



Markets Retreat from Record Highs as Tech Weakness Weighs; Apple's Stellar 86% Profit Surge Highlights Earnings Week; U.S.–China Reach Tariff Truce.

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The U.S. and European stock markets retreated from record highs on Thursday, with losses led by the **technology sector** as investors rotated into **financials and healthcare** following a wave of mixed corporate earnings.

The **Dow Jones Industrial Average** fell **109.88 points**, the **S&P 500** declined **0.99%**, and the **Nasdaq Composite** dropped **1.58%**, reflecting the sharp pullback in technology and communication services stocks. Locally, the **Birling Capital Puerto Rico Stock Index** fell **2.77%**, while the **Birling Capital U.S. Bank Index** decreased **0.94%** to mirroring broader sector weakness in financials.

Among the **mega-cap tech giants**, **Alphabet**, **Meta**, and **Microsoft** each reported quarterly results after Wednesday's close. **Alphabet** shares **rose 5%** on strong cloud and advertising performance, while **Meta** and **Microsoft** shares **fell 11.33% and 2.92%**, respectively, amid investor concerns about **increased capital spending**. The broader decline in **Meta**, **Microsoft**, and **AI chipmaker Nvidia** triggered a **rotation out of technology stocks**, with capital flowing toward **banking and healthcare names**.

JPMorgan and **Bank of America** gained on higher yields and improved loan margins, while **Eli Lilly** advanced **3.81%** after beating earnings expectations and raising its full-year outlook, helping lift the healthcare sector overall.

Market sentiment was also shaped by macro developments. The **Federal Reserve's cautious tone** following its latest rate cut pushed **bond yields higher**, while a new **U.S.–China trade truce** helped temper global risk aversion. Under the deal, the U.S. will **cut fentanyl-related tariffs from 20% to 10%**, reducing total tariffs on Chinese goods from **57% to 47% for one year**, while **China will pause rare-earth export restrictions and resume U.S. soybean purchases**. Separately, the **U.S. and South Korea** finalized a **\$350 billion investment deal** tied to selective tariff relief, underscoring ongoing trade realignments across key U.S. partners.

Policy & Outlook

Fed Keeps December Options Open

Treasury yields climbed Thursday as investors adjusted expectations for future rate cuts. The **U.S. 10-year Treasury** closed at **4.11%**, while the **2-year note** settled at **3.61%**, widening the yield spread slightly.

Following its **quarter-point rate cut** to a range of **3.75%–4.00%**, **Fed Chair Jerome Powell** signaled that a **December cut is “not guaranteed”**, emphasizing the need for caution amid limited data flow caused by the ongoing government shutdown. **“When driving through fog—you slow down,”** Powell remarked, capturing the Fed's data-dependent stance.

The decision was **split** among policymakers: **Governor Miran** supported a deeper cut, while **Kansas City Fed President Schmid** voted to hold steady. As a result, **market-implied odds for another 2025 cut fell from 95% to 70%**.

Birling Capital continues to expect a **measured easing cycle extending through 2026**, consistent with a scenario of **moderating inflation, slowing growth, and controlled financial conditions**. We interpret Powell's comments as **efforts to preserve flexibility**, not to signal an end to the rate-cut trajectory.

Corporate Earnings

Mega-Cap Tech Earnings Trigger Market Rotation

Earnings from the **Magnificent 7** highlighted diverging fortunes among tech leaders. While **Alphabet** delivered **strong results** that fueled a **5% rally**, **Meta** and **Microsoft** fell sharply—down **11% and 3%**, respectively—as markets digested **rising capital-expenditure plans** tied to AI infrastructure and platform expansion.

These results, coupled with weakness in **Nvidia**, prompted a **rotation out of high-growth tech stocks** and into **value sectors** such as **financials and healthcare**. Notably, both **Alphabet** and **Microsoft** reported **robust backlog growth**, signaling sustained enterprise demand even as investors question near-term returns on heavy AI investment.

Adding to the week's major earnings highlights, **Apple, Inc. (AAPL)** reported results after the market closed Thursday, **posting fiscal 4Q25 revenues of \$102.466 billion, a 7.93% year-over-year increase**, driven by robust growth across its iPhone, Services, and Wearables segments. Net income surged 86.38%, underscoring Apple's exceptional margin expansion and operational efficiency.

Despite the sell-off, we view these spending commitments as evidence of **strategic positioning for the next phase of AI-driven productivity**, though valuations across the mega-cap complex may continue to normalize after a **25% year-to-date rally** in the group.

Corporate Earnings Parade:

- **Bristol Myers Squibb Co. (BMY):** reported 3Q25 revenues of \$12,222 billion, up 3%, net income of \$2.201 billion, up 82% and earnings per share of \$1.08, topping estimates. BMY has a stock price objective of \$53.05. View Our Report: [BMY Overview](#)
- **Apple, Inc. (AAPL):** reported its fiscal 4Q25 revenues of \$102,466 billion, up 7.93%, net income of \$27.466 billion, up 86.38% and earnings per share of \$1.85, topping estimates. Apple has a stock price objective of \$25.01. View Our Report: [AAPL Overview](#)

Economic Data:

- **US Total Vehicle Sales:** fell to 16.80M, down from 16.90M last month.
- **30 Year Mortgage Rate:** fell to 6.17%, compared to 6.19% last week.
- **Eurozone Consumer Confidence Indicator:** is at -14.20, up from -14.90 last month.
- **Eurozone Economic Sentiment Indicator:** rose to 96.80,
- **Eurozone Unemployment Rate:** is unchanged at 6.30%, compared to 6.30% last month.
- **Germany Consumer Price Index YoY:** fell to 2.30%, compared to 2.40% last month.
- **Germany Real GDP QoQ:** fell to -0.30%, compared to 0.30% last quarter.
- **Germany Unemployment Rate:** fell to 6.20%, compared to 6.30% last month.
- **Japan Industrial Production Index MoM:** fell by -1.47%, compared to -1.16% last month.
- **China PMI:** rose to 49.80, up from 49.40 last month.
- **China Non-Manufacturing PMI:** fell to 50.00, down from 50.30 last month.

Eurozone Summary:

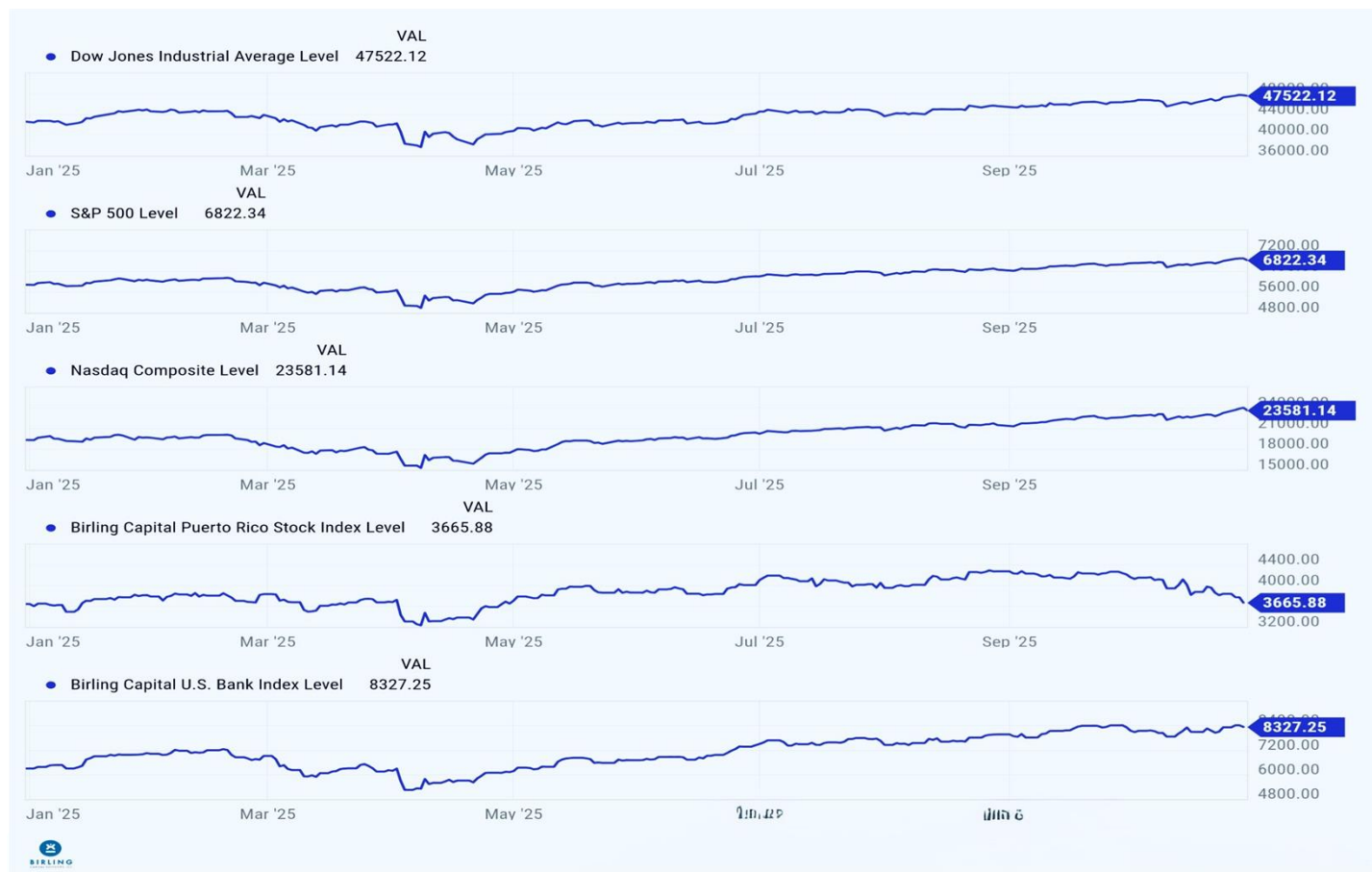
- **Stoxx 600:** Closed at 574.83, down 0.57 points or 0.099%.
- **FTSE 100:** Closed at 9,760.06, up 3.92 points or 0.040%.
- **DAX Index:** Closed at 24,118.89, down 54.32 points or 0.022%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,522.12, down 109.88 points or 0.23%.
- **S&P 500:** closed at 6,822.34, down 68.25 points or 0.99%.
- **Nasdaq Composite:** closed at 23,581.14, down 377.33 points or 1.58%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,665.88, down 104.45 points or 2.77%.
- **Birling Capital U.S. Bank Index:** closed at 8,327.25, down 78.98 points or 0.94%.
- **U.S. Treasury 10-year note:** closed at 4.11%.
- **U.S. Treasury 2-year note:** closed at 3.61%.



Wall Street Recap October 30, 2025



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