



GLOBAL MARKET SQUARE



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Disney and McDonald's Spark a Consumer-Led Rally as Earnings Season Surprises to the Upside; Global Markets Juggle Resilient Data and Rate Uncertainty.

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The U.S. and European stock markets closed mostly higher, driven by renewed momentum, as two major bellwethers, Walt Disney Company and McDonald's, kicked off the morning with quarterly results that exceeded analyst expectations, lifting investor sentiment across consumer sectors.

Wall Street Up: Discretionary and Staples Take the Lead

The strong earnings reports from Disney and McDonald's fueled a rally in the consumer discretionary and staples sectors, the day's best-performing sectors. In contrast, health care and industrials are under pressure, dragging on broader index gains. The earnings optimism comes as the market continues to recalibrate expectations for the remainder of the year amid shifting policy and rate dynamics.

Global Markets: Mixed Tone as Central Banks Hold Course

In Europe, major indices closed higher, except for the Stoxx 600, which closed lower despite a surprise jump in eurozone retail sales, which rose 3.1% YoY in June, well ahead of the 2.0% forecast. The upside was driven by robust demand for automotive fuels and non-food goods, both of which increased by more than 4.0%. However, the strength in retail data wasn't enough to offset broader concerns about economic resilience.

Asian equities ended mostly higher, led by India, where the Reserve Bank of India held its benchmark rate steady at 5.5%, as expected. The move reinforced a cautious but stable policy stance amid solid growth and moderating inflation pressures.

In Europe, major indices are trading slightly lower despite a surprise jump in eurozone retail sales, which rose 3.1% YoY in June, well ahead of the 2.0% forecast. The upside was driven by robust demand for automotive fuels and non-food goods, both of which increased by more than 4.0%. However, the strength in retail data wasn't enough to offset broader concerns about economic resilience.

Currency & Commodities: Dollar Dips, Oil Rebounds

The U.S. dollar is trading lower against a basket of major currencies, as global investors weigh shifting interest rate differentials. In commodities, WTI crude oil is climbing back above \$82 per barrel following recent declines, with supply-side concerns resurfacing amid talk of potential new tariffs on buyers of Russian crude—a move that could further tighten global markets.

Fixed Income: Treasury Yields Edge Up Ahead of Auction

Bond yields are flat, with the 10-year Treasury yield closing at 4.22%, as markets brace for a \$42 billion auction of 10-year notes later today. Despite the current uptick, yields remain well below the July peak near 4.50%, pressured lower last week by a softer-than-expected nonfarm payroll report. Markets are now pricing in 2–3 rate cuts in 2025 and at least two more in 2026, diverging from the Fed's more measured path of three total reductions by the end of 2026.

Lower yields—if sustained—could support consumer and corporate borrowing, easing financial conditions and aiding the profit outlook in the months ahead.

Earnings Season: Beat Rates Surge, Forecasts Revised Up

With more than 80% of S&P 500 companies now reporting, the tone of the second quarter earnings season has taken a decisive turn upward. A striking 82% of companies have exceeded earnings expectations, delivering an average surprise of 7.6%. Despite a solid 12.8% increase in earnings in Q1, consensus calls for a moderation to 10% earnings growth for full-year 2025. Potential headwinds from rising tariffs could compress margins, but overall profit levels remain strong enough to support equity valuations, in our view.

Corporate Earnings Parade:

1. **The Walt Disney Co. (DIS):** reported 3Q25 results that beat expectations, with revenues of \$23.7 billion, up 2%, and a net income of \$5.262 billion, up 100%, along with Earnings Per Share of \$2.92. Disney has a stock price objective of \$130.85. View our report on Disney: [DIS.Report.2025.08.06.pdf](#)
2. **McDonald's Corp. (MCD):** reported 2Q25 results that beat expectations, with revenues of \$6.843 billion, up 5%, and a net income of \$2.283 billion, up 11%, along with Earnings Per Share of \$3.14. McDonald's has a stock price objective of \$329.15. View our report on McDonald's: [MCD.Report.2025.08.06.pdf](#)

Economic Update:

- **Eurozone Retail Trade YoY:** rose to 3.10%, compared to 1.90% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 541.07, down 0.33 points or 0.06%.
- **FTSE 100:** Closed at 9,164.31, up 21.58 points or 0.24%.
- **DAX Index:** Closed at 23,924.36, up 78.29 points or 0.33%.

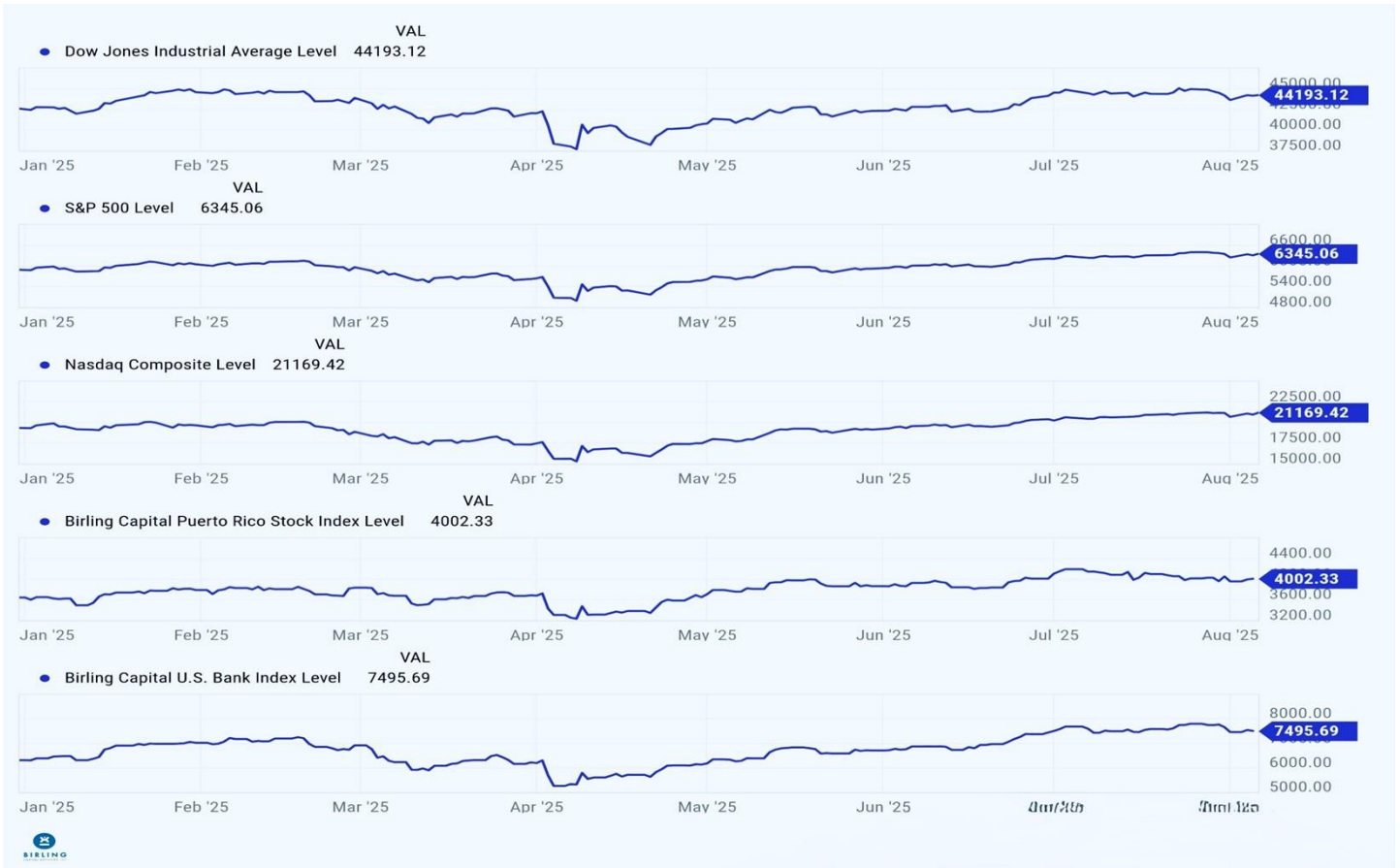
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,193.12, up 81.38 points or 0.18%.
- **S&P 500:** closed at 6,345.06, up 45.87 points or 0.73%.
- **Nasdaq Composite:** closed at 21,169.42, up 252.87 points or 1.21%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,002.33, up 13.50 points or 0.50%.
- **Birling Capital U.S. Bank Index:** closed at 7,495.69, down 38.99 points or 0.52%.
- **U.S. Treasury 10-year note:** closed at 4.22%.
- **U.S. Treasury 2-year note:** closed at 3.69%.



Wall Street Recap

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