

Dow Falls Nearly 400 Points and the Nasdaq Composite tumbled 445.80 points as AI Stocks Slide; European Markets End Lower Amid Earnings Flurry.

November 6, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed sharply lower as investors weighed fading momentum from earnings season, renewed weakness in consumer and technology shares, and mixed signals from overseas. U.S. stocks retreated sharply on Thursday as the recent AI-driven rally lost steam. The Dow Jones Industrial Average dropped 401 points, the S&P 500 fell 1%, and the Nasdaq Composite tumbled 445.80 points, led by renewed weakness in technology names.

AI Trade Cools Further

High-valuation AI leaders came under renewed pressure. Nvidia, Microsoft, Palantir Technologies, Broadcom, and AMD all weighed heavily on the indexes. Qualcomm slid 4% despite solid quarterly results after signaling potential business losses with Apple. AMD fell 7%, while Palantir and Oracle declined 7% and 2%, respectively. Shares of Meta Platforms also weakened as profit-taking swept through the “Magnificent Seven” group.

European Stocks Slip as Earnings Take the Spotlight; Diageo Drops 6.5%

European markets closed lower Thursday as investors navigated a heavy flow of corporate results. Losses in consumer and banking shares offset strength in industrials and logistics, leaving the Stoxx Europe 600 modestly lower. The Bank of England held its policy rate at 4.0%, matching forecasts but striking a cautious tone on inflation and growth.

EU Earnings Highlights

AstraZeneca rose 3.1% after posting stronger-than-expected third-quarter results and reaffirming full-year guidance for high single-digit revenue growth. Rheinmetall reported sales of €2.78 billion and a 20% increase in profit, driven by record weapons orders from NATO allies and Ukraine. DHL Group gained 8.6% after beating earnings forecasts, even as U.S. trading volumes weakened. In contrast, Commerzbank fell 2% after a 7.9% decline in profits, while Diageo slid 6.5% on softer outlooks in key consumer markets.

Asian Markets & Commodities

Asian indices ended higher overnight, buoyed by a surge in artificial intelligence-related stocks that extended the sector's dominant run. Meanwhile, the U.S. dollar weakened against major peers, while WTI crude oil continued to drift lower amid concerns about slowing global demand.

Earnings Season Nears Completion

With 86% of S&P 500 companies having reported third-quarter results, the earnings season has been broadly positive. Roughly 82% of companies surpassed analyst expectations, delivering an average 7.3% upside surprise. Technology firms once again led the advance, followed by strength in financials and utilities. Importantly, earnings growth has been broad-based, with eight of eleven sectors posting year-over-year gains—a sign of underlying economic resilience. In our view, this wider earnings participation strengthens the case for portfolio diversification, though elevated valuations may cap short-term upside. Sustained earnings momentum will likely be the key driver of further equity gains into year-end.

Bond Yields Edge Lower as Markets Price in Additional Fed Cuts

In fixed income, Treasury yields eased modestly, with the 10-year yield closing at 4.11%. Investors continue to anticipate further monetary easing as the Federal Reserve navigates a cooling labor market and the fiscal drag from the ongoing government shutdown. Futures markets imply one additional rate cut this year and two more in 2026, potentially bringing the federal funds rate near 3.0%. The Fed's own projections suggest a slower pace of cuts, but we expect a dovish bias to persist. Lower borrowing costs should ease financial conditions, support credit expansion, and provide incremental stimulus to consumption and investment as 2026 approaches.

Economic Data:

- **30 Year Mortgage Rate:** rose to 6.22%, compared to 6.17% last week.
- **US Productivity:** Data not published due to Government Shutdown.
- **US Wholesale Inventories MoM:** Data not published due to Government Shutdown.
- **Canada Ivey PMI:** fell to 51.70, down from 52.40 last month.
- **Eurozone Retail Trade YoY:** fell to 1.00%, compared to 1.60% last month.
- **Germany Industrial Production Index MoM:** rose to 1.30%, compared to -3.70% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 567.90, down 4.00 points or 0.70%.
- **FTSE 100:** Closed at 9,735.78, down 41.30 points or 0.42%.
- **DAX Index:** Closed at 23,734.02, down 315.72 points or 1.31%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,912.30, down 398.70 points or 0.84%.
- **S&P 500:** closed at 6,720.32, down 75.97 points or 1.12%.
- **Nasdaq Composite:** closed at 23,053.99, down 445.80 points or 1.90%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,753.82, up 43.07 points or 1.16%.
- **Birling Capital U.S. Bank Index:** closed at 8,447.0, up 2.96 points or 0.04%.
- **U.S. Treasury 10-year note:** closed at 4.11%.
- **U.S. Treasury 2-year note:** closed at 3.57%.

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.