



Broad Market Gains Signal Renewed Momentum, Sector Rotation Accelerates, and Fed Rate-Cut Odds Hit 84.9%.

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The U.S. and European stock markets closed higher, extending the week's gains as investors positioned ahead of next week's key economic releases, including ISM PMI data and the September PCE inflation report.

U.S. equities traded modestly higher on Friday, capping a strong week in which the **S&P 500 advanced more than 3%** and secured a **seventh consecutive month of gains**. Market breadth improved, with **10 of the 11 S&P 500 sectors finishing higher**, led by **Energy** and **Consumer Discretionary**, while **Health Care** was the only sector posting a decline.

With no major data releases on the calendar, markets shifted attention to next week's inflation and manufacturing reading. Treasury yields inched higher, with the **10-year closing at 4.02%** and the **2-year near 3.47%**, reflecting a cautious recalibration of rate-cut expectations.

Sector Rotation Strengthens in the Fourth Quarter

After nine months of strong performance from growth-oriented sectors such as Communication Services and Information Technology, leadership has shifted meaningfully in the fourth quarter.

Quarter-to-date performance:

- **Health Care: +13%**, the top performer
- **Communication Services: +7.5%**
- **Utilities: +3.2%**

Style dispersion also widened:

- **Russell 1000 Value: +2.4% QTD**
- **Russell 1000 Growth: +1.3% QTD**

With growth valuations elevated and expectations high heading into year-end, **diversification remains essential**. Birling Capital maintains **overweights** in Consumer Discretionary, Health Care, and Industrials, balanced by **underweights** in Consumer Staples and Utilities.

A December Tailwind? Historical Patterns Suggest Additional Upside

Despite a volatile year — including a **19% S&P 500 drawdown in April** — the market rebound has lifted the index to a **16% year-to-date gain** heading into the final month of 2025.

While fundamentals, not the calendar, drive performance, December has historically been favorable:

Since 1980:

- The S&P 500 has posted **positive December returns 71% of the time**
- Average December gain: **1.2%**
- Average monthly gain overall: **0.9%**, positive 63% of the time

The seasonal pattern suggests the **2025 rally still has potential momentum**, particularly if next week's data aligns with expectations.

European Markets Rally

European equities also closed higher on Thursday, supported by improving sentiment and rising conviction that the **Federal Reserve will cut rates** at its December 9–10 meeting. Markets now price an **84.9% probability** of a 25-basis-point cut, according to the CME FedWatch tool.

Corporate activity added to the upside, with **Puma** surging **18.9%** — the strongest move in the Stoxx 600 — following reports that **Anta Sports** and other potential buyers are evaluating a takeover bid. Major European indices ended the session mostly higher, with the **Stoxx 600 finishing up 0.12%**.

Economic Data:

- **Canada Real GDP QoQ:** rose to 2.60%, compared to -1.85% last quarter.
- **Germany Consumer Price Index YoY:** is unchanged at 2.30%, compared to 2.30% last month.
- **Germany Real Retail Sales YoY:** rose to 2.70%, compared to -1.50% last month.
- **Germany Unemployment Rate:** fell to 6.10%, compared to 6.20% last month.
- **Japan Housing Starts YoY:** rose to 3.16%, compared to -7.27% last month.
- **China PMI:** fell to 49.00, down from 49.80 last month.
- **China Non-Manufacturing PMI:** rose to 50.10, up from 50.00 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 576.43, up 1.43 points or 0.25%.
- **FTSE 100:** Closed at 9,720.61, up 26.58 or 0.27%.
- **DAX Index:** Closed at 23,836.79, up 68.83 points or 0.29%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,716.42, up 289.30 points or 0.61%.
- **S&P 500:** closed at 6,849.61, up 36.48 points or 0.54%.
- **Nasdaq Composite:** closed at 23,365.68, up 150.99 points or 0.65%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,732.68, down 15.25 points or 0.40%.
- **Birling Capital U.S. Bank Index:** closed at 8,598.24, up 94.68 points or 1.11%.
- **U.S. Treasury 10-year note:** closed at 4.02%.
- **U.S. Treasury 2-year note:** closed at 3.47%.



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Dow Jones, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 11.28.25



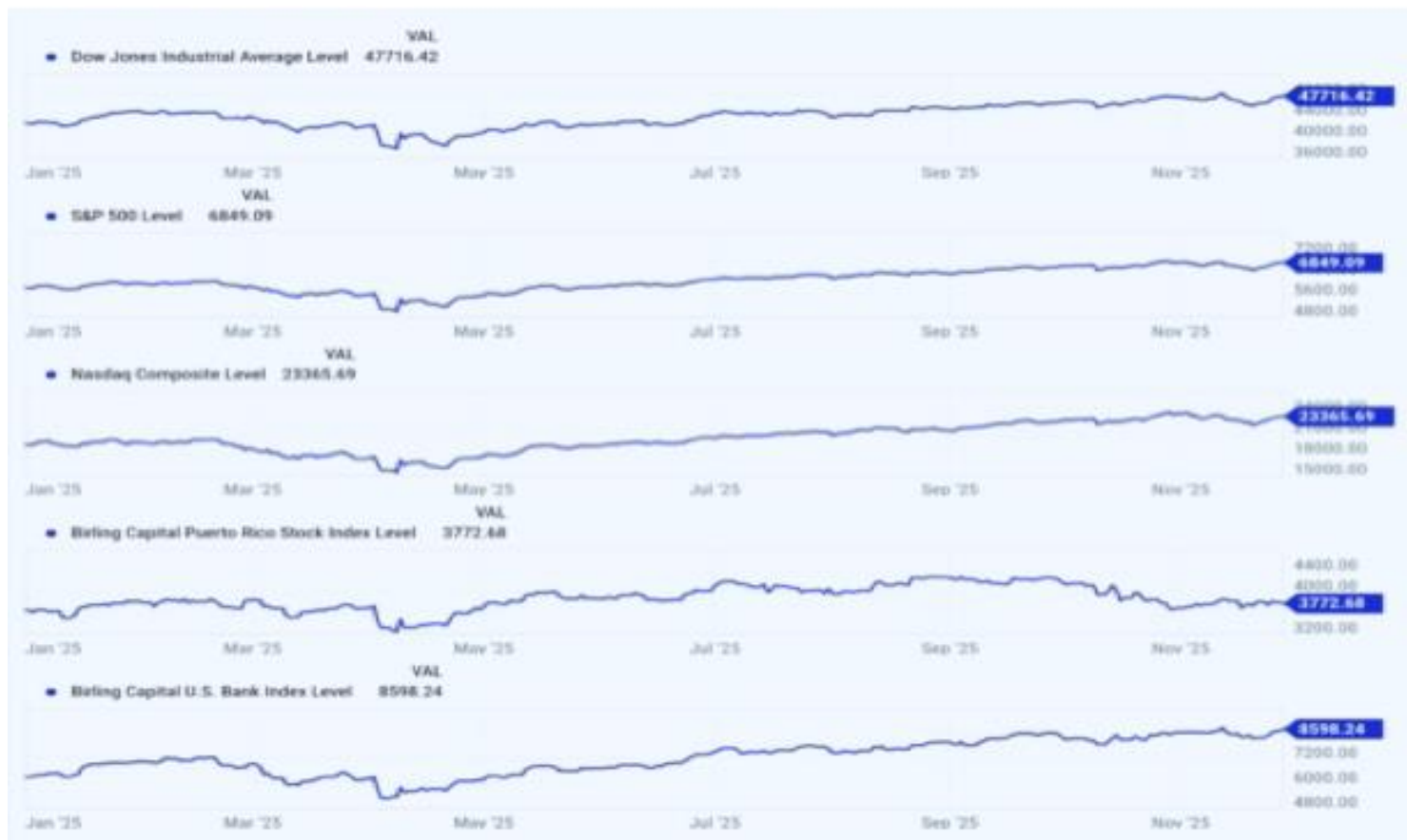


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