



Markets Advance as Focus Shifts to Fed and “Magnificent 7” Earnings.

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The U.S. and European stock markets opened the week higher, led by strong gains in the **technology** and **communications** sectors as investors turn their attention to a pivotal stretch of central bank decisions and corporate earnings. Optimism surrounding continued economic resilience and improving inflation trends helped lift sentiment in early Monday trading.

In the U.S., the **Dow Jones Industrial Average**, **S&P 500**, and **Nasdaq Composite** all moved higher, while the **10-year Treasury yield** ticked up to **4.03%**. The **U.S. dollar** eased against major global currencies. Overseas, **Asian markets** finished broadly higher, and **European equities** followed suit, signaling renewed investor confidence ahead of this week's **Federal Reserve meeting** and **APEC summit**, where **President Donald Trump** will meet with **China's President Xi Jinping** and **Japan's Prime Minister Sanae Takaichi**.

Focus Turns to the Magnificent 7 Earnings

Investor attention remains fixed on the upcoming results from the **Magnificent 7**, with **Alphabet (Google)**, **Meta (Facebook)**, and **Microsoft** scheduled to report on **Wednesday**, followed by **Amazon** and **Apple** on **Thursday**. Early earnings reports have been notably strong, with **84% of S&P 500 companies** surpassing analyst expectations by an average of **7.8%**.

Earnings growth appears broad across sectors, with **eight of eleven industries** expected to post year-over-year gains. Technology remains the dominant driver, followed by financials and materials. With valuations already elevated, sustained **earnings expansion** and **sector diversification** will likely determine the market's ability to extend its advance through year-end.

Fed Poised for Another Rate Cut

Markets are widely anticipating the **Federal Reserve** will **cut interest rates by 25 basis points (0.25%)** when it concludes its **October policy meeting on Wednesday**, lowering the **federal funds rate** to a range of **3.75%–4.00%**. Investors will also look for clues on the potential end of the Fed's **quantitative tightening (QT)** program.

Recent activity in the **Standing Repo Facility (SRF)** suggests that banking reserves are tightening, reinforcing the case for policy easing. A second-rate cut this year would aim to support a cooling labor market and reduce borrowing costs for consumers and businesses—an environment favorable to continued corporate earnings growth and investment momentum.

European Markets Edge Higher

Across Europe, equities advanced modestly as traders await further policy and earnings signals. The **Stoxx 600** closed **0.2% higher**, while the **FTSE 100**, **CAC 40**, and **DAX** each posted small gains. In corporate news, **Novartis** fell **0.9%** after announcing a **\$12 billion acquisition of Avidity Biosciences**, while **Sydbank** surged **5.5%** on plans to merge with **Arbejdernes Landsbank** and **Vestjysk Bank**, forming **AL Sydbank**, one of Denmark's five largest lenders. Meanwhile, **Barclays** climbed **1.9%** after **Saudi Arabia** confirmed plans to recognize it as a regional headquarters for investment banking.

Economic Data:

- **US Durable Goods New Orders MoM:** rose to 2.92%, compared to -2.69% last month.
- **Germany Ifo Business Climate Index:** fell to 87.70, down from 88.90 last month.
- **Germany Ifo Business Expectations Index:** fell to 89.70, down from 91.40 last month.
- **Germany Ifo Business Situation Index:** fell to 85.70, down from 86.40 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 577.03, up 1.27 points or 0.22%.
- **FTSE 100:** Closed at 9,653.82, up 8.20 points or 0.09%.
- **DAX Index:** Closed at 24,308.78, up 68.69 points or 0.28%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,544.59, up 337.47 points or 0.71%.
- **S&P 500:** closed at 6,875.16, up 83.47 points or 1.23%.
- **Nasdaq Composite:** closed at 23,637.46, up 432.58 points or 1.86%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,836.59, up 26.18 points or 0.69%.
- **Birling Capital U.S. Bank Index:** closed at 8,306.69, up 205.80 points or 2.54%.
- **U.S. Treasury 10-year note:** closed at 4.01%.
- **U.S. Treasury 2-year note:** closed at 3.48%.

Wall Street Recap October 27, 2025



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