

Record-Setting S&P 500 Rally Led by Chipmakers as Treasury Yields Retreat from Multi-Decade Highs

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The U.S. and European stock markets advanced Tuesday as a rebound in semiconductor shares and a pullback in Treasury yields lifted investor sentiment. The S&P 500 and the Nasdaq Composite both set record highs during the session, while the Dow Jones Industrial Average gained about 250 points. With oil little changed, and investors focused on artificial intelligence and corporate earnings, attention turned to Wednesday's release of the Federal Reserve's September meeting minutes.

U.S. Markets

Technology led to the advance. Chipmakers posted the strongest gains, with Marvell Technology up about 6%, Broadcom up roughly 4%, and Advanced Micro Devices up about 3%, as investors grew more optimistic about demand tied to artificial intelligence. The S&P 500 gained about 0.6%, the Nasdaq about 0.5%, and the Dow about 0.5%.

Treasury yields retreated after Monday's climb. The 10-year note fell more than 4 basis points to about 5.26%, and the 30-year bond slipped more than 3 basis points to about 5.63%. Both had reached their highest levels since 2002 the day before, so Tuesday's decline offered welcome relief to equity valuations. Oil was little changed, with West Texas Intermediate near \$89 per barrel and Brent near \$101.

A strategist at Integrated Partners said investors were looking past inflation concerns and found interest rates roughly where they needed to be. He added that earnings growth, momentum, and AI investment were overshadowing signs of financial stress.

In our view, the durability of this rally will depend on whether earnings can keep pace with elevated financing costs. A market this concentrated in one theme can advance quickly but also leaves less room for disappointment. Wednesday's Fed minutes, which may clarify the reasoning behind the recent move to raise rates, will be an important test of that balance.

European Markets

European equities traded higher during the session as softer energy prices and improving global sentiment provided support. Sustained reductions in fuel costs could benefit households, manufacturers, and transportation companies.

France's sovereign debt market, however, highlighted the growing importance of fiscal credibility. French 10-year government bond yields exceeded **5% late last week**, up from about **3.51% near the end of June**. The spread over comparable German bonds widened to more than **150 basis points**, reflecting a larger risk premium.

France faced sizable budget deficits and uncertainty over its ability to implement fiscal reforms through a divided parliament ahead of next year's presidential election. Higher yields increased financing pressures and underscored the consequences of prolonged fiscal uncertainty.

In our view, international investment decisions should distinguish among countries, issuers, and businesses. Fiscal strength, credit quality, currency exposure, and interest-rate sensitivity deserve careful consideration.

Energy Markets

Oil prices finished little changed on Tuesday, with West Texas Intermediate futures settling near **\$89.44 per barrel and Brent crude near \$100.58**. The steadiness meant energy did not add to the pressure on inflation expectations, and it left investors free to focus on technology earnings and the retreat in Treasury yields.

Even so, crude remains elevated, and fuel costs continue to weigh on transportation, manufacturing, and household budgets. Investors appeared willing to look past those inflation concerns for now, betting that energy pressures could ease over time. In our view, that confidence depends on stable supplies, since a renewed jump in oil prices could quickly bring inflation and interest-rate worries back to the forefront.

Economic & Policy Outlook

With the November 3 midterm elections four weeks away, investors faced an increasingly active political calendar. Historical performance offered useful context, although it provided no guarantee of similar results this year.

Across the 14 midterm elections from 1970 through 2022, the S&P 500 gained an average of **4.5% during the month preceding Election Day**, with positive returns approximately **79% of the time**. During the subsequent six months, the index gained an average of **15.5%**, advancing after every election in that sample. Average full-year returns during midterm years were considerably lower, at **3.6%**.

These patterns reflected more than election outcomes. Changes in inflation, interest rates, earnings, and economic activity also influenced performance.

We believe investors should assess political developments by their effects on taxes, regulation, government spending, and business profitability. Portfolio decisions should remain grounded in financial objectives, liquidity needs, valuations, and risk tolerance.

The Final Word

Technology leadership and easing yields carried stocks to record territory. Keeping that momentum will depend on earnings growth and on the Federal Reserve's message. With the minutes due Wednesday and election headlines intensifying, discipline should remain the portfolio's anchor.

GDPNow Update:

- The GDPNow for the third quarter 2026 was updated today and is unchanged at 3.70%.

Economic Data:

- **US ISM Services PMI:** fell to 54.90, 55.40 from last month.
- **US Retail Gas Price:** fell to \$4.603, down from \$4.61 last week, fell -0.15%.
- **US Trade Balance on Goods and Services:** is -105.57B, down from -92.83B last month.
- **Canada Ivey PMI:** rose to 61.90, up from 58.20 last month.

Eurozone Summary:

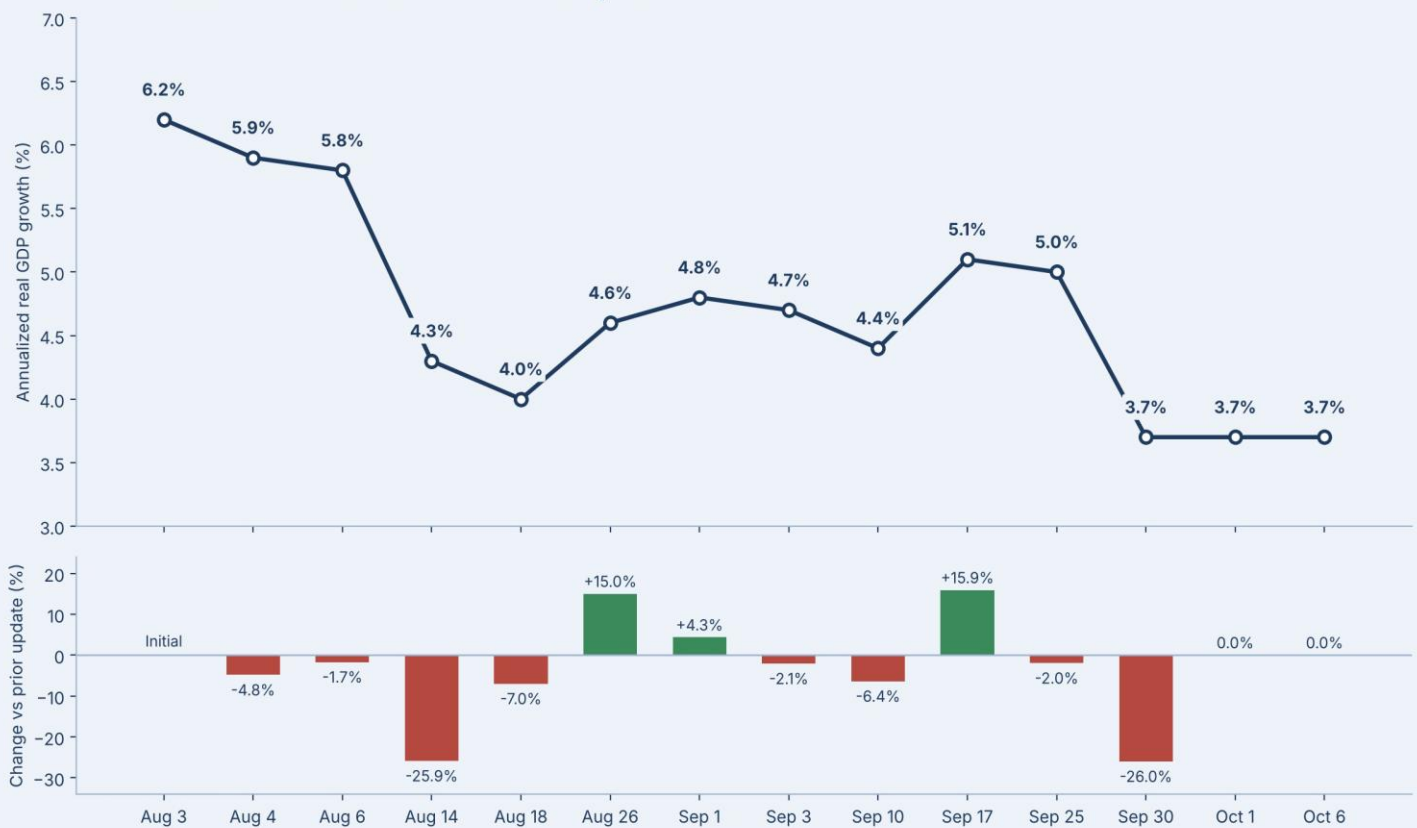
- **Stoxx 600:** Closed at 636.63, up 3.01 points, or 0.48%.
- **FTSE 100:** Closed at 10,541.69, up 43.75 points, or 0.42%.
- **DAX Index:** Closed at 25,449.19, up 194.98 points, or 0.77%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,521.28, up 253.38 points or 0.49%.
- **S&P 500:** closed at 7,818.93, up 44.98 points or 0.58%.
- **Nasdaq Composite:** closed at 27,599.79, up 122.48 points or 0.45%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,872.21, up 65.29 points or 1.36%.
- **Birling Capital U.S. Bank Index:** closed at 9,455.36, up 10.39 points or 0.11%
- **U.S. Treasury 10-year note:** closed at 5.27%.
- **U.S. Treasury 2-year note:** closed at 4.79%.



Atlanta Fed GDPNow estimate for third-quarter 2026



Source: Federal Reserve Bank of Atlanta. GDPNow is a model estimate, not an official forecast. Next update: Oct 8.

US ISM Services PMI

Monthly index, January 2025 to September 2026



Source: Institute for Supply Management — Birling Capital Advisors

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US Retail Gas Price

Weekly average, dollars per gallon, January to September 2026



Source: U.S. Energy Information Administration — Birling Capital Advisors

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US Trade Balance on Goods and Services

Monthly, billions of dollars, August 2024 to August 2026



Source: U.S. Census Bureau, Bureau of Economic Analysis — Birling Capital Advisors

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Eurozone indexes close

Tuesday, October 6, 2026

Stoxx 600



Closing price

636.63

▲ 3.01 points

+0.48%

FTSE 100



Closing price

10,541.69

▲ 43.75 points

+0.42%

DAX Index



Closing price

25,449.19

▲ 194.98 points

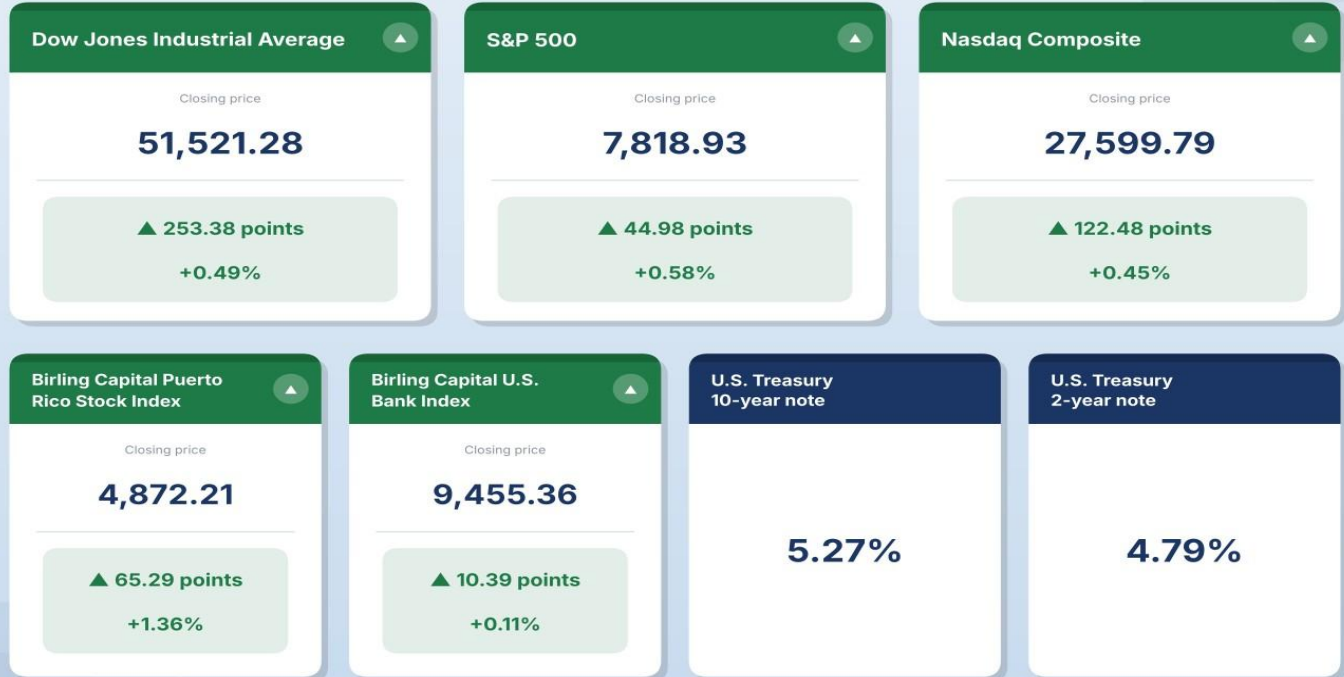
+0.77%

Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Tuesday, October 6, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street Recap October 6, 2026



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