



Cautious Trading Dominates as Wall Street Awaits Wednesday's Fed Cut.

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The U.S. and European stock markets opened the week mostly lower on Monday as investors positioned ahead of Wednesday's pivotal Federal Reserve decision.

Wall Street began the week cautiously, with markets widely expecting the Fed to deliver a 25-basis-point rate cut at its final FOMC meeting of 2025. Because the move is already largely priced in, investor focus has shifted toward the updated economic projections and the Federal Reserve's guidance for the 2026 policy path.

Bond yields opened slightly higher, with the 10-year Treasury at 4.17%, while sector performance remained muted as markets await clarity on the Fed's inflation outlook and long-term rate trajectory. Softness in last week's ADP employment data has raised the implied probability of a rate cut to nearly 90%, placing the expected federal funds range at 3.50%–3.75%. With the rate cut anticipated, investors will focus primarily on the Fed's commentary regarding the pace of future easing in 2026. Birling Capital's base-case outlook continues to project one to two additional cuts next year, consistent with a cautious normalization path as inflation remains above the Fed's 2% target.

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December also enters with historical strength:

- Since 1950, the **S&P 500 has averaged a 1.4% gain in December**, nearly double the average monthly return of 0.8%.
- The index has finished **higher in 73% of Decembers** during this period.
- The **"Santa Claus Rally"**—the last five trading days of December plus the first two of January—has historically delivered average gains of 0.9% and has been positive 73% of the time.

While there is no guarantee of a year-end rally, seasonality remains supportive as markets enter the final weeks of 2025.

Europe: Stocks Slip as Global Central Banks Prepare to Set the Tone for 2026

European markets closed slightly lower on Monday, with the Stoxx 600 ending down 0.07%, as investors awaited direction from this week's sequence of central bank meetings led by the Federal Reserve.

Traders are pricing in an **87% probability** of a 25-basis-point cut by the Fed on Wednesday, a decision that will influence the tone for upcoming meetings from:

- **Swiss National Bank – Thursday**
- **Bank of England – December 18**

- **European Central Bank – December 18**
- **Bank of Japan – December 19**

While the **ECB is expected to hold rates steady**, uncertainty remains around the BOE, and the SNB will update markets as Swiss inflation drifts lower. Asian markets traded mixed overnight, adding to a cautious global tone ahead of a policy-heavy week.

GDPNow Update:

- **The GDPNow for the third quarter was updated on 12/5/25 to 3.50% GDP, a decrease of 10.26% from 3.90%.**

Economic Data:

- **Germany Industrial Production Index MoM:** rose to 1.80%, compared to 1.10% last month.
- **China Trade Balance:** fell to \$90.07 billion, down from \$90.45 billion last month.
- **China Exports YoY:** fell -1.17%, compared to 8.25% last month.
- **China Imports YoY:** fell to 0.95%, compared to 7.33% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 578.36, down 0.44 points or 0.07%.
- **FTSE 100:** Closed at 9,645.09, down 21.92 or 0.07%.
- **DAX Index:** Closed at 24,046.01, up 17.87 points or 0.07%.

Wall Street Summary:

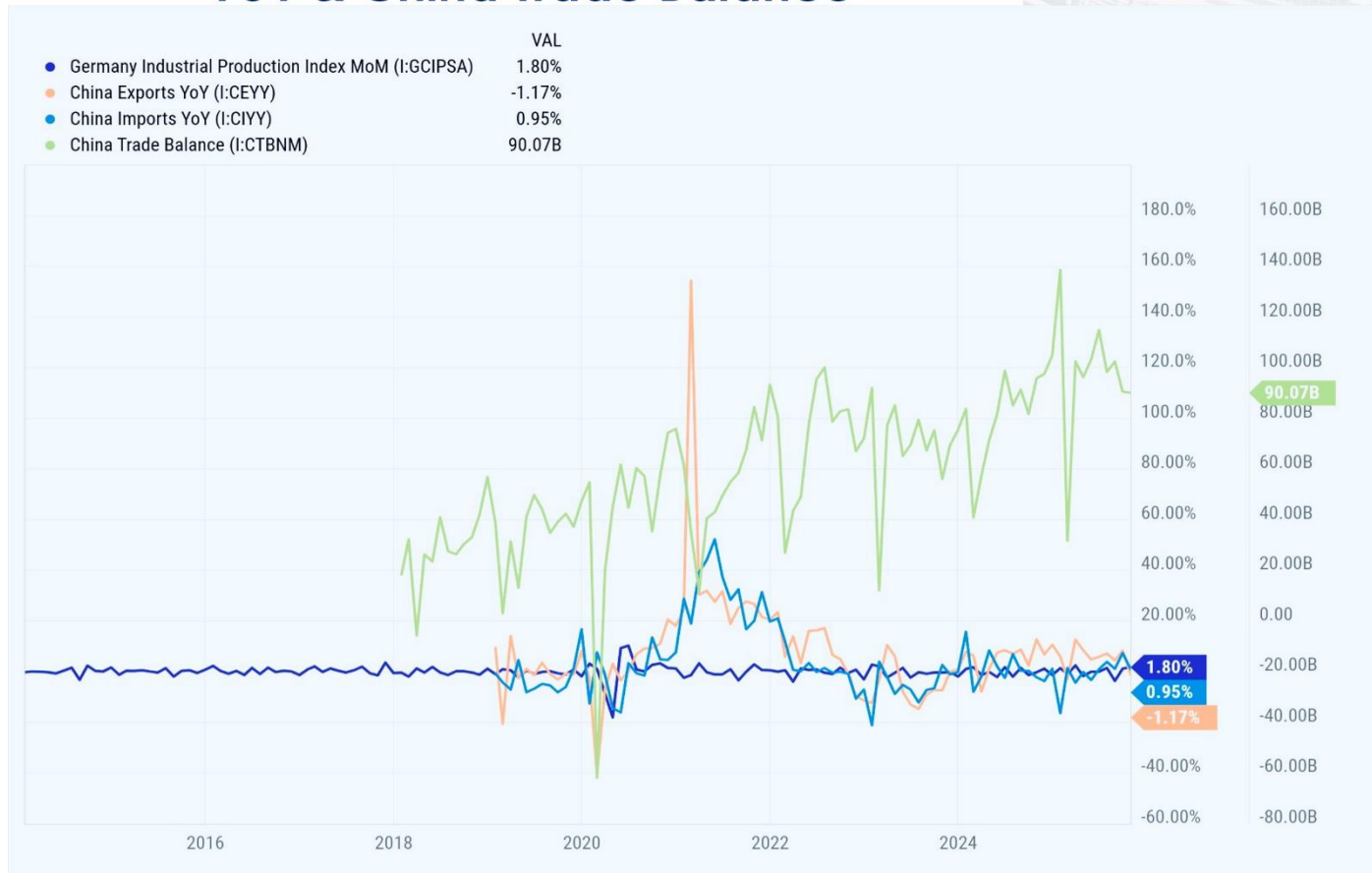
- **Dow Jones Industrial Average:** closed at 47,739.32, down 215.67 points or 0.45%.
- **S&P 500:** closed at 6,846.51, down 23.89 points or 0.35%.
- **Nasdaq Composite:** closed at 23,545.90, down 32.22 points or 0.14%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,846.44, down 43.15 points or 1.11%.
- **Birling Capital U.S. Bank Index:** closed at 8,876.78, up 48.60 points or 0.55%.
- **U.S. Treasury 10-year note:** closed at 4.17%.
- **U.S. Treasury 2-year note:** closed at 3.57%.

GDPNow

Third Quarter 2025

Date	GDPNow 3Q25	Change
7/31/2025	2.30%	Initial Forecast
8/1/2025	2.10%	-8.70%
8/5/2025	2.50%	19.05%
8/7/2025	2.50%	19.05%
8/15/2025	2.50%	0.00%
8/19/2025	2.30%	-8.00%
8/26/2025	2.20%	-4.35%
8/29/2025	3.50%	59.09%
9/2/2025	3.00%	-14.29%
9/4/2025	3.00%	0.00%
9/10/2025	3.10%	3.33%
9/16/2025	3.40%	9.68%
9/17/2025	3.30%	-2.94%
9/26/2025	3.90%	18.18%
10/1/2025	3.80%	-2.56%
10/7/2025	3.80%	0.00%
10/17/2025	3.90%	2.63%
10/27/2025	3.90%	0.00%
11/3/2025	4.00%	2.56%
11/17/2025	4.10%	2.50%
11/19/2025	4.10%	0.00%
11/25/2025	4.00%	-2.44%
11/26/2025	3.90%	-2.50%
12/1/2025	3.90%	0.00%
12/5/2025	3.50%	-10.26%

Germany Industrial Production Index MoM; China Exports YoY; China Imports YoY & China Trade Balance





Wall Street Recap

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