



Bank of America and Morgan Stanley Drive Market Rally as Earnings and Fed Signals Lift Global Sentiment.

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The U.S. and European stock markets closed mixed. However, Wall Street found renewed momentum as upbeat bank earnings and dovish Federal Reserve signals lifted investor sentiment amid ongoing trade and political uncertainty.

Bank of America and Morgan Stanley surged over 4% after reporting stronger-than-expected third-quarter earnings, reinforcing earlier optimism from JPMorgan and Citigroup. The rally pushed the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite north of 0.36% higher, extending a volatile week dominated by tariff headlines and the ongoing federal government shutdown.

Small-cap stocks led gains, with the Russell 2000 outperforming as traders bet on faster Federal Reserve easing. The optimistic tone in U.S. equities mirrored overnight strength in Europe, where optimism surrounding corporate profits and signs of political stability in France drove the rebound.

Monetary Policy: Powell Signals October Rate Cut

Federal Reserve Chair Jerome Powell suggested the central bank is preparing to cut interest rates at its upcoming October 29 meeting, reinforcing expectations of a pivot toward easier monetary policy. While Powell acknowledged inflation remains above the Fed's 2% target, he emphasized growing "downside risks to the labor market". He hinted that the Fed could soon halt the runoff of Treasury securities accumulated during quantitative easing.

Bond markets responded positively with the 10-year note up two basis points, closing at 4.05%, signaling strong investor confidence that monetary policy will soon turn more accommodative — a tailwind for equity and real estate markets alike.

Commodities: Gold Extends Record Run

Gold prices continued their sharp advance, climbing toward \$4,200 per ounce as investors sought safe-haven assets amid persistent political gridlock and trade friction. The metal has now gained over 60% year-to-date, fueled by expectations of Fed rate cuts, uncertainty in Washington, and escalating rhetoric between Washington and Beijing, where President Trump warned of possible restrictions on Chinese cooking oil imports.

In contrast, crude oil remained under pressure despite a modest rebound, with WTI trading below \$60 per barrel as resilient global supply kept prices in check.

European Markets: Luxury Sector Leads the Charge

European equities closed mixed; however, a powerful rally developed in luxury stocks. France's CAC 40 rose 2.2%, marking its best session since April, after Prime Minister Sébastien Lecornu announced the suspension of the contentious pension reform until after the 2027 elections — a move that stabilized his new government ahead of confidence votes.

The Stoxx Europe Luxury 10 Index surged 5.7%, its most substantial daily jump in months, with LVMH rising 11.7%, Christian Dior rising 11.8%, and Kering rising 5%, leading gains.

Birling Capital's View

Investors are balancing optimism over resilient corporate earnings with caution over persistent macro risks. With the Federal Reserve hinting at imminent policy easing and global yields trending lower, the path ahead may depend on whether Washington can resolve its shutdown standoff — and if trade diplomacy with Beijing finally steadies markets after months of turbulence.

With the Fed poised for an October rate cut and global yields trending lower, investors may soon find relief—provided Washington resolves its budget standoff and U.S.–China trade tensions cool enough to sustain confidence into year-end.

Corporate Earnings Parade:

1. **Bank of America Corp. (BAC):** reported 3Q25 revenues of \$28,088 billion, up 10.82%, net income of \$8,649 billion, up 22%, and earnings per share of \$1.06, topping estimates. BAC has a Tier 1 Capital Ratio of 13.1% and a stock price objective of \$56.31. View Report: [BAC Overview](#)
2. **Morgan Stanley (MS):** reported 3Q25 revenues of \$18,224 billion, up 18.46%, net income of \$4,610 billion, up 44.60%, and earnings per share of \$2.80, topping estimates. MS has a Tier 1 Capital Ratio of 17% and a stock price objective of \$154.75. View Report: [MS Overview](#)

Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.253, up from \$3.248 last week, increasing 0.15%.
- **Canada Manufacturing Shipments:** decreased to \$69.44 billion, down from \$70.15 billion last month, a 1.02% decline.
- **Canada Wholesale Sales MoM:** fell -2.76%, compared to 2.11% last month.
- **Eurozone Industrial Production Index YoY:** fell 1.10%, compared to 2.00% last month.
- **Japan Machinery Orders YoY:** fell 2.63%, compared to 7.56% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 567.77, up 3.23 points or 0.57%.
- **FTSE 100:** Closed at 9,424.75, down 28.02 or 0.30%.
- **DAX Index:** Closed at 24,181.37, down 55.57 points or 0.23%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,253.31, down 17.15 points or 0.04%.
- **S&P 500:** closed at 6,671.06, up 26.75 points or 0.40%.
- **Nasdaq Composite:** closed at 22,670.08, up 148.38 points or 0.66%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,112.00, up 102.51 points or 2.56%.
- **Birling Capital U.S. Bank Index:** closed at 8,134.13, up 125.28 points or 1.56%.
- **U.S. Treasury 10-year note:** closed at 4.05%.
- **U.S. Treasury 2-year note:** closed at 3.50%.

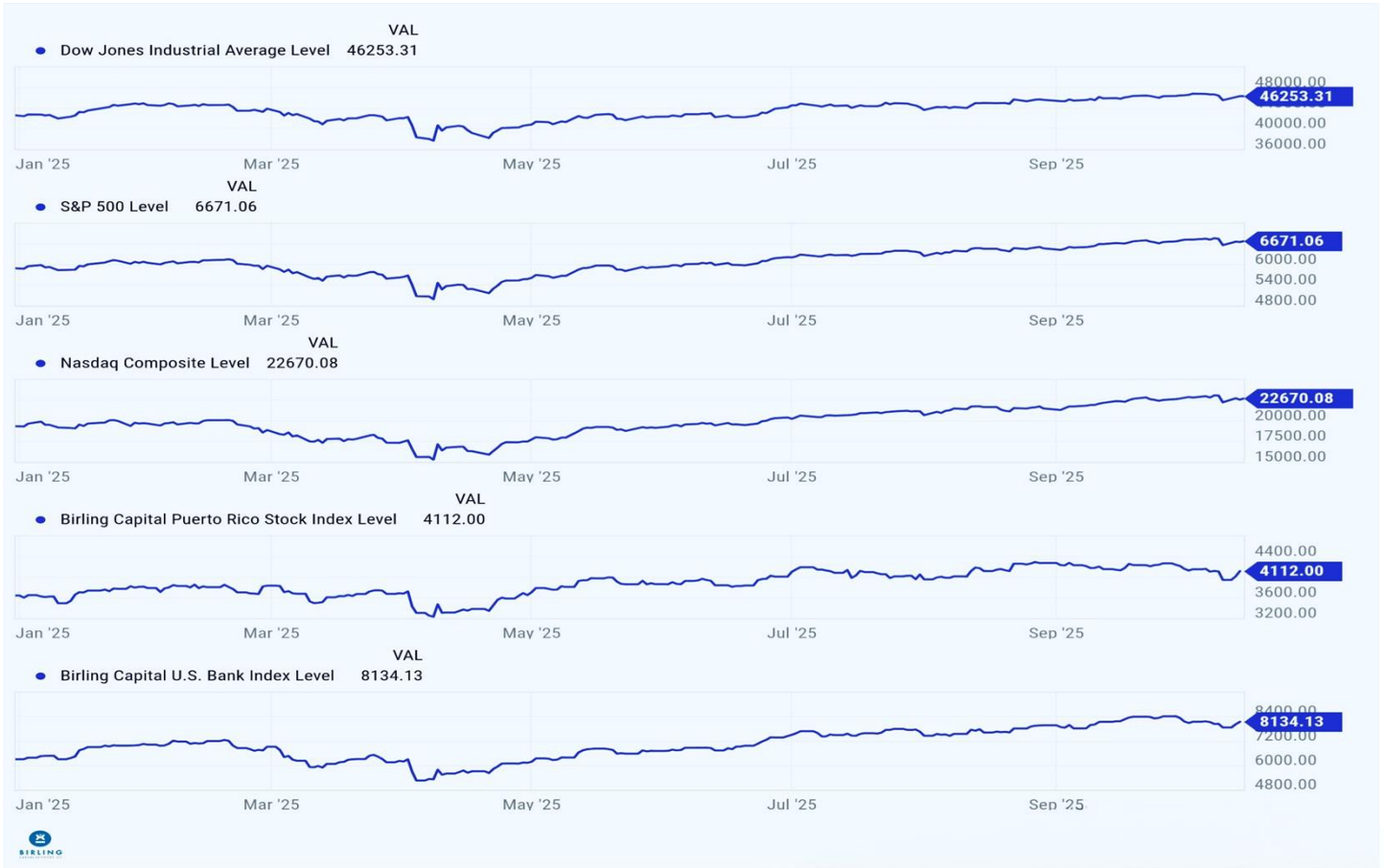
US Gas Price, Canada Manufacturing Shipments, Canada Wholesales Sales, Eurozone Industrial Production Index & Japan Machinery Orders





Wall Street Recap

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