

Markets Slip as Retail Earnings Diverge — Lowe's Tops with \$23.4B Revenues, Target Beats Estimates but Sales Decline and Stock Slides After CEO Change.

August 20, 2025

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The U.S. and European stock markets closed with mixed results as investors digested another wave of retail earnings that offered essential signals on the health of consumers. Tech investors continue to perform stock rotations and profit-taking. In fixed income, U.S. government bonds rallied, pushing the 10-year Treasury yield to 4.29%.

European markets closed mostly higher, supported by data showing eurozone harmonized CPI inflation held steady at 2.0% in July — squarely on target with the European Central Bank's price stability mandate. Asian markets closed mostly higher overnight after China's central bank left its one-year loan prime rate unchanged at 3.0%, in line with expectations. Meanwhile, the U.S. dollar weakened against major global currencies.

In the commodities market, WTI crude advanced following industry data from the American Petroleum Institute, which showed a decline in U.S. crude inventories.

Corporate Earnings in Focus

This week's earnings reports remain centered on the retail sector. Target and Lowe's posted second-quarter results slightly ahead of consensus estimates, with both revenue and sales exceeding forecasts. The results reinforced signs of consumer resilience despite a slowing labor market. Attention now turns to Walmart, which is set to report on Thursday.

Broadly, with 94% of S&P 500 companies having reported, the earnings season has been strong. Roughly 82% of firms beat analyst expectations, with an average surprise of 8.2%. Importantly, growth has been broad-based, with 10 of 11 sectors posting year-over-year earnings gains. The lone outlier was energy, which represents less than 3% of the index by market capitalization.

Consensus forecasts for second-quarter earnings growth have been sharply revised upward to 10.4% — well above the 3.8% projection at quarter-end. Looking ahead, analysts expect earnings momentum to moderate but still anticipate a solid 10.3% gain for 2025, anchored by the strong 12.8% growth achieved in the first quarter.

Economic Data Ahead

Investors will soon shift focus to Thursday's release of S&P Global's Flash U.S. PMI for August. Services activity is projected to cool modestly to 54.0 from 55.7 in July, while manufacturing is expected to rise into expansionary territory at 50.6 from 49.8. These readings, if confirmed, would reinforce the narrative of steady economic growth — with services leading and manufacturing gradually rebounding. Such a backdrop would be consistent with a softening labor market yet resilient consumer spending, supporting the broader expansion.

Corporate Earnings Parade:

- **Lowe's Cos., Inc. (LOW)** reported 2Q25 revenues of \$23.398 billion, up 1.58%, net income of \$2.398 billion, up 0.62%, beating estimates, and Earnings Per share of \$4.33. Lowe's has a Stock Price Objective of \$264.45. View our report: [LOW pdf report 2025-08-20-17-27.pdf](#)
- **Target Corp. (TGT)**: reported 2Q25 revenues of \$25.2 billion, down 0.9%, net income of \$935 million, down 21.5%, beat estimates, and Earnings Per share of \$2.05. Target has a Stock Price Objective of \$103.69. View our report: [TGT pdf report 2025-08-20-17-29.pdf](#)

Economic Data:

- **U.S. Crude Oil Stocks WoW**: fell to -6.014M, down from 3.036M last week.
- **Eurozone Inflation Rate (excluding energy, Food, Alcohol, and Tobacco)**: unchanged at 2.30%, compared to 2.30% last month.
- **Germany Producer Price Index YoY**: fell -1.50%, compared to -1.30% last month.
- **UK Core Consumer Price Index YoY**: rose to 3.74%, compared to 3.67% last month.
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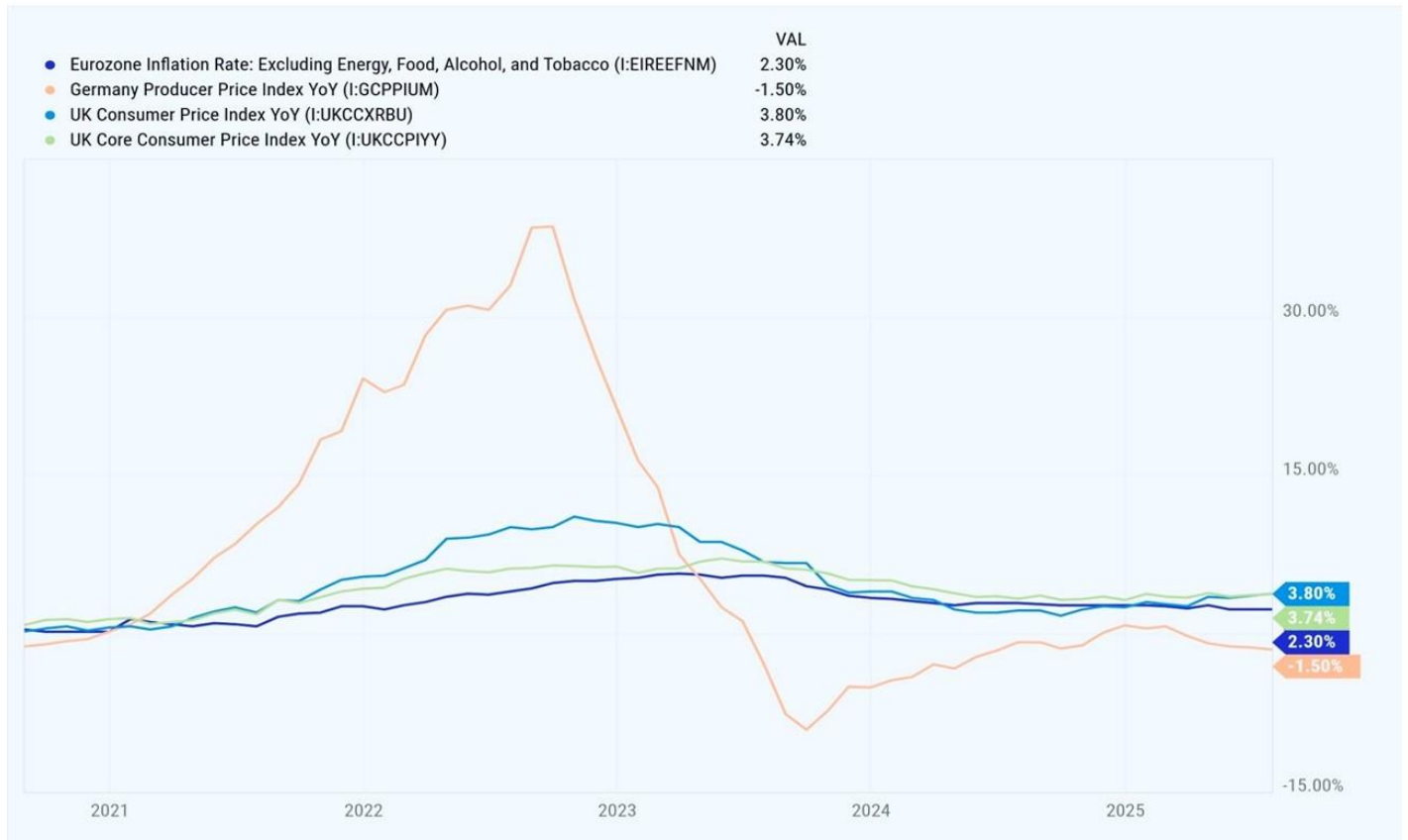
Eurozone Summary:

- **Stoxx 600**: Closed at 559.09, up 1.28 points or 0.23%.
- **FTSE 100**: Closed at 9,288.14, up 98.92 points or 1.08%.
- **DAX Index**: Closed at 24,276.97, down 146.10 points or 0.60%.

Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 44,938.31, up 16.04 points or 0.04%.
- **S&P 500**: closed at 6,395.78, down 15.59 points or 0.24%.
- **Nasdaq Composite**: closed at 21,172.857, down 142.095 points or 0.67%.
- **Birling Capital Puerto Rico Stock Index**: closed at 4,151.87, up 12.59 points or 0.30%.
- **Birling Capital U.S. Bank Index**: closed at 7,624.43, down 27.80 points or 0.36%.
- **U.S. Treasury 10-year note**: closed at 4.29%.
- **U.S. Treasury 2-year note**: closed at 3.74%.

Eurozone Inflation Rate, Germany Producer Price Index, UK Consumer Price Index & UK Core Consumer Price Index





Wall Street Recap

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