



Tech-Led Selloff Pressures Wall Street as Valuation Fears Resurface.

November 4, 2025

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The **U.S. and European stock markets turned sharply lower** on Tuesday, with the **Nasdaq Composite** leading the retreat with **2.04%** amid renewed pressure on high-valuation growth stocks. **The S&P 500 fell 1.17% and the Dow Jones Industrial Average declined 0.53%**, as investors reassessed the sustainability of the year's powerful rally.

Shares of **Palantir Technologies** plunged **8%** despite beating third-quarter earnings and forward guidance expectations, reflecting growing unease over lofty valuations in the artificial intelligence sector. Broader market sentiment has also turned cautious as both the **S&P 500**—up **37%** since April—and the **Nasdaq**, up **56%**, have surged without experiencing a **5% pullback** during that period.

While a period of **consolidation or correction** may be overdue, **fundamentals remain supportive** as the U.S. economy continues to expand and corporate earnings exceed expectations heading into 2026.

European Markets Slip as Investors Digest Earnings Deluge

European equities retreated on Tuesday, giving back early-week gains as investors weighed a heavy slate of corporate earnings and cautious guidance across key sectors.

The **pan-European Stoxx 600** finished the session down **0.4%**, with losses spread broadly across most industries. **Germany's DAX** led the decline, closing **0.8% lower**, while financials and technology shares were among the weakest performers.

Tuesday's pullback marked a sharp reversal from Monday's upbeat start to November, when markets had opened higher on optimism surrounding central bank policy updates and improving global growth signals. The renewed weakness reflected a shift toward defensive positioning as traders processed mixed results from Europe's largest corporates.

In the bond market, the **U.K. 10-year gilt yield** slipped **2 basis points to 4.42%**, after **Finance Minister Rachel Reeves** signaled that the government's upcoming **November 26 budget** would include "hard choices" aimed at stabilizing public finances.

Overall, sentiment across European markets remains tentative, as investors balance strong earnings pockets with persistent policy and fiscal uncertainty heading into year-end.

Earnings Season Remains a Bright Spot

Despite mounting valuation concerns, **third-quarter earnings** have provided a strong counterbalance. Roughly **71%** of S&P 500 companies have now reported results, with **83% surpassing analysts' estimates**, far above the 10-year average beat rate of **75%**.

Earnings growth for the quarter is trending near **12% year over year**, exceeding early estimates of **7%**. Importantly, the upside has not been limited to technology—**industrials, health care, and consumer discretionary** have emerged as key outperformers, underscoring the market's broadening leadership. Looking ahead, Birling Capital expects **S&P 500 earnings growth of about 11% in 2025**, with potential acceleration to **13% in 2026**, driven by both tech and non-tech sectors as global demand and productivity investments strengthen.

Shutdown Nears Record as Economic Disruptions Mount

The **U.S. federal government shutdown** has now stretched into November, poised to tie the **35-day record set in 2018–2019**. The prolonged impasse is beginning to weigh on real economic activity, from delayed federal payments to uncertainty in public assistance programs.

The **Trump administration** has pledged temporary funding to sustain **SNAP benefits**, but roughly **40 million Americans** still face uncertainty about the size and duration of their aid. Simultaneously, the start of the **Affordable Care Act open enrollment** has brought widespread frustration over rising insurance premiums, adding political urgency to the fiscal standoff.

In Birling Capital's view, mounting economic strain could force a breakthrough in the coming weeks, likely requiring **direct White House engagement** to bring Congress back to the negotiating table and restore government funding.

The Final Word

Markets appear to be entering a more **volatile and valuation-sensitive phase** after a historic rally, but **corporate resilience, moderating inflation, and solid earnings momentum** continue to anchor long-term optimism. As political and fiscal uncertainty unfold, we expect **volatility to create selective buying opportunities** across both U.S. and international equities.

Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.164, up from \$3.151 last week, an increase of 0.41%.
- **U.S. Durable Goods New Orders MoM:** Reporting suspended due to the Government Shutdown.
- **U.S. Trade Balance on Goods:** Reporting suspended due to the Government Shutdown.

Eurozone Summary:

- **Stoxx 600:** Closed at 570.58, down 1.70 points or 0.30%.
- **FTSE 100:** Closed at 9,714.96, up 13.59 points or 0.14%.
- **DAX Index:** Closed at 23,949.11, down 183.30 points or 0.76%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,085.24, down 251.44 points or 0.53%.
- **S&P 500:** closed at 6,771.55, down 80.42 points or 1.17%.
- **Nasdaq Composite:** closed at 23,348.63, up 480.08 points or 2.04%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,707.49, up 26.12 points or 0.71%.
- **Birling Capital U.S. Bank Index:** closed at 8,443.63, up 3.99 points or 0.05%.
- **U.S. Treasury 10-year note:** closed at 4.10%.
- **U.S. Treasury 2-year note:** closed at 3.58%.

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