



## GLOBAL MARKET SQUARE



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# Markets Reprice Growth Expectations as Productivity Jumps, GDP Now Surges to 5.40%, and Labor Data Looms.

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**The US and European stock markets closed mixed.** Investors balanced strong productivity data against a labor market steadily cooling before Friday's employment report.

**Wall Street delivered a mixed performance** on Thursday, **as investors rotated away from technology stocks and into more traditional sectors.** The **Dow Jones outperformed**, while technology-heavy benchmarks came under pressure.

The **Dow added 270.03 points**, extending its recent advance. In contrast, the **Nasdaq Composite declined 0.44%**, reflecting profit-taking across large-cap technology names. **The S&P 500 finished essentially flat**, edging up 0.01%. Of the 11 S&P 500 sectors, information technology was the clear laggard, falling more than 1%.

Within the sector, several high-profile artificial intelligence and mega-cap names retreated. Shares of **NVIDIA fell more than 2%** as investors trimmed exposure to AI leaders, while **Oracle declined nearly 2%.** **Apple also moved lower**, extending its losing streak to a seventh consecutive session. Overall, the session reflected continued sector rotation rather than broad-based risk aversion, with strength in the Dow offsetting softness in technology-heavy segments of the market.

### Eurozone Markets

European equities ended mostly lower amid geopolitical uncertainty and higher global rates. STOXX Europe 600 ticked down. Defense, industrials, and energy gained; technology and consumer discretionary lagged.

Defense stocks rose as security concerns grew and expectations for long-term increases in military spending across NATO rose.

Core European government bond yields are higher in sympathy with U.S. Treasuries, increasing costs for sectors sensitive to interest rates, such as technology and consumer discretionary, while benefiting sectors like defense and energy.

European investors focus on geopolitical risk premiums and expected fiscal expansion for defense and security.

### Fixed Income, FX & Commodities

In fixed income, **Treasury yields are higher, with the 10-year U.S. yield closing at 4.19%**, reflecting firm growth expectations and caution ahead of the payrolls report.

The U.S. dollar is strengthening against major currencies, supported by higher yields and elevated geopolitical risk.

In commodities, WTI crude oil is rebounding following its recent pullback, as supply concerns and geopolitical premiums re-enter the pricing equation.

## Asia Markets

Asian equity markets fell, unsettled by geopolitical tensions and a firmer U.S. dollar. Regional risk sentiment stayed cautious, with investors responding to global security and U.S. policy cues.

## U.S. Labor Market Update

Initial jobless claims rose to 208,000, up from 200,000 last week, meeting expectations. Continuing claims increased to 1.91 million, indicating slightly longer job searches.

The unemployment rate rose to 4.6% over the past few months, while job openings declined to 7.1 million, now below the number of unemployed workers. This signals a continued softening of the labor market.

- Job openings declined to 7.1 million, below the number of unemployed workers.

Friday's December employment report is likely to show around 55,000 jobs added and the unemployment rate edging down to 4.5%. Hiring and firing remain low, supporting gradual, slower inflation moderation.

## Productivity Drives Cost Relief

US productivity beat expectations: nonfarm business productivity jumped 4.9% annualized, reinforcing widespread efficiency gains.

- Hourly compensation rose 2.9% year-over-year, modestly above inflation.
- Unit labor costs declined 1.9% annualized, well below expectations.

Rising productivity and contained wage growth signal easing inflation, backing a balanced macro outlook.

## Defense Stocks Extend Rally on Geopolitical Risk

Defense and aerospace stocks rallied for a fifth session, lifted by ongoing geopolitical tensions and President Trump's renewed defense spending plans.

The President backed a \$1.5 trillion military budget by 2027, calling it vital to US security. Investors see lasting growth in defense outlays and continue to invest.

## GDPNow Update:

- The GDPNow for the fourth quarter was updated today, **rising to 5.40%**, up from 2.70% **a 100% increase**.

## Economic Update:

- **U.S. Initial Claims for Unemployment Insurance:** rose to 208,000, up from 200,000 last week.
- **U.S. Productivity:** rose to 4.90%, compared to 4.10% last quarter.
- **U.S. Trade Balance on Goods:** fell to -59.15B, up from -78.31B last month.
- **U.S. Wholesale Inventories MoM:** fell to 0.22%, compared to 0.46% last month.
- **30-Year Mortgage Rate:** fell to 6.15% from 6.18% last week.
- **Eurozone Consumer Confidence Indicator:** fell to -13.10, down from -12.80 last month.
- **Eurozone Economic Sentiment Indicator:** fell to 96.70, down from 97.10 last month.
- **Eurozone Unemployment Rate:** fell to 6.30%, compared to 6.40% last month.
- **China Trade Balance:** rose to 792.58B, up from 640.49B last month.

### Eurozone Summary:

- **Stoxx 600:** closed at 603.83, down 1.16 points or 0.19%.
- **FTSE 100:** closed at 10,044.69, down 3.52 or 0.04%.
- **DAX Index:** closed at 25,127.46, up 5.20 or 0.02%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,266.11, up 270.03 points or 0.55%.
- **S&P 500:** closed at 6,921.46, up 0.53 points or 0.01%.
- **Nasdaq Composite:** closed at 23,480.01, down 104.25 points or 0.44%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,043.28, down 28.90 points or 0.71%.
- **Birling Capital U.S. Bank Index:** closed at 9,449.67, down 180.56 points or 1.57%.
- **U.S. Treasury 10-year note:** closed at 4.19%.
- **U.S. Treasury 2-year note:** closed at 3.49%.

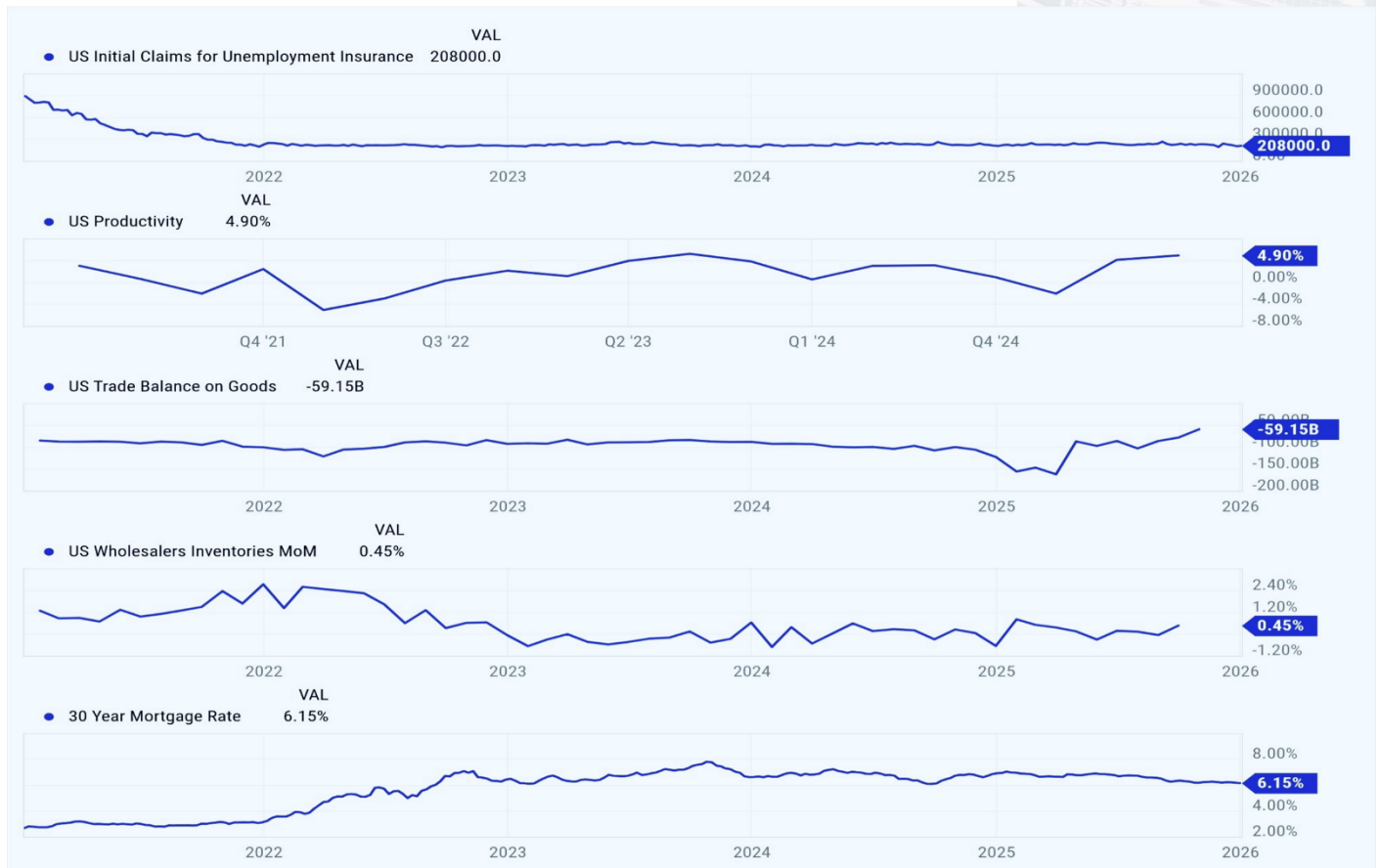


## GDPNow

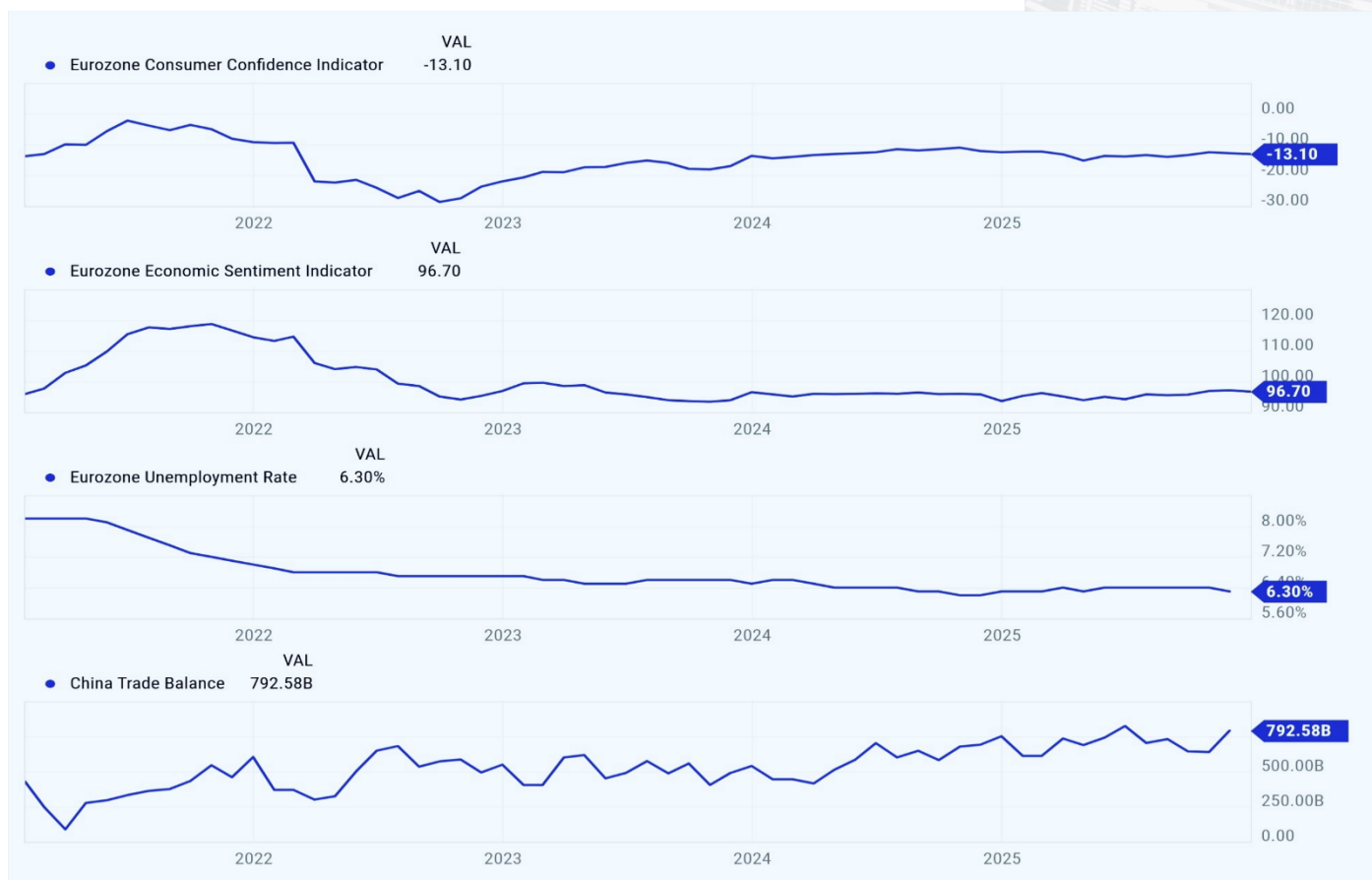
### Fourth Quarter 2025

Date	GDPNow 4Q25	Change
12/23/2025	3.00%	Initial Forecast
1/5/2026	2.70%	-10.00%
1/8/2026	5.40%	100.00%

# US Initial Claims for Unemployment Insurance; US Productivity; US Trade Balance on Goods; US Wholesalers Inventories MoM & 30 Year Mortgage Rate



# Eurozone Consumer Confidence Indicator; Eurozone Economic Sentiment Indicator; Eurozone Unemployment Rate & China Trade Balance



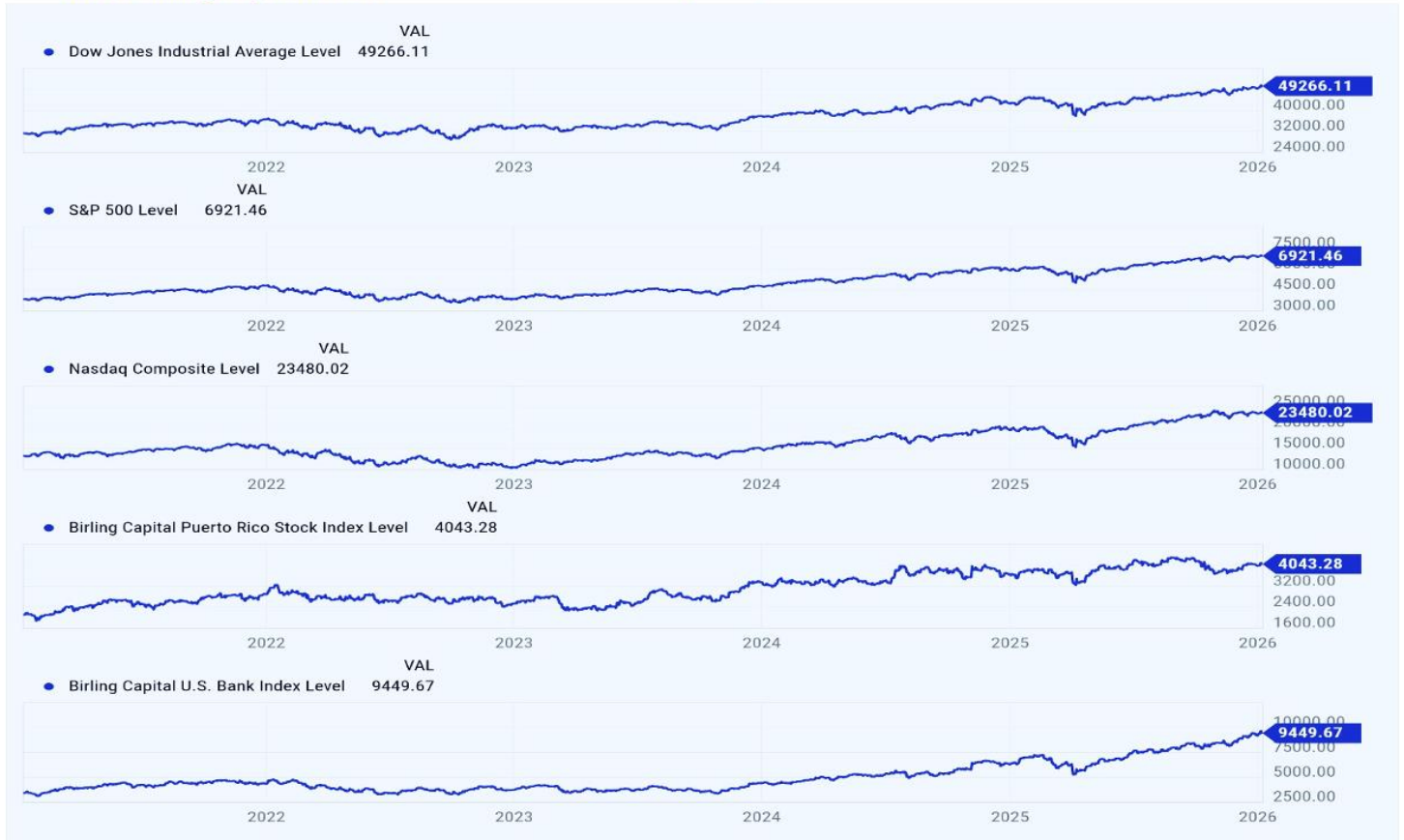


# BIRLING Wall Street Update

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