

Markets Open May With the S&P 500 and Nasdaq at Record Highs as Apple Leads Rally and Oil Pullback Eases Macro Pressures

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The U.S. and European stock markets closed on a constructive note to begin May, as equity markets extended their advance into record territory, supported by strong earnings results and a meaningful pullback in oil prices. The shift reflects a recalibration of risk sentiment, with investors increasingly confident in corporate profitability while cautiously discounting near-term geopolitical escalation.

U.S. Markets

U.S. equities delivered a mixed but upward-biased session, with the S&P 500 and Nasdaq Composite both closing at fresh all-time highs, while the Dow Jones Industrial Average lagged amid mild profit-taking.

The S&P 500 rose 0.29% to close at 7,230.12, marking its first sustained move above the 7,200 threshold, while the Nasdaq Composite advanced 0.89% to 25,114.44, supported by renewed strength in large-cap technology. In contrast, the Dow declined 152.87 points, or 0.31%, to finish at 49,499.27.

Leadership was once again concentrated in mega-cap technology, with Apple Inc. advancing more than 3% following a stronger-than-expected earnings release and a constructive forward outlook. The results reinforced the market's confidence in the durability of earnings growth within the sector, even as select product segments underperformed expectations.

From a macro standpoint, energy markets provided a critical tailwind. U.S. West Texas Intermediate crude declined 2.98% to \$101.94 per barrel, while Brent crude fell 2.02% to \$108.17, as diplomatic signals—albeit tentative—suggested incremental engagement between the United States and Iran. While prices recovered modestly off intraday lows following renewed political friction, the overall direction of oil eased immediate inflation concerns and supported equity valuations.

Geopolitical developments remain fluid. Donald Trump indicated dissatisfaction with the latest Iranian proposal to de-escalate tensions, underscoring that while negotiations continue, a definitive resolution remains uncertain. Nonetheless, markets are increasingly pricing in a scenario in which disruptions to global energy flows are contained rather than escalated.

The broader backdrop remains defined by a powerful earnings cycle and resilient economic conditions. April closed as the strongest month for equities since 2020, with all three major indices now trading well above their levels at the start of the year despite earlier geopolitical shocks.

Strategically, the market is transitioning into a more selective phase. While the long-term outlook for equities remains constructive—supported by earnings growth and productivity gains driven by artificial intelligence—sector dispersion is likely to increase. Not all capital deployed into AI and technology infrastructure will yield returns, underscoring the importance of disciplined allocation and fundamental analysis.

The result is a market that remains upward trending, but increasingly sensitive to both earnings execution and macro signals—particularly **those tied to energy and geopolitics**.

European Markets

European markets were largely closed in observance of Labor Day (May Day), resulting in minimal trading activity and limited price discovery. Key continental exchanges—including Germany's DAX (Xetra), France's CAC 40, Italy's FTSE MIB, the STOXX 600, and Spain's IBEX 35—did not trade,

effectively sidelining core European equity participation.

As a result, today's global market direction was driven primarily by U.S. equities, with limited input from Europe. The absence of continental liquidity also contributed to thinner volumes and reduced cross-asset confirmation signals.

The U.K.'s FTSE 100 remained open, providing a partial read-through for European sentiment, though activity was relatively subdued compared to a normal session. Performance in London reflected the same underlying themes seen globally: support from easing oil prices and steady earnings expectations, balanced against ongoing geopolitical uncertainty.

Stalemate in the Middle East

Geopolitics remains the defining overlay. The ceasefire between the United States and Iran continues to hold, but progress toward a durable agreement remains limited. Ali Khamenei has reiterated Iran's unwillingness to concede on its nuclear program while maintaining control over the Strait of Hormuz, a critical artery for global energy flows.

On the U.S. side, Donald Trump has signaled no immediate intention to lift the blockade of Iranian ports, while reports indicate contingency planning for potential renewed military action. Despite the hardened public stance, backchannel diplomacy appears active, with proposals reportedly transmitted via intermediaries in Pakistan.

The market implication is clear: while worst-case scenarios are being discounted, the absence of tangible progress toward reopening the Strait of Hormuz sustains an embedded geopolitical risk premium in oil markets. Until a credible pathway to normalization emerges, energy prices will remain a key variable shaping inflation expectations and equity valuations.

Strategic View

The market's advance reflects disciplined optimism anchored in earnings strength and economic resilience, rather than speculative excess. While elevated oil prices and geopolitical uncertainty remain key risks, the underlying foundation for equities remains intact.

The near-term trajectory will now be tested by incoming data, particularly next week's labor market report, where expectations center on approximately 60,000 job gains, as well as a full slate of consumer and business sentiment indicators. These releases will help determine whether the current expansion can sustain momentum despite higher energy costs.

For investors, the framework remains clear: stay invested, but increasingly selective. Markets are rewarding earnings visibility, balance sheet strength, and pricing power, while remaining highly sensitive to macro shocks—especially those tied to energy markets and geopolitics.

Puerto Rico's Economic Activity Index Falls into Contraction

Puerto Rico's economic momentum shows early signs of deceleration after a period of steady recovery. The Economic Activity Index (EAI) advanced consistently through 2025, closing the year at a solid +1.10%, signaling a broad-based improvement across key sectors. That trajectory carried into the start of 2026, albeit at a more moderate pace, with January posting a +0.30% gain.

However, February marks a clear inflection point. The index declined -0.60%, entering contraction and interrupting the expansion trend. This shift suggests that underlying growth dynamics are encountering resistance, even as the broader recovery framework remains intact.

The pullback does not yet indicate a structural reversal, but rather a pause that warrants close monitoring—particularly amid elevated energy costs, global uncertainty, and tighter financial conditions.

From a strategic perspective, the development underscores the fragility of Puerto Rico's recovery cycle. Sustaining growth will depend on continued strength in manufacturing, improved energy reliability, and steady capital formation.

The key question ahead is whether this contraction proves transitory or signals a more prolonged

moderation phase. Early indications lean toward a temporary disruption, but confirmation will depend on the trajectory of upcoming economic data.

Corporate Earnings Parade:

- **Apple, Inc. (AAPL):** reported 1Q26 revenues of \$111.12 billion, up 17%, with net income of \$29.578 billion, up 19.36%, and Earnings per share of \$2.01; beating estimates. Apple has a Stock Price Target of \$299.53. Check our **Apple report:** [AAPL Overview](#)

GDPNow Update:

- **The GDPNow for the Second quarter was updated today at 3.50%, down from 3.70%, a 5.41% decrease.**

Economic Data:

- **US ISM Manufacturing PMI:** is at 52.70, unchanged from 52.70 last month.
- **US ISM Manufacturing New Orders Index:** rose to 54.10, up from 53.50 last month.
- **US ISM Manufacturing Employment Index:** fell to 46.40, down from 48.70 last month.
- **US ISM Manufacturing Prices Paid Index:** rose to 84.60, up from 78.30 last month

Eurozone Summary:

- **Stoxx 600:** closed for EU Labor Day.
- **FTSE 100:** closed at 10,363.92, down 14.89 points or 0.14%.
- **DAX Index:** closed for EU Labor Day

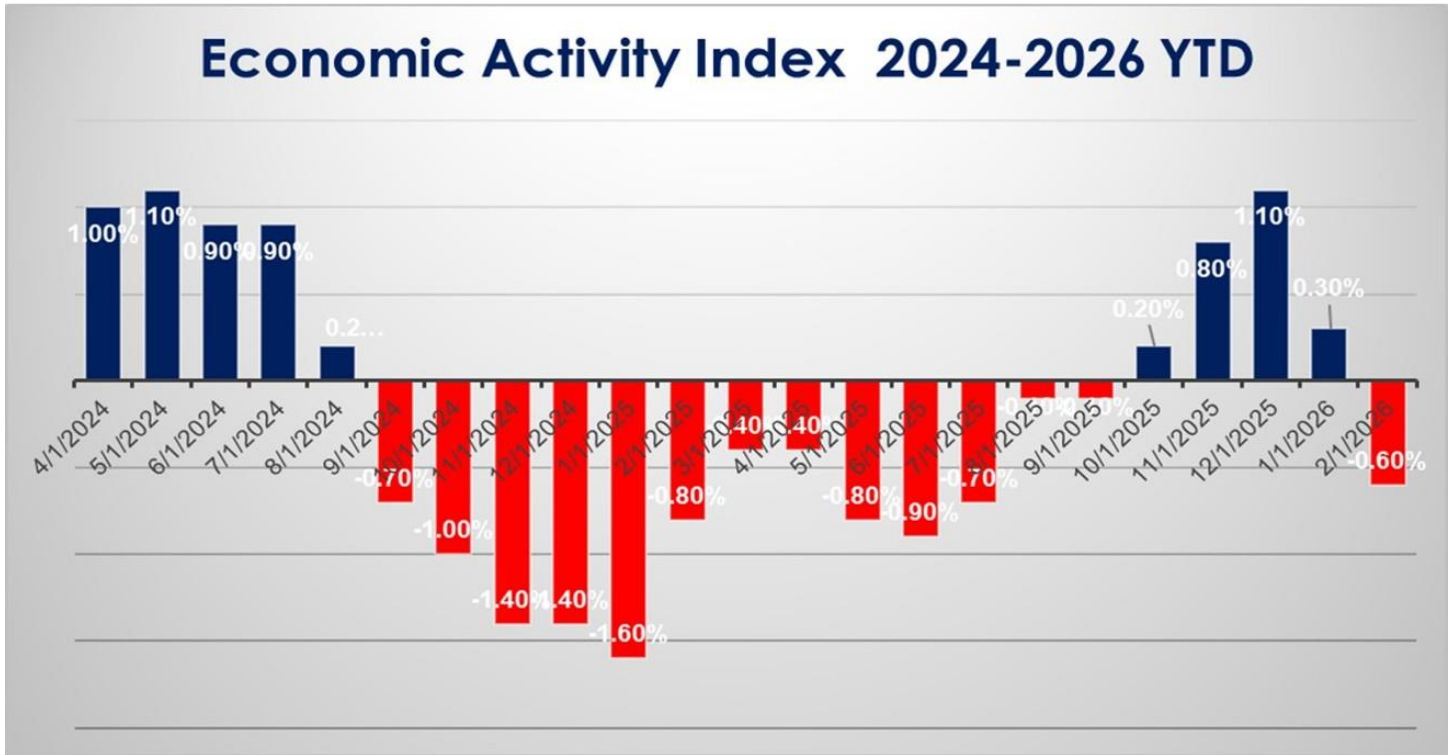
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,499.27, down 152.87 points or 0.31%
- **S&P 500:** closed at 7,230.12, up 21.11 points or 0.29%.
- **Nasdaq Composite:** closed at 25,114.44, up 222.13 points or 0.89%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,504.69, up 60.36 points or 1.36%.
- **Birling Capital U.S. Bank Index:** closed at 9,282.33, up 122.22 points or 1.33%
- **U.S. Treasury 10-year note:** closed at 4.39%.
- **U.S. Treasury 2-year note:** closed at 3.88%.



Economic Activity Index 2024-2026 YTD

Recovery Peaks at +1.10% Before Slipping Back into
Contraction in February 2026 at -0.60%



GDPNow

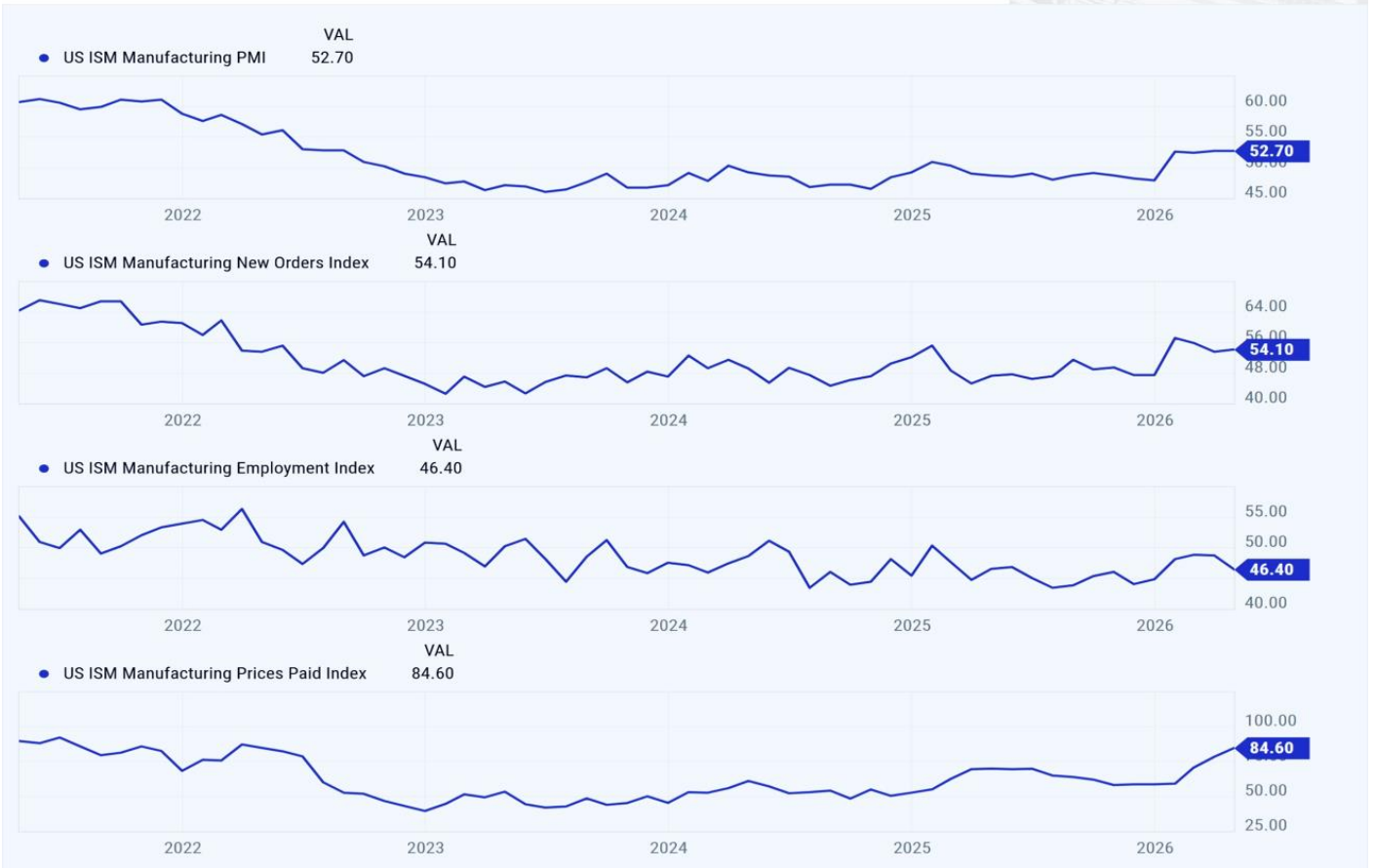
Second Quarter 2026 Forecast

GDPNow — 2Q26 Tracker

Atlanta Fed Real GDP Growth Nowcast · Updated May 1, 2026



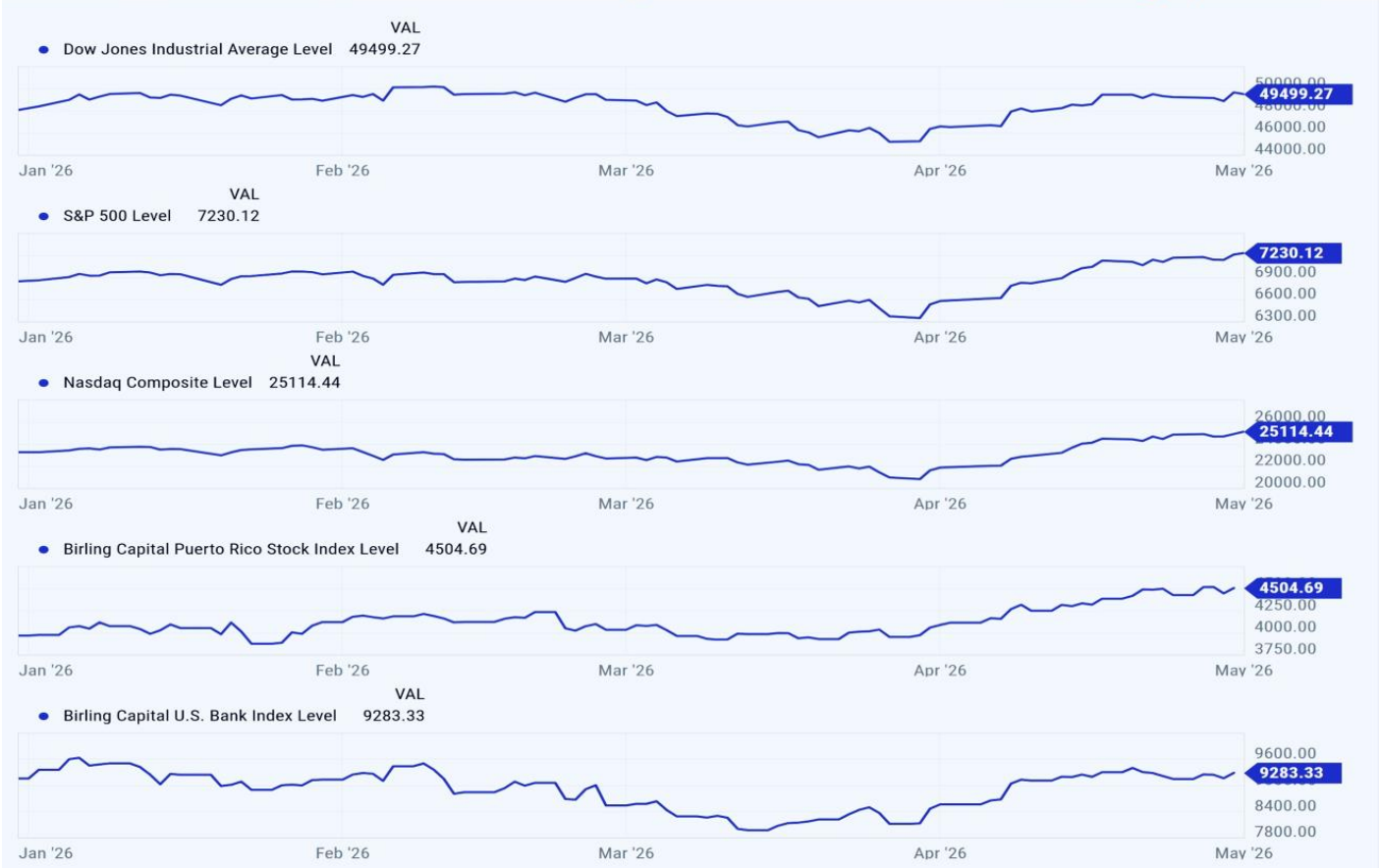
US ISM Manufacturing PMI; US ISM Manufacturing New Orders Index; US ISM Manufacturing Employment Index & US ISM Manufacturing Prices Paid Index





Wall Street Recap

May 1, 2026



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