Markets Rebound on Rate-Cut Hopes After Jobs Shock; Tech Leads, Energy Lags as OPEC+ Lifts Output.

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The U.S. and European stock markets opened the week with cautious optimism, while strongly clawing background after last week's double blow of soft labor data and surprise tariffs. While Monday's news cycle is relatively quiet, investor sentiment is finding support in the prospect of lower interest rates. The yield on the 10-year U.S. Treasury has slipped, closing at 4.22%, it's lowest since early May, reflecting a sharp repricing of rate-cut expectations.

Equities are staging a modest rebound, led by mega-cap technology shares, which continue to benefit from the rotation into growth amid falling yields. Energy stocks, however, are lagging the broader market following a 2% decline in oil prices. The pullback came after OPEC+ announced it would ramp up production, fully reversing the voluntary output cuts implemented in 2023.

On the corporate front, Berkshire Hathaway shares dropped nearly 3% after the conglomerate reported a year-over-year decline in earnings and took a $3.8 billion impairment charge tied to its Kraft Heinz investment. Despite the headline weakness, operating earnings remained solid, underscoring the mixed tone of this quarter's corporate results.

Labor Market Jitters Amplify Calls for Fed Action

The focus remains on labor market softness following Friday's jobs report, which missed expectations and delivered a wave of downward revisions. The U.S. economy added just 73,000 jobs in July — far below the consensus forecast of 100,000 — while previously reported figures for May and June were revised down by a combined 258,000. The three-month average has now fallen to just 35,000 jobs per month, the weakest run since the pandemic-era lows of 2020.

Despite the sharp slowdown, the unemployment rate remains relatively stable at 4.2%, with no significant rise in weekly jobless claims. Nonetheless, the data marked a pivotal shift in monetary policy expectations. The bond market is now pricing in a 90% probability of a September rate cut, with another reduction likely by December — consistent with Birling Capital's baseline forecast.

In a dramatic policy twist, President Trump dismissed the Commissioner of Labor Statistics shortly after the report's release and is expected to name a successor this week. This unprecedented move has added to the political intrigue in an already uncertain economic backdrop.

A Week to Digest, Not to Decide

Following a packed schedule last week that included a Fed meeting, critical labor data, and the announcement of new tariff measures, the current week offers a much-needed pause. Markets are expected to consolidate recent moves, with a lighter economic calendar allowing investors to reassess their positions.

Key events this week include:

- **Tuesday**: ISM Services Index, forecast to rise slightly
- **Thursday**: Q2 productivity data and initial jobless claims
- **Throughout the week**: Speeches from five Federal Reserve officials offering reactions to labor trends

On the political front, the White House is preparing nominations for both a new Federal Reserve Governor and a replacement for the top labor statistician, moves that could reshape the policy landscape heading into Q4.

BioNTech and Tyson Beat on Revenue

BioNTech topped estimates with Q2 revenue up 74%, and posted a lower net loss, and Tyson Foods beat on revenue with Q3 sales of $13.88, up 3.97%.

Meanwhile, the second-quarter earnings season is winding down. With 73% of S&P 500 companies having reported, earnings growth is tracking at 8% — double the 4% projected at the start of the season, although slower than in Q1.

Outlook: Fundamentals Still Support the Bull Run

Despite recent volatility, the broader narrative remains intact: rising earnings, falling interest rates, and expected fiscal support in 2026 are providing critical tailwinds for equity markets. With the S&P 500 up 25% since April 8, a period of consolidation and mild pullbacks is likely, but the underpinnings of the bull market remain resilient.

We maintain our view that the labor market's cooling, while unsettling in the short term, will reinforce the Fed's easing cycle and extend the economic expansion — albeit at a more moderate pace. The path forward is not without risk, but it remains upward-sloping.

Corporate Earnings Parade:

- **BioNTech SE (BNTX):** reported 2Q25 results that beat expectations, with revenues of $261 million, up 74%, and a net loss of ($387) million, resulting in a loss per share of ($1.60). The stock price objective is $136.72.
- **Tyson Foods, Inc. (TSN):** reported 3Q25 results that beat expectations with revenues of $13.884 billion, up 3.97% and a net income of $69 million, down 68.06%. Achieved an Earnings Per Share of $0.91 with a stock price objective of $63.17.

Economic Update:

- **U.S. Durable Goods New Orders MoM:** fell -9.37%, compared to 16.54% last month.
- **U.S. Durable Goods Excluding Transportation New Orders MoM:** fell 0.19%, compared to 0.64% last month.
- **U.S. Manufacturing New Orders:** fell to $ 611.68 billion, down from $ 642.53 billion last month, a decrease of 4.80%.
- **U.S. Manufacturing Shipments:** rose to $602.41 billion, up from $599.56 billion last month, increasing 0.48%.

Eurozone Summary:

- **Stoxx 600:** Closed at 540.60, up 4.81 points or 0.90%.
- **FTSE 100:** Closed at 9,128.30, up 59.72 points or 0.66%.
- **DAX Index:** Closed at 23,757.69, up 321.72 points or 1.42%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,173.64, up 585.06 points or 1.34%.
- **S&P 500:** closed at 6,329.94, up 91.93 points or 1.47%.
- **Nasdaq Composite:** closed at 21,053.58, up 403.45 points or 1.95%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,952.09, down 94.35 points or 2.33%.
- **Birling Capital U.S. Bank Index:** closed at 7,450.80, down 198.35 points or 2.59%.
- **U.S. Treasury 10-year note:** closed at 4.22%.
- **U.S. Treasury 2-year note:** closed at 3.69%.

US Durable Goods New Orders MoM; US Durable Goods Excluding Transportation New Orders MoM; US Manufacturing New Orders & US Manufacturing Shipments

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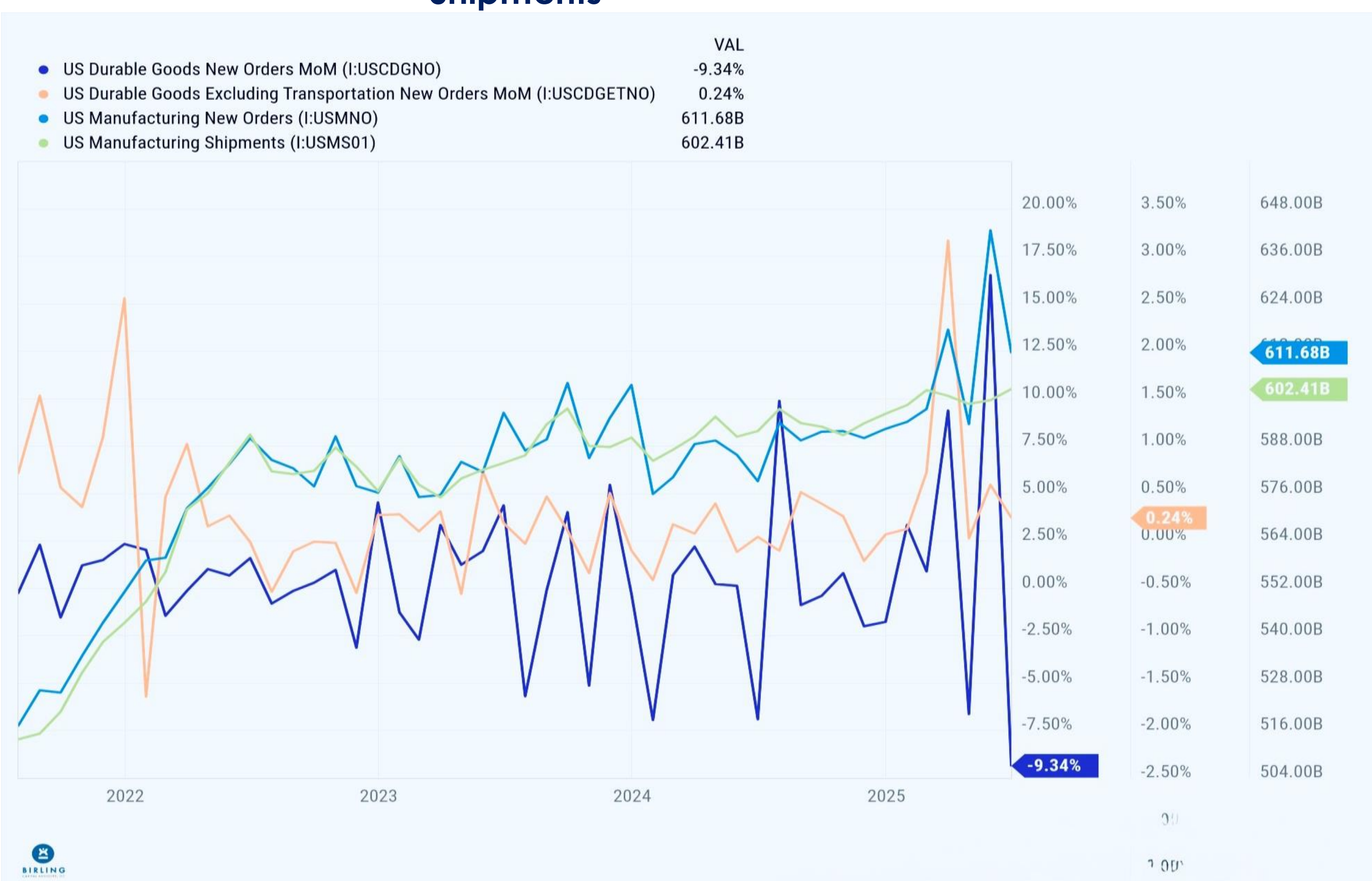


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