



Nasdaq Sets New Record, Markets Close Mixed as Consumer Sentiment Hits 2025 Low at 55.40 and Fed Rate-Cut Decision Looms.

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The U.S. and European stock markets closed with a mixed tone as investors balanced cautious optimism with fresh economic concerns. On Wall Street, the Nasdaq Composite powered to a fresh record on Friday as traders interpreted softer job data and subdued inflation as strong signals that the Federal Reserve will cut interest rates at its meeting next week.

The tech-heavy index gained about 0.45%, the S&P 500 hovered near unchanged levels, while the Dow Jones slipped 273.78 points. After the Dow closed above 46,000 for the first time on Thursday, all three major benchmarks remain poised to end the week with overall gains.

The S&P 500 closed the week up 1.59%, positioning it for its strongest weekly advance since early August and its fifth positive finish in six weeks. The Nasdaq is on track for a second consecutive winning week with a 2.03% rise, and the Dow, despite today's dip, is still set to notch its first weekly gain in three weeks with a 0.95% climb.

European benchmarks ended down, while Japan's Nikkei advanced almost 1% in its latest session, reflecting a generally upbeat overnight sentiment.

Bonds, Dollar, and Commodities

Following a robust rally in September, U.S. government bonds gave back a little ground. The 10-year Treasury yield rose to close at 4.06%, still close to the bottom of its 2025 range. The U.S. dollar strengthened modestly against a trade-weighted basket of major currencies. In commodities, WTI crude oil gained on mounting supply concerns after Ukrainian drone strikes on Russian facilities and on President Trump's call for G7 partners to impose higher tariffs on China and India to discourage their purchases of Russian oil.

Michigan Consumer Sentiment Falls

Fresh data showed a notable weakening in U.S. consumer confidence. The University of Michigan's preliminary September survey fell to its lowest level since May, with households expressing greater anxiety over inflation and the job market.

The United States has traced a **roller-coaster path throughout 2025**. The year opened on a firm footing, with the index standing at **71.70 in January**, but optimism soon began to ebb. By **February**, sentiment had slipped to **64.70**, and in **March** it fell further to **57.00** as early-year economic jitters set in.

The spring months brought only temporary steadiness. **April and May each registered 52.20**, reflecting consumer caution amid persistent inflation and mixed labor market signals. A modest summer rebound followed: **June climbed to 60.70**, and **July reached 61.70**, suggesting renewed optimism as inflation moderated and employment showed resilience.

Yet the improvement proved short-lived. By **August**, sentiment cooled again to **58.20**, and by **September 30** it declined further to **55.40**, leaving the index well below its January starting point.

This nine-month sequence underscores how **household confidence remains fragile**. Long-term inflation expectations climbed to 3.9% from 3.5% last month, while fears of job losses became more pronounced. These developments reinforce other signs of slowing hiring and rising layoffs, fueling expectations for Federal Reserve easing.

Federal Reserve in Focus

Markets fully expect a rate cut at next week's Federal Open Market Committee meeting. Beyond the decision itself, investors will closely watch the updated interest-rate projections. Back in June, the median FOMC forecast anticipated two 25-basis-point cuts in 2025 and just one in 2026—about half of the 150 basis points of total easing currently priced in. Chair Jerome Powell's comments on inflation and employment risks will help clarify whether the Fed intends to stay proactive in supporting the economy, even if near-term inflation pressures persist.

Government Shutdown Standoff: Two Parties, Two Narratives

With the September 30 funding deadline approaching, Congress faces a tightening window to avoid a federal shutdown. President Trump has proposed a continuing resolution to extend government funding through January 31, 2026, but negotiations are stalled.

Republican View

Republicans argue that they are acting in good faith to keep the government running and that Democrats are obstructing progress. They frame their position as the simpler message to voters: Republicans want to fund the government; Democrats are standing in the way. Party leaders also note that a shutdown would give the Trump administration discretion to decide which activities are essential, potentially blunting the practical and political fallout.

Democratic View

Democrats counter that millions of Americans could face sharp health-insurance premium increases if enhanced Affordable Care Act tax credits lapse at year-end. They emphasize that Republican-led states have the most to lose if these credits disappear. Confident that public opinion will hold Republicans accountable—mainly since the GOP controls both Congress and the White House—Democrats see the looming deadline as leverage to secure an extension of these critical subsidies.

Like everything, only time will tell who was right.

Economic Data:

- **U.S. Index of Consumer Sentiment:** fell to 55.40, down from 58.20 last month, down -4.81%.
- **Germany Consumer Price Index YoY:** is unchanged at 2.20%, compared to 2.20% last month.
- **UK Industrial Production Index YoY:** fell to 0.10%, compared to 0.20% last month.

Eurozone Summary:

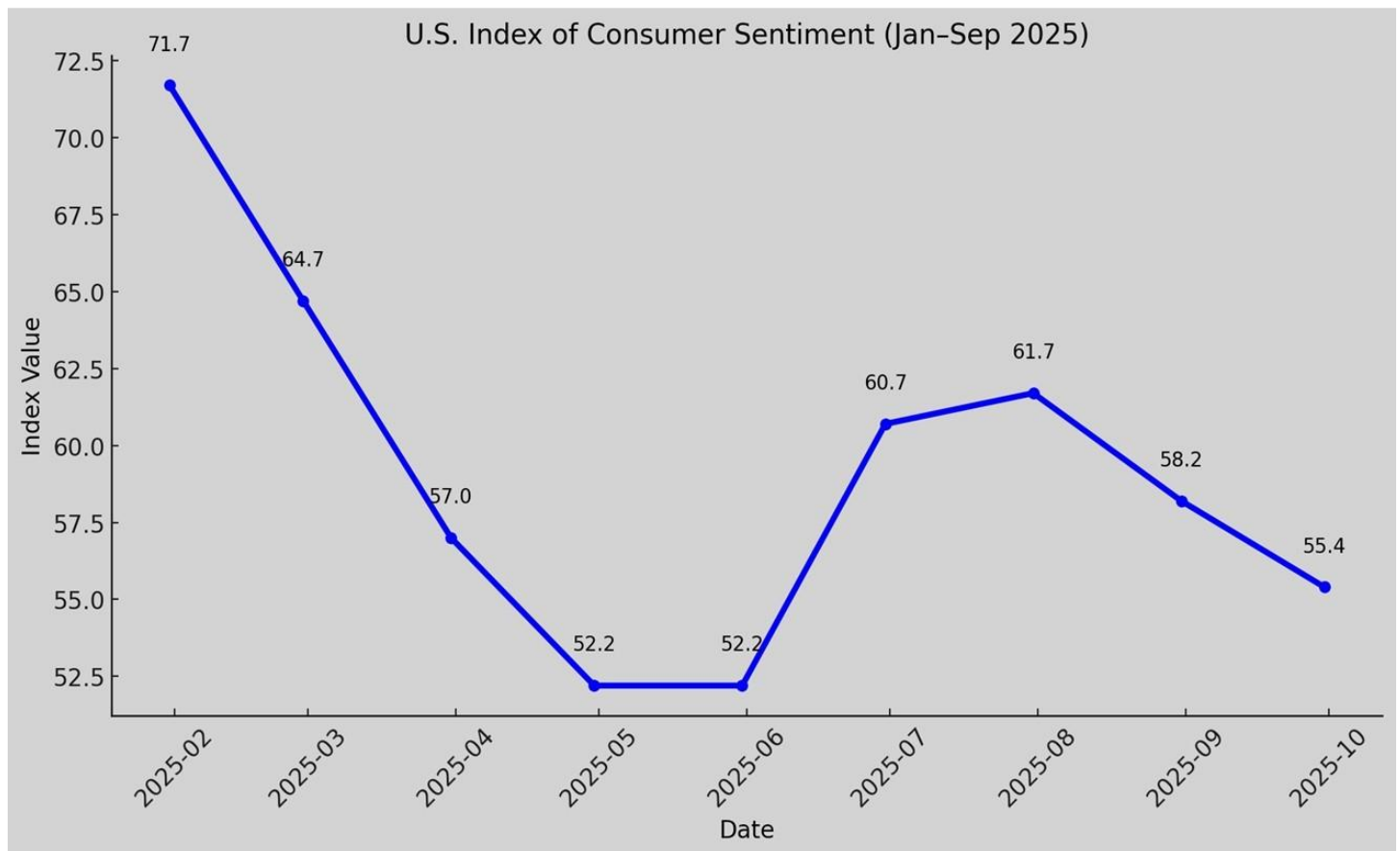
- **Stoxx 600:** Closed at 554.33, down 0.49 points or 0.59%.
- **FTSE 100:** Closed at 9,283.29, down 14.29 or 0.15%.
- **DAX Index:** Closed at 23,698.15, down 5.50 points or 0.02%.

Wall Street Summary:

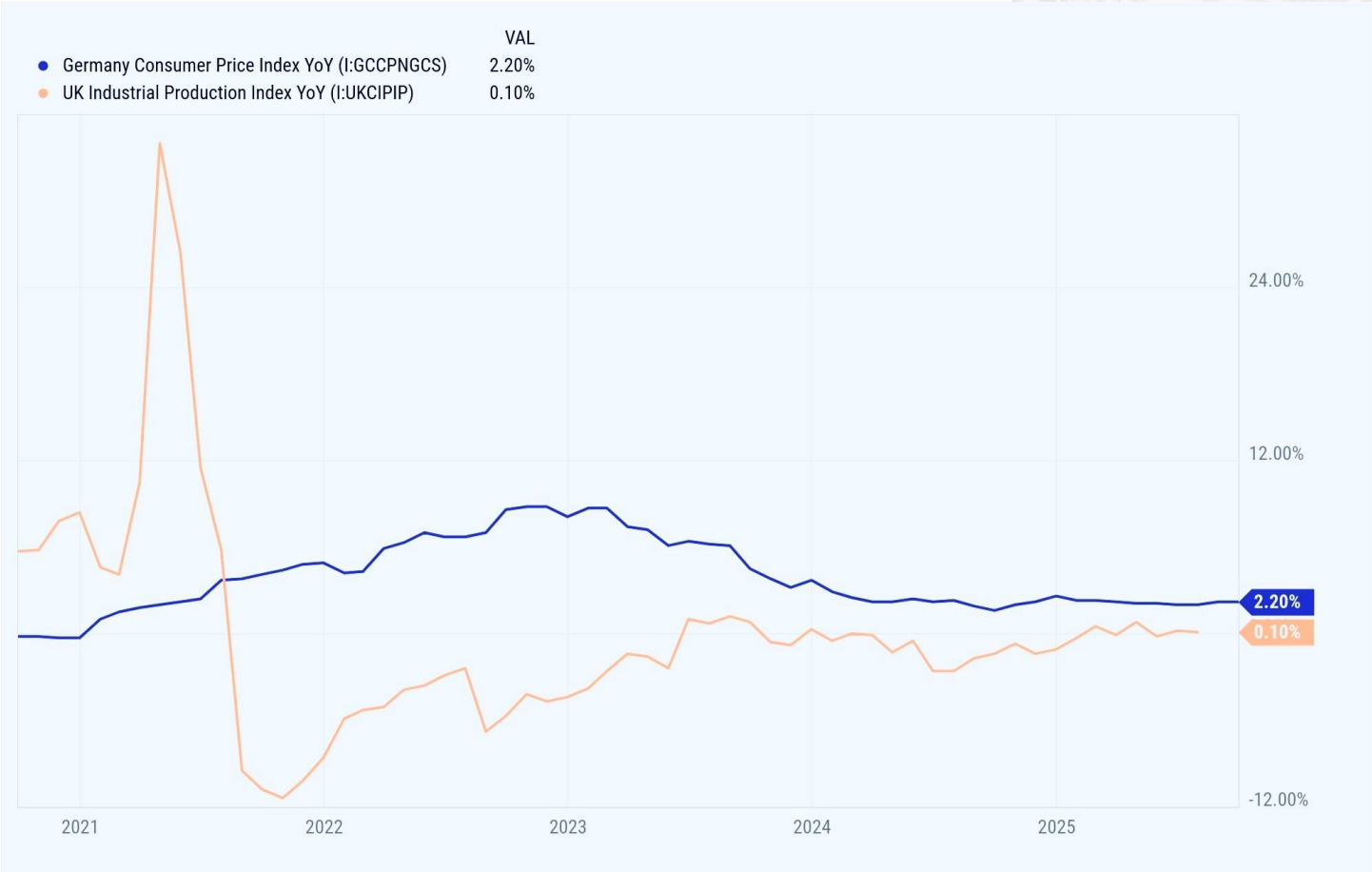
- **Dow Jones Industrial Average:** closed at 45,834.22, down 273.78 points or 0.59%.
- **S&P 500:** closed at 6,584.29, down 3.18 points or 0.05%.
- **Nasdaq Composite:** closed at 22,141.10, down 98.02 points or 0.45%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,199.35, down 24.64 points or 0.59%.
- **Birling Capital U.S. Bank Index:** closed at 8,126.69, up 120.20 points or 1.55%.
- **U.S. Treasury 10-year note:** closed at 4.06%.
- **U.S. Treasury 2-year note:** closed at 3.56%.



U.S. Index of Consumer Sentiment YTD 2025



Germany Consumer Price Index YoY & UK Industrial Production Index



Wall Street Recap September 12, 2025



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