



AI Momentum Eases as Markets Pull Back; OECD Boosts Global Growth to 3.2% While Powell Warns on Valuations and Budget Risks.

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The **U.S. and European stock markets** closed with mixed results after Wall Street's record-setting close yesterday. The **S&P 500** eased back on Tuesday, breaking its recent four-day winning streak as investors questioned how long the artificial-intelligence rally can keep powering the market. The benchmark index slipped **0.55 %**, retreating from a fresh record. The **Nasdaq Composite** dropped **0.95%**, weighed down by big AI names including **Nvidia, Oracle, and Amazon**, while the **Dow Jones Industrial Average** edged **0.19% lower**.

Nvidia fell **2.82 % to close at \$178.43** just a day after unveiling plans to invest **\$100 billion in OpenAI**—a bold move that had lifted both its own shares and the broader market. Tuesday's pullback reflected investor unease over the tight supplier–customer ties between the two firms, a structure some compared to patterns seen during the dot-com era.

Oracle, which had surged more than **50% over the past three months** on bullish AI sales forecasts, gave back **4.36% to close at \$313.83**, underscoring how quickly sentiment can shift in a market dominated by technology optimism.

Bond markets remain steady, with the **10-year Treasury yield slipping to 4.12%**, and futures still indicating a **federal funds rate of around 3% by late 2026**.

OECD Upgrades Global Growth but Flags Tariff Risks

The Organization for Economic Cooperation and Development (OECD) has raised its 2025 global growth forecast to 3.2% from 2.9%.

Global GDP shows a dramatic cycle of shock, rebound, and renewed momentum.

- **2020:** A **–3.1 % contraction**, the deepest in decades, as the pandemic shut down worldwide economies.
- **2021:** A **5.9 % rebound** fueled by massive fiscal and monetary stimulus and the reopening of economies.
- **2022–2024:** Growth normalized to **3.5 %, 3.0 %, and 2.9 %**, reflecting the withdrawal of emergency stimulus.
- **2025 (OECD forecast):** The **OECD** has **raised its global growth forecast to 3.2% from 2.9%**, citing China's fiscal stimulus, front-loaded industrial production ahead of tariff hikes, and robust U.S. investment in AI. The U.S. outlook also improved to **1.8 % growth for 2025**.

Still, the OECD cautions that **the full impact of rising tariffs is yet to be felt**. Many levies are phased in, and companies have so far absorbed part of the added costs. We expect global growth to remain near historical norms into mid-2025, **slow modestly in the second half**, and **reaccelerate in 2026** as tax cuts, deregulation, and lower interest rates take hold. Near-term inflation may edge higher but should remain manageable, thanks to ongoing disinflation in the service sector.

Taken together, the data depicts a world economy that has moved from deep crisis through stabilization and now stands ready for **renewed, technology-driven growth in 2025 and beyond**, even as trade and policy frictions continue to shape the outlook.

Fiscal Standoff Raises Shutdown Odds

With **no budget deal in place before the September 30 deadline**, the risk of a **government shutdown on October 1** is increasing. A House-backed continuing resolution to fund operations **through November 21** failed in the Senate. **President Trump will meet Democratic leaders on Thursday** to seek a breakthrough.

Historically, **shutdowns have had minimal lasting impact on equity markets**. Treasury interest and Social Security payments continue, and furloughed federal employees generally receive back pay. The immediate effect is a delay—not a loss—of spending and economic activity.

Resilient global growth, substantial AI investment, and energy strength keep the bull case alive, while investors watch PMI data, Powell's comments, and Washington's budget drama as quarter-end approaches.

Speech on Economic Outlook by Fed Chair Jerome Powell

Speaking to the Greater Providence Chamber of Commerce, the Fed Chair recalled warning in 2019 that policy would shift if the outlook changed—a prediction that the pandemic and its economic upheaval have borne out. Those crises forced bold, unconventional actions and left lasting scars, but the U.S. economy ultimately outperformed many peers. Fed Chair **Jerome Powell** said on Tuesday that **valuations across many financial assets, including equities and other risk-sensitive instruments, remain elevated**.

Today, growth is slowing. GDP rose about **1.5 %** in the first half of the year, down from 2.5 % in 2024, as consumer spending softened. Housing remains weak, business investment is modest, and uncertainty around trade, immigration, and regulation clouds the outlook. The labor market is also cooling: unemployment has edged up to **4.3%**, and job gains have fallen to roughly **29,000 per month**. Inflation, although still below its 2022 peaks, has **reaccelerated to 2.7% for the headline rate and 2.9% for the core** rate, primarily driven by prices of tariff-related goods. The Fed sees these increases as temporary but will watch for persistence.

Balancing these crosscurrents, the Federal Reserve **cut the federal funds rate by 25 basis points to 4–4¼ %**, calling policy “still modestly restrictive” but better aligned with current risks. Chairman Powell emphasized that there is **no preset course**; future moves will depend on the data, aimed at sustaining employment and anchoring inflation at 2%.

Economic Data:

- **U.S. Retail Gas Price:** fell to \$3.296, down from \$3.319 last week, a decrease of 0.69%.
- **Richmond Fed Manufacturing Index:** fell by -17.00, down from -7.000 last month.
- **U.S. Current Account Balance:** is at -\$ 251.31, up from -\$ 439.82 in the last quarter.
- **China Exports YoY:** fell by 4.34%, compared to 7.13% last month.
- **China Imports YoY:** fell by 1.04%, compared to 3.82% last month.
- **China Trade Balance:** rose to 102.33B, up from 98.24B last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 554.95, up 1.55 points or 0.28%.
- **FTSE 100:** Closed at 9,223.32, down 3.26 or 0.04%.
- **DAX Index:** Closed at 23,611.33, up 84.28 points or 0.36%.

Wall Street Summary:

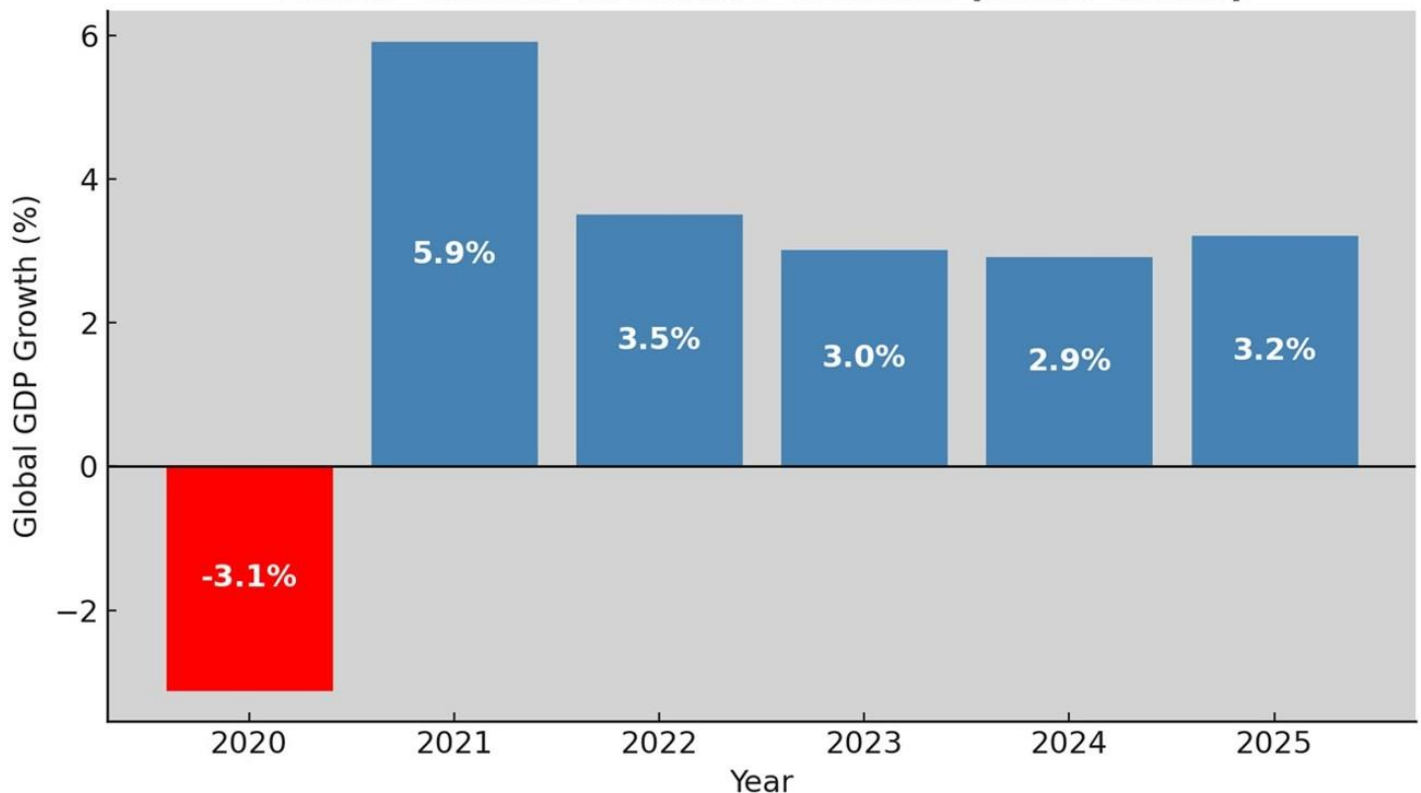
- **Dow Jones Industrial Average:** closed at 46,292.78, down 88.76 points or 0.19%.
- **S&P 500:** closed at 6,656.92, down 36.83 points or 0.55%.
- **Nasdaq Composite:** closed at 22,573.47, down 215.50 points or 0.95%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,226.84, down 2.51 points or 0.06%.
- **Birling Capital U.S. Bank Index:** closed at 8,389.44, up 8.60 points or 0.10%.
- **U.S. Treasury 10-year note:** closed at 4.12%.
- **U.S. Treasury 2-year note:** closed at 3.53%.



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The Organization for Economic Cooperation and Development (OECD) 2025 global growth forecast

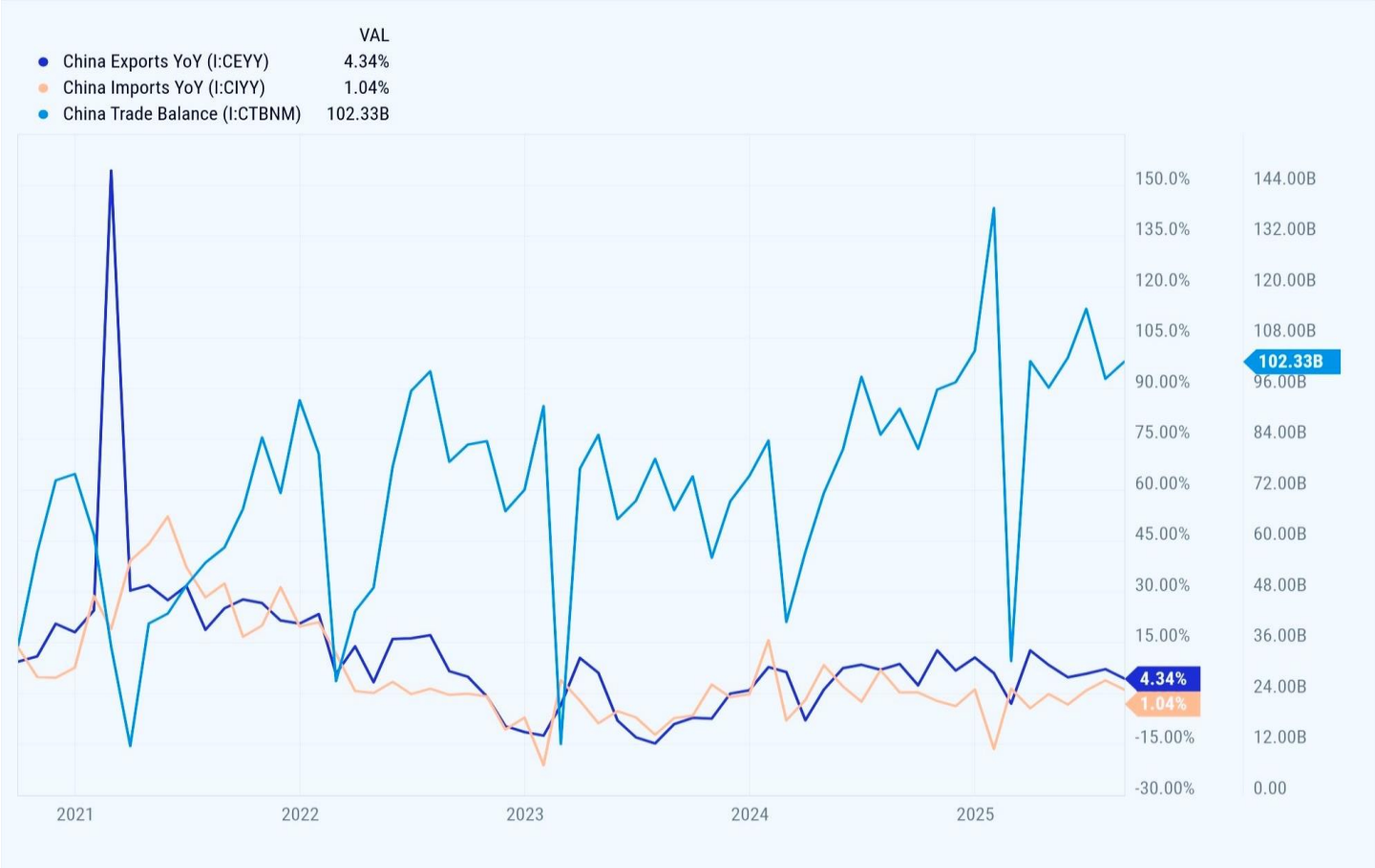
OECD Global Growth Forecast (2020-2025)



US Retail Gas Price; Richmond Fed Manufacturing Index & US Current Account Balance



China Exports YoY; China Imports YoY & China Trade Balance





Wall Street Recap

September 23, 2025



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