



U.S. Markets Surge and Suddenly Stumble as NVIDIA Delivers a Blowout Quarter and Investors Now Focus on Fed Rates Decision.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets rallied after NVIDIA delivered another commanding earnings performance, and while European markets closed with gains, in Wall Street the rally faded as investor sentiment changed toward concern over the upcoming Fed Rate Actions that investors now believe rates won't be cut at the December meeting, reigniting worries across the AI and semiconductor complex and eradicating the market's gains. The Dow Jones fell 0.84%, the S&P fell 103.40 points, and the worst performer was the Nasdaq, falling 468.18 points.

NVIDIA reported revenue of \$57.0 billion, up 62% year-over-year and above consensus expectations, while EPS of \$1.30 exceeded forecasts as well. NVIDIA guided investors toward \$65 billion in fourth-quarter revenue—roughly \$3 billion above estimates—underscoring sustained demand for its AI-driven compute platforms. CEO Jensen Huang dismissed the notion of an “AI bubble,” arguing that the proliferation of real-world AI use cases continues to expand the need for advanced infrastructure at an extraordinary pace.

For markets, the results provided a rare moment of clarity: the AI investment cycle remains intact. Still, we continue to advise clients to balance heavy technology exposure with sectors poised to benefit from rising productivity—especially U.S. mid-caps, emerging-market equities, health care, and industrials, all of which complement AI-linked baskets and position portfolios for a potential global growth reacceleration in 2026.

Europe Follows Wall Street Higher as AI Sentiment Lifts Tech Shares

European markets joined the global upswing, with the Stoxx 600 up 0.9% and most regional indices in positive territory by mid-afternoon in London. Semiconductor-linked names led the advance: BESR rose 2.7%, ASMI gained 2.1%, and ASML added more than 2% as investors digested NVIDIA's strong results.

The AI enthusiasm echoed across Asia earlier in the day, where chip heavyweights like Samsung Electronics and Foxconn boosted regional benchmarks. NVIDIA's reaffirmation of roughly \$500 billion in AI chip bookings through 2026 added additional momentum to the global semiconductor trade. As CEO Huang noted on the call, “From our vantage point, we see something very different than a bubble,” a message that resonated strongly with investors.

NVIDIA Steals the Spotlight — Again

NVIDIA's third-quarter report reinforced its leadership in the AI and semiconductor ecosystem. Revenue growth, while decelerating from the extraordinary 200%+ rates seen in 2023–2024, remains above 60%, an exceptional pace for a company of its scale. The upgraded forward guidance and long-term bookings pipeline helped stabilize sentiment after several weeks of concern that AI valuations had become overheated.

Given the sector's three-year streak of outsized gains, we believe this is a strategic moment for investors to rebalance portfolios. Complementing AI exposure with large-cap value, mid-cap growth,

and emerging-market equities can help ensure allocation targets remain intact while capturing the next phase of broadening global growth.

U.S. Jobs Report Sends a Mixed Signal Ahead of Fed Decision

The delayed September U.S. employment report showed a mixed picture of the labor market. Payrolls grew by 119,000, more than double expectations, yet the unemployment rate rose to 4.4%, its highest level in nearly four years. The data reinforces the narrative of a labor market that is cooling on both the demand and supply sides.

Wage growth held steady at 3.8% year-over-year, comfortably above current inflation near 3%, which continues to support consumer purchasing power. Still, for the Federal Reserve, the report points to a gradual softening that may be difficult to ignore. Market-implied odds of a December 10 rate cut climbed from 30% to 44% following the release, reflecting investor expectations that policymakers may seek to cushion further labor-market weakening.

Economic Data:

- **U.S. Nonfarm Payrolls MoM:** rose to 119,000 in September.
- **U.S. Unemployment Rate:** rose to 4.40%, up from 4.30%.
- **Kansas City Fed Manufacturing Production Index:** rose to 15.00, up from 4.000 last month.
- **30-Year Mortgage Rate:** rose to 6.24%, compared to 6.22% last week.
- **Eurozone Consumer Confidence Indicator:** is at -14.20, up from -14.90 last month.
- **Eurozone Economic Sentiment Indicator:** rose to 96.80, up from 95.60 last month.
- **Germany Producer Price Index YoY:** fell to -1.80%, compared to -1.70% last month.
- **Japan Consumer Price Index YoY:** rose to 2.90%, compared to 2.70% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 563.94, up 2.23 points or 0.40%.
- **FTSE 100:** Closed at 9,527.65, up 20.24 points or 0.21%.
- **DAX Index:** Closed at 23,278.85, up 115.93 points or 0.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,753.26, down 38.51 points or 0.84%.
- **S&P 500:** closed at 6,538.40, down 103.40 points or 1.56%.
- **Nasdaq Composite:** closed at **22,078.04, down 486.18 points or 2.16%.**
- **Birling Capital Puerto Rico Stock Index:** closed at 3,756.19, up 24.57 points or 0.66%.
- **Birling Capital U.S. Bank Index:** closed at 8,296.24, up 91.80 points or 1.12%.
- **U.S. Treasury 10-year note:** closed at 4.10%.
- **U.S. Treasury 2-year note:** closed at 3.55%.

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