Nvidia Sell-Off and a Hot Inflation Report Revive Rate-Hike Fears and Drag Wall Street Lower

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The U.S. stock markets closed lower on Tuesday, and European markets ended mixed after the October consumer price index (CPI) came in above forecasts and a Federal Reserve governor opened the door to a larger rate increase in December. Nvidia fell more than 5% and weighed on all three major U.S. averages; the S&P 500 lost 0.38%, and the 10-year Treasury yield closed at 4.98%. The pullback followed Monday's rally, the S&P 500's strongest session since April, and showed how quickly rate worries can return.

U.S. Markets

Stocks gave back part of Monday's gains as two pressures hit at once: hot inflation data and a selloff in the market's most closely watched chipmaker. The S&P 500 fell 0.38% to 7,520.93, the Dow Jones Industrial Average lost 157.86 points, or 0.30%, to 52,231.89, and the Nasdaq Composite dropped 0.74% to 25,065.87.

Nvidia was the day's biggest drag. The stock sat out Monday's technology rebound. Then it fell more than 5%, as the controversy over CEO Jensen Huang's ties to a businesswoman whom U.S. intelligence agencies suspect of spying for China continued to weigh on the shares. Nvidia has denied wrongdoing, and the allegations remain unconfirmed.

The inflation report did the rest. Consumer prices rose 0.4% in October, above the 0.3% economists expected. Core prices, which exclude food and energy, rose 0.3%, above the forecast of 0.2%. The government did not publish a year-over-year figure because there was no CPI report for October 2025 during the shutdown.

Treasury yields jumped. The 10-year note moved above 5% in trading and closed at 4.98%, as investors worried that rate increases could continue into 2027. Fed Governor Christopher Waller added to the pressure in a speech in London, saying a December hike looks likely and leaving room for a half-point move. He added that the exact timing of increases matters less than following through on them within a reasonable period. Traders now treat a December hike as almost certain, give a small chance to a larger one, and expect at least one more quarter-point increase next year. Markets are starting to price in a more aggressive Fed next year, and he read the CPI report as a sign inflation may prove stickier for longer.

The decline follows a volatile week in which investors worried that a slowdown in data center construction could follow the Democrats' midterm gains.

In Puerto Rico, the Birling Capital Puerto Rico Stock Index rose 0.40%, and our US Bank Index outperformed the broader market, gaining 2.76%.

European Markets

European stocks ended a choppy session without a common direction after the hotter U.S. inflation report pushed Treasury yields toward 5% and strengthened the dollar. The pan-European Stoxx 600 edged up 0.27% to 658.32, and Germany's DAX gained 0.31% to 26,347.45, while London's FTSE 100 slipped 0.29% to 10,751.59.

The gains were modest and followed Monday's strong rally, which suggests investors were reluctant to push prices higher before knowing how the Federal Reserve will respond. Lower oil prices

continued to help the region, which imports much of its fuel, but they likely weighed on the energy and commodity companies that carry heavy weight in the FTSE, the only one of the three to finish in the red. The three indexes we follow closed mixed: Stoxx 600, up 1.80 points; FTSE 100, down 31.28 points; and DAX Index, up 80.26 points.

What the Inflation Report Showed

Headline inflation has been the story of 2026. After easing to 2.3% in April 2025, the consumer price index drifted back up to 3.0% by September 2025, then slid to 2.4% in January and February this year. The path then turned sharply higher: 3.3% in March, 3.8% in April, and a peak of 4.2% in May, as the oil price shock tied to the Middle East conflict lifted gasoline and other energy costs. Relief followed, with readings of 3.5% in June and 3.4% in both July and August, but September's 3.7% reversed part of that improvement.

Core inflation, which strips out food and energy, tells a calmer story. It began the period at 3.3%, settled near 2.8% in the spring of 2025, and edged back to 3.1% in the summer. Since then, it has trended lower, holding between 2.4% and 2.8% through 2026 even as headline inflation surged. September's reading of 2.6% is 0.7 points below where core stood in January 2025.

The gap between the two lines shows where the pressure is coming from. In May 2026, headline inflation ran 1.4 points above core, and in September the gap was still 1.1 points. Energy prices, not broad underlying price pressure, account for most of the rise. That matters for policy. A central bank can do little about an oil shock, but it will worry if higher fuel costs start to feed into wages, rents, and other services, and the recent uptick in core from 2.4% to 2.6% is worth watching.

Energy Markets

West Texas Intermediate crude extended its decline to near $86 a barrel as investors weighed diplomatic efforts to ease supply disruptions in the Middle East. Oil is now well below the levels of a few weeks ago, but it remains far above last year's prices, and a lasting drop depends on talks making real progress.

Economic and Policy Outlook

Wages are keeping up with prices but not outpacing them. Average hourly earnings rose 0.4% in October, matching headline inflation, so real pay was roughly flat. Hiring remains steady. Private employers added an average of 19,750 jobs per week in the four weeks ended October 24, up slightly from 19,500 in the prior report, according to ADP. Unemployment is 4.1%, and about 7.5 million job openings exceed the 7.1 million people looking for work, signaling a balanced labor market. Steady hiring and wage gains should support household incomes and spending, and with inflation still elevated, we continue to expect the Fed to raise rates by 0.25 percentage point in December.

The Final Word

Monday's rally rested on two supports, cheaper oil and a rebound in technology. Tuesday's inflation data tested both. Oil is still falling, which is encouraging. Still, core prices rose faster than forecast, and Treasury yields near 5% are raising the cost of money for everyone from homebuyers to corporate borrowers. The Fed's job remains harder, not easier: it must weigh an economy with strong hiring and steady wages against inflation that has not cooled, and a December rate increase now looks like the central case. Markets can absorb higher rates if profits keep growing, but they will not like surprises. Investors should stay diversified, watch the dollar and the 10-year yield, and avoid reading too much into one morning's move.

GDPNow Update:

- The GDPNow for the fourth quarter of 2026 was updated on November 9, 2026, to **3.50%**, up from 3.40% (a 2.94% rise).

Economic Update:

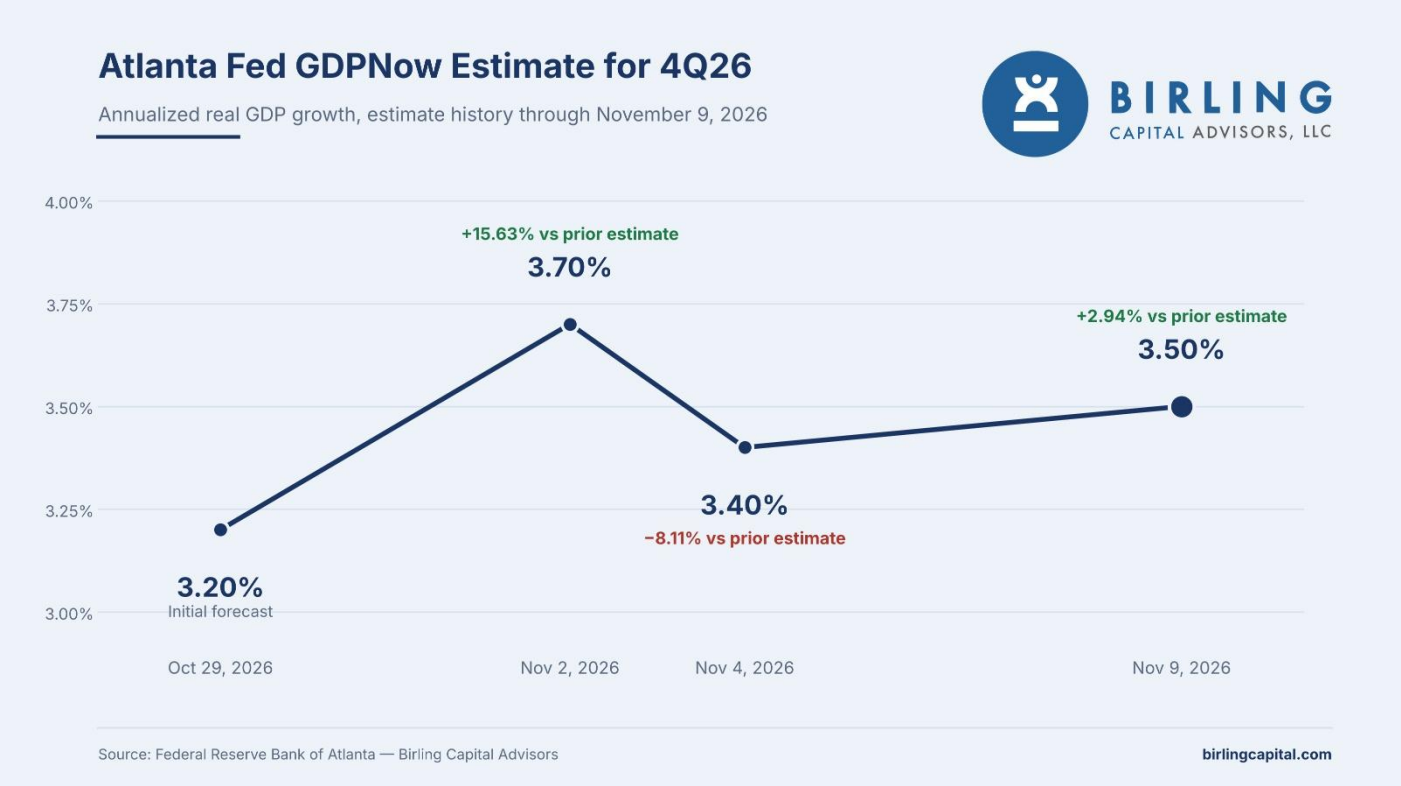
- **US Consumer Price Index YoY:** rose to 3.70%, compared to 3.40% last month.
- **US Core Consumer Price Index YoY:** rose to 2.60%, compared to 2.40% last month.
- **US Inflation Rate:** rose to 3.70%, compared to 3.40% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 658.32, up 1.80 points, or 0.27%.
- **FTSE 100:** Closed at 10,751.59, down 31.28 points, or 0.29%.
- **DAX Index:** Closed at 26,347.45, up 80.26 points, or 0.31%.

Wall Street Summary:

- **Dow Jones Industrial Average:** Closed at 52,231.89, down 157.86 points, or 0.30%.
- **S&P 500:** Closed at 7,520.93, down 29.01 points, or 0.38%.
- **Nasdaq Composite:** Closed at 25,065.87, down 187.26 points, or 0.74%.
- **Birling Capital Puerto Rico Stock Index:** Closed at 4,967.62, up 19.84 points, or 0.40%.
- **Birling Capital US Bank Index:** Closed at 9,431.05, up 253.59 points, or 2.76%.
- **U.S. Treasury 10-year note:** Closed at 4.98%.
- **U.S. Treasury 2-year note:** Closed at 4.73%.



US Inflation Dashboard, CPI, Core CPI and Inflation

Headline and core inflation, January 2025 to September 2026

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Source: U.S. Bureau of Labor Statistics — Birling Capital Advisors

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European indexes close

Tuesday, November 10, 2026

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Stoxx 600 ▲	FTSE 100 ▼	DAX Index ▲
Closing price	Closing price	Closing price
658.32	10,751.59	26,347.45
▲ 1.80 points	▼ 31.28 points	▲ 80.26 points
+0.27%	−0.29%	+0.31%

Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

BIRLING CAPITAL ADVISORS, LLC

Tuesday, November 10, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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