Wall Street recovers from the AI sell-off as the Dow jumps 1.08%, while bank shares lag

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The U.S. and European stock markets closed higher on Thursday as Wall Street bounced back from a rocky morning. Technology shares, which were sharply lower early on, stabilized by the close, and a strong rally in the Dow Jones Industrial Average led the gains. Bonds also rallied, pulling Treasury yields lower despite hot inflation data.

U.S. Markets
The session began badly, with the Nasdaq down 1.3% on worries about the sustainability of AI spending at higher interest rates, following Wednesday's decline of nearly 2%. Buyers stepped in as the day went on. The Dow Jones Industrial Average finished up 1.08%, the S&P 500 gained 0.33%, and the Nasdaq Composite erased its morning losses to close up 0.08%. The turnaround suggests investors are willing to buy the dip in technology shares, but the day's move remains fragile. Banks were the weak spot. The Birling Capital US Bank Index fell 1.56%, even though bank earnings continue to arrive with generally constructive results. In Puerto Rico, the Birling Capital Puerto Rico Stock Index edged up 0.07%. The bond market rally continued, with the 10-year Treasury note closing at 5.10% and the 2-year note at 4.77%. Gold rose as yields fell, and oil was steady.

European Markets
European stocks put in a solid session on Thursday, shrugging off the technology sell-off in the U.S. and closing higher across the board, with London setting the pace. The FTSE 100 was the standout, surging 1.08% and leaving the other two benchmarks behind. The Stoxx 600 added a steady 0.38%, while Germany's DAX gained 0.33% as buyers stayed active despite the pressure on technology shares across the Atlantic. Falling bond yields and hot inflation data on the U.S. side kept investors cautious about growth stocks, but they did not stop money from flowing into European equities. The three indexes we follow closed higher: Stoxx 600, up 0.38%; FTSE 100, up 1.08%; and DAX Index, up 0.33%.

The earnings spotlight
Anthropic reported third-quarter revenues of $16.8 billion with positive free cash flow and strong margins. Analysts focused on the slower pace of growth compared with the prior quarter, which raises questions about how long last year's explosive expansion can continue. CoreWeave's report on Wednesday added to those concerns by showing the funding pressure on companies building AI capacity. Taiwan Semiconductor was a bright spot, beating third-quarter revenue estimates with continued rapid growth. Consensus calls for S&P 500 earnings growth of nearly 30% in the third quarter, with all 11 sectors expected to contribute for the first time since 2021, a sign of how broad this earnings cycle is.

Energy Markets
Oil prices were steady after the recent spike. Higher energy costs are still feeding through the economy, as September's producer price report showed.

Economic & Policy Outlook
Inflation pressure is building in the pipeline. Producer prices rose 6.3% from a year earlier in September, up from 5.6% in August and the fastest annual pace in more than four years. Core producer prices rose 5.0% against 4.8% the month before, so the pressure goes beyond energy. Retail sales slowed to 0.77% from 1.29% in August, though the headline was lifted by higher gasoline prices. Inventories grew sharply, and jobless claims remain very low at 199,000, a sign of a tight labor market. The 30-year mortgage rate rose to 7.40% from 7.28% a week ago, showing that higher borrowing costs are reaching households. The Atlanta Fed's GDPNow model puts third-quarter growth at 3.6%, which is still solid but well below the pace seen earlier in the quarter.

The Final Word
Markets are balancing strong corporate earnings against inflation that is running hot and bond yields that remain high. The recovery in technology stocks and the Dow's strong gain show that buyers are still active, and the bond rally gave investors some relief. But the sell-off in banks tells us investors are watching how higher rates affect lenders. In our view, producer prices at this level and a tight labor market keep the case for higher interest rates in play, even as GDPNow shows growth cooling. Consumer spending should remain solid, but expensive energy and rising borrowing costs are the main risks to that outlook.

GDPNow Update:

- The Atlanta Fed's GDPNow estimate for third-quarter 2026 real GDP growth stands at 3.6% as of October 15, unchanged from October 8. Growth remains solid but is losing momentum.

Economic Update:

- **US Producer Price Index YoY:** rose to 6.30% from 5.60% last month.
- **US Core Producer Price Index YoY:** rose to 5.00% from 4.80% last month.
- **US Retail and Food Services Sales MoM:** fell to 0.77%, compared to 1.29% last month.
- **US Wholesalers Inventories MoM:** rose to 1.29% from 0.38% last month.
- **US Business Inventories MoM:** rose to 0.81% from 0.12% last month.
- **US Initial Claims for Unemployment Insurance:** rose to 199,000 from 198,000 last week, up 0.51%.
- **US 4-week moving average of Initial Claims for Unemployment Insurance:** rose to 198,500, up from 198,250 last week.
- **30 Year Mortgage Rate:** rose to 7.40%, compared to 7.28% last week

Eurozone Summary:

- **Stoxx 600:** Closed at 637.75, up 2.74 points, or 0.43%.
- **FTSE 100**: Closed at 10,724.86, up 74.53 points, or 0.70%.
- **DAX Index:** Closed at 25,298.61, up 38.71 points, or 0.15%.

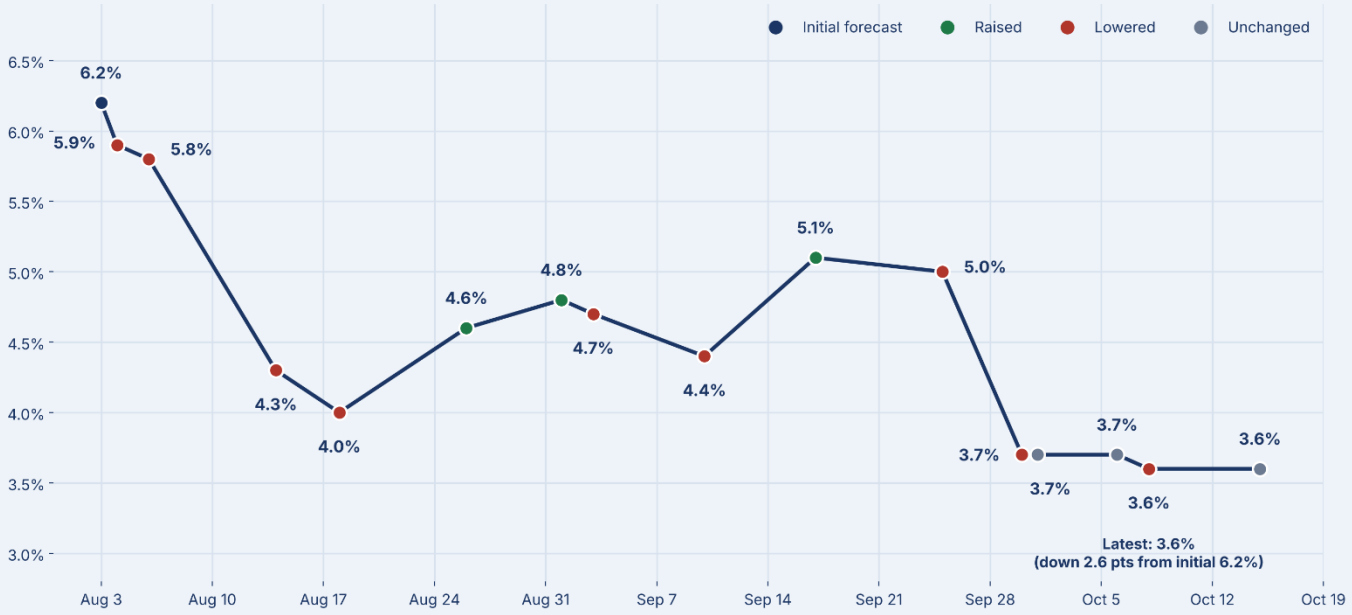
Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 52,178.28, up 556.80 points, or 1.08%.
- **S&P 500**: closed at 7,744.11, up 25.17 points, or 0.33%.
- **Nasdaq Composite**: closed at 26,713.02, up 20.15 points, or 0.08%.
- **Birling Capital Puerto Rico Stock Index**: closed at 4,888.80, up 3.56 points, or 0.07%.
- **Birling Capital US Bank Index**: closed at 9,216.39, down 146.15 points, or 1.56%.
- **US Treasury 10-year note**: closed at 5.10%.
- **US Treasury 2-year note**: closed at 4.77%.

GDPNow 3Q26 Forecast Evolution

Atlanta Fed real GDP growth estimate, annualized, as of Thursday, October 15, 2026

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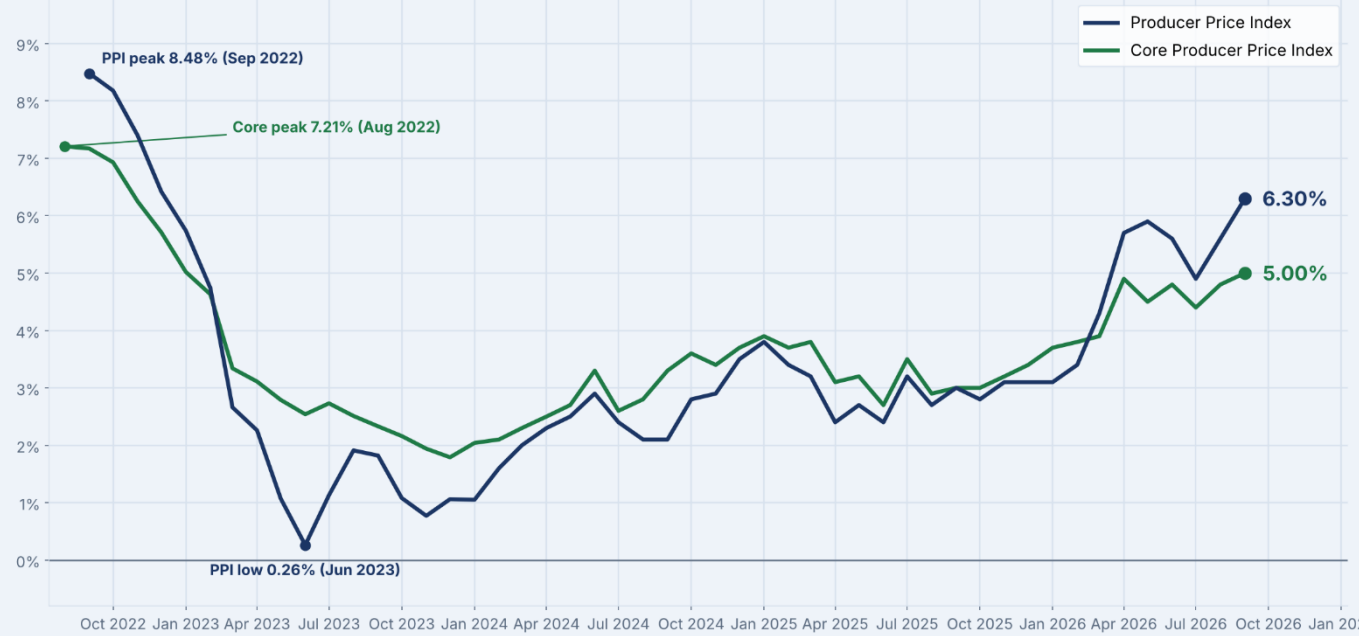
Source: Federal Reserve Bank of Atlanta GDPNow — Birling Capital Advisors

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U.S. Producer Price Index and Core Producer Price Index Year Over Year

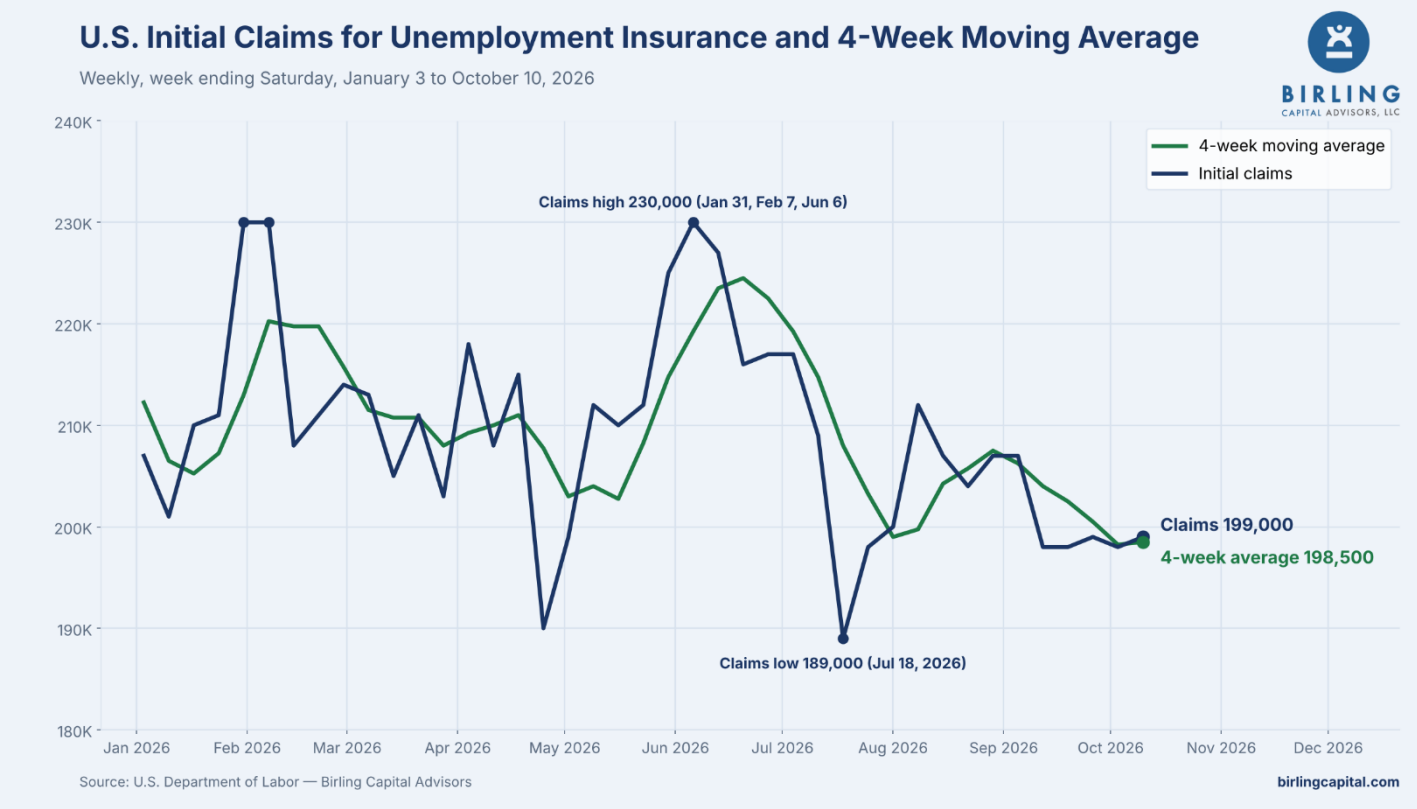
Percent change from a year earlier, August 2022 to September 2026

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

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U.S. Initial Claims for Unemployment Insurance and 4-Week Moving Average
Weekly, week ending Saturday, January 3 to October 10, 2026
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4-week moving average
Initial claims
Claims high 230,000 (Jan 31, Feb 7, Jun 6)
Claims low 189,000 (Jul 18, 2026)
Claims 199,000
4-week average 198,500
240K
230K
220K
210K
200K
190K
180K
Jan 2026
Feb 2026
Mar 2026
Apr 2026
May 2026
Jun 2026
Jul 2026
Aug 2026
Sep 2026
Oct 2026
Nov 2026
Dec 2026
Source: U.S. Department of Labor — Birling Capital Advisors
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U.S. Retail Sales and Inventories Dashboard

Month-over-month percent change, January 2025 to September 2026

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Retail and food services sales	Wholesalers inventories	Business inventories
0.77%	**0.46%**	**0.42%**
Month over month, Sep 2026	Month over month, Aug 2026	Month over month, Aug 2026
Prior month 1.29%	Prior month 1.38%	Prior month 0.88%
▼ 0.52 points	▼ 0.92 points	▼ 0.46 points

Retail and food services sales

Month over month, % change



Wholesalers inventories

Month over month, % change



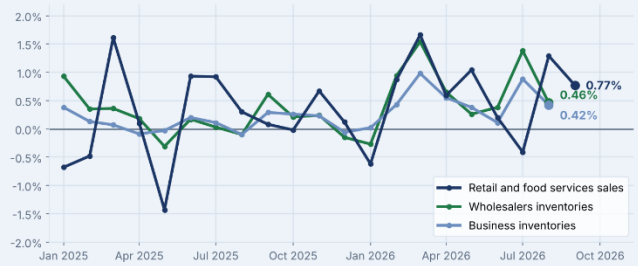
Business inventories

Month over month, % change



All three series

Month over month, % change



Source: U.S. Census Bureau — Birling Capital Advisors

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Eurozone indexes close

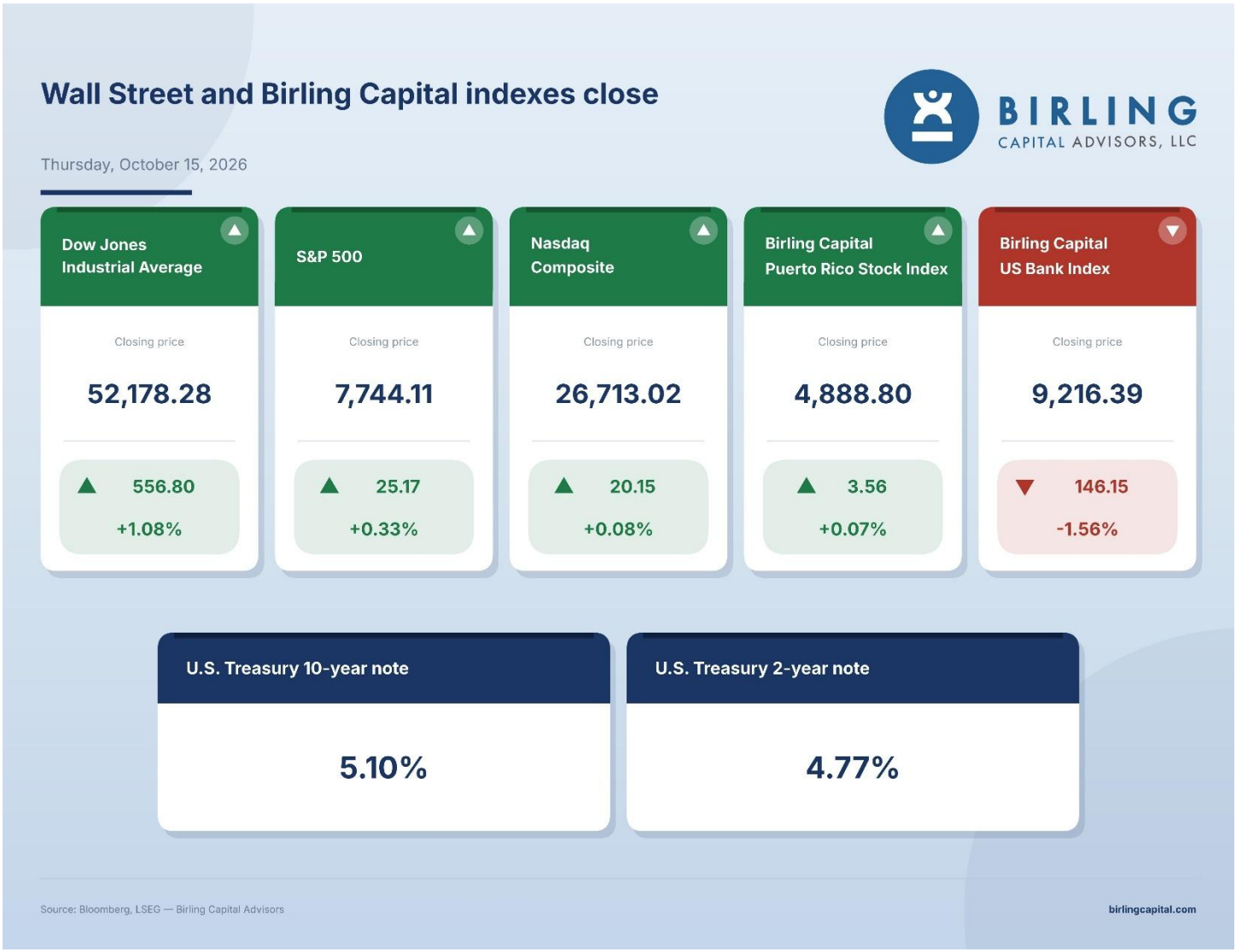
Thursday, October 15, 2026

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Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
640.16	**10,840.35**	**25,382.62**
▲ 2.41	▲ 115.49	▲ 84.01
+0.38%	+1.08%	+0.33%

Source: Bloomberg, LSEG — Birling Capital Advisors

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