

Markets Pull Back from Highs as Oil Rebounds and Iran Uncertainty Tempers Risk Appetite Ahead of Jobs Report

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The U.S. and European stock markets closed lower, as equities paused following recent record highs amid renewed volatility in energy markets and lingering uncertainty over a potential U.S.–Iran agreement. While crude prices remained below recent peaks, oil rebounded from intraday lows, reintroducing inflation sensitivity and prompting a modest risk-off shift across asset classes.

The session reflects a recalibration rather than a reversal. Investors are balancing strong earnings momentum and resilient macro data against an evolving geopolitical backdrop, where progress toward a deal remains incomplete and headline-sensitive. With the April jobs report looming, markets adopted a more cautious tone, locking in gains after a strong multi-session rally.

U.S. Markets

U.S. equities declined modestly, pulling back from fresh intraday records as investors digested mixed signals from oil markets and geopolitical developments.

The S&P 500 fell 0.38% to close at 7,337.11, after briefly reaching a new all-time high during the session. The Nasdaq Composite slipped 0.13% to 25,806.20, also retreating from record intraday levels, while the Dow Jones Industrial Average dropped 313.62 points (-0.63%) to 49,596.97.

The pullback was led by large-cap technology and semiconductor names, with weakness in Amazon, Broadcom, and Micron Technology weighing on the broader market. The move reflects both profit-taking after recent gains and sensitivity to shifting rate and inflation expectations. Energy markets remained the key driver. West Texas Intermediate crude settled at \$94.81 per barrel, down just 0.28%, while Brent crude closed at \$100.06, off 1.19%. Despite the declines, both benchmarks rebounded from deeper intraday losses, signaling that the market is not fully pricing a near-term resolution in the Middle East.

Geopolitical developments continue to shape sentiment. While reports suggest progress toward a 14-point framework agreement between the United States and Iran, negotiations remain fluid. Iranian officials have expressed reservations about key provisions, including control of the Strait of Hormuz and post-conflict conditions, while Donald Trump has emphasized that no agreement has been finalized.

At the sector level, performance was mixed. While semiconductors lagged, select names posted strong earnings gains. Fortinet surged 20% after raising full-year billings guidance, and Peloton climbed nearly 9% on better-than-expected revenue, underscoring continued earnings dispersion within the market.

Strategically, the session reflects a market consolidating near highs. Strong earnings—particularly tied to AI-driven investment—continue to provide structural support, but positioning appears increasingly extended in the near term. As a result, markets are becoming more reactive to incremental changes in oil prices and geopolitical headlines.

With the labor market report set to be released, the next directional move will likely hinge on whether macro data reinforces the soft-landing narrative or introduces new uncertainty into rate expectations.

European Markets

European equities closed firmly lower, reversing early gains as investors shifted to a more cautious stance amid uncertainty over a U.S.–Iran agreement and renewed inflation concerns following a policy move in Norway.

The Stoxx Europe 600 declined more than 1%, with broad-based weakness across major bourses. The FTSE 100 fell 1.6%, while the CAC 40 and DAX also closed lower, reflecting profit-taking after the prior-session rally and a recalibration of risk expectations.

Monetary policy added to the pressure. Norges Bank raised its benchmark rate by 25 basis points to 4.25%, becoming the first major central bank to tighten since the resurgence of tensions in the Middle East. The move underscores that inflation—particularly energy-driven—remains a binding constraint for policymakers and a headwind for valuations.

Corporate developments were mixed and failed to offset macro concerns. Shell reported stronger-than-expected earnings but declined 2.9% after signaling a smaller share buyback, while Maersk dropped nearly 10% as weaker year-over-year EBITDA highlighted softness in global trade flows. Geopolitics continues to dominate sentiment. Statements from Donald Trump suggesting that a deal with Iran is not guaranteed, coupled with renewed regional tensions, tempered optimism and reinforced a risk-off tone across European markets.

The pullback reflects a transition from relief-driven optimism to data- and policy-driven caution. Europe's sensitivity to energy prices and inflation expectations keeps markets highly reactive to geopolitical headlines and central bank actions, suggesting continued.

Labor Market: Stable, Not Weakening

Recent labor data continues to support a soft-landing narrative.

Initial jobless claims rose modestly to 200,000 but remained below expectations, while continuing claims declined to 1.77 million—suggesting steady reabsorption of workers into employment. The data point to a gradually cooling labor market without signs of stress.

Consensus expectations for the April jobs report call for approximately 65,000 jobs added, with the unemployment rate holding at 4.3%. This balance—slower hiring without rising layoffs—supports moderate wage growth and sustained consumption.

Earnings: Strength Broadens Across Sectors

Earnings season continues to outperform expectations as it enters its final stretch.

Approximately 85% of S&P 500 companies have reported, and around 85% have exceeded estimates by an average of 19%. Growth projections have been revised sharply higher, marking a sixth consecutive quarter of double-digit expansion.

Technology remains the primary driver, with earnings growth exceeding 50% year-over-year, supported by AI-driven investment. However, breadth has improved meaningfully, with 10 of 11 sectors expected to post gains, including materials and financials.

This broad-based earnings strength is a critical development, reinforcing the durability of the current market cycle and supporting more balanced sector performance.

Strategic View

Markets remain constructive but increasingly tactical, as recent gains give way to consolidation near record levels. While earnings growth continues to exceed expectations and macro conditions remain stable, geopolitical uncertainty—particularly around the U.S.–Iran negotiations—and renewed volatility in oil prices are reintroducing short-term friction.

The labor report now represents the immediate inflection point. A stable outcome would reinforce the soft-landing narrative and support current valuations, while any downside surprise could increase volatility, even if it ultimately shifts policy expectations in a more accommodative direction.

For investors, the framework evolves slightly: stay invested, but more selective and disciplined.

Emphasize sectors with strong earnings visibility, structural growth drivers, and pricing power, while closely monitoring energy markets, since oil remains the primary transmission mechanism linking geopolitics to inflation expectations.

Absent a material geopolitical escalation or macro deterioration, the broader trajectory for equities remains upward—but with a more measured pace and heightened sensitivity to headlines.

Corporate Earnings Parade:

- **EVERTEC, Inc. (EVTC):** reported 1 quarter 2026 revenues of \$247.9 million, up 8%, net income of \$23.8 million, decreasing 27%, with Earnings Per Share of \$0.90, missing both revenues and earnings estimates. Evertec has a Stock price target of \$32.60, and the stock fell today by \$ 4.80, closing at \$23.36. The net income decline reflects higher professional fees, contingent consideration payments from prior acquisitions, and increased depreciation from acquisition-related intangibles. **For full-year 2026**, the Company raised its revenue guidance to \$1.073–\$1.085 billion, representing growth of 15.1%–16.4%, following the completion of the acquisition of Dimensa S.A. in Brazil. Check our **EVTC report:** [EVTC Overview](#)

Economic Data:

- **US Productivity:** fell to 0.80%, compared to 1.60% last quarter.
- **US Initial Claims for Unemployment Insurance:** rose to 200,000, up from 190,000 last week, increasing 5.26%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** fell to 203,250, down from 207,750 last week, a decrease of 2.17%.
- **US Unit Labor Costs: Nonfarm Business QoQ:** fell to 2.30%, compared to 4.60% last quarter.
- **US Construction Spending MoM:** rose to 0.56%, compared to -0.22% last month.
- **US Consumer Credit Outstanding MoM:** rose to \$9.484 billion, up from \$7.665 billion last month, increasing 23.73%.
- **30-Year Mortgage Rate:** rose to 6.37% from 6.30% last week.

Eurozone Summary:

- **Stoxx 600:** closed at 616.42, down 6.83 points or 1.10%.
- **FTSE 100:** closed at 10,276.95, down 161.71 or 1.55%.
- **DAX Index:** closed at 24,663.61, down 255.08 points or 1.02%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,596.97, down 313.62 points or 0.63%
- **S&P 500:** closed at 7,337.11, down 28.01 points or 0.38%.
- **Nasdaq Composite:** closed at 25,806.20, down 32.74 points or 0.13%.
- **Biriling Capital Puerto Rico Stock Index:** closed at 4,455.60, up 20.70 points or 0.47%.
- **Biriling Capital U.S. Bank Index:** closed at 9,309.50, up 110.26 points or 1.20%
- **U.S. Treasury 10-year note:** closed at 4.41%.
- **U.S. Treasury 2-year note:** closed at 3.92%.



US Nonfarm Business Productivity as of May 7, 2026

U.S. NONFARM BUSINESS PRODUCTIVITY

Quarter-over-Quarter Annualized Change | Q4 2013 - Q1 2026



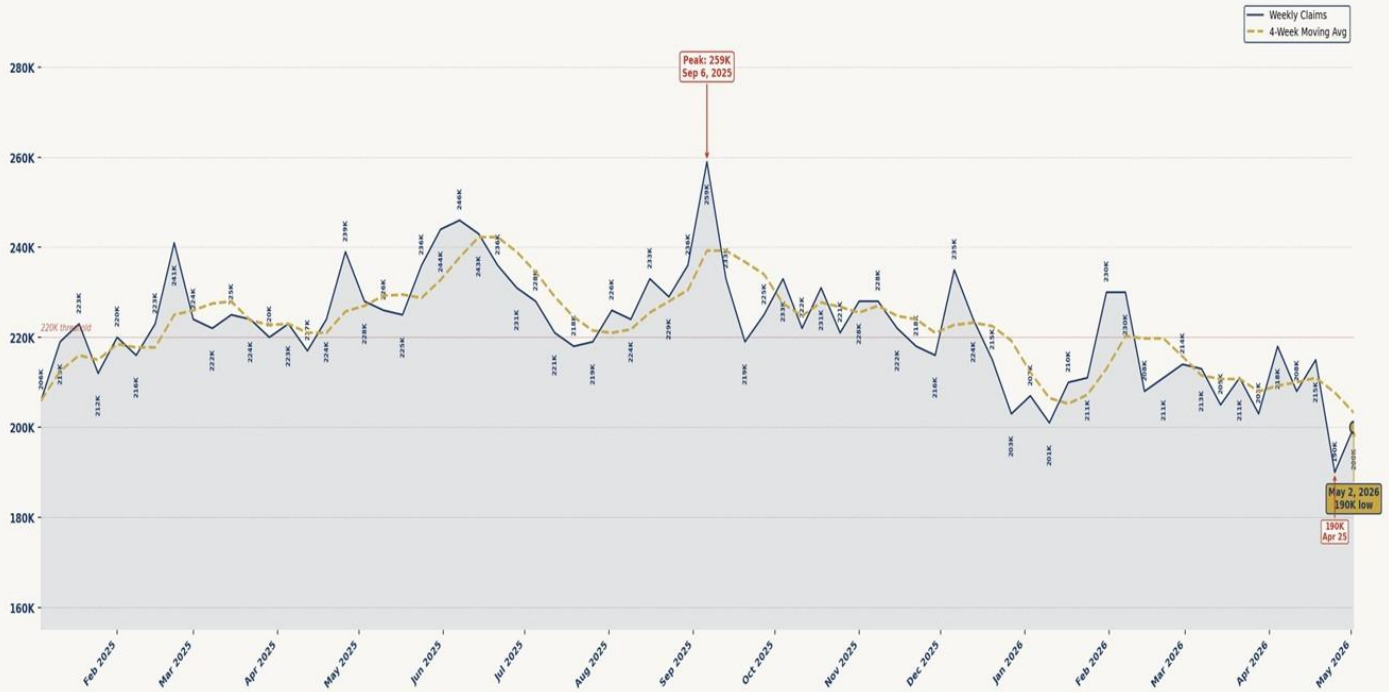
Measures the quarter-over-quarter change in output per hour worked for nonfarm business employees. Rising long-run productivity reflects positively on the broader economy; technology adoption has been a key driver of gains.

Source: U.S. Bureau of Labor Statistics | © 2026 Birling Capital Advisors, LLC | birlingcapital.com

US Initial Claims for Unemployment Insurance as of May 7, 2026

U.S. INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE

Weekly Seasonally Adjusted | January 4, 2025 - May 2, 2026



Measures the number of individuals filing first-time claims for state unemployment benefits each week. A leading indicator of labor market health — readings below 220K signal resilient job conditions, sustained rises indicate softening employment.

Source: U.S. Department of Labor | © 2026 Birling Capital Advisors, LLC | birlingcapital.com

European Markets Summary for May 7, 2026





Wall Street Recap

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