

# FedEx Earnings Beat as Markets Wrap Up Week with Solid Gains as Fed's First Rate Cut Since 2024 Fuels Optimism.

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The U.S. and European stock markets closed with mixed results, with investors still digesting the Federal Reserve's first rate cut since 2024. The major indices ended the week with substantial gains, achieving solid YTD returns as follows:

- **Dow Jones** rose 1.05% and has a YTD return of **8.86%**
- **S&P 500** rose 1.22% and has a YTD return of **13.31%**
- **Nasdaq** rose 2.21% and has a YTD return of **17.20%**
- **Birling Capital P.R. Stock Index** rose 2.76% and has a YTD return of **16.88%**
- **Birling U.S. Bank Index** rose 2.25% and has a YTD return of **32.42%**

European equities edged lower on Friday as investors weighed trade developments and economic signals

The pan-European **Stoxx 600** slipped 0.16%, with sector performance mixed as market sentiment was shaped by transatlantic diplomacy and global trade talks. **President Trump**, fresh from a state visit to the U.K., held a closely watched call with **China's President Xi Jinping**, following a framework deal in Madrid earlier this week on TikTok's U.S. operations.

Despite those headline-grabbing negotiations, the region's bourses closed broadly softer, leaving the **Stoxx 600** nearly flat for the week.

In corporate news, **FedEx** rose 3.5% after posting stronger-than-expected quarterly earnings, even as the company warned of a potential \$1 billion hit from trade-related volatility this year.

Fixed income and currency markets were steadier: U.S. Treasury yields and the dollar rebounded modestly, retracing part of their early-month decline. Across the Atlantic, European equities were mostly flat to slightly higher, with luxury and consumer names adding support.

## Fed's Easing Cycle: The Week in Focus

Investors continue to assess the implications of the Fed's quarter-point rate cut, which lowered the federal funds target to **4.0%–4.25%**. Policymakers signaled that two more cuts are possible before year-end, while stressing that the path is not preset and remains tied to incoming labor and inflation data. The Russell 2000, a proxy for small-cap stocks, outperformed the S&P 500 and Nasdaq this week, notching its first four-year high, as investors priced in an extended easing cycle favorable to credit-sensitive companies.

Bond markets had already anticipated much of the move, with the **10-year Treasury yield** testing the lower bound of Birling Capital's 4.0%–4.5% expected range. We have therefore **shifted our recommended duration stance to neutral** from overweight, as much of the rally in longer-dated bonds appears priced in.

## Supportive Backdrop vs. Seasonal Headwinds

The Fed's action looks more like an "insurance cut", akin to 1995, 1998, and 2019, rather than the recession-driven cuts of 2001 and 2007–08. With unemployment still low, GDP growth steady, and corporate earnings resilient, the policy pivot is being read as a preemptive step to sustain expansion.

Nevertheless, markets rarely advance in a straight line. Elevated expectations and typical September–October volatility may spark near-term pullbacks. We view any such dips as **buying opportunities**, with an eye on potential **growth reacceleration in 2026**, when tax reductions, deregulation, and lower rates could combine to strengthen the economy.

## Looking Ahead

With no major U.S. economic releases on today's calendar, investor focus is already shifting to next week's key inflation report—the **core PCE price index, the Federal Reserve's preferred gauge**. The Fed's Inflation Nowcasting model currently pegs headline PCE at **2.79%** and core PCE at **2.99%**, both running higher than last month's readings. A softer print could **reinforce the case for additional rate cuts**, while a firmer outcome may **slow the pace of easing** but is unlikely to knock the Fed off its longer-term **glide path toward a neutral policy stance**.

## Corporate Earnings Parade:

- **FedEx Corp. (FDX)**: reports Fiscal 2026 first quarter earnings of \$22.2 billion, up 2.77%, net income of \$820 million, up 3.77%, Earnings Per Share of \$3.46, beating estimates, with a Stock Price Objective of \$263.43. Check our report on FedEx: <https://mcusercontent.com/8a74decb0cc0cdc6eb732b812/files/92876f68-f3f5-7867-9b0c-c2ddb9e59f9/FDX.Report.2025.09.19.pdf>

## Economic Data:

- **Germany Producer Price Index YoY**: fell -2.20%, compared to -1.50% last month.
- **UK Retail Sales YoY**: fell 0.70%, compared to 0.80% last month.

## Eurozone Summary:

- **Stoxx 600**: Closed at 554.12, down 0.89 points or 0.16%.
- **FTSE 100**: Closed at 9,216.67, down 11.44 or 0.12%.
- **DAX Index**: Closed at 23,639.41, down 35.12 points or 0.15%.

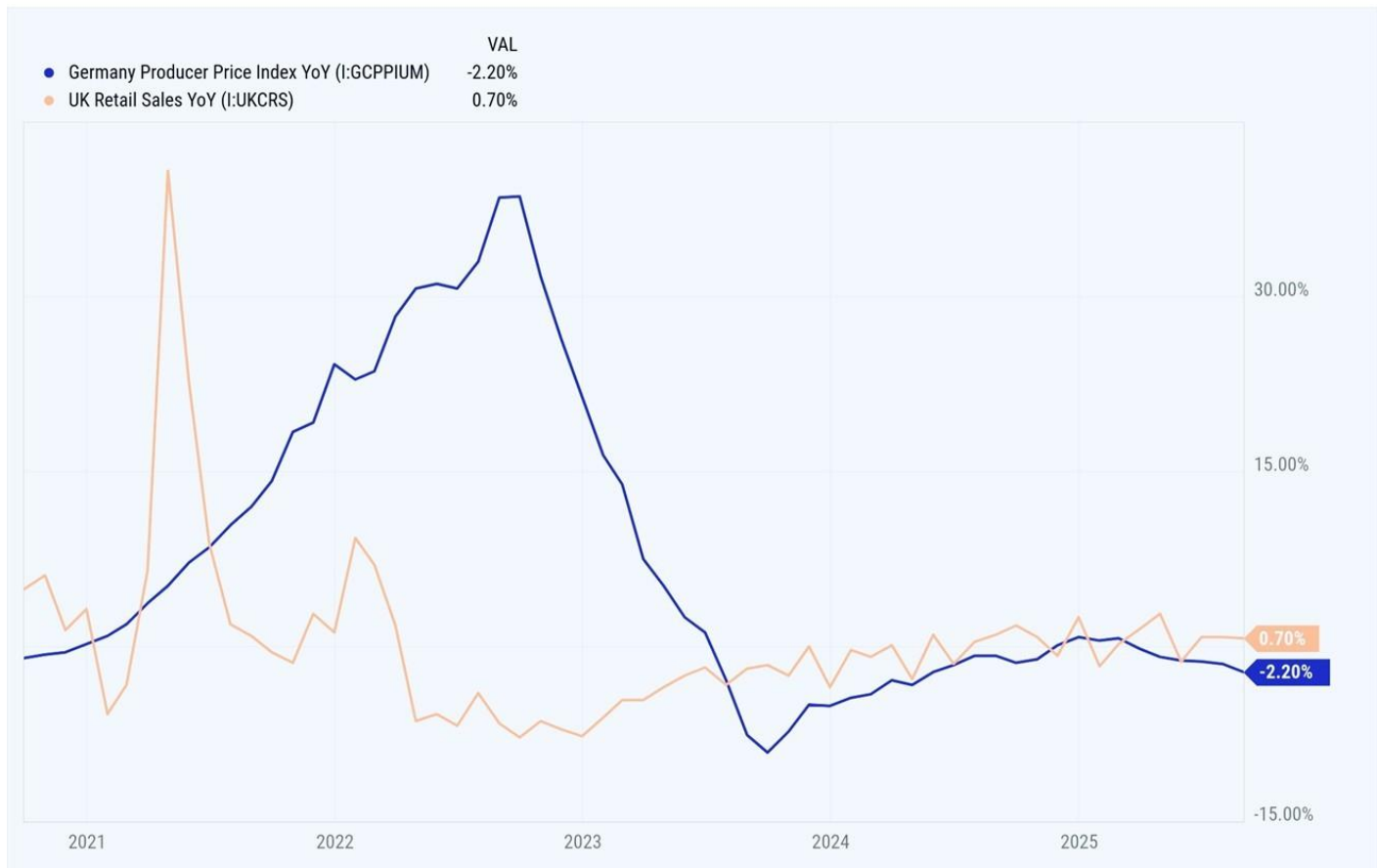
## Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 46,315.27, up 172.85 points or 0.37%.
- **S&P 500**: closed at 6,664.36, up 32.40 points or 0.49%.
- **Nasdaq Composite**: closed at 23,631.47, up 160.75 points or 0.72%.
- **Birling Capital Puerto Rico Stock Index**: closed at 4,251.65, up 81.11 points or 1.94%.
- **Birling Capital U.S. Bank Index**: closed at 8,341.61, up 85.92 points or 1.03%.
- **U.S. Treasury 10-year note**: closed at 4.14%.
- **U.S. Treasury 2-year note**: closed at 3.57%.

## Inflation Nowcasting PCE & Core PCE

Inflation Nowcasting	PCE Forecast	Core PCE Forecast	Updated
August	2.79%	2.99%	19-Sep

# Germany Producer Price Index & UK Retail Sales





# Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 9.19.25

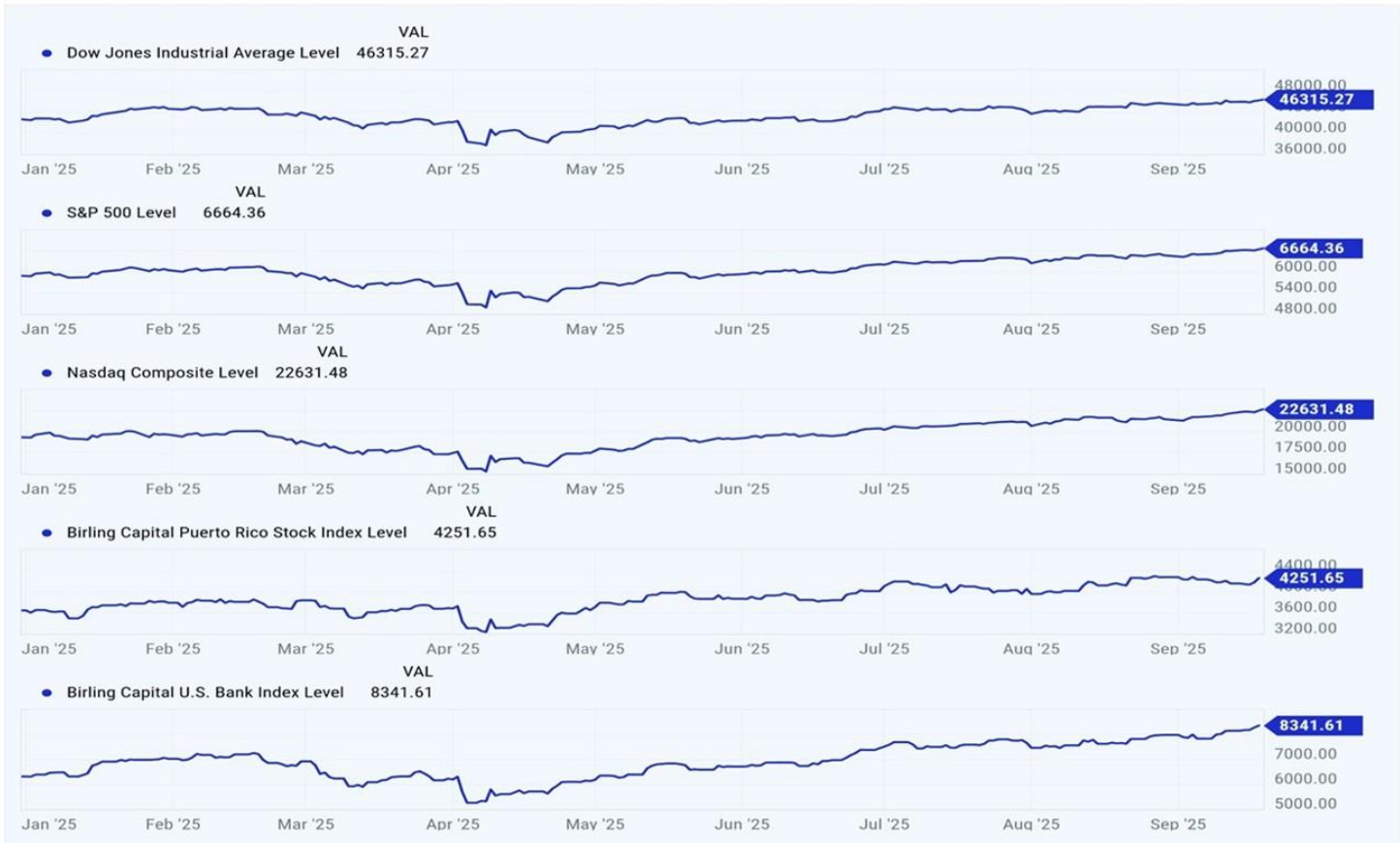




# Wall Street Recap

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