

GLOBAL MARKET SQUARE



Wall Street Falls Hit by Surging Treasuries, U.S. Retail Earnings Lag, and the Big Beautiful Tax Bill, While Global Markets Waver Amid U.K. Inflation.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed with mixed results. A cautious tone, which seemed to have taken hold amid a limited economic calendar, and a flurry of action in Congress with the so-called "**Big Beautiful Tax Bill**", turned ugly as stocks tumbled after witnessing the surge in Treasury yields to 5.08% rattling investors, fueled by mounting concerns that the newly proposed U.S. budget bill could further strain the nation's already swollen deficit.

The Dow Jones fell 816,80 points, the Nasdaq fell 270.07 points, and the S&P 500 fell 95.85.

As we monitor Washington's developments, the House of Representatives may vote on the reconciliation bill as early as today.

Global Markets React to Inflation Data

European markets closed mixed as a hotter-than-expected inflation report out of the U.K. impacted the investor sentiment. Meanwhile, Asian equities closed with a mixed performance, reflecting uncertainty in the global outlook.

Retailers Wrap Up Earnings Season with Mixed Results

The first-quarter earnings season is nearing completion, with approximately 94% of S&P 500 companies having reported. Today, the spotlight is on retailers. Target delivered earnings and revenue below expectations, citing macroeconomic headwinds and reducing its full-year forecast. In contrast, Lowe's and TJX Companies beat consensus earnings estimates and reaffirmed their guidance for the year.

These results follow Home Depot's release yesterday, which showed stronger-than-anticipated sales but slightly weaker earnings.

The attention shifts to technology earnings next week, with NVIDIA scheduled to report on May 28.

So far, S&P 500 earnings growth for Q1 is tracking near 13%, a notable revision upward from the 7% expected.

Bond Yields Climb Amid Resilient Data and Fiscal Concerns

Bond yields continue their ascent, with the 10-year U.S. Treasury yield rising to 4.58% and the 30-year yield closing at 5.08%. This is quite a jump **from May 1**, when it closed at 4.74%.

Moody's recent downgrade of U.S. sovereign credit has added to the pressure on yields, bringing renewed focus to the country's long-term fiscal sustainability.

Despite these headwinds, U.S. investment-grade bonds remain positive for the year, with the Bloomberg U.S. Aggregate Bond Index up approximately 2% year-to-date.

Corporate Earnings Parade:

- **TJX Companies, Inc. (TJX)** reported first-quarter 2026 revenues of \$13.11 billion, up 5%, net income of \$1.036 billion, down 3.17%, and earnings per share of \$0.92, beating estimates. TJX has a stock price objective of \$135.67.
- Examine our report on TJX here: [TJX.Report.2025.05.21.pdf](#)

Economic Update:

- **U.S. Retail Gas Price:** fell to \$3.249, down from \$3.273 last week, down -0.73%.
- **Canada Consumer Price Index YoY:** fell to 1.74%, compared to 2.32% last month.
- **Eurozone Consumer Confidence Indicator:** is at -16.70, down from -14.50 last month.
- **Eurozone Economic Sentiment Indicator:** is at 93.60, down from 95.00 last month.
- **Germany Producer Price Index YoY:** is at -0.90%, compared to -0.20% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 553.82, down 0.20 points or 0.036%.
- **FTSE 100:** Closed at 8,786.46, up 5.34 or 0.061%.
- **DAX Index:** Closed at 24,122.40, up 86.29 or 0.36%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,860.44, down 816.80 points or 1.91%.
- **S&P 500:** closed at 5,844.61, down 95.85 points or 1.61%.
- **Nasdaq Composite:** closed at 18,872.64, down 270.07 points or 1.41%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,987.61, down 3.47 points or 0.09%.
- **Birling Capital U.S. Bank Index:** closed at 6,723.47 down 35.68 points or 0.53%.
- **U.S. Treasury 10-year note:** closed at 4.58%.
- **U.S. Treasury 2-year note:** closed at 4.00%.



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