GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

Dow Rallies Nearly 500 Points as Fed Signals More Easing Could Come in December.

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The **U.S. and European stock markets rebounded** as Investors Reassess AI, Rates, and Geopolitics; however, markets closed mostly higher.

Wall Street staged a strong rebound on Friday, snapping a week of heavy selling after **New York Fed President John Williams signaled that additional rate cuts may be warranted** before year-end. His remarks helped reset market expectations and fueled a broad-based advance across major indexes.

The **Dow Jones Industrial Average** jumped **493.15 points**, marking one of its strongest sessions of the month. The **S&P 500** climbed **0.98%**, while the **Nasdaq Composite** added **0.88%.**
Speaking in Santiago, Chile, NY Fed President Williams emphasized that today's policy stance is "**modestly restrictive,"** though less so following the Fed's recent adjustments. He added that there remains "room for a further adjustment in the near term" to bring the federal funds rate closer to neutral—language that markets quickly interpreted as a green light for another cut at the December FOMC meeting.

The comments carried weight, coming from one of the Fed's most influential policymakers. Traders swiftly repriced expectations, with futures markets now assigning significantly higher odds to a **third rate cut of 2025** next month. The shift in expectations helped ease Treasury yields and provided tailwinds for equities, lifting cyclical stocks, financials, and technology shares into the close.
The rally caps a volatile week in which concerns about AI valuations, delayed economic data, and shifting rate expectations drove sharp swings across markets. Williams' remarks offered investors a degree of clarity—and renewed confidence—as attention turns to the December 10 Fed meeting.

AI Reset Continues Despite NVIDIA's Strong Results

The November sell-off deepened yesterday, even after NVIDIA—now the world's most valuable publicly traded company—posted another quarter of robust earnings and forward guidance. The market reaction suggests that, after a three-year, AI-driven surge in technology shares, investors are reassessing valuations and the timing of future AI monetization.

Birling's View:

This pullback reflects sentiment normalization, not a structural turn. Corporate earnings remain strong, AI-capex pipelines remain robust, and global adoption trends show no signs of slowing. The skepticism surfacing now is a healthy correction that reduces excess positioning and broadens leadership.
For investors, the right approach is to maintain AI exposure while avoiding concentration risk, combining innovation themes with mid-caps, industrials, health care, and selecting emerging markets to capture a more balanced set of opportunities.

Rate-Cut Odds Surge as Markets Reprice the Fed's Next Move

Fed funds futures now assign **over a 70% probability** to a **25-basis-point rate cut in December**, a sharp jump from **less than 40% just a day earlier**, according to the CME FedWatch tool. The dramatic shift reflects how decisively investors responded to NY Fed President John Williams' remarks, which suggested that policy may need to move closer to neutral "in the near term."

The rapid repricing lifted the segments of the market most sensitive to falling interest rates.

Homebuilders, regional banks, REITs, utilities, and select technology names were among the strongest performers in late trading, as lower financing costs and a more supportive credit environment would directly enhance profitability and demand across these sectors.

The move also helped pull Treasury yields lower across the curve, easing financial conditions and reinforcing Friday's equity rebound—an encouraging sign after a week dominated by volatility, valuation worries, and uncertainty surrounding delayed economic data.

We expect the Fed to remain cautious but continue lowering rates through 2026. This should support economic growth, credit conditions, and risk assets as data clarity improves over the next quarter.

European Markets Lose Momentum as Volatility Ripples Across Global Equities

European stocks closed lower on Thursday, unable to escape the crosscurrents of global volatility that have defined this week's trading. The region's technology shares were the weakest link, with the STOXX 600 Tech Index falling to a two-month low as renewed doubts about AI valuations pressured sentiment across major markets.

The brief respite following NVIDIA's earnings on Wednesday—when global equities staged a short-lived rebound—proved temporary. Although the AI leader initially rallied after reporting stronger-than-expected results, those gains quickly reversed during Thursday's U.S. session.

Across the region, most major indices ended in negative territory as investors reassessed growth expectations, policy uncertainty, and whether the AI-led leadership cycle can sustain the valuations reached earlier this quarter. The combination of shifting Fed expectations, mixed macro data, and profit-taking in high-valuation tech names continued to drive day-to-day volatility.

Despite the pressure, underlying economic data in Europe remains stable, suggesting that the current downturn reflects repositioning rather than a deterioration in fundamentals. Still, as global markets recalibrate, European equities remain sensitive to swings in U.S. megacap technology stocks and to ongoing questions about the AI investment cycle.

Economic Data:

- **US Index of Consumer Sentiment:** fell to 51.00, down from 53.60 last month.
- **UK Retail Sales YoY:** fell to 0.20%, compared to 1.00% last month.

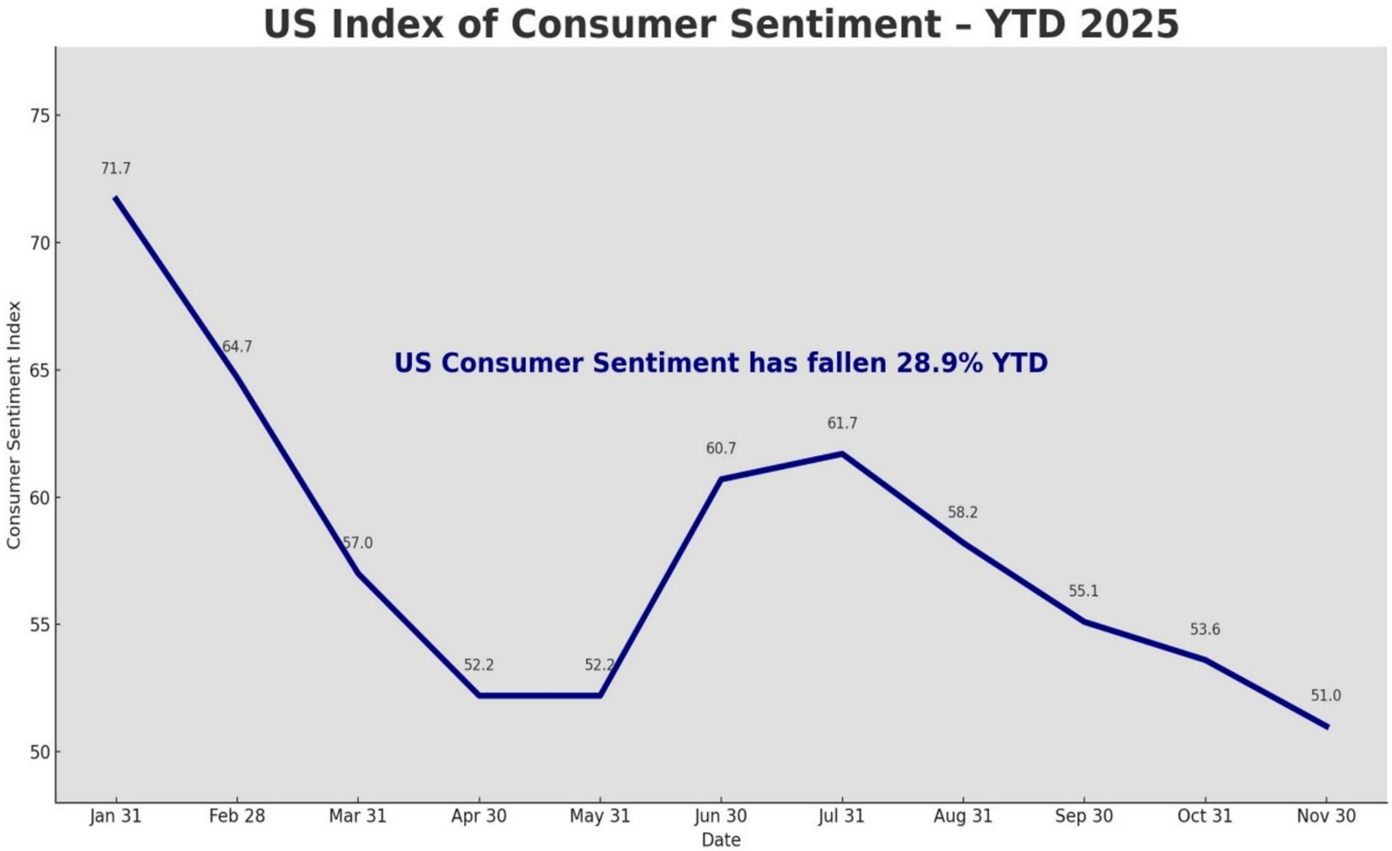
Eurozone Summary:

- **Stoxx 600:** Closed at 561.91, down 2.03 points or 0.36%.
- **FTSE 100:** Closed at 9,539.71, up 12.06 or 0.13%.
- **DAX Index:** Closed at 23,091.87, down 185.98 points or 0.80%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,245.41, up 493.15 points or 1.08%.
- **S&P 500:** closed at 6,602.99, up 64.23 points or 0.98%.
- **Nasdaq Composite:** closed at 22,273.08, up 195.03 points or 0.88%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,721.66, down 34.53 points or 0.92%
- **Birling Capital U.S. Bank Index:** closed at 8,135.24, down 161.01 points or 1.94%
- **U.S. Treasury 10-year note:** closed at 4.06%.
- **U.S. Treasury 2-year note:** closed at 3.51%.

US Index of Consumer Sentiment YTD 2025



Dow Jones, S&P 500, Nasdaq, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 11/21/25

VAL
Dow Jones Industrial Average Level 46245.41
48000.00
46245.41
40000.00
36000.00
Jan '25
Mar '25
May '25
Jul '25
Sep '25
Nov '25
VAL
S&P 500 Level 6602.99
7200.00
6602.99
5600.00
4800.00
VAL
Nasdaq Composite Level 22273.08
24000.00
22273.08
18000.00
15000.00
VAL
Birling Capital Puerto Rico Stock Index Level 3721.66
4400.00
4000.00
3721.66
3200.00
VAL
Birling Capital U.S. Bank Index Level 8135.24
8135.24
6000.00
4800.00