



Markets Climb as U.S. Jobs and GDP Now Beat Forecasts; Fed Cuts Pushed Back, Congress Set to Unleash \$3.3T Fiscal Package.

July 3, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed with strong gains, lifted by a surprisingly upbeat June jobs report and the latest GDP Now for the second quarter, which rose to 2.6%, underscoring the strength of the U.S. economy in the face of fast-moving geopolitical shifts and trade realignments.

As the better-than-expected labor data has recalibrated investor expectations for Federal Reserve policy, Markets are now pricing in just 51 basis points of rate cuts for the remainder of 2025, down from 65 basis points anticipated just 24 hours ago. This reassessment has triggered a sell-off in U.S. Treasuries, pushing the 2-year yield up by nine basis points and the 10-year by five basis points. The trade-weighted U.S. dollar is also strengthening.

Jobs Report Shows Strength—but with Caveats

June's employment report delivered headline reassurance: Nonfarm payrolls rose by 147,000, and revisions to previous months added another 16,000 jobs to the tally. Unemployment unexpectedly dipped to 4.1%, defying forecasts of a rise to 4.3%, suggesting continued labor market resilience despite lingering trade and policy uncertainty.

Yet beneath the surface, cracks remain. The decline in the unemployment rate was partly due to a lower labor force participation rate, as more workers exited the workforce. Additionally, much of the job growth came from government hiring, with private-sector job creation lagging at just 74,000.

Overall, the report indicates a still-growing economy, but one that is not accelerating quickly enough to justify an immediate Fed rate cut. Barring any surprises, a July cut appears off the table, with the Federal Reserve more likely to consider easing in September, pending incoming data.

Congress Advances Sweeping Tax-and-Spend Package

Meanwhile, Washington is racing toward final passage of the "One Big Beautiful Bill Act" (OBBA), a sweeping \$3.3 trillion tax and spending plan. The House is expected to vote imminently, with President Trump poised to sign the legislation ahead of the July 4 holiday deadline.

The bill includes extensions of individual tax cuts originally passed in 2017, plus additional tax relief for households and businesses. While partially offset by reductions in spending and green energy tax credits, the package is projected to worsen the U.S. long-term debt profile, according to the Congressional Budget Office.

In the short term, OBBA is expected to provide a modest boost to GDP growth starting in 2026, although that increase may come at the expense of growing fiscal imbalances over the decade ahead.

GDPNow:

- **GDPNow** rose to today to 2.6%, up from 2.5%, a 4.00% increase.

Economic Data Highlights:

- **U.S. Nonfarm Payrolls MoM:** rose to 147,00, up from 144,000 last month, up 2.08%.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 233,000, down from 237,000 last week, down -1.69%.
- **U.S. Unemployment Rate:** fell to 4.10%, compared to 4.20% last month.
- **U.S. Labor Force Participation Rate:** fell to 62.30%, compared to 62.40% last month.
- **U.S. Trade Balance on Goods:** fell to -97.51B, down from -86.30B last month.
- **U.S. ISM Services PMI:** rose to 50.80, up from 49.90 last month, up 1.80%.
- **30-Year Mortgage Rate:** fell to 6.67%, compared to 6.77% last week.

Eurozone Summary:

- **Stoxx 600:** Closed at 543.76, up 2.55 points or 0.47%.
- **FTSE 100:** Closed at 8,823.20, up 48.51 points or 0.55%.
- **DAX Index:** Closed at 23,924.13, up 144.02 points or 0.61%.

Wall Street Summary:

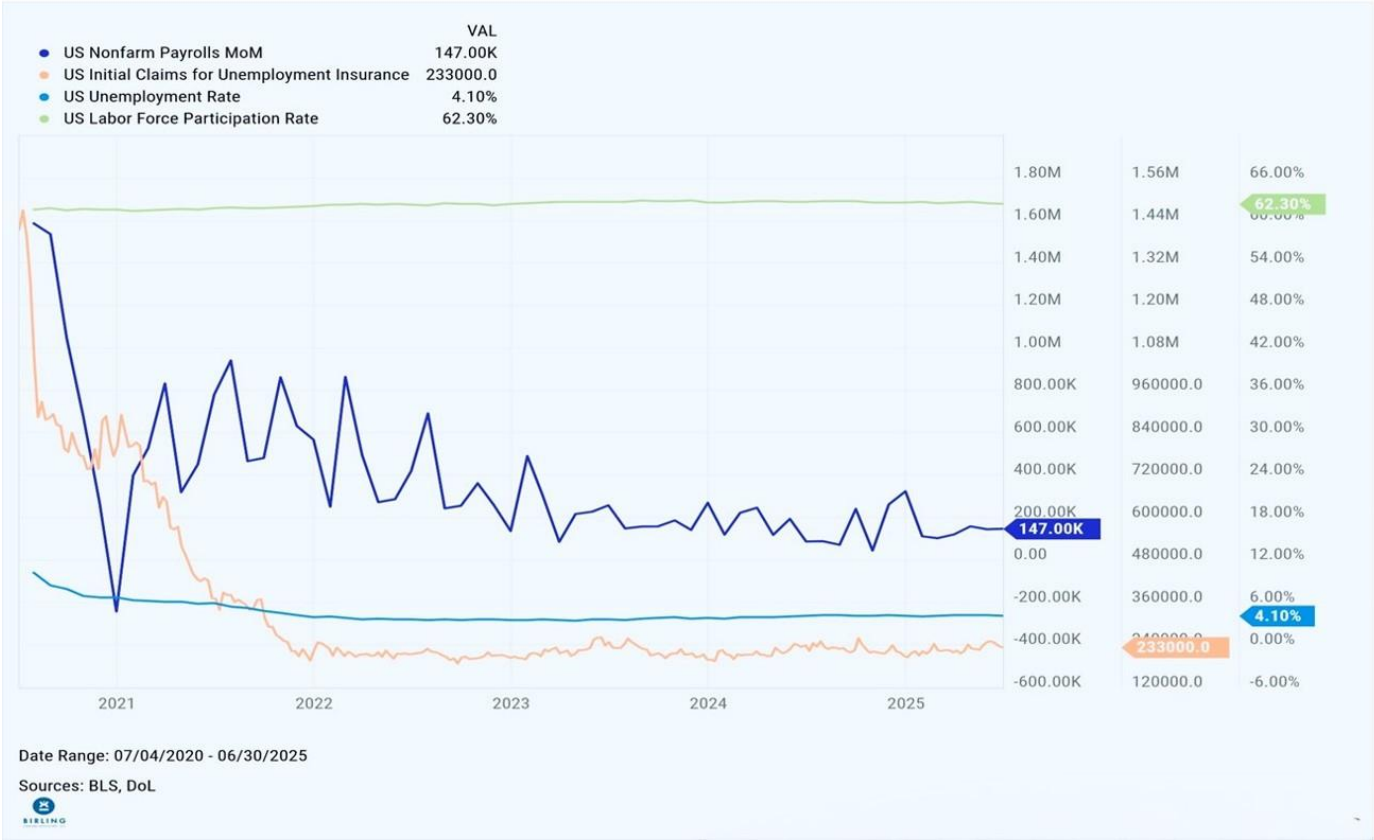
- **Dow Jones Industrial Average:** closed at 44,828.53, up 344.11 points or 0.77%.
- **S&P 500:** closed at 6,279.35, up 51.93 points or 0.83%.
- **Nasdaq Composite:** closed at 20,601.10, up 207.97 points or 1.02%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,146.15, up 46.14 points or 1.13%.
- **Birling Capital U.S. Bank Index:** closed at 7,569.73, up 74.30 points or 0.99%.
- **U.S. Treasury 10-year note:** closed at 4.35%.
- **U.S. Treasury 2-year note:** closed at 3.88%.

Second Quarter 2025

Date	GDPNow 2Q25	Change
4/30/2025	2.40%	Initial Forecast
5/1/2025	1.10%	-54.17%
5/6/2025	2.20%	100.00%
5/8/2025	2.30%	4.55%
5/15/2025	2.50%	8.70%
5/16/2025	2.40%	-4.00%
5/27/2025	2.20%	-8.33%
5/30/2025	3.80%	72.73%
6/2/2025	4.60%	21.05%
6/5/2025	3.80%	-17.39%
6/9/2025	3.80%	0.00%
6/17/2025	3.50%	-7.89%
6/18/2025	3.40%	-2.86%
6/27/2025	2.90%	-14.71%
7/1/2025	2.50%	-13.79%
7/3/2025	2.60%	4.00%



US Nonfarm Payrolls, US Initial Claims for Unemployment, US Unemployment Rate & US Labor Force Participation Rate



US ISM Services PMI, US Trade Balance & 30-Year Mortgage Rate



Wall Street Recap July 3, 2025



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.