



## S&P 500 Breaks Record as Producer Inflation Eases; Spotlight Shifts to CPI and GDP Now Hits 3.1%, While Oracle Soars 36% in a Single Session.

September 10, 2025

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The U.S. and European stock markets closed with mixed results. Wall Street closed mostly higher, except for the Dow Jones, which closed way down. The S&P 500 closed up, reaching a new record, and the Nasdaq closed up, as investor sentiment was buoyed by softer-than-expected U.S. producer inflation data for August. In the U.S., technology and energy stocks led gains following softer-than-expected producer inflation.

Today, **Oracle Corp. (ORCL)** was the biggest stock of the market as it has been on a powerful run, with its stock climbing to \$328.33, a gain of nearly 36% year-to-date. The rally has fueled a wave of upward price target revisions across Wall Street, signaling a renewed sense of confidence in Oracle's long-term growth trajectory and its founder and Chairman Larry Ellison gained more than \$110 billion in value in a single day, placing him at a total wealth of \$380 billion a stone's throw or \$58 billion away to become the world's richest man with Elon Musk at \$37 billion.

In Europe, the **STOXX 600** finished virtually flat down -0.02%, while the **FTSE 100** declined **0.19%** and the **DAX** fell **0.36%**, with weakness in industrials and financials weighing on sentiment.

Bond yields drifted lower globally, with the **10-year U.S. Treasury yield down to 4.04%**, and similar easing observed in European sovereign yields. The **U.S. dollar weakened** against major peers, as falling yields trimmed the currency's relative advantage.

In commodities, **WTI crude oil advanced**, supported by heightened geopolitical risks after reports surfaced that **Israel had launched a targeted strike on Hamas leadership in Qatar**. The news added fresh volatility to energy markets and lifted oil-related stocks.

### Producer Price Inflation Softens in August

The **Producer Price Index (PPI)** rose just **2.6% year-over-year** in August, well below the market consensus of **3.3%**, providing investors with a fresh sign that inflationary pressures are easing. The main driver was a sharp **1.7% m-o-m drop in trade services inflation**, likely due to shrinking retail and wholesale margins.

**Core PPI**, which strips out volatile food and energy categories, cooled to **2.8% y-o-y**, far below the expected 3.5%. These results suggest that tariff-related cost increases remained largely absorbed by firms along the supply chain, reducing the near-term risk of broad-based price pass-through.

### Focus Shifts to CPI Data on Thursday

With PPI behind us, the spotlight turns to Thursday's **Consumer Price Index (CPI)** release. The Inflation Nowcasting has the Headline CPI rising to **2.84%**, up from **2.7%**, while **core CPI** is expected to hold at **3.05%**. Though some upward pressure is anticipated from new tariffs, most economists expect the effect to be short-lived.

Importantly, **market-based inflation expectations remain anchored**, with the 10-year breakeven inflation rate sitting at **2.36%**. This indicates continued confidence in the Fed's ability to manage long-term price stability.

### Fed Poised to Cut Rates Next Week

Despite inflation remaining above target, signs of cooling in both prices and the labor market are reinforcing expectations that the **Federal Reserve will cut rates next week**. The Fed will embark on a **measured path of easing**, aiming to bring the **federal funds rate toward 3.5% by 2026**.

Lower borrowing costs are expected to support economic activity, strengthen consumer spending, and reinforce corporate earnings—especially in interest-rate sensitive sectors like housing, autos, and tech.

### GDPNow

- The GDPNow for the third quarter was updated today to 3.10%, up from 3.00%, representing a 3.33% increase.

### Economic Data:

- **U.S. Producer Price Index YoY:** fell to 2.60%, compared to 3.06% last month.
- **U.S. Core Producer Price Index YoY:** fell to 2.83%, compared to 3.40% last month.
- **U.S. Wholesale Inventories MoM:** fell 0.12%, compared to 0.17% last month.

### Eurozone Summary:

- **Stoxx 600:** Closed at 552.29, down 0.10 points or 0.02%.
- **FTSE 100:** Closed at 9,225.39, down 17.14 or 0.19%.
- **DAX Index:** Closed at 23,632.95, down 85.50 points or 0.36%.

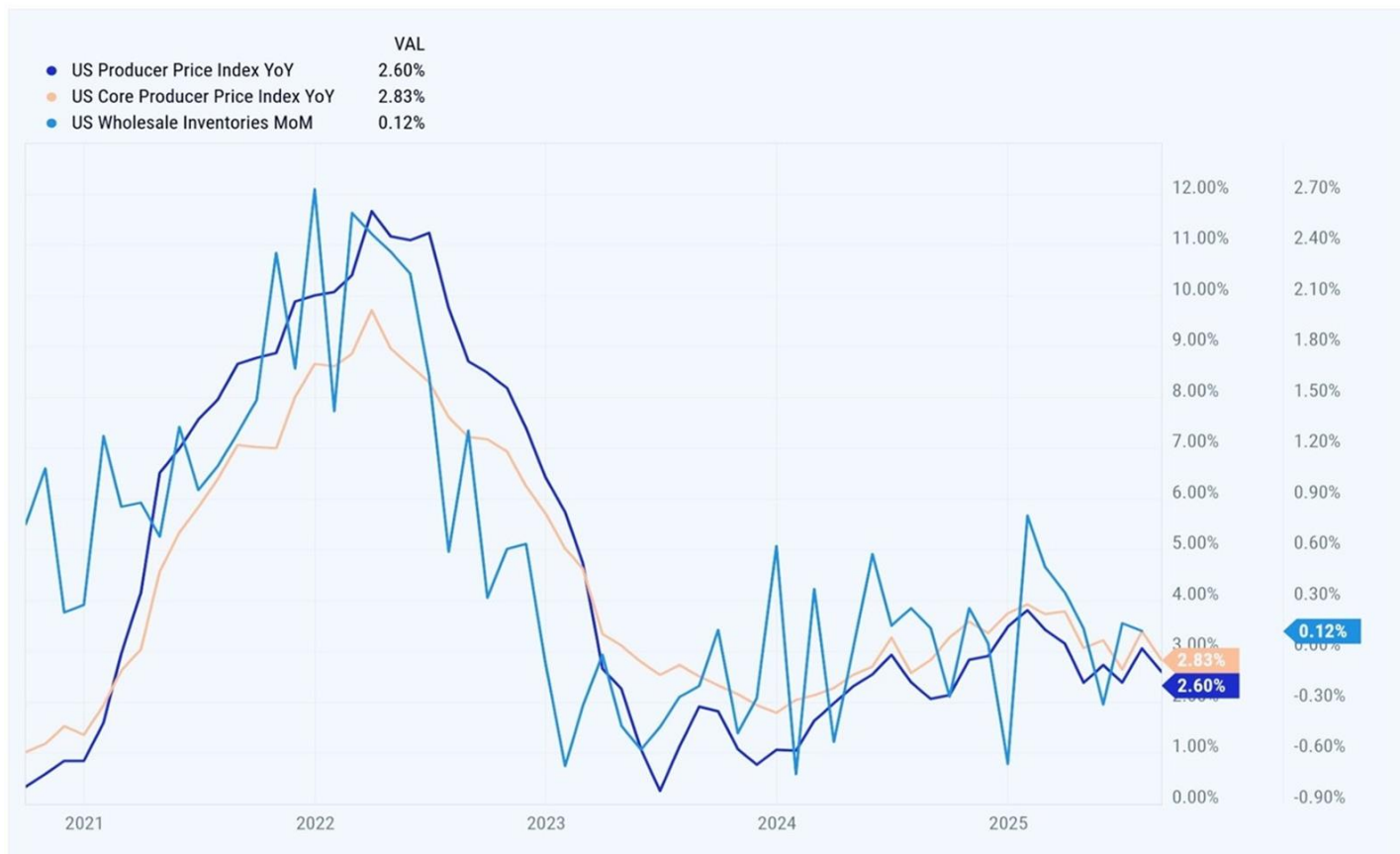
### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,490.92, down 220.42 points or 0.48%.
- **S&P 500:** closed at 6,532.04, up 19.43 points or 0.30%.
- **Nasdaq Composite:** closed at 21,886.06, up 6.57 points or 0.03%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,171.35, down 35.34 points or 0.84%.
- **Birling Capital U.S. Bank Index:** closed at 7,977.79, up 159.47 points or 2.04%.
- **U.S. Treasury 10-year note:** closed at 4.04%.
- **U.S. Treasury 2-year note:** closed at 3.54%.

## Third Quarter 2025

Date	GDPNow 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%

# US Producer Price Index, US Core Producer Price Index & US Wholesale Inventories





# Wall Street Recap

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