



# Wall Street Rises Even as Trump Moves to Oust Fed Governor Cook; Europe Slips as Yield Curve Steepens and Durable Goods Show Resilience.

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The U.S. and European stock markets closed with mixed results as investors digested overnight news that President Trump's intention to dismiss Federal Reserve Governor Lisa Cook. Wall Street closed higher Tuesday as investors looked past President Donald Trump's unprecedented removal of Federal Reserve Governor Lisa Cook and shifted attention to NVIDIA's upcoming earnings. The Dow Jones gained 0.30%, the S&P 500 rose 0.41%, and the Nasdaq advanced 0.44%.

The move, unprecedented in modern Fed history, injected fresh uncertainty into markets. Federal Reserve Governor Lisa Cook plans to challenge her dismissal in court after President Donald Trump announced her removal this week, her attorney confirmed Tuesday.

**"President Trump lacks the legal authority to remove Governor Cook", said Abbe Lowell, Cook's lawyer**, in a written statement. Trump cited allegations of mortgage fraud as grounds for the firing, but Lowell countered that the action rests solely on a referral letter and "has no factual or legal foundation."

European markets declined today as investors responded to persistent concerns about slowing global growth and renewed uncertainty surrounding central bank policy. The Stoxx 600, FTSE 100, and DAX all closed lower, weighed by cyclical sectors and cautious sentiment.

## Bonds and Dollar: Yield Curve Steepens

A sharper reaction unfolded in the fixed-income market. Longer-dated Treasuries sold off, lifting yields by three basis points and driving a steepening in the curve. The dollar slipped against a trade-weighted basket, while WTI crude eased to \$64 per barrel—still holding inside the \$60–\$65 range that has defined recent weeks.

## Political Shockwave: Fed Independence in Question

The political firestorm stems from President Trump's announcement that he would remove Governor Cook, citing alleged mortgage fraud. Cook has pledged to contest the move in court, setting up a constitutional battle over the president's authority to remove a sitting Fed governor. A recent Supreme Court ruling suggested limits on executive removal powers, leaving the legal outcome far from clear.

If successful, Trump would gain the opportunity to appoint another governor to the seven-member Federal Open Market Committee (FOMC), potentially reshaping the committee. Any appointment made before February 2026 could also participate in confirming or rejecting the terms of the 12 regional Fed presidents, raising the stakes for monetary policy. Markets are now weighing whether heightened politicization could tilt short-term policy toward aggressive rate cuts while raising long-term risks of inflation and higher borrowing costs.

## Economic Data: Durable Goods Resilient, Housing Weakens

On the data front, durable goods orders offered a mixed picture. Headline orders fell sharply in June, but core capital goods orders excluding defense and aircraft rose 1.1% month-over-month—a solid proxy for business investment resilience amid trade uncertainty. Housing, however, remains a weak spot: both FHFA and S&P indexes reported declining home prices in June. Elevated mortgage rates, rising inventories, and longer listing times continue to pressure the sector.

## Forces Reshaping Markets:

Markets today are being reshaped by powerful forces that pull in different directions. We are sharing a presentation to expand on these issues.

1. **Federal Reserve Pivot**
2. **Labor Market: Fragility in Sight**
3. **Inflation Pressures**
4. **Yield Curve: A Return to Normalcy**
5. **Market Rotation: From Growth to Cyclical**
6. **Investor Sentiment is Fragile**
7. **Tariff Policy: The Unknown Long-Term Effect:**
8. **Consumer Resilience: A Bright Spot**

- **Download our detailed presentation here:** <https://mcusercontent.com/8a74decb0cc0cdc6eb732b812/files/b110323a-0525-0fbc-55e1-0666290cf606/ForcesReshapingtheUSMarketLandscape.pdf>

## Corporate Earnings Parade:

- **The Bank of Nova Scotia (BNS):** reported 3Q25 revenues of \$9.486 billion, up 4.47%, net income of \$2.527 billion, up 32.16%, beating estimates, Earnings Per share of \$1.84, and a Tier 1 Capital of 13.30%. Scotiabank has a Stock Price Objective of \$56.54. View our report on Scotiabank: [BNS Overview](#)

## GDPNow Update:

- The GDPNow for 3Q25 fell to 2.20%, down from 2.30%, representing a 4.35% decrease.

## Economic Data:

- **U.S. Durable Goods New Orders MoM:** is at -2.82%, compared to -9.42% last month.
- **U.S. Retail Gas Price:** fell to \$3.251, up from \$3.243 last week, decreasing 0.25%.
- **Case-Shiller Composite 20 Home Price Index YoY:** fell 2.09%, compared to 2.77% last month.
- **Case-Shiller Home Price Index: National:** fell to 326.36, down from 327.22 last month.
- **Richmond Fed Manufacturing Index:** is at -7.00, up from -20.00 last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 554.20, down 4.62 points or 0.83%.
- **FTSE 100:** Closed at 9,265.80, down 55.60 or 0.60%.
- **DAX Index:** Closed at 24,152.87, down 120.25 points or 0.50%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,418.07, up 135.60 points or 0.30%.
- **S&P 500:** closed at 6,465.94, up 26.62 points or 0.41%.
- **Nasdaq Composite:** closed at 21,544.27, up 94.978 points or 0.44%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,240.95, down 13.45 points or 0.32%.
- **Birling Capital U.S. Bank Index:** closed at 7,802.70, down 0.76 points or 0.01%.
- **U.S. Treasury 10-year note:** closed at 4.26%.
- **U.S. Treasury 2-year note:** closed at 3.61%.



## GDPNow

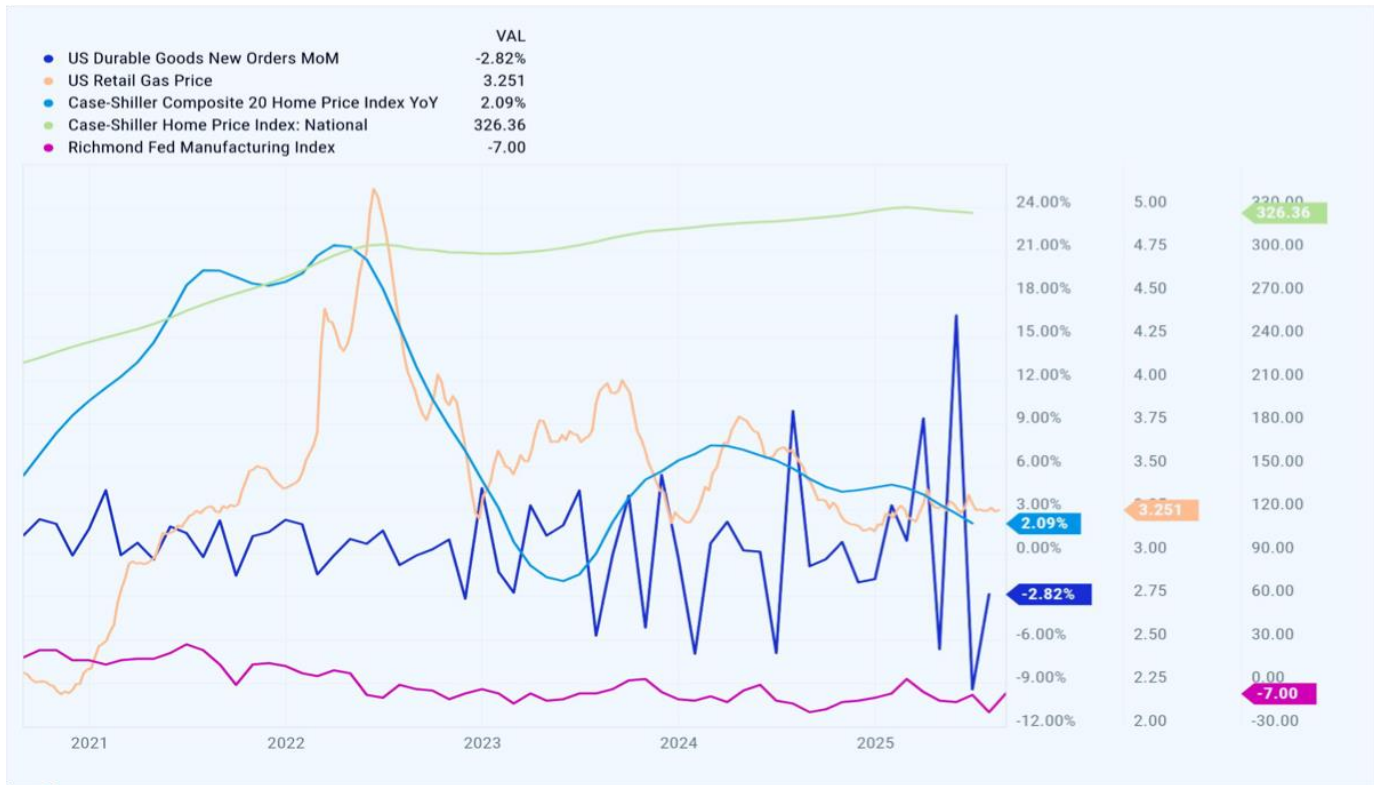
### Forecast for the Third Quarter 2025

Date	GDPNow 3Q25	Change
7/31/25	2.30%	Initial Forecast
8/1/25	2.10%	-8.70%
8/5/25	2.50%	19.05%
8/7/25	2.50%	0.00%
8/15/25	2.50%	0.00%
8/19/25	2.30%	-8.00%
8/26/25	2.20%	-4.35%



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## US Durable Goods New Orders, US Retail Gas Price, Case-Shiller Composite 20 Home Price Index, Case-Shiller Home Price Index & Richmond Fed Manufacturing Index



# Wall Street Recap

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