

# Dow Surges to Record High as Easing Treasury Yields and Middle East Optimism Drive Wall Street Toward Winning Week

May 22, 2026

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

**The U.S. and European stock markets closed higher as investors welcomed easing Treasury yields and improving sentiment surrounding diplomatic efforts in the Middle East.** Markets overcame a volatile week marked by geopolitical concerns and bond market pressures, as investors increasingly positioned for a potential easing of tensions between the United States and Iran. The moderation in fixed-income yields and stabilization in oil prices helped restore risk appetite, supporting a broad-based equity rally across sectors.

Investor sentiment improved following reports that Qatari officials, working in coordination with the United States, traveled to Tehran to support discussions aimed at reducing regional tensions. While uncertainty surrounding the conflict remains elevated, markets appeared increasingly focused on the possibility that diplomatic progress could help limit further disruptions to energy markets and reduce inflationary pressures.

## U.S. Markets

**U.S. equities advanced broadly, with the Dow Jones Industrial Average reaching another intraday record** as investors rotated into equities amid declining Treasury yields and improving geopolitical sentiment.

**The Dow Jones Industrial Average gained 294.04 points, or 0.58%, while reaching an all-time intraday high during the session. The S&P 500 rose 0.37%, and the Nasdaq Composite advanced 0.19%, extending the broader market's positive momentum.**

Fixed-income markets provided significant support for equities after yields retreated from recent highs. The benchmark 10-year Treasury yield declined nearly three basis points to 4.56%, while the 30-year Treasury yield fell more than four basis points to approximately 5.07%. Earlier in the week, concerns surrounding a prolonged U.S.-Iran conflict had pushed Treasury yields to multi-year highs as investors feared sustained energy inflation and tighter financial conditions.

Energy markets also contributed to the improved mood. West Texas Intermediate crude settled modestly higher at \$96.60 per barrel, while Brent crude closed at \$103.54. Both benchmarks finished well below the week's highs, easing concerns that a prolonged energy shock could derail economic growth or delay future monetary easing.

The week also reflected continued market resilience. The S&P 500 remained on track for its eighth consecutive weekly gain, its longest winning streak since late 2023, while the Dow headed toward a third positive week in four and the Nasdaq continued its sustained advance, underscoring investor willingness to look beyond short-term volatility and focus on improving risk conditions.

## European Markets

European equities closed higher, extending their recent momentum as investors balanced improving economic data and easing risk sentiment against continued uncertainty surrounding the U.S.-Iran conflict and energy markets. The pan-European STOXX Europe 600 Index advanced 0.80%, marking its fourth consecutive session of gains, with most regional sectors and major exchanges finishing in positive territory.

Investor attention centered on significant corporate developments after Spanish beauty company Puig suffered a sharp sell-off following the termination of discussions regarding a potential strategic combination with Estée Lauder. Puig shares declined 13.4%, becoming one of the session's weakest performers, while Estée Lauder shares rallied in U.S. trading as investors viewed the collapse of negotiations favorably.

Economic data across Europe delivered a mixed but generally constructive picture. In Germany, consumer confidence improved modestly as the June GfK Consumer Sentiment Index rose from -33.1 to -29.8, supported by improving household income expectations and signs that consumers may be gradually regaining confidence despite ongoing inflationary pressures. In France, manufacturing sentiment strengthened as the business climate index rose to 102 in May from 100 in April, reaching its highest level in four months and indicating a gradual recovery in industrial activity.

Meanwhile, economic conditions in United Kingdom remained more challenging. Retail sales fell 1.3% in April after a 0.6% increase in March, with fuel purchases dropping sharply as elevated energy prices and geopolitical uncertainty appeared to affect consumer behavior. The United Kingdom also reported government borrowing of £24.3 billion during April, exceeding expectations and reinforcing concerns regarding fiscal pressures.

Energy markets continued to influence sentiment as oil prices remained under upward pressure amid renewed concerns over the duration of Middle East tensions. However, declining British government bond yields provided some support to risk assets, with the 10-year Gilt yield falling more than six basis points to 4.91%, helping offset concerns regarding financing conditions and economic growth. European investors ultimately focused on improving macroeconomic indicators and resilience in regional corporate activity, allowing equities to maintain positive momentum despite geopolitical headwinds.

## The Final Word

Markets continue demonstrating an important dynamic: weak sentiment alone has not been sufficient to derail economic activity. While consumers remain cautious and inflation expectations have increased, leading indicators continue pointing toward a resilient expansion rather than a deterioration in growth conditions. Investors appear increasingly willing to look beyond headline uncertainty and focus on whether economic fundamentals remain supportive of earnings growth and broader market momentum.

Congress heads into the Memorial Day recess amid growing policy friction across defense, spending, housing, and technology. While lawmakers advanced nominations and several targeted bills, larger priorities remain unresolved.

The U.S.–Iran conflict continues influencing both foreign and domestic policy discussions. While Republicans largely remain aligned with President Trump, emerging divisions over war powers and military authority suggest increasing pressure as economic costs and energy market risks rise. Discussions surrounding a phased diplomatic arrangement remain active, though no clear breakthrough has emerged.

**Senate Republicans also failed to advance a \$70 billion reconciliation package focused on border security and immigration priorities** before the recess.

**Internal disagreements surrounding funding items, including a proposed \$1.8 billion Anti-Weaponization Fund**, delayed progress and highlighted the increasing complexity of advancing major legislative initiatives.

Housing legislation gained momentum after the House overwhelmingly approved revisions aimed at increasing housing supply. At the same time, cryptocurrency tax legislation and data center energy policy also emerged as priorities on Capitol Hill.

Washington's biggest challenge increasingly appears to be execution rather than consensus, as internal divisions—not traditional partisan battles—become the principal obstacle to advancing policy priorities.

## Economic Data:

- **US Index of Consumer Sentiment:** fell to 48.20, down from 49.80 last month, a change of -3.21%.

## Eurozone Summary:

- **Stoxx 600:** closed at 620.56, up 0.27 points or 0.04%.
- **FTSE 100:** closed at 10,443.47, up 11.13 or 0.11%.
- **DAX Index:** closed at 24,606.77, down 130.47 points or 0.53%

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,285.66, up 276.31 points or 0.55%
- **S&P 500:** closed at 7,45.72, up 12.75 points or 0.17%.
- **Nasdaq Composite:** closed at 26,293.09, up 22.73 points or 0.09%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,308.63, down 7.75 points or 0.18%.
- **Birling Capital U.S. Bank Index:** closed at 9,227.80, up 51.88 points or 0.57%
- **U.S. Treasury 10-year note:** closed at 4.56%.
- **U.S. Treasury 2-year note:** closed at 4.13%.

UNIVERSITY OF MICHIGAN

## U.S. Index of Consumer Sentiment

Jan 2025 (Inauguration) **71.7**    May 2026 (Latest) **48.2**    Change **-32.8%**

January 2025 — May 2026 | Monthly



Source: University of Michigan — Surveys of Consumers | Birling Capital Advisors, LLC

▼ 23.5 pts | -32.8% since inauguration

## European Markets Summary

Friday, May 22, 2026 — Close

STOXX 600

**625.55**

▲+4.99 pts (+0.80%)

FTSE 100

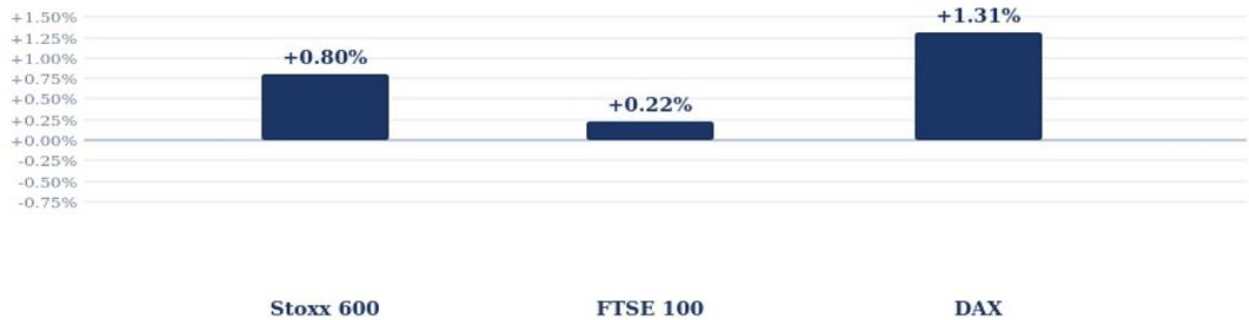
**10,466.26**

▲+22.79 pts (+0.22%)

DAX

**24,928.39**

▲+321.62 pts (+1.31%)



Source: Birling Capital Advisors | [birlingcapital.com](http://birlingcapital.com)

# U.S. Treasury Yield Curve

Friday, May 22, 2026 — Close

**2-YEAR NOTE**

**4.13%**

U.S. Treasury

**10-YEAR NOTE**

**4.56%**

U.S. Treasury

**20-YEAR BOND**

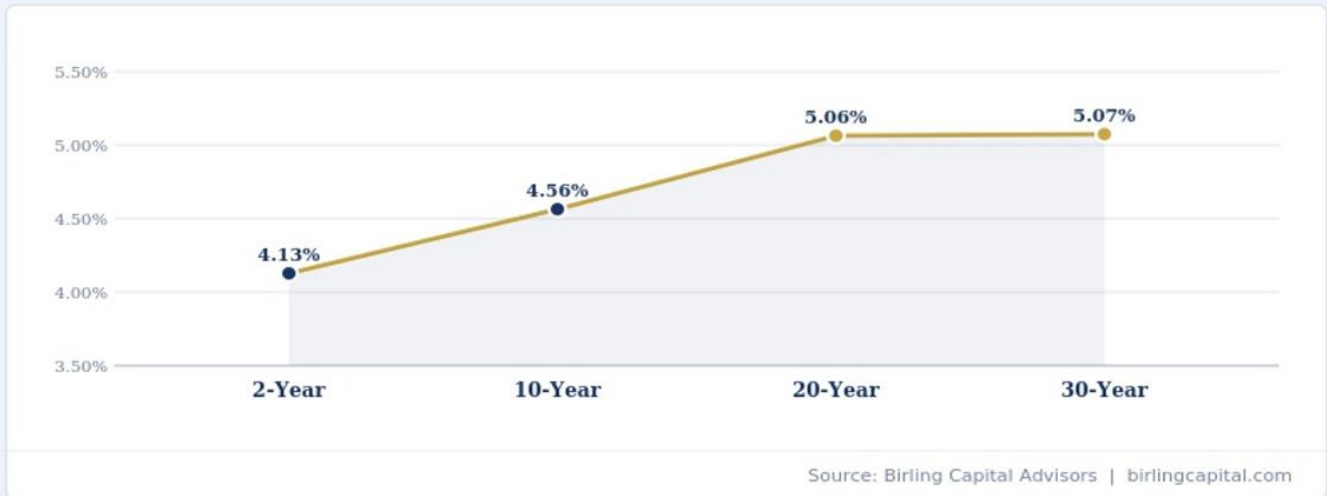
**5.06%**

U.S. Treasury

**30-YEAR BOND**

**5.07%**

U.S. Treasury



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.