

# Stocks Hit Fresh Records as Strong Jobs Data Offsets Geopolitical Risks While Europe Declines on Trade Tensions

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

**The U.S. and European stock markets closed mixed, with Wall Street advancing to fresh record highs while European equities declined** amid renewed trade tensions and geopolitical uncertainty. U.S. markets extended their rally following stronger-than-expected labor data and continued optimism about a potential diplomatic resolution with Iran, while Europe lagged under the weight of tariff threats and sensitivity to developments in the Middle East.

The S&P 500 and Nasdaq both closed at all-time highs, marking their sixth consecutive weekly gain—the longest winning streak since 2024—as investors leaned into a resilient growth narrative supported by solid employment trends and robust earnings momentum.

In contrast, European markets moved lower, with the STOXX 600 declining approximately 0.7% amid rising trade tensions between the United States and the European Union and ongoing geopolitical uncertainty.

Markets are now being shaped by a more nuanced macro environment. While U.S. equities continue to benefit from strong fundamentals, easing yields, and AI-driven earnings growth, European markets remain more exposed to external shocks—particularly trade policy and energy-linked geopolitical risks.

This divergence underscores a critical shift: global markets are no longer moving in lockstep. Instead, regional performance is increasingly driven by differences in policy exposure, economic momentum, and sensitivity to geopolitical developments.

## U.S. Markets

**U.S. equities extended their advance, closing at new record highs** as investors responded positively to the latest labor market data and continued to position for a constructive geopolitical outcome. **The S&P 500 rose 0.84% to 7,398.93, while the Nasdaq Composite surged 1.71% to 26,247.08—both closing at all-time highs after reaching new intraday records. The Dow Jones Industrial Average was essentially flat, rising 12.19 points to 49,609.16, reflecting a divergence between growth leadership and more cyclical exposures.**

For the week, momentum remained firmly intact. The S&P 500 gained 2.3%, and the Nasdaq climbed 4.5%, marking six consecutive weeks of gains, while the Dow lagged with a modest 0.2% increase. This divergence highlights the continued concentration of performance in technology and AI-driven segments of the market.

The primary catalyst was the April employment report, which showed payrolls increasing by 115,000—well above expectations—while the unemployment rate held steady at 4.3%. The data reinforces the “resilient economy” narrative, suggesting that growth remains intact despite geopolitical tensions and elevated energy prices.

At the same time, markets continue to monitor developments in the Middle East. While intermittent military exchanges between the U.S. and Iran have kept oil prices volatile, investors are increasingly

focused on diplomatic channels and the potential for a negotiated resolution. This has limited the risk premium embedded in equities, even as crude prices remain near the mid-\$90s range.

Technology stocks once again led the rally, with semiconductor names advancing sharply as AI-related capital expenditures continue to drive earnings upgrades and investor positioning. This structural theme remains the dominant force behind index-level gains, reinforcing a market increasingly dependent on innovation-driven growth.

The market is currently pricing a “best-case convergence”: resilient growth, contained inflation, stable policy, and de-escalating geopolitical risk. While this alignment has propelled equities to successive records, it also implies a narrower margin for error.

In the near term, sustainability will depend on three variables: continued earnings delivery, stability in energy markets, and confirmation that geopolitical risks remain contained rather than systemic. As long as those conditions hold, the path of least resistance for equities remains upward—though increasingly selective and valuation-sensitive, increasingly anchored in earnings and macro stability rather than headline-driven swings.

## European Markets

**European equities closed lower amid renewed transatlantic trade tensions and political uncertainty.**

The pan-European STOXX 600 declined 0.69%, with broad-based weakness across sectors, and major indices in London, Paris, Frankfurt, and Milan all finishing in the red.

The primary catalyst was a re-escalation of trade rhetoric from President Donald Trump, who warned that tariffs on European goods could rise “substantially” if the European Union fails to meet its commitments under last year’s trade agreement. The administration has set a July 4 deadline for compliance, reinforcing policy uncertainty and raising the risk of a renewed tariff cycle.

This development has reintroduced trade friction as a material market variable, particularly for export-sensitive sectors such as autos and industrials. European policymakers have pushed back, with officials in Brussels signaling that implementation delays reflect legislative complexity rather than non-compliance, while some lawmakers have characterized U.S. actions as destabilizing to the transatlantic framework.

On the corporate front, banking and industrial names led declines. Commerzbank fell sharply despite reporting solid quarterly operating profit, as investors focused on strategic uncertainty surrounding UniCredit’s ongoing takeover attempt. The broader financial sector weakened in tandem with rising macro risk premiums.

Defense stocks were among the worst performers, reversing recent strength as markets reassessed the geopolitical outlook. Rheinmetall led losses with a significant decline, while Renk and Leonardo also traded lower. The pullback reflects a shift from escalation pricing toward a more fluid—but still uncertain—ceasefire environment in the Middle East.

In the United Kingdom, political developments added another layer of complexity. Early election results indicated significant losses for both major parties, raising questions about the durability of Prime Minister Keir Starmer’s leadership. While the final outcome remains unresolved, the results suggest a more fragmented political landscape that could complicate the execution of fiscal and economic policy in the near term.

Fixed income markets reflected a modest flight to safety, with U.K. gilt yields easing slightly and the British pound strengthening against the U.S. dollar, supported by relative rate stability and positioning dynamics.

European markets are increasingly caught between external and internal pressures. On one hand, U.S. trade policy is re-emerging as a direct risk to growth and export competitiveness. On the other, domestic political uncertainty—particularly in the U.K.—is adding friction to an already fragile macro backdrop.

Until there is greater clarity on the trajectory of U.S.-EU trade negotiations, European equities are likely to remain more reactive than directional, with sector dispersion driven by sensitivity to tariffs, energy, and geopolitical developments.

## Solid Job Growth Reinforces Economic Resilience

The U.S. economy added **115,000 jobs in April**, significantly exceeding expectations of roughly 55,000–65,000, while the unemployment rate held steady at **4.3%**, underscoring continued labor-market stability.

Job gains were led by healthcare, transportation, and retail, but importantly broadened across sectors—an indication that labor demand is stabilizing rather than narrowly concentrated. This marks a meaningful inflection point in labor dynamics, with back-to-back gains suggesting the labor market is transitioning from fragility to measured expansion. Wage growth remains contained, helping ease concerns about a wage-driven inflation spiral while still supporting consumer spending. From a policy perspective, the data reinforce the Federal Reserve's **“higher for longer”** stance. With labor conditions holding firm and inflation risks still influenced by energy markets, the Fed is likely to remain on hold in the near term. Markets continue to price the possibility of a **late-cycle rate cut in 2026**, contingent on further normalization in energy prices and inflation trajectories.

## Earnings Strength Continues to Anchor Markets

Corporate earnings remain the central pillar supporting equity performance. With more than 80% of S&P 500 companies having reported first-quarter results, earnings growth is tracking above **18%**, extending the streak of double-digit expansion to six consecutive quarters.

This performance reflects a combination of resilient revenue growth—particularly in technology—and sustained margin strength across multiple sectors. AI-driven investment cycles, productivity gains, and pricing power continue to underpin profitability, even as macro uncertainty persists.

Importantly, earnings growth has offset modest valuation compression observed earlier in the year, providing a structural cushion against geopolitical volatility. While markets have rallied significantly, the underlying earnings trajectory suggests that equities remain fundamentally supported rather than purely sentiment-driven.

## Strategic View

For investors, the strategy remains consistent: **stay invested but stay selective**. Favor sectors with durable earnings visibility, structural growth drivers, and pricing power—particularly within technology and AI-linked ecosystems.

After an extended rally, a period of consolidation would be both natural and healthy. However, as long as corporate earnings continue to expand and macro conditions remain stable, the broader trajectory for equities remains upward.

## Economic Data:

- **US Index of Consumer Sentiment:** fell to 48.20, down from 49.80 last month, a decrease of 3.21%.
- **US Nonfarm Payrolls MoM:** fell to 115,000, down from 185,000 last month, decreasing by -37.84%.
- **US Unemployment Rate:** is unchanged at 4.30%, compared to 4.30% last month.
- **US Labor Force Participation Rate:** fell to 61.80%, compared to 61.90% last month.
- **US Wholesale Inventories MoM:** rose to 1.35%, compared to 0.94% last month.
- **Canada Employment Net Change:** fell by -17,700, down from 14,100 last month.
- **Canada Unemployment Rate:** rose to 6.90% from 6.70% last month.
- **Canada Labour Force Participation Rate:** rose to 65.00%, compared to 64.90% last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 612.14, down 4.28 points or 0.69%.
- **FTSE 100:** closed at 10,233.07, down 43.88 or 0.43%.
- **DAX Index:** closed at 24,338.63, down 324.98 points or 1.32%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,609.16, up 12.19 points or 0.02%
- **S&P 500:** closed at 7,398.93, up 61.82 points or 0.84%.
- **Nasdaq Composite:** closed at 26,247.08, up 440.88 points or 1.71%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,259.76, down 195.84 points or 4.40%.
- **Birling Capital U.S. Bank Index:** closed at 9,191.62, down 117.88 points or 1.27%
- **U.S. Treasury 10-year note:** closed at 4.38%.
- **U.S. Treasury 2-year note:** closed at 3.90%.



# U.S. Index of Consumer Sentiment 2025 to YTD 2026

## U.S. Index of Consumer Sentiment

University of Michigan Surveys of Consumers · January 2025 - May 2026

Peak Jan 2025  
**71.7**

Latest May 2026  
**48.2**

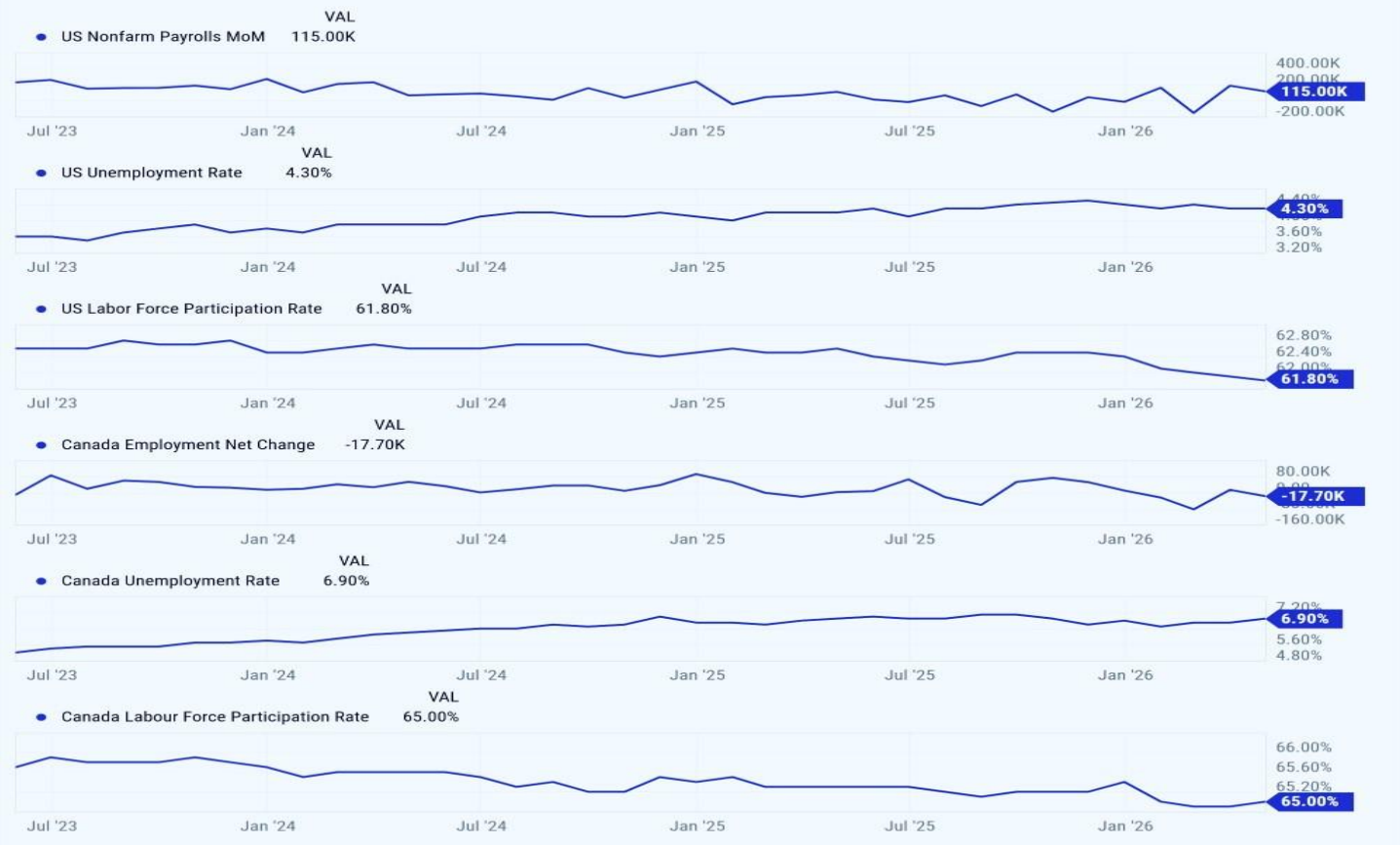
17-mo. Change  
**-23.5 pts (-32.8%)**

17-mo. Average  
**56.5**



Source: University of Michigan Surveys of Consumers | Birling Capital Advisors

# US Nonfarm Payrolls MoM; US Unemployment Rate; US Labor Force Participation Rate; Canada Employment Net Change; Canada Unemployment Rate & Canada Labour Force Participation Rate



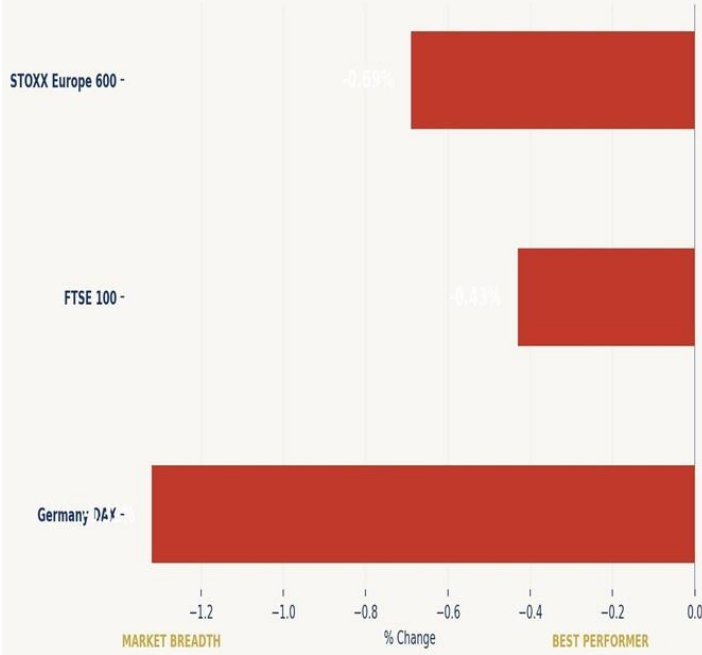
# European Markets Summary for May 8, 2026

## EUROPEAN MARKETS SUMMARY

Birling Capital Advisors, LLC

Major European Equity Indices | May 08, 2026 | All 3 Markets Lower

07/19/2025 10:00 AM



Ticker	Index	Level	Change	% Chg
.STOXX	STOXX Europe 600	612.14	-4.28	-0.69%
.FTSE	FTSE 100	10,233.07	-43.88	-0.43%
.GDAXI	Germany DAX	24,338.63	-324.98	-1.32%

WORST PERFORMER

Germany DAX -1.32%

AVERAGE CHANGE

-0.81%

Think Strategically™



# Wall Street Recap

## May 8, 2026



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