

Markets close mixed as the Dow eked out a gain while tech and the Fed's hawkish tilt still working through bonds

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The U.S. and European Stock markets closed with diverging numbers to begin the week. Wall Street closed mixed Monday after the long holiday weekend, with the Dow Jones Industrial Average the lone bright spot among the major averages while the S&P 500 and Nasdaq slipped, dragged lower by weakness in growth and tech-adjacent names. Overseas, the session built on a constructive overnight tone, with European benchmarks closing at fresh records even as the dollar held firm near 2026 highs. The Iran-U.S. peace talks remain the backdrop story, with negotiators reporting "major progress" in Switzerland and oil sliding to its lowest levels since early March as tanker traffic through Hormuz picks back up.

U.S. Markets

The Dow Jones Industrial Average closed at 51,712.71, up 148.01 points or 0.29%, while the S&P 500 finished at 7,472.79, down 27.79 points or 0.37%, and the Nasdaq Composite closed at 26,166.60, down 351.33 points or 1.33% — the steepest drop of the three and a clear signal that growth and rate-sensitive names bore the brunt of today's selling. Closer to home, the Birling Capital Puerto Rico Stock Index closed at 4,525.92, down 17.36 points or 0.38%, on a split tape: Popular, Inc. (BPOP) rose 1.46% and FirstBank Puerto Rico (FBP) rose 1.46%, while OFG Bancorp (OFG) fell 1.15% and Evertec (EVTC) fell 7.29%, with EVTC's sharp decline the main drag on the index. Treasuries stayed on the defensive in the wake of last week's hawkish FOMC meeting, with the 10-year note closing at 4.51% and the 2-year at 4.24%, keeping the 2s10s spread positive but narrow as the curve continues to digest Chair Warsh's newly hawkish dot plot.

European Markets

European equities are higher in Monday trading, with the Stoxx 600 at 639.27, up 3.66 points or 0.58%, the FTSE 100 at 10,437.85, up 74.58 points or 0.72%, and the DAX at 25,139.69, up 153.87 points or 0.62% — broad-based gains as easing Middle East risk outweighs the Fed's hawkish pivot from last week. The dollar remains firm near 2026 highs against the euro, a function of the widening policy gap between the Fed's now-hawkish stance and the ECB's still-easing policy.

Energy Markets

Crude is the clearest beneficiary — or casualty, depending on where you sit — of the weekend's diplomatic progress. WTI has fallen to roughly \$74 a barrel, its weakest level since early March, as Iran ramps up visible exports through the Strait of Hormuz, including discounted barrels to China, and Gulf producers, led by Kuwait and the UAE, lift force majeure restrictions. The U.S. Treasury's decision to authorize Iranian oil sales for a 60-day window adds another layer of supply-side relief. A full normalization of Hormuz flows could in theory unlock tens of millions of barrels into an already well-supplied market — which is exactly the kind of disinflationary tailwind that could complicate the Fed's newly hawkish narrative just as quickly as it formed.

The Final Word: Market Perspective

We see this week's PCE report as the real test of which signal wins: the Fed's revised inflation forecasts or the disinflationary pull of cheaper crude. Consensus looks for headline PCE near 4.1% year-over-year and core near 3.4% for May, while the Fed's Inflation Nowcasting model runs slightly cooler, at 3.97% for headline and 3.30% for core. Even at the lower end, headline PCE would mark its highest point since the current reacceleration began, up from 3.77% in April and a full percentage point above where it stood just four months ago, while core would hold essentially flat against April's 3.29% but still nearly 70 basis points above its December 2025 level. Either way, both measures stay well clear of the Fed's 2% target, and it's the steady climb since February — not a one-month spike — that is driving the Fed's newly hawkish tone. That backdrop has markets pricing roughly a 50-basis-point increase in the fed funds rate over the next twelve months, essentially betting the Committee delivers on its newly hawkish dots, and the report is unlikely to reflect this month's drop in oil prices, which simply hasn't worked through the data yet.

Our own read is more balanced. With energy prices now falling on the back of easing Middle East tensions, the real question is how quickly that relief shows up in the data — we expect it to take some of the edge off headline inflation in the months ahead, with core pressures likely to ease modestly as well. That said, the bar for a hike has clearly come down following Chair Warsh's first meeting, and it would not take much of an inflation disappointment to tip the Committee toward tightening as it works to rebuild credibility around its 2% target. For Puerto Rico, the combination of a firmer dollar and softer oil prices is a mixed bag — supportive for the cost side of the affordability equation, but a reminder that financing costs tied to U.S. Treasury benchmarks are unlikely to get cheaper anytime soon.

Economic Data:

- **Canada Consumer Price Index YoY:** rose to 3.23%, compared to 2.82% last month.
- **Canada Inflation Rate:** rose to 3.23%, compared to 2.82% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 639.27, up 3.66 points or 0.58%.
- **FTSE 100:** closed at 10,437.85, up 74.58 points or 0.72%.
- **DAX Index:** closed at 25,139.69, up 153.87 points or 0.62%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,712.71, up 148.01 points or 0.29%.
- **S&P 500:** closed at 7,472.79, down 27.79 points or 0.37%.
- **Nasdaq Composite:** closed at 26,166.60, down 351.33 points or 1.33%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,525.92, down 17.36 points or 0.38%.
- **Birling Capital U.S. Bank Index:** closed at 10,194.69, down 111.84 points or 1.09%.
- **U.S. Treasury 10-year note:** closed at 4.51%.
- **U.S. Treasury 2-year note:** closed at 4.24%.

Inflation Nowcasting for May 2026 PCE and Core PCE

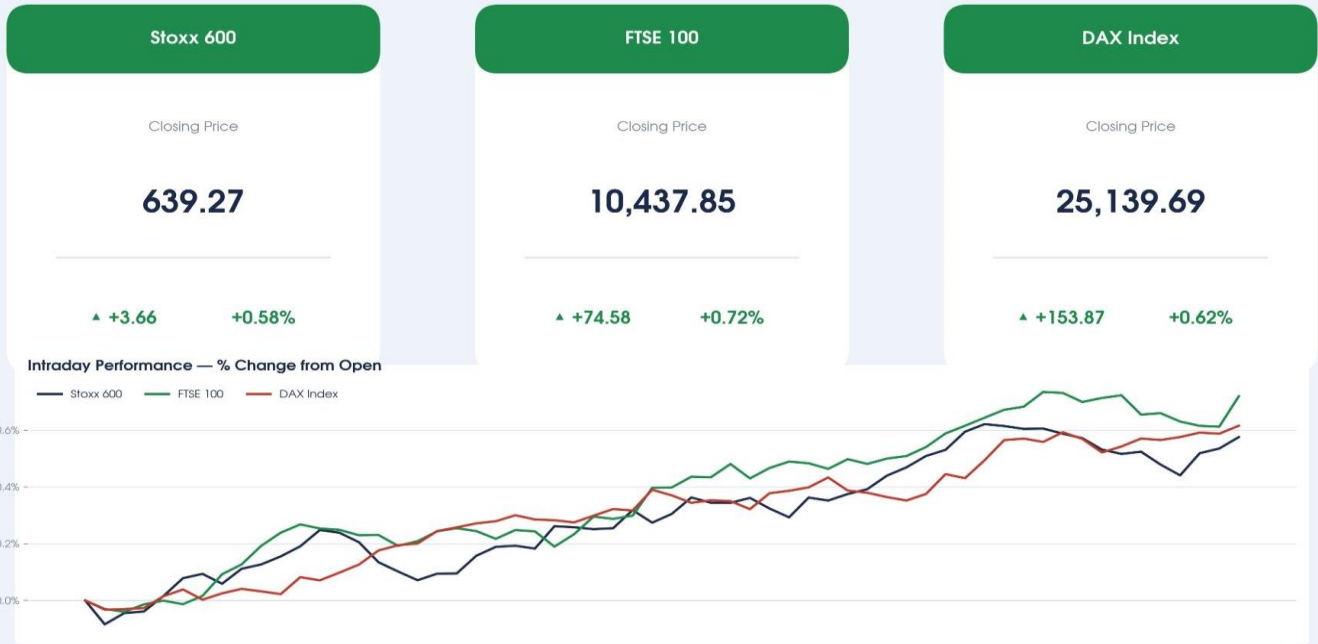


Source: U.S. Bureau of Economic Analysis · Birling Capital Advisors, LLC

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Eurozone Markets Close

Monday, June 22, 2026



Source: Bloomberg, Birling Capital Advisors, LLC

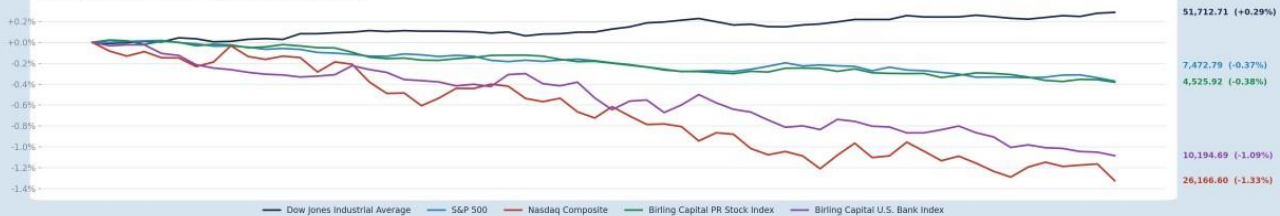
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Wall Street and Birling Capital Indexes Close

Monday, June 22, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing Price 51,712.71	Closing Price 7,472.79	Closing Price 26,166.60	Closing Price 4,525.92	Closing Price 10,194.69
▲ +148.01 +0.29%	▼ -27.79 -0.37%	▼ -351.33 -1.33%	▼ -17.36 -0.38%	▼ -111.84 -1.09%

Intraday Performance — % Change from Open



U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.51%	4.24%
2s10s Spread: +27 bps	

Source: Bloomberg, Birling Capital Advisors, LLC

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Wall Street Recap

June 22, 2026



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