

Appeals Court Strikes Down Trump's IEEPA Tariffs, Rattles Markets as Inflation Pressures and Rising Yields Add to Uncertainty.

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The U.S. and European stock markets began the week with losses following the determination of the U.S. Court of Appeals for the Federal Circuit, which delivered a ruling that struck at the core of presidential trade authority. In a 7–4 decision, the court upheld a lower court's finding that President Trump's sweeping "Liberation Day" tariffs, imposed under the International Emergency Economic Powers Act (IEEPA), exceeded the powers Congress intended to grant the executive. The majority rejected the administration's expansive interpretation of IEEPA. To avoid immediate market disruption, the court delayed enforcement until October 14, leaving tariffs temporarily in place while the administration seeks Supreme Court review.

European markets fell after the Eurozone's harmonized CPI for August rose to 2.1% year-over-year, above expectations of 2.0%. Asian markets finished mixed following the Shanghai Cooperative Organization summit that brought together leaders from China, India, and Russia. Meanwhile, the U.S. dollar is firming against major currencies.

Commodities

Oil prices are moving higher, with WTI advancing as traders assess risks to Russian supply amid escalating Ukrainian drone attacks on energy infrastructure.

Manufacturing data stabilizes

The final S&P Global U.S. Manufacturing PMI for August climbed to 53.0 from 49.8, regaining expansionary territory as stronger production and new orders lifted output. Tariff-related cost pressures, however, remain a theme.

The ISM Manufacturing PMI also improved, reaching 48.7 versus July's 46.8, though it fell short of consensus expectations at 49.2. Strength in new orders, supplier deliveries, and inventories was partly offset by weakness in employment and production. Taken together, these readings suggest a manufacturing sector finding its footing, providing a stabilizing backdrop for the broader economy and labor market.

Appeals court rules and tariffs exceeded authority.

In a closely watched decision, the U.S. Court of Appeals for the Federal Circuit ruled that most tariffs implemented earlier this year exceeded the authority granted to the president under the International Emergency Economic Powers Act of 1977.

The ruling, delayed until October to allow for a potential Supreme Court appeal, does not affect tariffs on steel, aluminum, and autos imposed under separate national security regulations. While this development introduces near-term policy uncertainty, the Trump administration is expected to pursue alternative legal avenues, such as Section 232 of the Trade Expansion Act of 1962 or provisions of the Trade Act of 1974. These options, however, often require lengthy investigations and may carry more limited tariff authority.

The court views the administration's expansive interpretation of IEEPA as exceeding, to avoid immediate market disruption, the court **delayed enforcement until October 14**, leaving tariffs temporarily in place while the administration seeks Supreme Court review.

The appeals court ruling limiting presidential use of IEEPA carries broad market consequences. Equity investors face a mixed picture: import-heavy firms could gain from lower costs, while domestic producers lose tariff protection. Bond yields are rising on concerns that billions in refunds could strain U.S. finances, adding pressure to Treasury supply. Currency markets may also turn volatile as trade balances shift. Overall, the decision injects fresh uncertainty into policy and market outlooks.

- To read the ruling click here: https://mcusercontent.com/8a74decb0cc0cdc6eb732b812/files/a10a88af-c50d-bea1-23a1-8762d5ed9e47/25_1812.OPINION.8_29_2025_2566151.pdf

GDPNow Update:

- The GDPNow for 3Q25 fell to 3.00%, down from 3.50%, representing a 14.28% decrease.

Economic Data:

- **U.S. ISM Manufacturing PMI:** fell to 48.00, down from 49.00 last month, decreasing by -2.04%.
- **U.S. Construction Spending MoM:** is at -0.07%, compared to -0.40% last month.
- **Eurozone Inflation Rate (excluding Energy, Food, Alcohol, and Tobacco):** fell to 2.30%, unchanged from last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 543.17, down 8.26 points or 0.01%.
- **FTSE 100:** Closed at 9,116.69, down 79.65 or 0.79%.
- **DAX Index:** Closed at 23,487.33, down 550.00 points or 2.29%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,295.81, down 249.07 points or 0.55%.
- **S&P 500:** closed at 6,415.54, down 44.72 points or 0.69%.
- **Nasdaq Composite:** closed at 21,279.63, down 175.922 points or 0.82%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,269.11, up 0.57 points or 0.01%.
- **Birling Capital U.S. Bank Index:** closed at 7,961.64, up 7.62 points or 0.09%.
- **U.S. Treasury 10-year note:** closed at 4.28%.
- **U.S. Treasury 2-year note:** closed at 3.66%.

Third Quarter 2025

| Date | GDPNow 3Q25 | Change |
|---------|-------------|------------------|
| 7/31/25 | 2.30% | Initial Forecast |
| 8/1/25 | 2.10% | -8.70% |
| 8/5/25 | 2.50% | 19.05% |
| 8/7/25 | 2.50% | 0.00% |
| 8/15/25 | 2.50% | 0.00% |
| 8/19/25 | 2.30% | -8.00% |
| 8/26/25 | 2.20% | -4.35% |
| 8/29/25 | 3.50% | 59.09% |
| 9/2/25 | 3.00% | -14.29% |



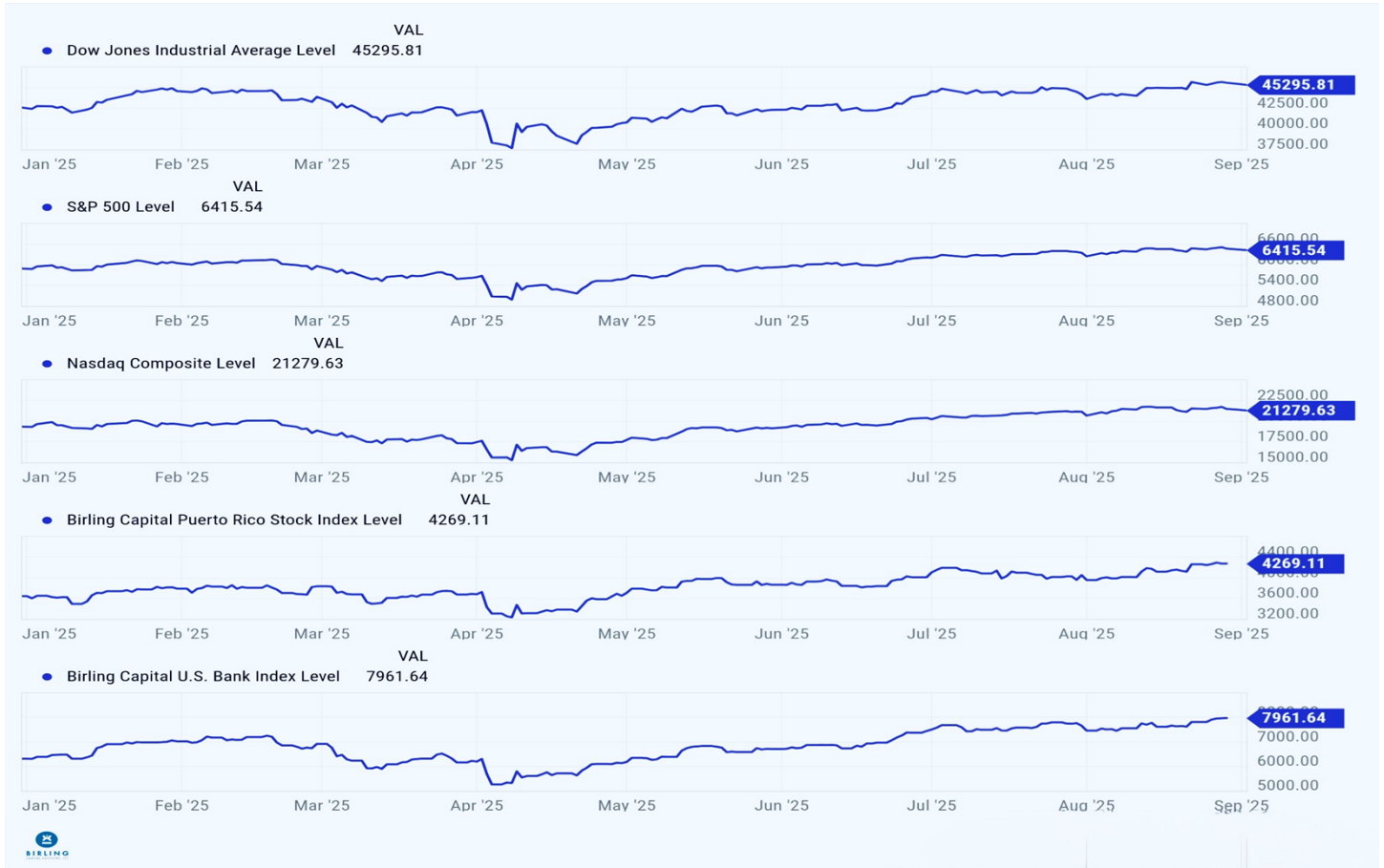
U.S. ISM Manufacturing PMI, U.S. Construction Spending & Eurozone Inflation Rate





Wall Street Recap

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