



The ADP Job Reports Fall, sending a Caution Signal, as the S&P 500 and Nasdaq Soar to records, with Trump sealing the Vietnam Tariff Pact.

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The U.S. and European stock markets closed with mixed results, as investors remained cautious ahead of Thursday's closely watched nonfarm payrolls report for June and fresh news of a trade agreement between the United States and Vietnam, despite a disappointing labor market report.

The S&P 500 rose 0.47% to finish at a record high, and the Nasdaq Composite outperformed, jumping 0.94% to end at an all-time high. The Dow Jones Industrial Average, however, edged lower by 10.52 points.

Market sentiment improved after President Donald Trump announced on Truth Social that the U.S. had finalized a trade deal with Vietnam, which includes a 20% tariff on imports from the Southeast Asian nation. The news sent Nike's shares up 4%, as the company sources a significant portion of its manufacturing from Vietnam and China.

However, gains were somewhat muted after the latest ADP report revealed a surprise contraction in private-sector employment. U.S. businesses shed 33,000 jobs in June, marking the first monthly decline in ADP data since March 2023. Economists surveyed by Dow Jones had expected a gain of 100,000, raising fresh concerns about the labor market's resilience.

European stocks moved modestly higher, while Asian markets closed mixed after reports indicated limited progress in U.S.-Japan trade negotiations.

On the domestic economic front, the latest ADP employment data pointed to weakening momentum in the labor market. Private sector payrolls fell by 33,000 in June—well below expectations for a gain of 115,000—marking the first monthly decline since 2023. The pullback was primarily driven by declines in service-related sectors such as healthcare, education, and professional services, while goods-producing industries registered minor job gains.

This report contrasts with Tuesday's JOLTS data, which showed job openings rising to a six-month high in May, suggesting that demand for workers remains relatively strong despite hiring slowdowns. The cooling trend in ADP's numbers over the past two months reflects growing business caution amid uncertain economic conditions and a shifting policy environment. That said, signs of widespread layoffs remain limited, with the unemployment rate holding at 4.2% and initial jobless claims staying below 240,000.

Markets will be closely watching Friday's official employment report. Economists are forecasting a gain of 115,000 in nonfarm payrolls for June, with the unemployment rate expected to edge up to 4.3%.

Trade Negotiations Enter Critical Phase Ahead of Tariff Deadline

Trade policy remains a key theme for investors, as the clock ticks toward the July 9 expiration of the 90-day pause on new tariffs. Talks between the U.S. and European Union appear to be making progress, and negotiations with Canada have also moved forward following Ottawa's withdrawal of its proposed digital services tax. However, discussions with Japan have encountered obstacles, particularly around U.S. auto tariffs, with Tokyo reportedly unwilling to accept a deal that preserves the current 25% levy.

While uncertainty around trade policy may linger in the near term, the most disruptive period of tariff-related risk has passed. Still, even without a full-scale escalation, tariff rates are set to remain well above their early-year levels of around 2.5%, potentially pressuring corporate margins and dampening consumer spending.

Despite these headwinds, we see reasons for cautious optimism. Consumer balance sheets remain in good shape, and key economic indicators have held up reasonably well in the first half of 2025. As a result, we continue to expect a slow but positive pace of economic growth throughout the year.

Washington Update: Reconciliation Bill Heads Back to House

In Washington, the reconciliation bill—recently amended by the Senate—has been sent back to the House of Representatives. The legislation may face further debate before any final vote, adding another layer of political uncertainty to the legislative agenda.

Meanwhile, bond yields ticked higher at the open, with the 10-year Treasury yield hovering around 4.3% as investors digest mixed economic data and weigh the path forward for monetary policy.

Economic Data Highlights:

- **ADP Employment Change:** fell -33000.00, down from 29000.00 last month.
- **ADP Median Pay YoY:** fell to 4.40%, compared to 4.50% last month.
- **Eurozone Unemployment Rate:** rose to 6.30%, compared to 6.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 541.21, up 0.96 points or 0.18%.
- **FTSE 100:** Closed at 8,774.69, down 10.64 points or 0.12%.
- **DAX Index:** Closed at 23,790.11, up 116.82 points or 0.49%.

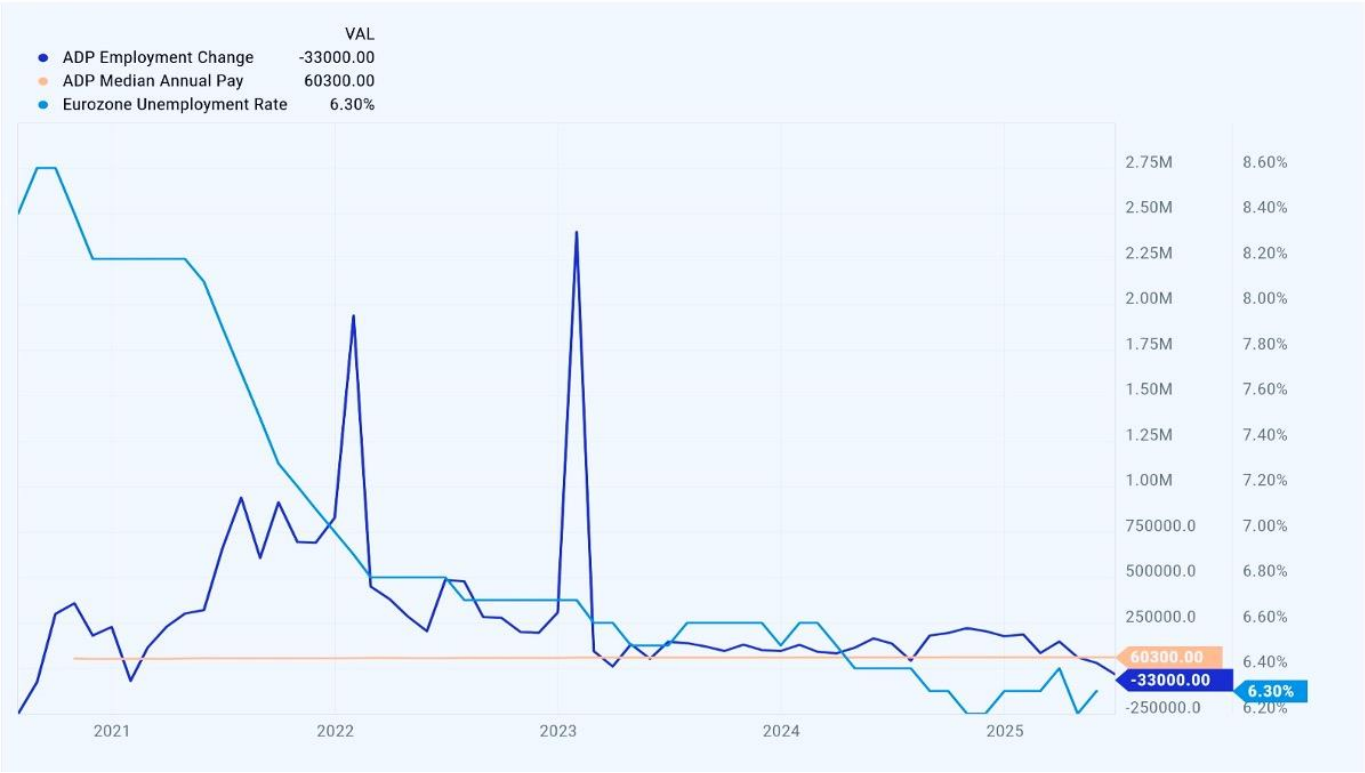
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,484.42, down 10.52 points or 0.02%.
- **S&P 500:** closed at 6,227.42, up 29.41 points or 0.47%.
- **Nasdaq Composite:** closed at 20,393.13, up 190.24 points or 0.94%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,100.0, up 95.17 points or 2.38%.
- **Birling Capital U.S. Bank Index:** closed at 7,495.43, up 61.38 points or 0.83%.
- **U.S. Treasury 10-year note:** closed at 4.30%.
- **U.S. Treasury 2-year note:** closed at 3.78%.



ADP Employment Change, ADP Median Annual Pay & Eurozone Unemployment Rate

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Wall Street Recap July 2, 2025



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