



Markets Push Higher as Shutdown Extends, Labor Data Goes Dark.

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The U.S. and European stock markets ended Friday in positive territory, extending a week of gains even as the government shutdown entered its third day. The Dow Jones Industrial Average outpaced with 238.56 points beating the S&P 500 that rose 0.01% and the Nasdaq Composite fell 63.54 points, as investors shrugged off fiscal gridlock in Washington.

The ISM Services Index for September came in at 50, marking the narrowest level of expansion in the services economy. The employment component of the survey slipped deeper into contraction at 47.2, adding to evidence of a cooling labor market. Still, investor sentiment was buoyed by growing confidence that the Federal Reserve will move forward with another rate cut in October, with market odds climbing to 97% according to CME FedWatch.

Labor-Market Data Delays Begin

For the first time, the shutdown has disrupted the release of key labor statistics. The Bureau of Labor Statistics announced that the September jobs report will not be published on schedule. Forecasts had been pointing to a rebound of 50,000 jobs created last month, compared with 22,000 in August. Economists also expected unemployment to remain at 4.3% and wage growth to hold steady at 3.7% year-over-year.

With official data unavailable, investors will rely on alternative indicators such as ADP payrolls to gauge labor conditions. Current readings suggest a market that is softening but not collapsing: job openings at 7.2 million remain just under 7.4 million unemployed.

European Stocks Extend Rally, Notching Fresh Highs

European equities closed higher on Friday, marking the end of a week of steady gains that pushed several benchmarks to record highs. The pan-European Stoxx 600 rose 0.5%, adding to Thursday's advance and securing a fifth straight session in positive territory after hitting an all-time high earlier in the week.

Across the region, major bourses strengthened, as the broad-based momentum underscores investor confidence in Europe's economic outlook, with strength spanning across sectors and signaling sustained risk appetite.

Shutdown Enters Third Day

The fiscal stalemate has now stretched into its third day, with no breakthrough in sight. While shutdowns typically weigh on short-term economic activity, history shows that most losses are recovered quickly once government operations resume and furloughed employees receive back pay.

For markets, the impact of shutdowns is usually limited. Historical precedent suggests that equities often post gains three and six months after a closure, even if volatility increases in the short term.

Birling Capital's Final Word

The current shutdown is unlikely to derail the broader market trend. Investors are focusing more on monetary policy than political gridlock, with the near-certainty of an October Fed rate cut providing a cushion for sentiment. That said, the lack of timely labor market data complicates the Fed's task: policymakers will be forced to rely on partial or private sector measures, adding a layer of uncertainty to their decision-making.

Markets will continue to trade with a bias toward resilience, supported by accommodative monetary policy and historical patterns of recovery following past shutdowns. However, volatility may remain elevated until fiscal clarity returns.

Read The Policy Ripple Report on the Government

Shutdown: <https://birlingcapital.com/publications/ThePolicyRipple.FacingtheFederalGovernmentShutdownEverythingPR.pdf>

Economic Data:

- **U.S. ISM Services PMI:** fell to 50.00, down from 52.00 last month.
- **U.S. ISM Services Employment Index:** rose to 47.20, up from 46.50 last month.
- **U.S. ISM Services New Orders Index:** fell to 50.40, down from 56.00 last month.
- **U.S. ISM Services Prices Paid Index:** fell to 69.40, up from 69.20 last month.
- **U.S. Nonfarm Payrolls MoM:** Not published due to Government Shutdown.
- **U.S. Unemployment Rate:** Not published due to Government Shutdown.
- **U.S. Labor Force Participation Rate:** Not published due to Government Shutdown.
- **Japan Unemployment Rate:** rose to 2.60%, compared to 2.30% last month.

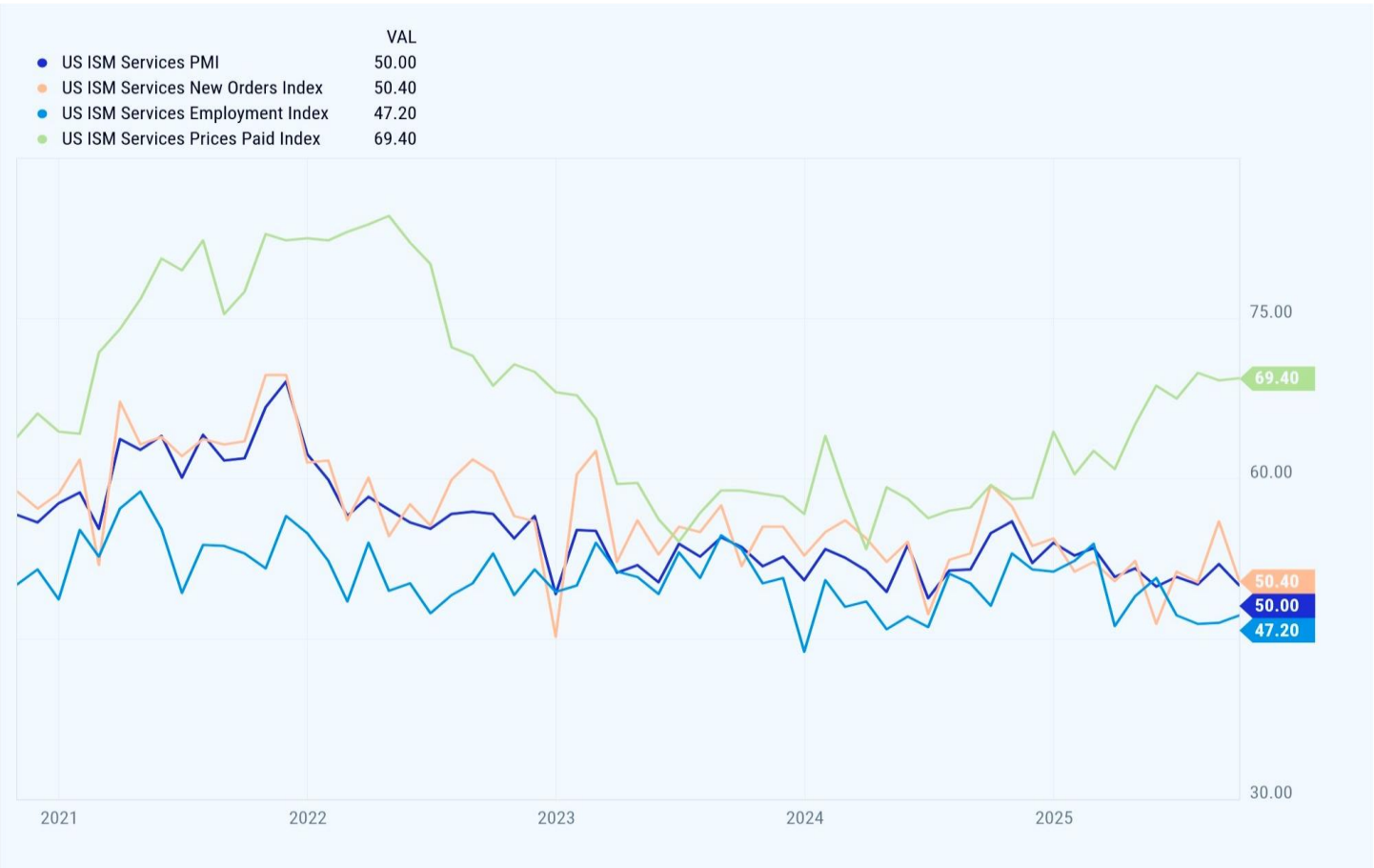
Eurozone Summary:

- **Stoxx 600:** Closed at 570.45, up 2.85 points or 0.50%.
- **FTSE 100:** Closed at 9,491.25, up 63.52 or 0.67%.
- **DAX Index:** Closed at 24,378.80, down 43.76 points or 0.18%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,758.28, up 238.56 points or 0.51%.
- **S&P 500:** closed at 6,715.79, up 0.44 points or 0.01%.
- **Nasdaq Composite:** closed at 22,780.51, down 63.54 points or 0.28%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,123.90, down 30.45 points or 0.73%.
- **Birling Capital U.S. Bank Index:** closed at 8,075.60, down 68.59 points or 0.84%.
- **U.S. Treasury 10-year note:** closed at 4.13%.
- **U.S. Treasury 2-year note:** closed at 3.58%.

US ISM Services PMI; US ISM Services New Orders Index; US ISM Services Employment Index & US ISM Services Prices Paid Index



Wall Street Recap October 3, 2025



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