



Markets Edge Higher Ahead of Inflation Data as Wall Street Shrugs Off Historic 911,000 Job Collapse.

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The U.S. and European stock markets closed the session mostly higher, ahead of Inflation Data, as investors brace for a pivotal inflation double-header. The **10-year Treasury** closed at **4.08%**, near year-lows, supporting bonds; the **Bloomberg U.S. Aggregate** is about **6.4% YTD**. Balanced portfolios continue to benefit, and we expect that to persist if Fed easing unfolds as expected.

European stocks closed mostly higher, driven by M&A optimism—highlighted by Anglo American's proposed tie-up with Teck—which helped counter political turbulence in France after the no-confidence vote against PM François Bayrou. Investors remain focused on French spreads and leadership appointments.

Inflation in Focus: CPI and PPI on Deck

This week's catalysts arrive on Wednesday and Thursday with **August PPI and CPI**. Consensus looks for **PPI 3.3%** and **CPI to tick up to 2.84% from 2.7%**. Tariff-related pressures will build up in the coming months, though August effects likely remained muted as firms gradually pass through costs. It's the **final inflation print before the September 17 FOMC**, and despite inflation above target, we still expect a cut. In our view, the Fed will ease gradually from here, likely guiding the **fed funds rate toward 3.5% by next year**, a backdrop supportive for consumer and corporate credit.

The U.S. labor market delivered a sobering surprise Tuesday, as the Department of Labor's annual payroll revisions revealed **substantially weaker job growth than initially reported**. According to preliminary data from the Bureau of Labor Statistics, **nonfarm payrolls were revised lower by 911,000 jobs for the year through March 2025**. That shortfall sits at the upper end of Wall Street expectations, which had projected downward revisions ranging between **600,000 and 1 million jobs**.

Labor Market Revisions Reveal Sharp Downward Adjustment

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Most extensive Revision in Over Two Decades

The scale of this adjustment marks the **biggest on record since at least 2002**, and more than **50% larger than last year's revisions**. On a monthly basis, the updated figures suggest that job growth averaged **about 76,000 fewer jobs per month** than earlier reported. The revisions draw from the **quarterly census of employment and wage records**, incorporating more comprehensive data on business openings and closings. In our view, this underscores the **fragility of the labor market** and raises fresh concerns about the reliability of real-time data collection.

Economic and Policy Implications

The revisions strengthen the case that the U.S. jobs backdrop is softening. Significantly, much of the period covered by the revisions predates **President Donald Trump's inauguration in January 2025**, meaning the labor market was already losing momentum **before tariff measures were introduced against key trading partners**. With the employment picture weaker than believed, the Federal Reserve faces heightened pressure to accelerate policy easing to cushion the economy. In our view, these revisions reinforce the likelihood of multiple rate cuts ahead as the Fed seeks to stabilize both labor conditions and broader growth.

Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.303, up from \$3.272 last week, increasing 0.95%.
- **China Inflation Rate:** fell to 0.00%, compared to 0.10% last month.
- **China Producer Price Index YoY:** is unchanged at -3.60%, compared to -3.60% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 552.39, up 0.35 points or 0.06%.
- **FTSE 100:** Closed at 9,242.53, up 21.09 or 0.23%.
- **DAX Index:** Closed at 23,718.45, up 88.68 points or 0.57%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,711.34, up 196.39 points or 0.43%.
- **S&P 500:** closed at 6,512.61, up 17.46 points or 0.27%.
- **Nasdaq Composite:** closed at 21,879.49, up 80.79 points or 0.37%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,206.69, down 20.01 points or 0.47%.
- **Birling Capital U.S. Bank Index:** closed at 7,818.31, up 7.39 points or 0.09%.
- **U.S. Treasury 10-year note:** closed at 4.08%.
- **U.S. Treasury 2-year note:** closed at 3.54%.



Inflation Nowcasting CPI & Core CPI

Inflation Nowcasting	CPI Forecast	Core CPI Forecast
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August

2.84%

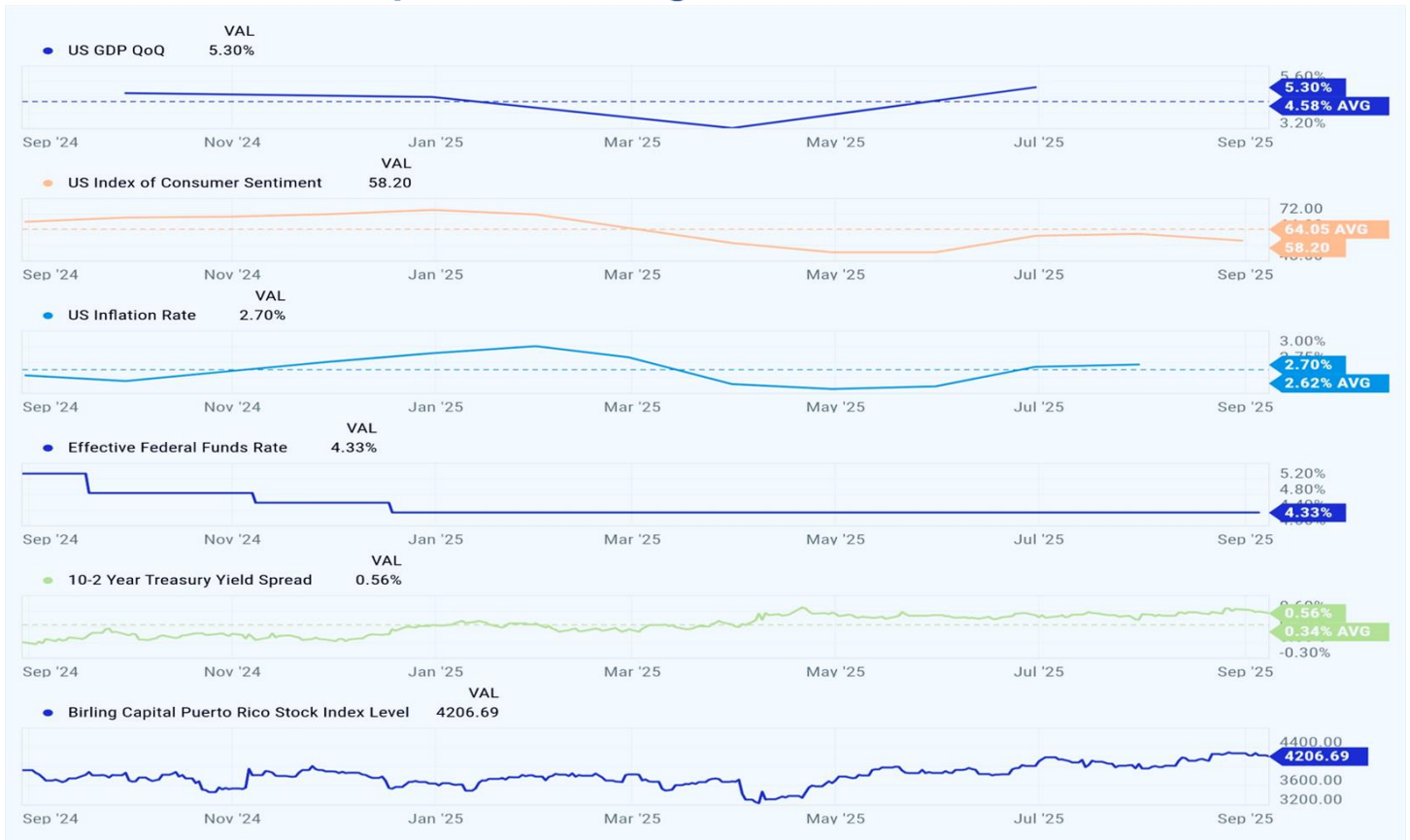
3.05%



US Retail Gas Price, China Inflation Rate & China Producer Price Index



The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate, 10-2year US Treasury Spread & Birling PR Stock Index as of 9/9/25



Wall Street Recap September 9, 2025



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