



# Earnings Strength Keeps Wall Street at Record Highs as Fed Poised for Next Rate Move.

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The U.S. and European stock markets closed mixed on Tuesday, while Wall Street extended its record-setting rally fueled by stronger-than-expected corporate earnings and cautious optimism ahead of the Federal Reserve's policy meeting later this week.

The S&P 500 rose 0.23% to close at 6,890.89, after surpassing the 6,900 level for the first time on an intraday basis earlier in the day. The Nasdaq Composite advanced 0.8% to finish at 23,827.49, while the Dow Jones Industrial Average gained 161.78 points, or 0.34%, to settle at 47,706.37. In addition to their closing highs, the tech-heavy Nasdaq and the 30-stock Dow also set new all-time intraday highs alongside the broad-market S&P 500.

In Europe, trading was mixed, with the Stoxx 600 slipping 0.3% amid lower commodity prices, weighed down by materials and industrials. Meanwhile, the FTSE 100 broke through the 9,700-point mark to a record close, buoyed by utilities and energy names. Across Asia, sentiment softened following modest declines in Tokyo and Hong Kong, as investors rotated into safer assets.

In the fixed income markets, U.S. Treasury yields were steady, with the 10-year note closing at 4.xx%, while WTI crude retreated to \$61 per barrel, partially reversing last week's rally. The U.S. dollar held firm against major currencies, and gold continued to decline, now trading nearly 10% below its early October peak.

## Corporate Results Strengthen: Magnificent 7 on Deck

Earnings from the S&P 500 continue to surpass expectations, marking the strongest beat rate in four years. United Parcel Service (UPS) surged in premarket trading after posting better-than-expected results, while UnitedHealth Group advanced after raising its 2025 outlook.

In the technology sector, Amazon gained after unveiling an AI-driven restructuring plan that includes 14,000 job cuts, aimed at accelerating automation and efficiency. PayPal also rose on news that it will integrate its digital wallet with OpenAI's ChatGPT, signaling deeper fintech-AI collaboration. Investor focus now shifts to the Magnificent 7, with Alphabet (Google), Meta (Facebook), and Microsoft set to report earnings on Wednesday, followed by Amazon and Apple on Thursday. Market participants are looking for confirmation that AI investment and cloud growth continue to drive earnings resilience amid a high-rate environment.

## Fed Set to Cut Rates Amid Data Gaps from Shutdown

The Federal Reserve is widely expected to deliver another interest rate cut this week, as policymakers navigate a murky economic landscape clouded by the ongoing five-week government shutdown, which has delayed key data releases from the Bureau of Labor Statistics (BLS), Census Bureau, and BEA.

Recent private-sector housing data from S&P CoreLogic and FHFA showed mild home price gains in August, extending signs of moderation. With mortgage rates declining through September and October, analysts are watching for a potential rebound in sales activity.

Despite limited data visibility, the Fed is likely to play it safe, prioritizing support for a slowing labor

market and viewing tariff-related inflation as less severe than initially feared. Markets anticipate a second rate cut in December, though Chair Jerome Powell is expected to remain noncommittal on forward guidance until the shutdown ends and the data flow resumes.

### Europe at Record Levels as Trade Optimism Grows

In Europe, sentiment was bolstered by renewed optimism over trade relations between the United States and China ahead of the APEC Summit in South Korea. Both sides have reportedly agreed on a framework covering rare-earth exports, soybean purchases, and TikTok's operations.

President Donald Trump emphasized his confidence in achieving a breakthrough, saying, "I have a lot of respect for President Xi, and we are going to come away with the deal." The conciliatory tone has helped lift risk sentiment globally and contributed to the record-setting session for the FTSE 100 and Spain's IBEX 35, which briefly surpassed its 2007 record before closing 0.5% higher.

### The Final Word

Markets continue to balance optimism from earnings strength and trade diplomacy with uncertainty over economic data delays and the timing of monetary policy. With rate cuts on the horizon and AI reshaping corporate strategy, investor focus remains on resilience — both in corporate profits and in the global policy response.

### GDPNow Update:

- The GDPNow for the Third Quarter of 2025 was released on October 27 and is unchanged at 3.90%.

### Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.151, down from \$3.193 last week, decreasing 1.32%.
- **Richmond Fed Manufacturing Index:** is at -4.000, up from -17.00 last month.
- **Case-Shiller Composite 20 Home Price Index YoY:** fell to 1.80%, compared to 2.12% last month.
- **Case-Shiller Home Price Index: National:** fell to 326.43, down from 326.64 last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 575.76, down 1.27 points or 0.22%.
- **FTSE 100:** Closed at 9,696.74, up 42.92 points or 0.44%.
- **DAX Index:** Closed at 24,278.63, down 30.15 points or 0.12%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,706.37, up 161.78 points or 0.34%.
- **S&P 500:** closed at 6,890.89, up 15.73 points or 0.23%.
- **Nasdaq Composite:** closed at 23,827.49 up 190.03 points or 0.80%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,771.98, down 64.61 points or 1.68%.
- **Birling Capital U.S. Bank Index:** closed at 8,404.69, up 98.00 points or 1.18%.
- **U.S. Treasury 10-year note:** closed at 3.99%.
- **U.S. Treasury 2-year note:** closed at 3.47%.

## Third Quarter 2025

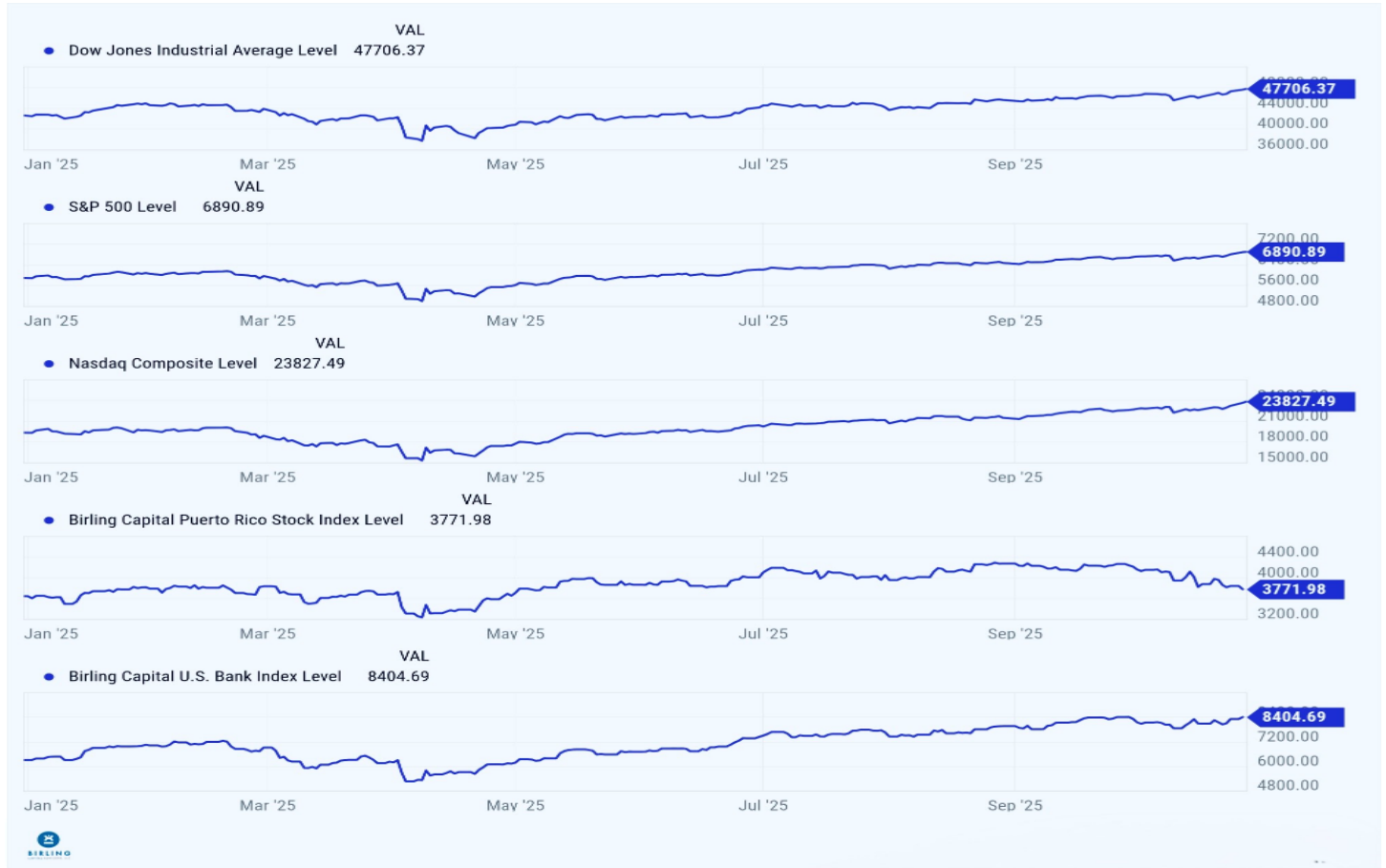
| Date       | GDPNow<br>3Q25 | Change           |
|------------|----------------|------------------|
| 7/31/2025  | 2.30%          | Initial Forecast |
| 8/1/2025   | 2.10%          | -8.70%           |
| 8/5/2025   | 2.50%          | 19.05%           |
| 8/7/2025   | 2.50%          | 19.05%           |
| 8/15/2025  | 2.50%          | 0.00%            |
| 8/19/2025  | 2.30%          | -8.00%           |
| 8/26/2025  | 2.20%          | -4.35%           |
| 8/29/2025  | 3.50%          | 59.09%           |
| 9/2/2025   | 3.00%          | -14.29%          |
| 9/4/2025   | 3.00%          | 0.00%            |
| 9/10/2025  | 3.10%          | 3.33%            |
| 9/16/2025  | 3.40%          | 9.68%            |
| 9/17/2025  | 3.30%          | -2.94%           |
| 9/26/2025  | 3.90%          | 18.18%           |
| 10/1/2025  | 3.80%          | -2.56%           |
| 10/7/2025  | 3.80%          | 0.00%            |
| 10/17/2025 | 3.90%          | 2.63%            |
| 10/27/2025 | 3.90%          | 0.00%            |

# US Retail Gas Price; Case-Shiller Composite 20 Home Prince Index YoY; Case-Shiller Home Price Index & Richmond Fed Manufacturing Index





# Wall Street Recap October 28, 2025



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