



Wall Street Opens the Week Down as Year-End Rotation Continues with Small-Caps Leading, Yields Falling, and Policy Uncertainty Builds.

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The **U.S. and European stock markets opened the week on mixed footing** as early gains faded in large-cap equities while small-caps extended their recent momentum. **The Dow Jones fell 0.09%**, while **the Nasdaq edged lower by 137.75 points**, and **the S&P 500 closed 10.90 points lower**. Month-to-date, large-cap indexes remain under pressure, reflecting ongoing rotation away from mega-cap growth and toward domestically focused and cyclical stocks.

Weaknesses in the AI complex again dragged on to broader market performance. Shares of Broadcom and Oracle—both central to last week's rotation away from high-momentum AI names—extended their declines, while Microsoft and other mega-cap technology stocks also traded lower. In contrast, investors continued to rotate toward more economically sensitive areas of the market, including consumer discretionary and industrials, while health-care stocks attracted fresh inflows.

Small-cap stocks continued to show relative strength, with Russell 2000 advancing modestly and extending its December outperformance. Month-to-date, large-cap indexes remain under pressure, reinforcing the narrative of ongoing rotation away from mega-cap growth and toward domestically focused and cyclical sectors.

Overseas, **European equities closed higher**, supported by improved sentiment ahead of a busy week for central banks. **Asian markets were weaker**, with Japan's Nikkei leading the decline, as profit-taking and currency dynamics weighed on exporters.

Rates, Commodities, and the Dollar

U.S. Treasuries moved higher, pulling the **10-year yield down to roughly 4.18%** as investors positioned cautiously ahead of a heavy slate of economic data. Gold extended its rally and traded near the record highs reached in October, supported by softer real yields and lingering policy uncertainty. Oil prices continued to ease, with **WTI hovering near \$57 per barrel**—marking a new low for 2025—while the U.S. dollar drifted lower, extending its December decline as markets weigh the likelihood of further Federal Reserve rate cuts.

Europe: Central Banks and Geopolitics in Focus

European markets are bracing for a pivotal week as the European Central Bank holds its final policy meeting of the year on Thursday, with rates expected to remain at 2%. ECB President Christine Lagarde has indicated that growth forecasts may be revised higher. The Bank of England, Riksbank, and Norges Bank also meet this week, with markets increasingly pricing in a possible BOE rate cut. Eurozone and U.K. inflation data will be released on Wednesday.

Beyond monetary policy, European leaders will gather in Brussels on Thursday to discuss funding support for Ukraine, including the potential use of frozen Russian assets to underpin a €210 billion financing package.

Economic Data:

- **NAHB/Wells Fargo US Housing Market Index:** rose to 39.00, up from 38.00 last month, an increase of 2.63%.
- **Canada Consumer Price Index YoY:** rose to 2.22%, up from 2.16% last month.
- **Canada Inflation Rate:** fell to 2.16%, from 2.36% last month.
- **Canada Manufacturing Shipments MoM:** fell -1.01%, compared to 3.56% last month.
- **Eurozone Industrial Production Index YoY:** rose to 2.00%, compared to 1.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 582.97, up 4.73 points or 0.82%.
- **FTSE 100:** Closed at 9,751.31, up 102.38 or 1.06%.
- **DAX Index:** Closed at 24,259.67, up 73.18 points or 0.30%.

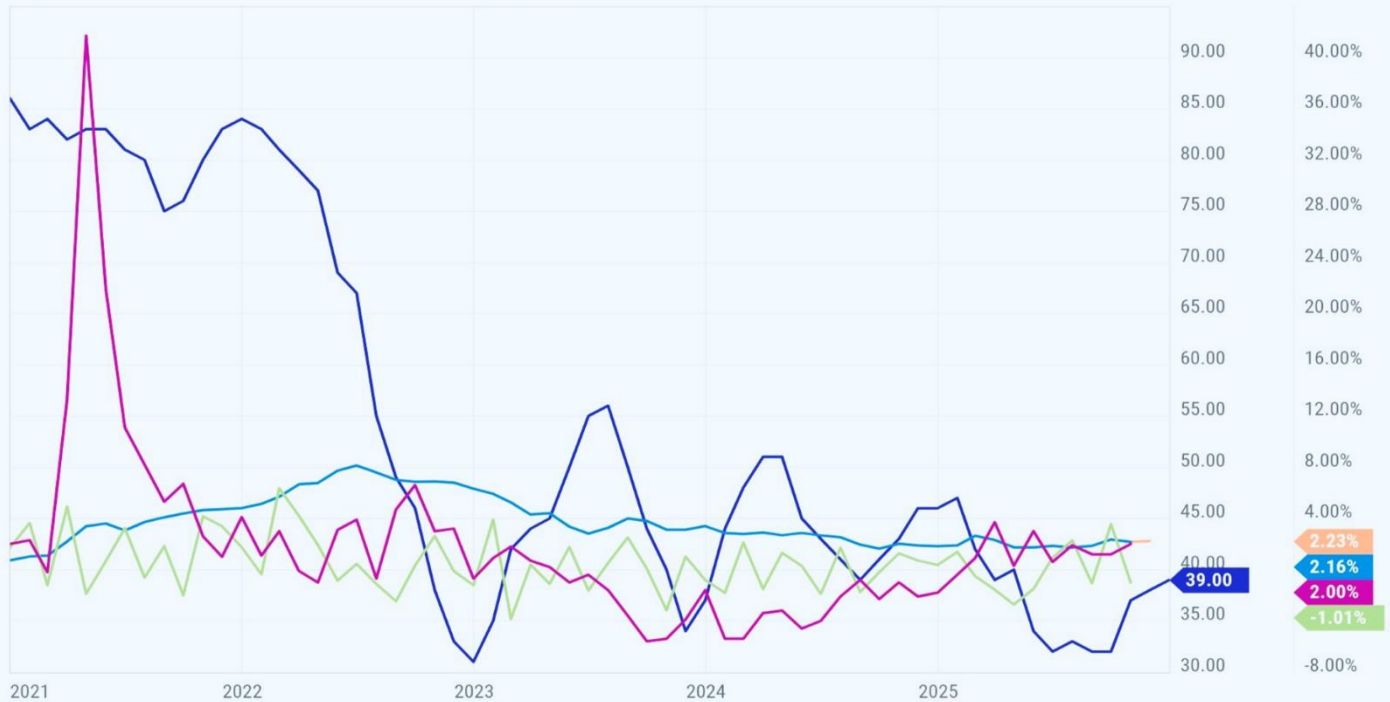
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 48,416.56, down 41.49 points or 0.09%.
- **S&P 500:** closed at 6,816.51, down 10.90 points or 0.16%.
- **Nasdaq Composite:** closed at 23,057.41, down 137.75 points or 0.59%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,990.87, up 12.11 points or 0.30%.
- **Birling Capital U.S. Bank Index:** closed at 9,088.24, down 31.64 points or 0.35%.
- **U.S. Treasury 10-year note:** closed at 4.18%.
- **U.S. Treasury 2-year note:** closed at 3.51%.

NAHB/Wells Fargo US Housing Market Index; Canada Consumer Price Index YoY; Canada Inflation Rate; Canada Manufacturing Shipments MoM & Eurozone Industrial Production Index YoY



● NAHB/Wells Fargo US Housing Market Index (I:HMI)	39.00
● Canada Consumer Price Index YoY (I:CPIYY)	2.23%
● Canada Inflation Rate (I:CIRUMY)	2.16%
● Canada Manufacturing Shipments MoM (I:CCMS)	-1.01%
● Eurozone Industrial Production Index YoY (I:ECIPN0K1)	2.00%





The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate & Birling PR Stock Index

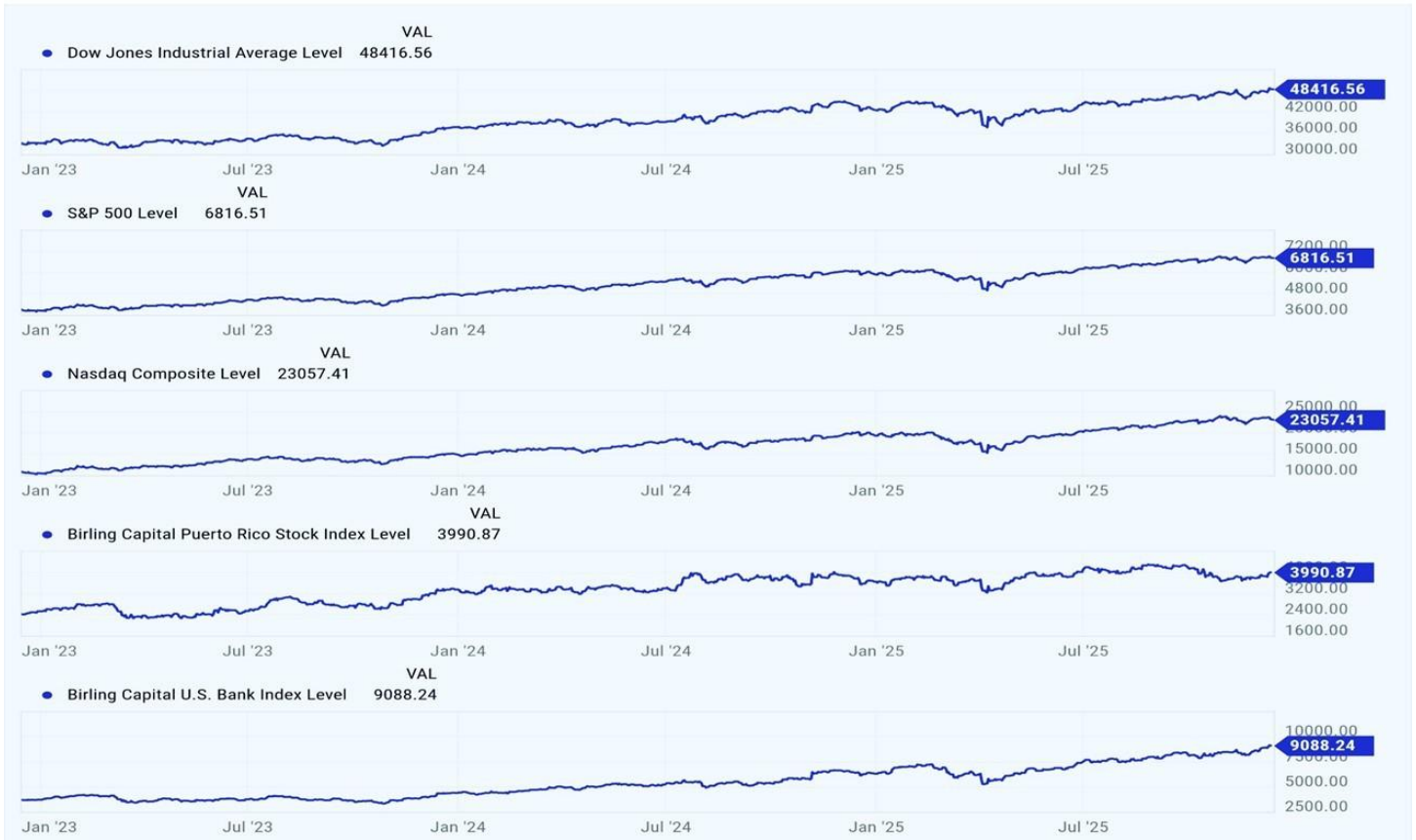




Wall Street Recap

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