

Markets Surge to Records as Earnings Strength and Oil Pullback Fuel Broad-Based Rally

April 30, 2026

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The U.S. and European stock markets closed sharply higher, with Wall Street delivering a powerful risk-on session that pushed major indices to new record territory. The rally reflects a decisive shift in sentiment, as investors absorbed strong corporate earnings, easing energy prices, and resilient—if not flawless—economic data.

At the core of the advance is a recalibration of risk: geopolitical concerns tied to Iran remain present, but markets are increasingly discounting worst-case scenarios as oil prices retreat from recent highs. Simultaneously, earnings strength—particularly in cyclical and mega-cap technology names—is reinforcing confidence in the expansion's durability.

U.S. Markets

U.S. equities surged, led by a powerful advance in industrials and selective strength in technology, underscoring both cyclical confidence and continued structural growth themes. **The Dow Jones Industrial Average jumped nearly 800 points (+1.62%), the S&P 500 gained 1.02% to close above the 7,200 threshold for the first time, and the Nasdaq advanced 0.89%, also reaching a new all-time high.** A key driver of the rally was Caterpillar, whose shares surged roughly 10% following better-than-expected earnings and an upward revision to its full-year revenue outlook. As a global economic bellwether, Caterpillar's results provided a strong signal that capital spending and infrastructure demand remain robust despite macro uncertainty.

Technology also contributed meaningfully, with Alphabet rising approximately 10% after delivering a revenue beat and increasing its long-term capital expenditure guidance—highlighting sustained investment in artificial intelligence and cloud infrastructure.

However, the session was not without internal divergence. Meta Platforms and Microsoft declined notably, as investors reacted to elevated capital expenditure plans and questioned the near-term return profile of aggressive AI spending. The market's reaction reflects a more disciplined framework: growth is rewarded, but only when paired with credible margin expansion.

Macroeconomic data added context but did not derail momentum. First-quarter GDP expanded at a 2.0% annualized rate—below expectations but a marked improvement from the prior quarter—while reinforcing a steady, mid-cycle growth environment.

The broader trend remains compelling. The S&P 500 is now up more than 10% for the month, on pace for its strongest performance since November 2020. The Nasdaq has surged over 15%, marking its best monthly gain since April 2020, while the Dow is tracking a gain exceeding 7%, its strongest showing since late 2024.

In energy markets, crude prices reversed lower, with Brent settling near \$114 and West Texas Intermediate around \$105. The pullback follows earlier spikes tied to geopolitical tensions involving Iran and reflects a partial easing of supply disruption fears—an important factor in supporting equity valuations and moderating inflation expectations.

European Markets

European equities staged a strong recovery, reversing early-session losses as oil prices retreated from intraday highs and central banks maintained a steady policy stance. The pan-European Stoxx 600 closed up 1.4%, with most sectors finishing in positive territory despite a volatile start driven by geopolitical headlines.

Energy markets dictated early direction. Brent crude briefly surged above \$126 per barrel on reports that U.S. military officials were preparing contingency plans for Donald Trump regarding potential action against Iran, heightening fears of prolonged conflict and sustained disruptions to global supply. However, prices later reversed sharply, with Brent settling near \$114 and WTI declining toward \$104, easing inflation concerns and providing relief to equity markets.

On the macro front, the European growth backdrop remains fragile. Preliminary data showed eurozone GDP expanding by just 0.1% in the first quarter, signaling a loss of momentum, while inflation accelerated to 3.0% in April from 2.6% in March—highlighting the persistent tension between weak growth and sticky price pressures.

Monetary policy reflected this delicate balance. Both the European Central Bank and the Bank of England held interest rates unchanged, reinforcing a cautious, data-dependent approach as policymakers assess the inflationary implications of energy volatility against a softening growth profile. Corporate earnings added another layer of dispersion across sectors. Stellantis declined sharply despite beating profit expectations, reflecting concerns over forward guidance and margin sustainability. In contrast, the Magnum Ice Cream Company surged on solid organic sales growth, highlighting resilience in consumer staples.

Within autos, Volkswagen posted a modest gain despite reporting a year-over-year decline in profits, suggesting expectations had already been recalibrated. Meanwhile, financials lagged, with BNP Paribas and Societe Generale trading lower following earnings releases, as investors weighed profitability against a more challenging rate and credit environment.

Overall, European markets are increasingly tethered to external factors—namely, energy price volatility and geopolitical risk—while domestic fundamentals point to a slower, more uneven recovery.

Economic Data & Policy

Today's economic releases present a nuanced but fundamentally resilient picture of the U.S. economy. First-quarter real GDP expanded at a 2.0% annualized rate, slightly below expectations but consistent with a steady growth trajectory. The composition of growth remains constructive, led by a sharp 10.4% increase in nonresidential investment and a notable surge in information-processing equipment—clear evidence of sustained AI-driven capital deployment.

Consumer spending, however, grew at a more moderate 1.6% pace, signaling some normalization after a multi-year period of above-trend expansion.

Inflation data continues to command attention. The Personal Consumption Expenditures index showed headline inflation rising 3.5% year-over-year in March, while core PCE rose 3.2%, the highest level since early 2024. On a monthly basis, core inflation increased 0.3%, in line with expectations but still above the Federal Reserve's long-term target.

Labor market conditions remain exceptionally strong, with initial jobless claims declining to 189,000—the lowest level since 1969—underscoring continued tightness and reinforcing income stability.

Taken together, the data suggest an economy that is expanding at a sustainable pace, supported by robust corporate investment and a resilient labor market, but facing persistent inflationary pressures that complicate the policy outlook.

Energy & Rates

In fixed income markets, Treasury yields closed, with the 10-year note at **4.40%** and the 2-year yield at **3.88%**, reflecting a modest recalibration of rate expectations.

Energy markets are providing incremental relief. West Texas Intermediate crude is trading near \$105

per barrel, easing from recent highs as geopolitical tensions show signs of stabilization, though risks tied to the Middle East remain a critical variable for inflation and global growth expectations.

Corporate Earnings Parade:

- **Eli Lilly & Co. (LLY):** reported 1Q26 revenues of \$19.8 billion, up 56%, with net income of \$7,396 billion, up 168%, and Earnings per share of \$8.26; beating estimates. LLY has a Stock Price Target of \$1,202.34. Check our **LLY report:** [LLY Overview](#)
- **Bristol Myers Squibb Co. (BMY):** reported 1Q26 revenues of \$11,489 billion, up 3%, with net income of \$2,678 billion, up 9%, and Earnings per share of \$1.31; beating estimates. BMY has a Stock Price Target of \$63.04. Check our **BMY report:** [BMY Overview](#)

GDPNow Update:

- **The Initial Forecast** of the GDPNow for the **Second quarter** was presented today at **3.70%**.

Economic Data:

- **US Initial Claims for Unemployment Insurance:** fell to 189,000, down from 215,000 last week, decreasing by 12.09%.
- **US PCE Price Index YoY:** fell to 2.80%, compared to 2.83% last month.
- **US Core PCE Price Index YoY:** fell to 2.97%, compared to 3.05% last month.
- **US Real GDP QoQ:** rose to 2.00%, compared to 0.50% last quarter.
- **US Total Vehicle Sales:** rose to 16.70M, up from 16.10M last month.
- **US Personal Income MoM:** rose to 0.56%, compared to 0.00% last month.
- **US Personal Spending MoM:** rose to 0.90%, compared to 0.65% last month.
- **30 Year Mortgage Rate:** fell to 6.23%, compared to 6.30% last week.
- **Japan Housing Starts YoY:** fell -29.29%, compared to -4.87% last month.

Eurozone Summary:

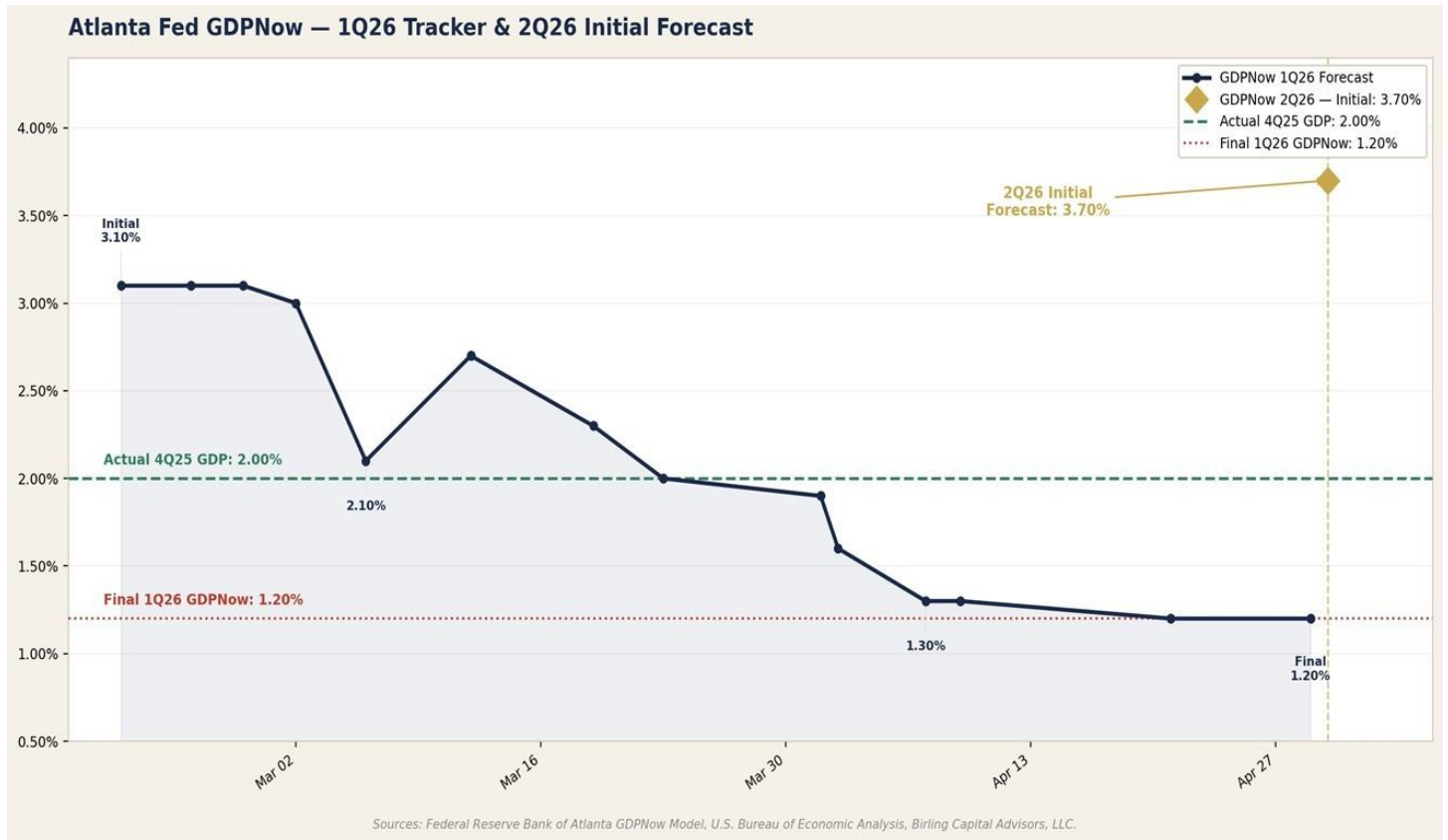
- **Stoxx 600:** closed at 611.28, up 8.32 points or 0.37%.
- **FTSE 100:** closed at 10,378.82, up 165.71 points or 1.62%.
- **DAX Index:** closed at 24,292.38, up 337.82 points or 1.41%
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Wall Street Summary:

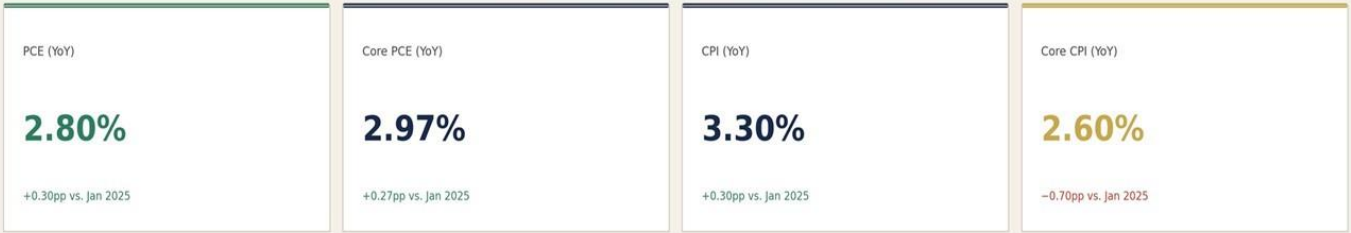
- **Dow Jones Industrial Average:** closed at 49,652.14, up 790.33 points or 1.62%
- **S&P 500:** closed at 7,209.01, up 73.06 points or 1.02%.
- **Nasdaq Composite:** closed at 24,892.31, up 73.06 points or 1.02%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,444.33, down 72.76 points or 1.61%.
- **Birling Capital U.S. Bank Index:** closed at 9,161.12, down 78.57 points or 0.85%
- **U.S. Treasury 10-year note:** closed at 4.40%.
- **U.S. Treasury 2-year note:** closed at 3.88%.

GDPNow

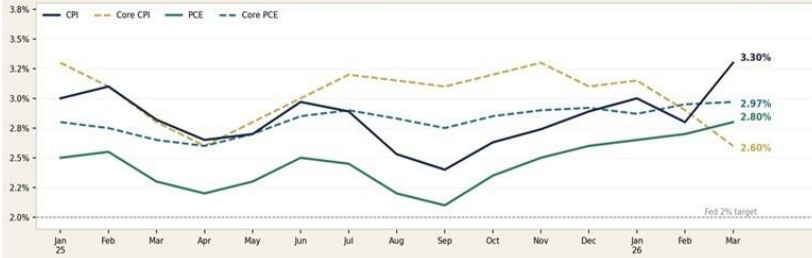
Comparing First Quarter 2026 End and Second Quarter 2026 Initial Forecast



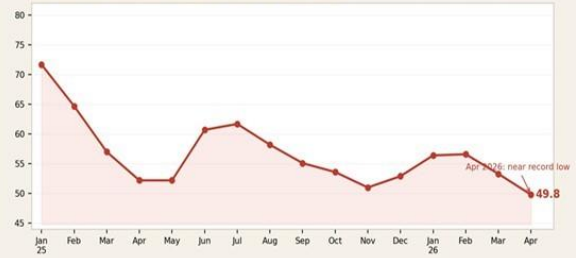
PCE & Core PCE Updated 4.30.26



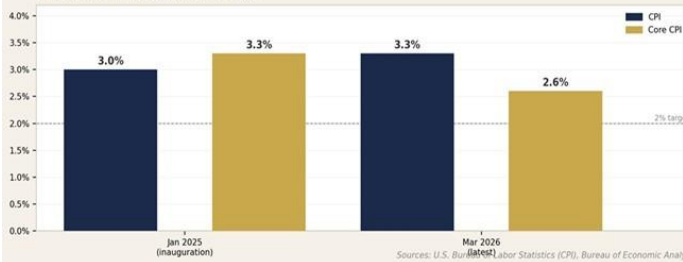
CPI, Core CPI, PCE & Core PCE — Year-over-year %



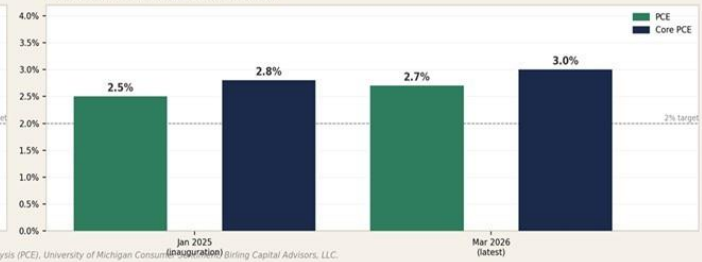
U.S. Index of Consumer Sentiment (Univ. of Michigan)



CPI vs. Core CPI: inauguration vs. today

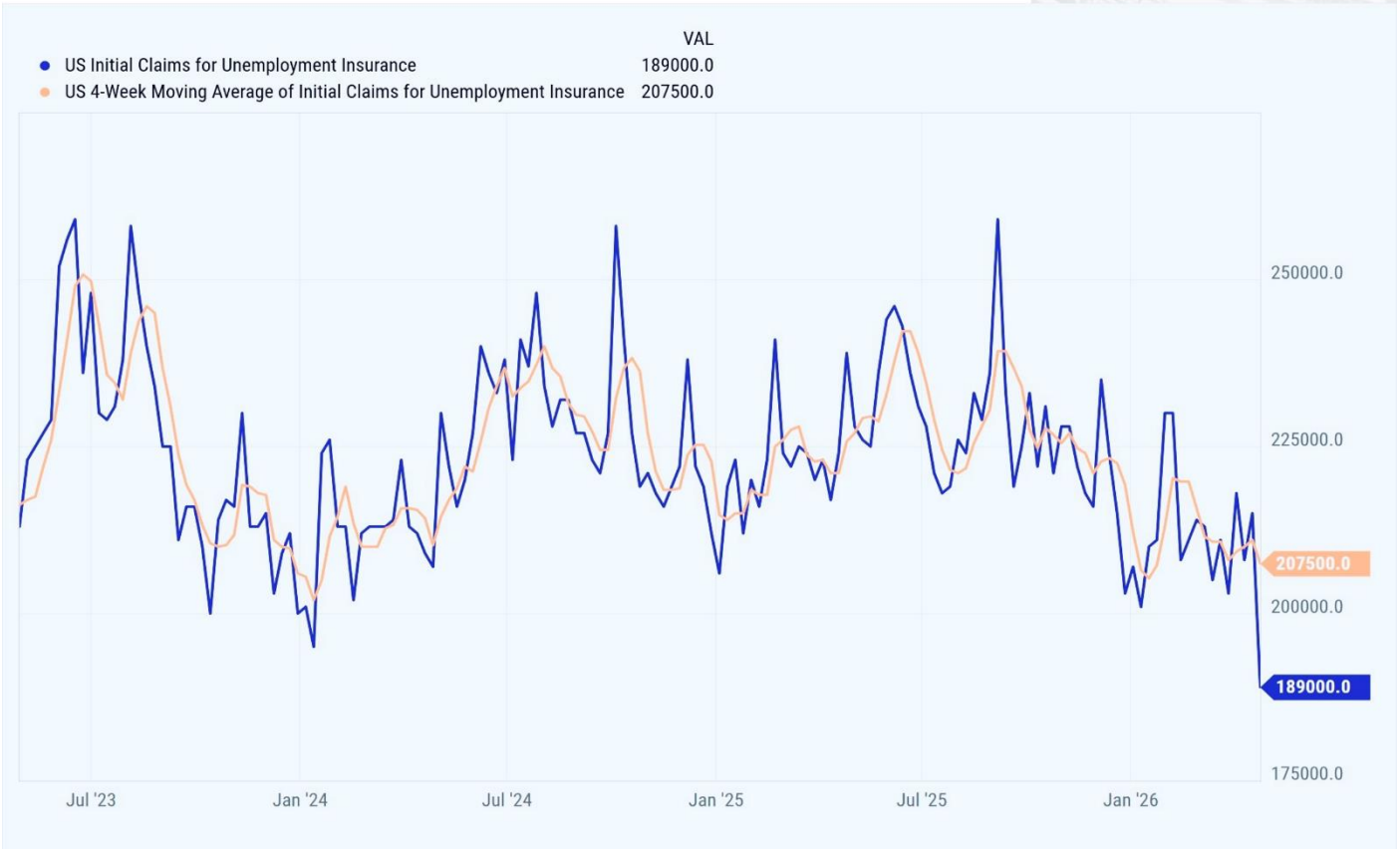


PCE vs. Core PCE: inauguration vs. today

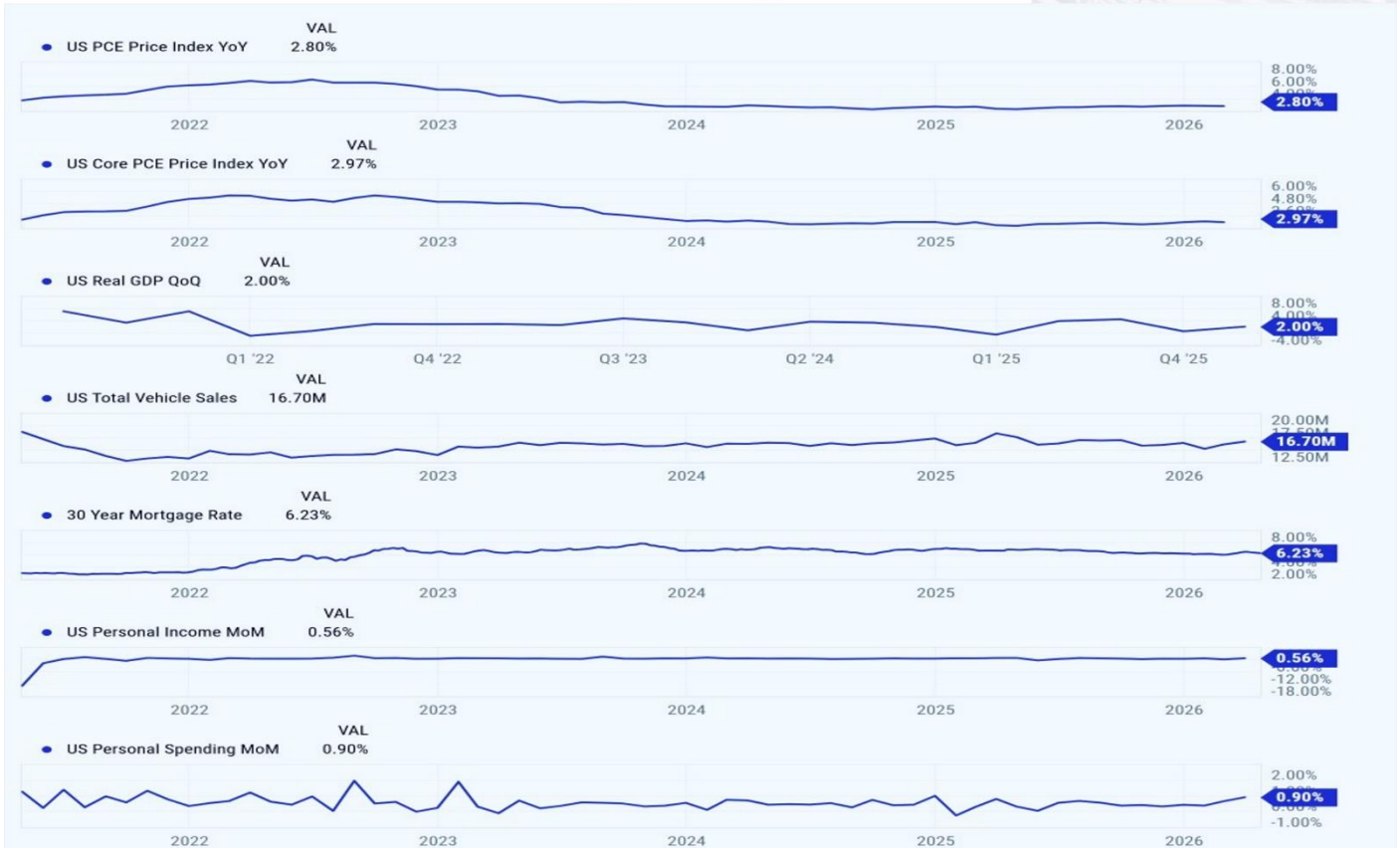


Sources: U.S. Bureau of Labor Statistics (CPI), Bureau of Economic Analysis (PCE), University of Michigan Consumer Sentiment Index (U-MCSI), Birling Capital Advisors, LLC.

US Initial Claims for Unemployment Insurance & US 4-Week Moving Average of Initial Claims for Unemployment Insurance



US PCE Price Index YoY; US Core PCE Price Index YoY; US Real GDP QoQ; US Total Vehicle Sales; 30 Year Mortgage Rate; US Personal Income MoM & US Personal Spending MoM





Wall Street Recap

April 30, 2026



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