the political fray.

The S&P 500 retreated from record highs, while Treasury yield fell across the curve, with the 10-year Treasury yield falling 14 basis points and the 2-year Treasury yield falling 25 basis points. The U.S. dollar lost ground against major currencies. Bond markets are now pricing in an accelerated path toward monetary easing, with the odds of a September Federal Reserve rate cut jumping sharply.

Moderna Inc. delivered 2Q results that exceeded expectations despite a steep revenue decline of **41% year-over-year** and a net loss of **(\$825) million**, as COVID-related demand fades. Meanwhile, **ExxonMobil** also beat estimates, reporting **\$79.477 billion** in revenue, a decline, and a net income down **23.36%**.

Both reports underscore sector-specific headwinds but reaffirm longer-term investor confidence.

Trade Front: White House Tariffs Roil Global Outlook

In a sweeping move, the Trump administration unveiled a revised slate of tariff rates ahead of the August 2 deadline, escalating trade tensions just as markets had begun to stabilize. The new structure sets average tariff rates at 18%, a steep increase from the previous 2.5% average, although still below the 25% ceiling floated earlier this year.

Key takeaways:

- **Canada faces a 35% tariff**—though only for non-USMCA-compliant goods, softening the blow.
- **The hardest hits include:**
- **Switzerland, faces a 39% tariff**, has a high rate due to the absence of a trade deal.
- **South Africa faces a 30% tariff**, with no formal agreement in place.
- **Taiwan faces a 20% tariff**, which is still under negotiation.
- **Countries with a U.S. trade surplus** are subject to a baseline **tariff of 10%**.
- **A punitive 40% tariff targets goods rerouted** through **third countries** to bypass U.S. duties.

The new rates will go into effect next Friday, leaving a narrow window for diplomatic recalibration. Several nations have already expressed interest in renegotiating terms to lower their exposure. While the White House touts the tariffs as a tool to restore industrial competitiveness and generate revenue, economists warn they could rekindle inflation and weigh on growth—especially in vulnerable sectors such as semiconductors, pharmaceuticals, and high-tech components. However, the fiscal impact may be cushioned by recently passed tax legislation, which could recycle tariff revenues back into the economy.

Labor Market Stalls — Trump Fires BLS Chief After Jobs Report Miss Spurs Fed Cut Bets

The July employment report added another layer of concern. U.S. payrolls grew by just 73,000 jobs, missing expectations by a wide margin. Even more striking were downward revisions totaling 258,000 fewer jobs for May and June, pulling the three-month hiring average down to 35,000—the weakest pace since the pandemic lows of 2020.

Notable data points:

- **Unemployment rate** edged up to 4.2%, from 4.1%.
- Wage growth remained firm and continues to outpace inflation.

Markets quickly recalibrated expectations. Futures now fully price in two Fed rate cuts by year-end, with the probability of a September cut surging to 85%, up from 40% just a week ago.

President Donald Trump abruptly dismissed the Commissioner of the Bureau of Labor Statistics, Dr. Erika McEntarfer, just hours after the agency released a lackluster employment report showing job growth had nearly stalled.

In a sharply worded post on Truth Social, Trump alleged. We quote **"I was just informed that our Country's 'Jobs Numbers' are being produced by a Biden Appointee, Dr. Erika McEntarfer, the Commissioner of Labor Statistics, who faked the Jobs Numbers before the Election to try and boost Kamala's chances of Victory, we need accurate Jobs Numbers. I have directed my Team to fire this Biden political appointee immediately.** She will be replaced with someone much more competent and qualified".

Looking Ahead: Slower, But Not Stalled

The combination of higher tariffs and softer employment suggests the U.S. economy is entering a transitional phase. While risks of a short-term slowdown are rising, we continue to forecast moderate growth through 2025. A stronger reacceleration is expected in 2026 as lower interest rates, tax relief, and rebalanced trade flows take hold.

For now, markets remain caught between a defensive crouch and cautious optimism—awaiting clarity from both central bank policy and the unfolding trade realignment.

GDPNow:

- The **GDPNow** for the third quarter was updated today to **2.10%**, down from 2.30%, **a 8.69% decrease.**

Corporate Earnings Parade:

- **Moderna, Inc. (MRNA):** reported 2Q25 results that beat expectations, with revenues of \$142.14 million, down 41%, and a net loss of (\$825) million, resulting in a loss per share of (\$2.13). The stock price objective is \$47.68. View our Moderna Report: [MRNA Overview](#)
- **Exxon Mobil Corp. (XOM):** reported 2Q25 results that beat expectations with revenues of \$79.477 billion, down 11.62% and a net income of \$7.082 billion, down 23.36%. Achieved an Earnings Per Share of \$1.64 with a stock price objective of \$123.79. View our report on Exxon: [XOM Overview](#)

Economic Update:

- **U.S. Nonfarm Payrolls MoM:** rose to 73,000, up from 14,000 last month, up 421.4%.
- **U.S. Unemployment Rate:** rose to 4.20%, compared to 4.10% last month.
- **U.S. Labor Force Participation Rate:** fell to 62.20%, compared to 62.30% last month.
- **U.S. Index of Consumer Sentiment:** rose to 61.70, up from 60.70 last month, increasing 1.65%.
- **U.S. ISM Manufacturing PMI:** fell to 48.00, down from 49.00 last month, down -2.04%.
- **U.S. Construction Spending MoM:** is at -0.36%, compared to -0.44% last month.
- **Japan's Unemployment Rate:** remains unchanged at 2.50%, compared to 2.50% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 535.79, down 10.32 points or 1.89%.
- **FTSE 100:** Closed at 9,068.58, down 64.23 points or 0.70%.
- **DAX Index:** Closed at 23,425.97, down 639.50 points or 2.66%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,588.58, down 542.40 points or 1.23%.
- **S&P 500:** closed at 6,238.01, down 101.38 points or 1.60%.
- **Nasdaq Composite:** closed at 20,650.13, down 472.32 points or 2.24%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,046.43, up 90.89 points or 2.30%.
- **Birling Capital U.S. Bank Index:** closed at 7,649.15, down 106.67 points or 1.38%.
- **U.S. Treasury 10-year note:** closed at 4.23%.
- **U.S. Treasury 2-year note:** closed at 3.69%.



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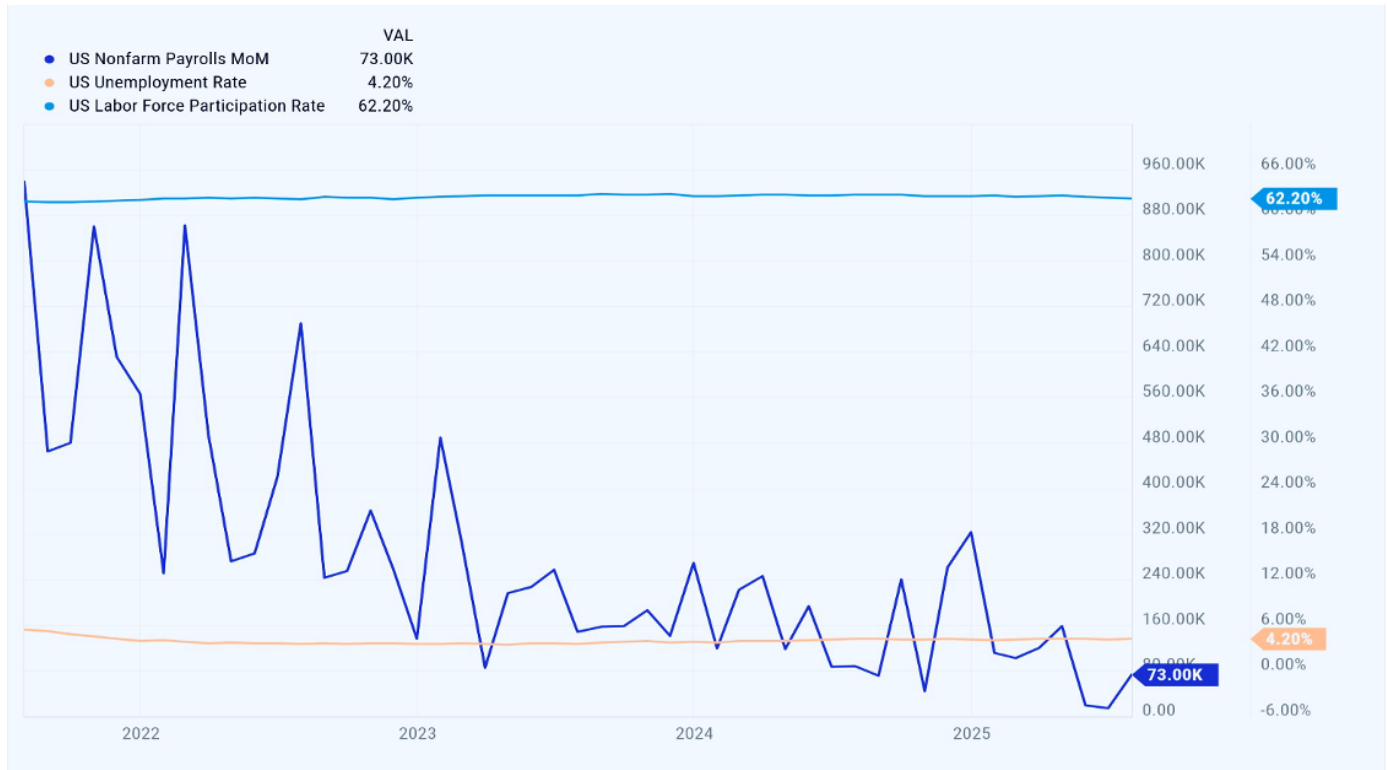
GDPNow 3Q25

Date	GDPNow 3Q25	Change
7/31/25	2.30%	Initial Forecast
8/1/25	2.10%	-8.70%

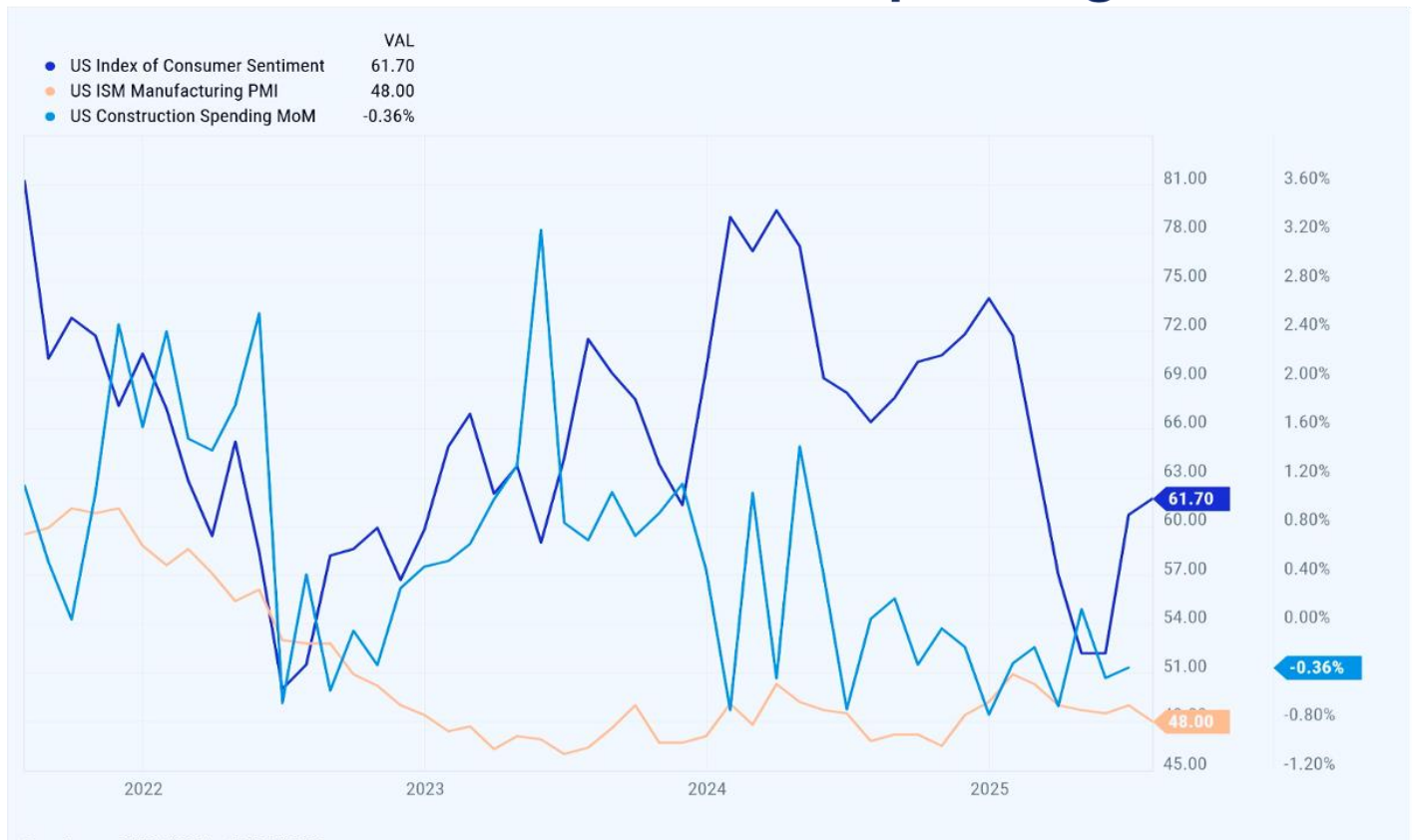


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US Nonfarm Payrolls, US Unemployment Rate & US Labor Force Participation Rate



US Index of Consumer Sentiment, US ISM Manufacturing PMI & US Construction Spending





Wall Street Recap

August 1, 2025



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