

Asset Rotations and Profit-Taking Set the Tone as Investors Brace for the Fed's FOMC Meeting, and Wall Street Closed Down.

September 16, 2025

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The U.S. and European stock markets closed with losses, driven by asset rotations and selective profit-taking, which shaped trading on Tuesday as investors positioned ahead of the Federal Reserve's policy meeting. The Dow Jones slipped 0.27%, the S&P 500 eased 0.13%, and the tech-heavy Nasdaq lost 0.07%. European and Asian benchmarks also retreated, while Japan's Nikkei bucked the trend and closed higher.

European and Asian benchmarks finished lower, though Japan's Nikkei outperformed and closed higher.

Fixed Income & Currencies

Global bond markets experienced moderate selling pressure, especially in longer maturities. In contrast, U.S. Treasuries held firm, with the 10-year yield closing at 4.04%. The U.S. dollar weakened against a trade-weighted basket of major currencies.

Commodities

WTI crude oil moved higher as continued Ukrainian drone strikes on Russian refineries and talk of tighter sanctions on Russian oil raised supply concerns.

Consumer Spending Shows Staying Power

After slowing to a 1% annualized pace in the first half of 2025—down from roughly 3% in 2024—U.S. household consumption is showing signs of renewed vigor. This morning's retail-sales report marked a third consecutive monthly gain, with headline sales up 0.6% m/m and the key control group up 0.7% m/m. Upward revisions to July data reinforced the view that U.S. consumers remain solid despite weaker sentiment and slower job and income growth. The main risk ahead remains the potential pass-through of higher tariffs, which could squeeze real incomes and cool spending.

Federal Reserve in Focus

Attention now turns to the Federal Reserve's upcoming policy meeting. Markets broadly expect the first rate cut of 2025. While a 50-basis-point move is possible, a 25-basis-point cut remains the consensus. Just as critical will be the updated interest-rate projections: the June median forecast called for two 25-basis-point cuts this year and one in 2026, but futures now price up to six cuts by the end of next year. Investors will watch Chair Jerome Powell's press conference for any hints that the Fed is prepared to move more aggressively should labor-market conditions soften further, even as tariffs create short-term inflation pressures.

GDPNow:

- The GDPNow for the third quarter was updated today to 3.40%, up from 3.10%, representing a 9.68% increase.

Economic Data:

- **U.S. Retail and Food Services Sales MoM:** rose to 0.63%, compared to 0.61% last month.
- **U.S. Business Inventories MoM:** rose to 0.21%, compared to 0.19% last month.
- **U.S. Wholesalers Inventories MoM:** fell to 0.12%, compared to 0.17% last month.
- **U.S. Export Prices YoY:** rose to 3.37%, compared to 2.41% last month.
- **U.S. Import Prices YoY:** is at 0.00%, compared to -0.56% last month.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** fell -19.40, down from -11.70 last month.
- **NAHB/Wells Fargo US Housing Market Index:** is unchanged at 32.00, from 32.00 last month.
- **U.S. Retail Gas Price:** rose to \$3.319, up from \$3.303 last week.
- **Canada Consumer Price Index YoY:** rose to 1.85%, compared to 1.73% last month.
- **Eurozone Industrial Production Index YoY:** rose to 1.80%, compared to 0.70% last month.
- **UK ILO Unemployment Rate:** is unchanged at 4.80%, compared to 4.80% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 550.79, down 6.37 points or 1.14%.
- **FTSE 100:** Closed at 9,195.66, down 81.37 or 0.88%.
- **DAX Index:** Closed at 23,329.24, down 419.62 points or 1.77%.

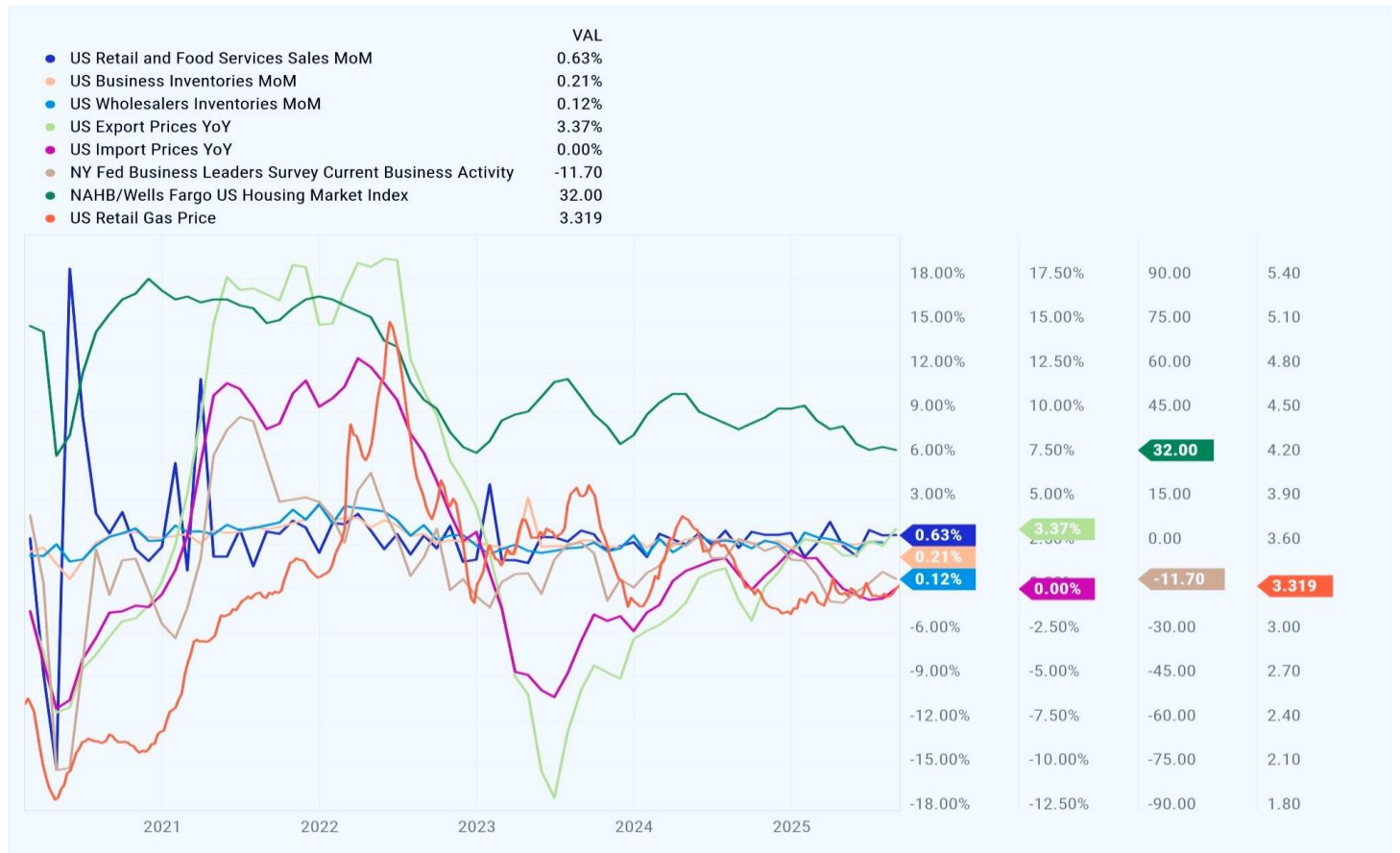
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,757.90, down 125.55 points or 0.27%.
- **S&P 500:** closed at 6,606.76, down 8.52 points or 0.13%.
- **Nasdaq Composite:** closed at 22,333.96, down 14.79 points or 0.07%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,137.32, down 13.40 points or 0.32%.
- **Birling Capital U.S. Bank Index:** closed at 8,158.12, up 27.16 points or 0.33%.
- **U.S. Treasury 10-year note:** closed at 4.04%.
- **U.S. Treasury 2-year note:** closed at 3.51%.

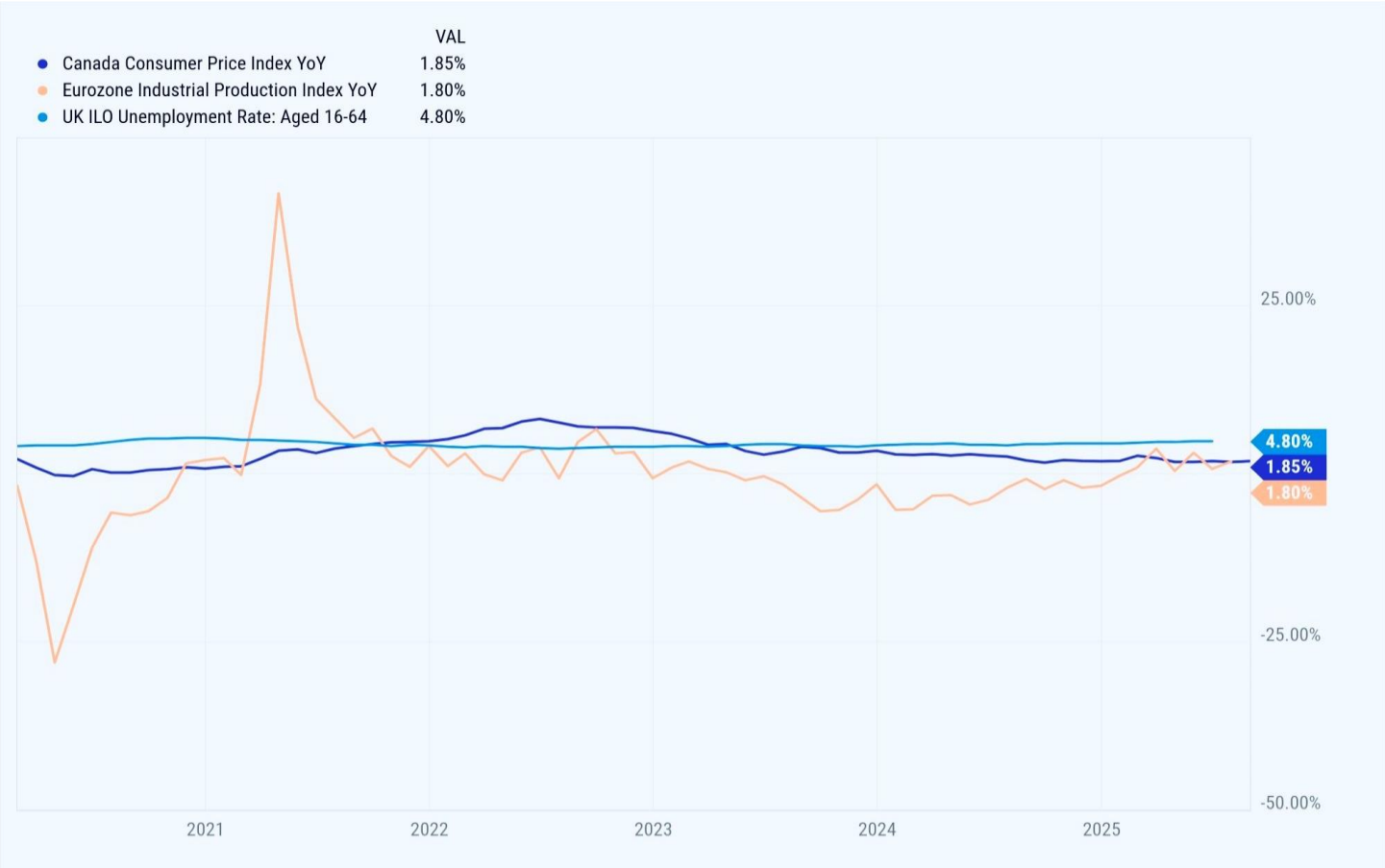
Third Quarter 2025

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%
9/16/2025	3.40%	9.68%

US Retail and Food Services Sales MoM; US Business Inventories MoM; US Wholesalers Inventories MoM; US Export Prices YoY; US Import Prices YoY; NY Fed Business Leaders Survey Current Business Activity; NAHB/Wells Fargo US Housing Market Index & US Retail Gas Price



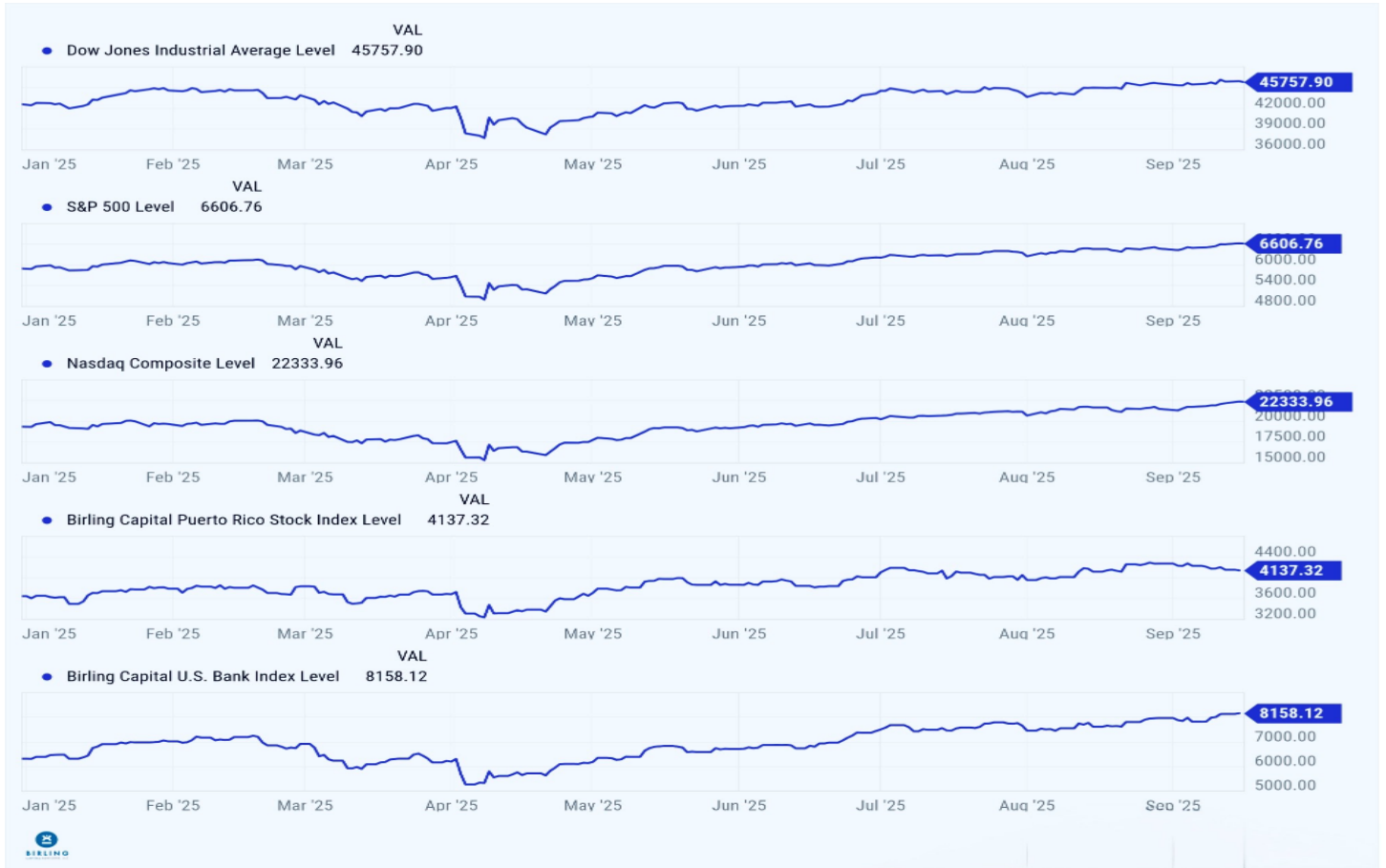
Canada Consumer Price Index YoY; Eurozone Industrial Production Index YoY & UK ILO Unemployment Rate: Aged 16-64





Wall Street Recap

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