

# Markets Pause After Record Highs as HSBC Bid Jolts Europe; Investors Turn to Earnings for Direction.

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The U.S. and European stock markets took a breather today after the **S&P 500** and **Nasdaq Composite** closed at record highs in the previous session, signaling a pause in the powerful rally driven by artificial intelligence optimism and expectations for lower interest rates. Despite the day's consolidation, overall sentiment remains constructive, supported by a resilient macro backdrop, improving global liquidity, and broadening participation across sectors.

In the U.S., the **Dow Jones** fell **243.36** points, the **S&P 500** lost **0.28%**, while the **Nasdaq Composite** slipped **0.08%**. Both indices touched new intraday highs before pulling back as traders digested the unresolved government shutdown, which continues to delay the release of key economic data. In **Asia**, Japan's **Nikkei 225** surged to new records as **SoftBank Group** soared **11%** following its announcement to acquire the robotics division of Swiss engineering giant **ABB** for **\$5.4 billion**, a deal that strengthens its leadership in the global AI ecosystem.

## Europe: HSBC's Hang Seng Bid Weighs on Banks; Novo Nordisk Expands in Biotech

European equities ended the session lower, pressured by declines in the banking sector after **HSBC** unveiled plans to privatize its Hong Kong-based affiliate, **Hang Seng Bank**. The **pan-European Stoxx 600** closed **0.4% lower**, with HSBC's London-listed shares falling **5%** as investors reacted to the lender's proposal to buy out minority shareholders and fully integrate Hang Seng into **HSBC Asia Pacific**.

If approved, the transaction would delist Hang Seng from the Hong Kong Stock Exchange, where HSBC currently holds a **63% stake**. While Hang Seng shares rallied sharply on the announcement, the move raised questions about HSBC's capital deployment strategy and regional priorities. The news sent European bank stocks down **1.4%** on the day.

Among major indices, the **FTSE 100** slipped **0.4%**, **France's CAC 40** lost **0.2%**, and **Germany's DAX** eked out a modest **0.2% gain**, buoyed by industrial and export names.

In corporate headlines, **Novo Nordisk** fell **1.3%** after announcing it will acquire U.S. biotech firm **Akero Therapeutics** for **\$54 per share**, valuing the deal at **\$4.7 billion**, plus an additional **\$6 per share** contingent value right that could lift the total transaction by **\$500 million**. The acquisition reflects Novo's strategic expansion into next-generation metabolic and liver-disease treatments.

## Currencies and Commodities: Dollar Strength, Silver Shines

Currency markets reflected a cautious tone. The **U.S. dollar** extended its advance against both the yen and the euro, supported by political uncertainty in France and the appointment of a new, pro-stimulus prime minister in Japan. In commodities, **silver prices** reached new year-to-date highs, fueled by safe-haven demand and expectations for lower real yields, while **gold** held near the \$4,000 mark.

## Twin Tailwinds Continue to Drive Market Momentum

Global equities remain supported by two reinforcing forces: the **structural strength of the AI revolution** and the **cyclical lift from a more accommodative monetary stance**. The **S&P 500** has now gained **16% year-to-date, including dividends**, marking one of the strongest year-end rallies in recent memory.

Technology continues to dominate market leadership, with its weight in the S&P 500 now approaching **35%**, underscoring the growing influence of AI across sectors. Semiconductors, data-center infrastructure, and AI-driven service platforms remain the top beneficiaries of accelerating digital investment.

At the same time, the **Federal Reserve's gradual pivot toward rate cuts** has revitalized cyclical and rate-sensitive segments such as **consumer discretionary, small- and mid-caps, and emerging markets**. Unlike past easing cycles, this one coincides with steady growth — a rare combination that may sustain investor risk appetite even as volatility slowly re-enters the picture.

## Earnings Take Center Stage Amid Data Delays

With the government shutdown halting economic data releases, investors are turning to **corporate earnings** as the next key gauge of U.S. economic momentum. The **third-quarter reporting season** begins next week, led by major banks. Analysts expect **S&P 500 earnings to rise roughly 10% year-over-year**, marking the fourth consecutive quarter of double-digit growth — following gains of 13% in Q2, 14% in Q1, and 15% in Q4 of 2024.

While early signs suggest some softening in the labor market, **profit margins remain near record highs**, hinting at productivity gains and strong cost discipline. With valuations already elevated, future market advances will likely depend more on **earnings expansion than multiple growth**, favoring sectors with pricing power, innovation, and operational efficiency.

## Economic Data:

- **U.S. Wholesale Inventories MoM:** fell to 0.12%, compared to 0.17% last month.
- **Continental US Working Natural Gas in Underground Storage WoW:** rose to 80.00B, up from 53.00B last week.
- **Natural Gas Storage Change:** rose to 80.00B, up from 53.00B last week.
- **30 Year Mortgage Rate:** fell to 6.30%, compared to 6.34% last week.
- **Germany Exports MoM:** fell -0.60%, compared to 1.10% last month.
- **Germany Trade Balance:** fell to 14.70B, down from 14.90B last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 571.31, down 2.48 points or 0.43%.
- **FTSE 100:** Closed at 9,509.40, up 39.47 or 0.41%.
- **DAX Index:** Closed at 24,611.25, up 14.12 points or 0.057%.

## Wall Street Summary:

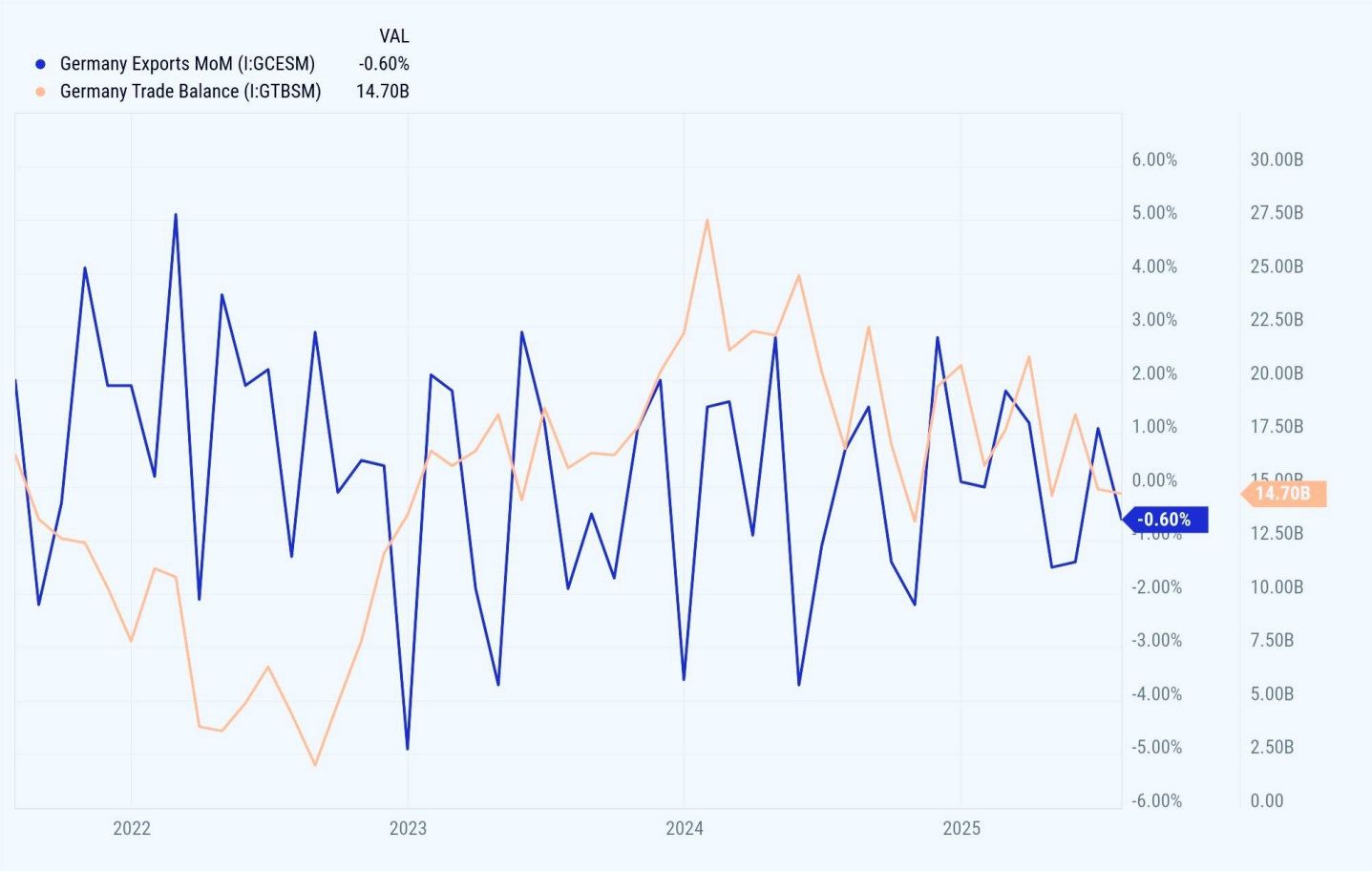
- **Dow Jones Industrial Average:** closed at 46,358.42, down 243.36 points or 0.52%.
- **S&P 500:** closed at 6,735.11, down 18.61 points or 0.28%.
- **Nasdaq Composite:** closed at 23,024.62, down 18.01 points or 1.12%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,115.11, up 13.37 points or 0.33%.
- **Birling Capital U.S. Bank Index:** closed at 8,026.02, down 92.21 points or 1.14%.

- U.S. Treasury 10-year note: closed at 4.14%.
- U.S. Treasury 2-year note: closed at 3.60%.

## US Wholesale Inventories MoM; Continental US Working Natural Gas in Underground Storage WoW; Natural Gas Storage Change & 30 Year Mortgage Rate



# Germany Exports MoM & Germany Trade Balance



# Wall Street Recap October 9, 2025



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