



AI Leaders Stumble as Intel Shines; Defense Stocks Surge on Trump–Zelenskyy Pledge.

September 24, 2025

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The U.S. and European stock markets closed with mixed results on Wednesday. In the U.S., equities softened under a second day of selling in marquee artificial intelligence names. The **S&P 500** fell **0.28%** to **6,637.97**, the **Nasdaq Composite** slipped **0.34%** to **22,497.85**, and the **Dow Jones Industrial Average** dropped **171.50 points** or **0.37%** to **46,121.28**.

Nvidia slid **3.81%**, extending losses as investors questioned the durability of its **\$100 billion partnership with OpenAI** and the feedback loop driving AI demand. **Oracle** also retreated for a second straight session, losing about **2%**. Offsetting some of the tech drag, **Intel** rallied more than **6%** on reports that **Apple** may take an equity stake—just days after **Nvidia** revealed a **\$5 billion investment** in the chipmaker—underscoring strategic repositioning in the AI semiconductor space.

U.S. government bonds gave back part of Tuesday's rally, pushing the **10-year Treasury yield** up to **4.16%**, while the dollar strengthened against a basket of major currencies. In commodities, **West Texas Intermediate crude** hovered near **\$64**, as fresh remarks from **President Trump**—asserting that Ukraine could recover all territory lost to Russia—added a geopolitical edge to oil markets.

European Equities: Defense Sector Steals the Spotlight

European markets closed slightly lower, though a powerful surge in defense names limited losses. The **Stoxx 600** edged down **0.14%**, trimming earlier declines. Defense shares rallied after President Trump, following a high-profile meeting with **Ukrainian President Volodymyr Zelenskyy** at the United Nations General Assembly, renewed his commitment to supporting Ukraine's full territorial recovery. The **Stoxx Europe Aerospace & Defense Index** climbed about **1.3%**, with **Germany's Renk and Hensoldt** each advancing roughly **8%**, and **Sweden's Saab** adding nearly **5.5%**. Most Asian markets also posted solid overnight gains.

Earnings Momentum Steady into Quarter End

With just over a week left in the third quarter, analysts project **S&P 500 earnings** to rise **7.7% year-over-year**. Gains remain broad-based, with eight of eleven sectors set for positive growth. Technology leads, with forecast earnings up **20%+** and semiconductor profits projected to surge **around 45%**. So far, U.S. corporations are absorbing higher tariff costs without significant pass-through to consumers. While slower economic growth through late 2025 could pose short-term headwinds, Birling Capital views the potential for **modest economic reacceleration in 2026** as encouraging.

Fed Speakers Highlight Policy Split

Federal Reserve officials continued to signal diverging paths after last week's rate cut. **Chair Jerome Powell** reiterated that policy is moving toward less restrictive settings but avoided specifics on timing. **Governor Michelle Bowman** struck a more dovish tone, warning that the Fed risks falling behind and advocating quicker cuts. In contrast, **Regional Presidents Raphael Bostic and Austan Goolsbee** urged caution, citing lingering inflation pressures and favoring a gradual approach. Upcoming labor and

inflation data will be pivotal in shaping expectations for additional **Fed rate cuts in October and December**.

Economic Data:

- **U.S. New Single-Family Houses Sold:** rose to 800,000, up from 664,000 last month, representing a 20.48% increase.
- **Germany Ifo Business Climate Index:** fell to 87.70, down from 88.90 last month, down -1.35%.
- **Germany Ifo Business Expectations Index:** fell to 89.70, down from 91.40 last month, down -1.86%.
- **Germany Ifo Business Situation Index:** fell to 85.70, down from 86.40 last month, down -0.81%.

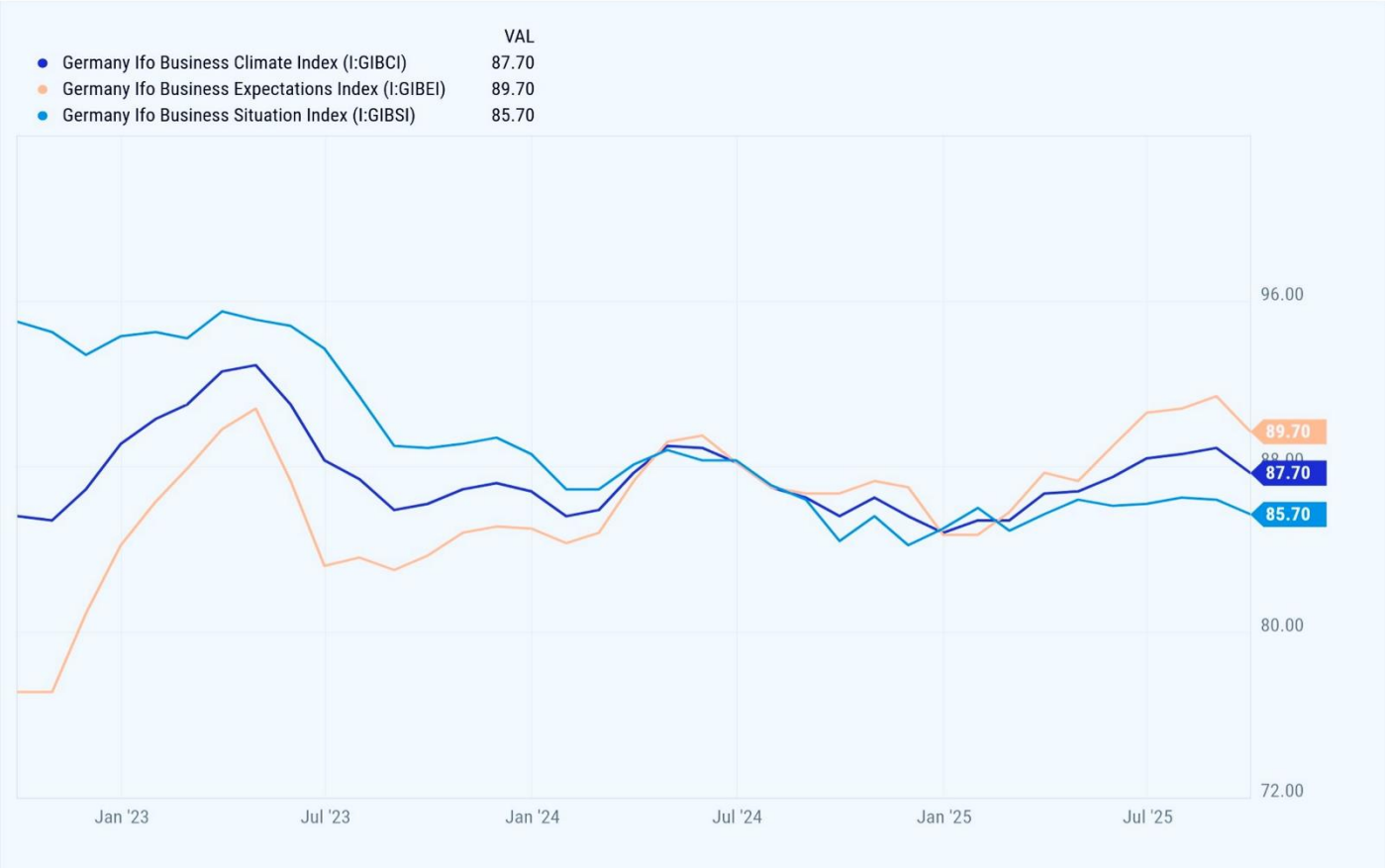
Eurozone Summary:

- **Stoxx 600:** Closed at 553.88, down 1.07 points or 0.19%.
- **FTSE 100:** Closed at 9,250.43, up 27.11 or 0.29%.
- **DAX Index:** Closed at 23,666.81, up 55.48 points or 0.23%.

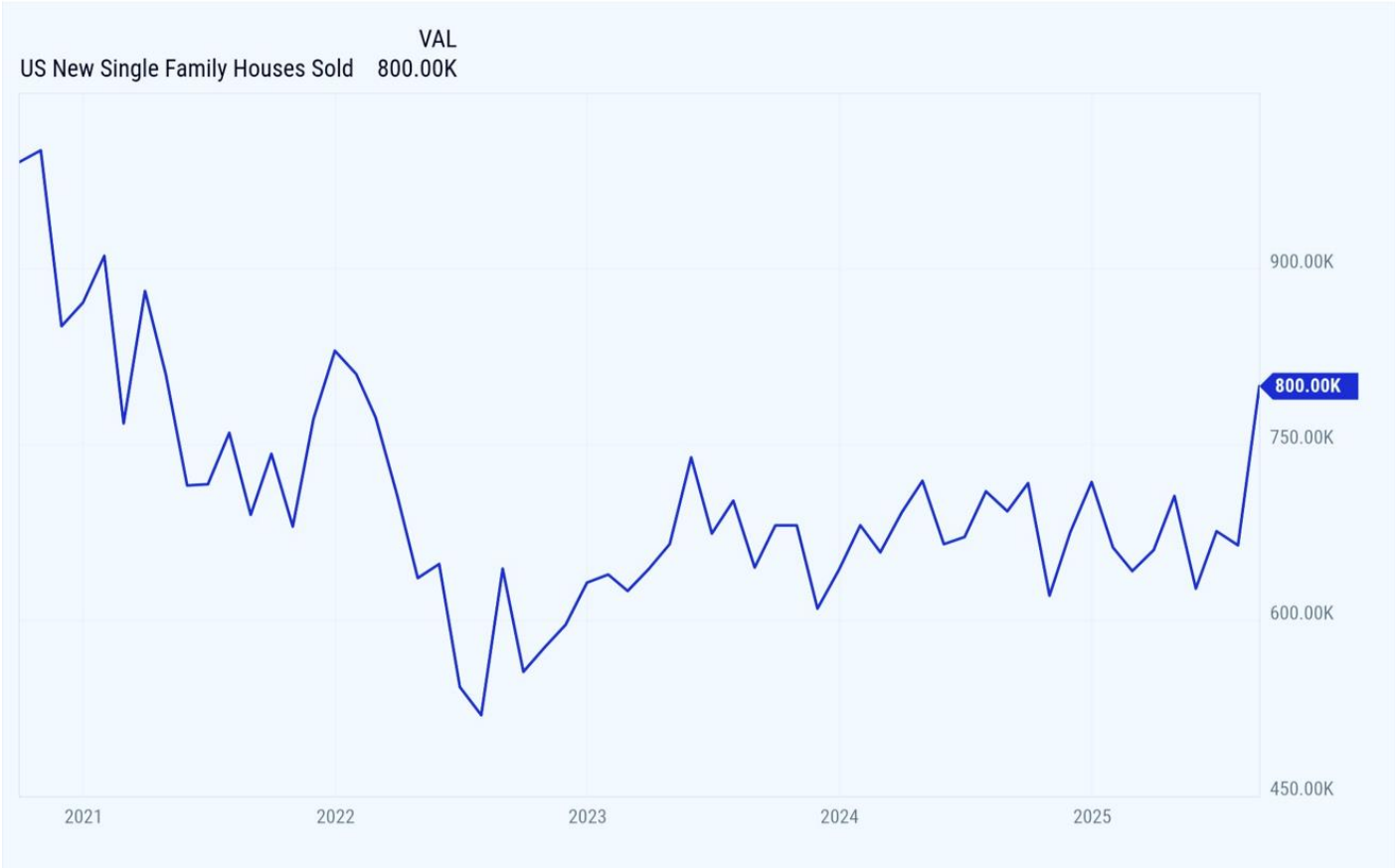
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,121.28, down 171.50 points or 0.37%.
- **S&P 500:** closed at 6,637.97, down 18.95 points or 0.28%.
- **Nasdaq Composite:** closed at 22,497.86, down 75.618 points or 0.34%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,205.94, down 20.90 points or 0.49%.
- **Birling Capital U.S. Bank Index:** closed at 8,367.28, down 22.16 points or 0.26%.
- **U.S. Treasury 10-year note:** closed at 4.16%.
- **U.S. Treasury 2-year note:** closed at 3.57%.

Germany Ifo Business Climate Index; Germany Ifo Business Expectations Index & Germany Ifo Business Situation Index



US New Single Family Houses Sold





Wall Street Recap

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