

GLOBAL MARKET SQUARE



Nasdaq Surges 8% in May as Record Highs, AI Investment Boom, and Middle East Diplomacy Fuel Market Rally

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The U.S. and European stock markets closed higher on Friday, with Wall Street once again reaching record highs as investors embraced a combination of easing geopolitical tensions, falling energy prices, declining Treasury yields, and accelerating artificial intelligence investment. The positive sentiment was reinforced by reports that the United States and Iran have reached a framework agreement to extend their ceasefire for an additional 60 days, reducing concerns over disruptions to global energy supplies and supporting risk appetite across financial markets.

The decline in crude oil prices provided an additional tailwind for equities. West Texas Intermediate crude settled at \$87.36 per barrel, down 1.73% on the day and nearly 17% for the month, marking its largest monthly decline since April 2025. Brent crude closed at \$92.05 per barrel, falling 1.77%. Investors interpreted the progress in diplomatic negotiations and grew expectations that the Strait of Hormuz will remain open as constructive developments for inflation, economic growth, and corporate profitability.

Meanwhile, the artificial intelligence investment cycle continued to demonstrate its growing influence on financial markets. Strong earnings results and optimistic guidance from Dell Technologies reinforced investor confidence that AI infrastructure spending remains in its early stages, providing support for technology shares and helping extend one of the strongest market advances of the year.

U.S. Markets

U.S. equities finished the week and month at fresh record highs, with all three major indexes posting solid gains as technology stocks continued to lead the market higher.

The Dow Jones Industrial Average gained 363.49 points, or 0.72%, to close at a record 51,032.46. The S&P 500 advanced 16.63 points, or 0.22%, to finish at an all-time high of 7,580.06, while the Nasdaq Composite rose 0.20% to close at a record 26,972.62. All three benchmarks established new intraday and closing records during the session.

Technology remained the dominant force behind the market's advance. Dell Technologies surged nearly 33%, recording the largest single-day gain in its history after reporting earnings that exceeded expectations and raising their full-year outlook. Management cited strong demand for AI servers and data-center infrastructure, reinforcing the view that corporate spending on artificial intelligence remains a significant growth driver across the technology ecosystem.

The AI trade continued to broaden throughout the sector. Micron Technology advanced 5% and Qualcomm gained 3%, adding to extraordinary monthly gains. Micron surged approximately 88% during May, while Qualcomm rose nearly 40%. The Technology Select Sector SPDR Fund (XLK) climbed nearly 20% for the month and reached a new 52-week high, underscoring the sector's leadership role in the current bull market.

Importantly, the rally was not limited to a handful of large-cap technology names. Market breadth continued to improve as investors expanded allocations across multiple sectors, supported by easing energy prices, resilient economic conditions, and lower interest rates.

For the month, the Nasdaq led major indexes with a gain of more than 8%, while the S&P 500

advanced approximately 5% and the Dow Jones Industrial Average gained nearly 3%. Weekly performance was also positive, with the Nasdaq rising more than 2%, the S&P 500 gaining over 1%, and the Dow posting a modest weekly advance.

The market's ability to achieve record highs amid ongoing geopolitical uncertainty reflects growing investor confidence that diplomatic efforts between the United States and Iran could reduce one of the largest risks facing the global economy. Combined with resilient earnings growth and continued AI-driven capital investment, investors appear increasingly willing to look beyond short-term uncertainty and focus on the favorable backdrop supporting corporate profits and economic expansion.

European Markets

European markets closed modestly higher on Friday as investors balanced renewed military activity involving Iran against growing expectations that Washington and Tehran are moving closer to extending the fragile ceasefire that has helped stabilize global financial markets during recent weeks.

The pan-European Stoxx 600 Index advanced 0.20%, ending the month on a positive note as gains in defense, industrial, and technology shares offset weakness in select consumer and healthcare sectors. Market sentiment remained supported by reports indicating that the United States and Iran have largely agreed to the framework of a deal that would extend the current ceasefire for an additional 60 days while establishing a path for future negotiations regarding Iran's nuclear program. Defense stocks outperformed after reports that a Russian drone struck a residential building in Romania, highlighting the continued geopolitical risks facing Eastern Europe. The Stoxx Aerospace & Defense Index gained approximately 1.0%, led by strong performances from Polish aerospace company Creotech Instruments, which surged 19%, while Austrian aerospace manufacturer FACC added 3.2%.

Despite reports that Iranian forces launched missile strikes and deployed attack drones near the Strait of Hormuz, investors appeared increasingly focused on the broader diplomatic trajectory rather than isolated military incidents. Markets interpreted the latest developments as unlikely to derail ongoing negotiations aimed at reducing regional tensions and restoring stability to global energy markets. The constructive tone was reinforced by strong performances across Asia, where Japan's Topix and South Korea's Kospi reached record highs, signaling continued confidence in the global economic outlook. European investors also welcomed lower oil prices and easing sovereign bond yields, both of which have reduced inflation concerns and improved the outlook for economic growth across the Eurozone.

While geopolitical uncertainty remains elevated, European markets continue to benefit from expectations that a prolonged disruption to global energy supplies may be avoided. The combination of easing energy prices, improving financial conditions, and renewed diplomatic efforts in the Middle East provided a supportive backdrop for risk assets as investors closed out another constructive month for European equities.

Energy Markets

Energy prices declined sharply during the week as markets increasingly priced in a reduced probability of prolonged disruptions in the Middle East. West Texas Intermediate crude traded near \$87 per barrel, while Brent crude remained below \$92 per barrel, both posting significant weekly declines.

The market's focus has shifted from immediate supply risks to the possibility that regional stability could allow shipping and energy exports to normalize over the coming weeks. The retreat in energy prices has helped alleviate inflation concerns and contributed to the decline in Treasury yields, improving the overall backdrop for risk assets.

Economic & Policy Outlook

Investors continued assessing the implications of recent inflation data and Federal Reserve commentary. Several Fed officials expressed concern this week that inflation remains above the central bank's long-term objective, although falling energy prices have helped ease some near-term inflationary pressures.

The benchmark 10-year U.S. Treasury yield fell below 4.50%, reflecting improved investor confidence and expectations that policymakers will maintain a patient approach. Attention now turns to next week's employment report, which is expected to show approximately 100,000 new jobs created and an unemployment rate holding near 4.3%.

While labor-market conditions have stabilized and economic growth remains resilient, inflation remains the primary variable influencing monetary policy decisions. Investors generally expect the Federal Reserve to remain data-dependent while monitoring whether recent inflation pressures prove temporary or persistent.

The Final Word: Market Perspective

Markets are benefiting from a powerful combination of easing geopolitical tensions, declining energy prices, resilient corporate earnings, and expanding market participation. The broadening of leadership beyond technology into small-cap and equal-weight equities suggests the rally is becoming healthier and more sustainable. While inflation remains a key risk and geopolitical developments warrant continued monitoring, the market continues to demonstrate confidence that economic growth, corporate profitability, and improving financial conditions can support further gains as investors enter the summer months.

Economic Data:

- **US Crude Oil Production:** fell to 381.52M, down from 410.35M last month, a change of -7.03%.
- **Canada Real GDP QoQ:** is at -0.14%, compared to -0.98% last quarter.
- **Japan Housing Starts YoY:** rose to 11.36%, compared to -29.29% last month.
- **Japan Unemployment Rate:** fell to 2.50% from 2.70% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 6256.00, up 0.89 points or 0.14%.
- **FTSE 100:** closed at 10,409.28, down 16.68 or 0.16%.
- **DAX Index:** closed at 25,104.70, up 12.45 points or 0.05%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,032.46, up 363.49 points or 0.72%
- **S&P 500:** closed at 7,580.06, up 16.43 points or 0.22%.
- **Nasdaq Composite:** closed at 26,972.62, up 55.14 points or 0.21%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,319.10, up 16.00 points or 0.37%.
- **Birling Capital U.S. Bank Index:** closed at 9,243.71, up 17.08 points or 0.19%
- **U.S. Treasury 10-year note:** closed at 4.45%.
- **U.S. Treasury 2-year note:** closed at 3.98%.

United States

Crude oil production - monthly

▼ -7.03%

381.52M

barrels

Current 381.52M	Prior month 410.35M	Change -28.83M
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Production as % of prior month

Prior: 410.35M bbl

▼ 7.03% MoM

Canada

Real GDP - quarter-over-quarter

▲ Improving

-0.14%

QoQ growth rate

Current Q -0.14%	Prior Q -0.98%	Change +0.84 pp
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Recovery from prior contraction (85.7% improvement)

Still negative — but narrowing sharply

▲ +0.84 pp QoQ

Japan

Housing starts - year-over-year

▲ +40.65 pp

+11.36%

YoY change - monthly

Current +11.36%	Prior month -29.29%	Swing +40.65 pp
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Full reversal — contraction to expansion

Prior: -29.29%

▲ Back to positive

Japan

Unemployment rate - monthly

▼ Tightening

2.50%

seasonally adjusted

Current 2.50%	Prior month 2.70%	Change -0.20 pp
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Rate level (scale 0-5%; lower is better)

Near historic lows

▼ -7.41% MoM

Eurozone Market Close

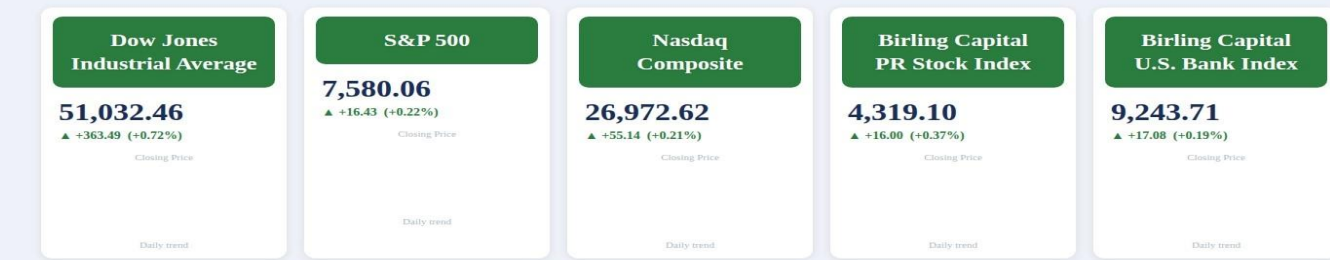
Stoxx 600 · FTSE 100 · DAX Index · May 29, 2026



Source: Bloomberg | Think Strategically™

Wall Street Market Close

DJIA · S&P 500 · Nasdaq · Birling PR Stock Index · Birling U.S. Bank Index · May 29, 2026



Source: NYSE, Nasdaq, U.S. Treasury | Think Strategically™ · © 2026 Birling Capital Advisors, LLC · birlingcapital.com



Wall Street Recap

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