

Wall Street Powers The S&P to New Record High as ADP Jobs Plunge 49% Fueling A 97% Fed Cut Probability.

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The U.S. and European stock markets closed with strong gains, as investors brushed off the weak ADP to focus instead on Friday's August employment report.

The **S&P 500 notched its 21st record close of the year**, as an afternoon rally flipped Wall Street decisively higher. Another way of thinking is that the weak private hiring numbers may provide the Federal Reserve with the perfect excuse to deliver a rate cut later this month.

The **S&P 500 advanced 0.83%**, while the **Nasdaq gained 0.98% and t**he **Dow climbed 0.77%**, rounding out a broad-based rally that reinforced confidence in equities even as labor market cracks emerge. Rather than panic, investors saw the softness as fuel for a September cut. **CME FedWatch now shows a 97% probability** that the central bank will ease at its September 17 meeting, a clear signal that traders believe the Fed has run out of excuses.

Bond yields eased, with the **10-year U.S. Treasury closing at 4.17%**, reflecting positioning for softer data and the possibility of Fed policy adjustments. In Europe, equities moved higher after **EU retail sales contracted by 0.5% in July**, a decline that came in better than consensus forecasts for a 0.9% drop. Meanwhile, the **U.S. dollar is advancing against major currencies**, supported by safe haven flows and diverging policy expectations. In commodities, **WTI crude is lower** ahead of this weekend's OPEC meeting, where producers are expected to debate further output increases.

Labor Market Intelligence

The Fed can no longer hide behind a strong labor market—today it's the pivot point that may reset the economy.

ADP Survey: Slower Job Creation

The ADP private payrolls survey revealed that employment in August grew by just 54,000 jobs, well below the consensus of 85,000. Nearly all of the gains came from Leisure and Hospitality (+50,000), while key segments such as trade/transportation/utilities (-17,000) and education/health (-12,000) posted losses, reflecting uneven hiring momentum across industries.

Markets now turn to the **Bureau of Labor Statistics' nonfarm payrolls report** tomorrow, which includes government hiring. Economists expect **80,000 jobs added**, marking the fourth straight month below the 100,000 thresholds, with the **unemployment rate holding at 4.2%**. A weaker-than-expected print could reinforce expectations for a **rate cut at next week's Fed meeting**.

Jobless Claims Edge Higher

Initial **jobless claims** climbed to **237,000**, slightly above the 231,000 consensuses, while **continuing claims held steady at 1.94 million**. With roughly **7.2 million job openings matching the 7.2 million unemployed**, the labor market remains in balance but is clearly cooling from a position of strength.

In our view, this cooling of the labor market is less a warning sign and more a reset one that could unlock the twin engines of monetary easing and deregulation, setting the stage for a fresh wave of growth and renewed momentum across the economy.

Economic Data:

- ADP Employment Change: fell to 54,000, down from 106,000 last month, decreasing -49.06%.
- ADP Median Pay YoY: fell to 4.40%, compared to 4.50% last month.
- **U.S. Initial Claims for Unemployment Insurance:** rose to 237,000, up from 229,000 last week, increasing 3.49%.
- U.S. Productivity: rose to 3.30%, compared to -1.80% last quarter.
- U.S. ISM Services PMI: rose to 52.00, up from 50.10 last month, a 3.79% increase.
- U.S. Trade Balance on Goods: fell to -103.88 billion, down from -85.72 billion last month.
- 30-Year Mortgage Rate: fell to 6.56%, compared to 6.58% last week.
- Eurozone Retail Trade YoY: fell to 2.20%, compared to 3.50% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 550.09, up 3.31 points or 0.61%.
- **FTSE 100:** Closed at 9,216.87, up 38.38 or 0.42%.
- DAX Index: Closed at 23,770.33, up 175.53 points or 0.74%.

Wall Street Summary:

- Dow Jones Industrial Average: closed at 45,621.29, up 350.06 points or 0.77%.
- **S&P 500:** closed at 6,502.08, up 53.82 points or 0.83%.
- Nasdaq Composite: closed at 21,707.69, up 209.968 points or 0.98%.
- Birling Capital Puerto Rico Stock Index: closed at 4,224.20, down 3.07 points or 0.07%.
- Birling Capital U.S.U.S. Bank Index: closed at 7,843.97, down 30.66 points or 0.39%.
- U.S. Treasury 10-year note: closed at 4.17%.
- U.S. Treasury 2-year note: closed at 3.59%.



ADP Employment Change, ADP Median Pay YoY & US Initial Claims for Unemployment





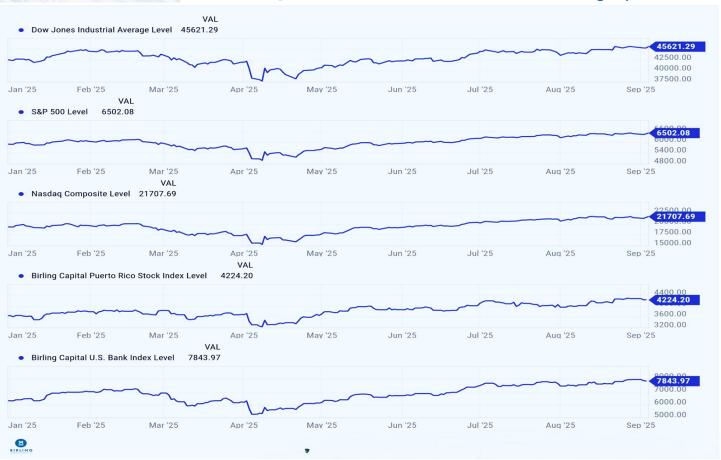
US Productivity, US Trade Balance on Goods, US ISM Services PMI & 30-Year Mortgage Rate





Wall Street Recap September 4, 2025





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