



GLOBAL MARKET SQUARE



BIRLING
CAPITAL ADVISORS, LLC

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

September 4, 2025

by Francisco Rodríguez-Castro
frc@birlingcapital.com

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 the **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 consensus, 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



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.