

Dow Extends Losing Streak as Surging Yields Pressure Stocks; Nasdaq Holds at Record

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The U.S. and European stock markets ended Thursday with broadly weaker results as elevated oil prices and rising borrowing costs weighed on investor sentiment. The Dow recorded its third consecutive decline, while the S&P 500 slipped marginally and the Nasdaq managed a modest advance to a record close. Reports of a possible phased agreement between Washington and Tehran helped U.S. equities recover from their session lows but offered limited relief in energy and bond markets. In our view, the central challenge remained the combination of resilient economic activity, persistent inflation pressures, and interest rates that continued to raise the hurdle for equity valuations.

U.S. Markets

Wall Street finished mixed, with the Dow Jones Industrial Average falling 161.61 points, or 0.31%, to 51,349.98. The S&P 500 declined 1.90 points, or 0.02%, to 7,704.13, while the Nasdaq Composite added 3.36 points, or 0.01%, to a record 26,939.37. The nearly unchanged finishes for the broader indexes masked a volatile session as investors weighed rising yields against the possibility of diplomatic progress.

Stocks recovered some ground after Reuters reported that U.S. and Iranian negotiators were considering a phased resolution to the conflict, including reopening the Strait of Hormuz and lifting the U.S. economic blockade. However, energy prices remained elevated: Brent crude rose more than 3% to finish above \$106 per barrel, while West Texas Intermediate settled near \$95.

Treasury markets remained a major source of pressure. The 30-year yield reached 5.501% during the session, its highest level since June 2004, while the 10-year yield touched 5.223%, its highest since June 2007. The 10-year note subsequently closed at 5.18%, and the 2-year note finished at 4.87%. Expectations for additional Federal Reserve tightening also increased, with CME FedWatch indicating a nearly 71% probability of an October rate hike, compared with approximately 55% a week earlier.

In our view, the more consequential question was how long borrowing costs would remain elevated and how extensively they would affect economic activity. A sustained 10-year yield above 5% would make mortgages more expensive, raise corporate refinancing costs, and place greater pressure on private-market and public-equity valuations. Higher fuel expenses would compound that burden for households and businesses.

At the same time, the latest manufacturing and services surveys pointed to continued business expansion. We viewed that resilience as both a source of earnings support and a complication for monetary policy: an economy capable of sustaining demand could also make inflation harder to contain. Oil remained a critical variable, with any lasting diplomatic breakthrough potentially easing price pressures, while further disruption could reinforce the case for tighter policy.

Among individual stocks, Oracle fell 3.5% after Bloomberg reported that the company had invoked force majeure protections related to potential delays at a New Mexico data center project. Banking shares also weakened, with the Birling Capital U.S. Bank Index declining 0.88% and the Birling Capital Puerto Rico Stock Index losing 0.75%.

European Markets

European markets closed broadly lower on Thursday, with all three major indexes retreating. The **DAX declined 0.57%**, posting the session's steepest loss, followed closely by the **Stoxx 600, which fell 0.55%**. The **FTSE 100 proved comparatively resilient**, slipping to a more modest **0.24%**.

Rising sovereign bond yields, elevated energy prices, and renewed inflation concerns pressured investor sentiment. Higher fuel costs threatened to weaken consumer purchasing power, compress corporate margins, and complicate the European Central Bank's efforts to balance inflation control with economic growth.

Energy Markets

Crude oil prices rose sharply as diplomatic efforts surrounding the conflict with Iran failed to produce a clear path toward de-escalation. WTI crude advanced approximately 2%, while Brent crude moved back above \$100 per barrel.

The most troubling development was the surge in refined products, particularly diesel. Because diesel is essential to freight transportation, construction, agriculture, and industrial activity, sustained price increases could spread throughout the economy and place renewed upward pressure on consumer prices.

The energy shock therefore affected markets through several channels simultaneously: higher inflation expectations, rising Treasury yields, weaker consumer purchasing power, and greater uncertainty about corporate profit margins.

Economic & Policy Outlook

Higher yields became a more consequential headwind for financial markets as the 10-year Treasury yield reached approximately 5.12%, its highest level since 2007, while the 30-year yield climbed to roughly 5.42%, its highest since 2004.

The bond-market selloff reflected four primary forces:

1. Rising oil prices and renewed inflation concerns.
2. Increasingly hawkish Federal Reserve rhetoric.
3. Weak demand at the latest Treasury auction.
4. Strong economic data supporting the higher-for-longer interest-rate outlook.

The yield increase was not entirely negative. Part of the move reflected an economy that continued to expand at a solid pace, supported by resilient business activity and improving labor-market conditions. However, the pace of the increase—and the accompanying volatility—made conditions tougher for equity valuations, housing, capital investment, and corporate financing.

Recent business surveys suggested that economic momentum had accelerated, providing a supportive backdrop for corporate profits. Earnings expectations also remained strong, particularly across technology and AI-related industries. Third-quarter S&P 500 earnings were expected to rise approximately 30% from the prior year, underscoring the fundamental strength still supporting equities.

The Final Word: Strong Earnings Meet a More Demanding Market

Wall Street's foundation remained supported by economic growth and exceptional earnings, but the market's margin for error was narrowing. Oil above \$100, Treasury yields exceeding 5%, and rising AI infrastructure costs formed a powerful test for equity valuations.

The bull case remained intact, but investors demanded more proof that earnings growth could outrun inflation, financing costs, and geopolitical risk.

Economic Update:

- **US Initial Claims for Unemployment Insurance:** fell to 197,000, down from 198,000 last week, a 0.51% decrease.
- **US 4-week moving average of Initial Claims for Unemployment Insurance:** fell to 202,250, down from 204,000 last week, a decrease of 0.86%.
- **US New Single Family Houses Sold:** rose to 684,000, up from 643,000 last month, a 6.38% increase.
- **30 Year Mortgage Rate:** rose to 6.95%, compared to 6.76% last week.

Eurozone Summary:

- **Stoxx 600:** closed at 636.43, down 3.49 points or 0.55%.
- **FTSE 100:** closed at 10,679.99, down 25.27 points or 0.24%.
- **DAX Index:** closed at 25,266.53, down 144.10 points or 0.57%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,349.98, down 161.61 points or 0.31%.
- **S&P 500:** closed at 7,704.13, down 1.90 points or 0.02%.
- **Nasdaq Composite:** closed at a record 26,939.37, up 3.36 points or 0.01%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,805.24, down 36.13 points or 0.75%.
- **Birling Capital U.S. Bank Index:** closed at 9,727.69, down 86.03 points or 0.88%.
- **U.S. Treasury 10-year note:** closed at 5.18%.
- **U.S. Treasury 2-year note:** closed at 4.87%.

U.S. Initial Claims And 4-Week Moving Average

Weekly, seasonally adjusted, January 3 – September 19, 2026



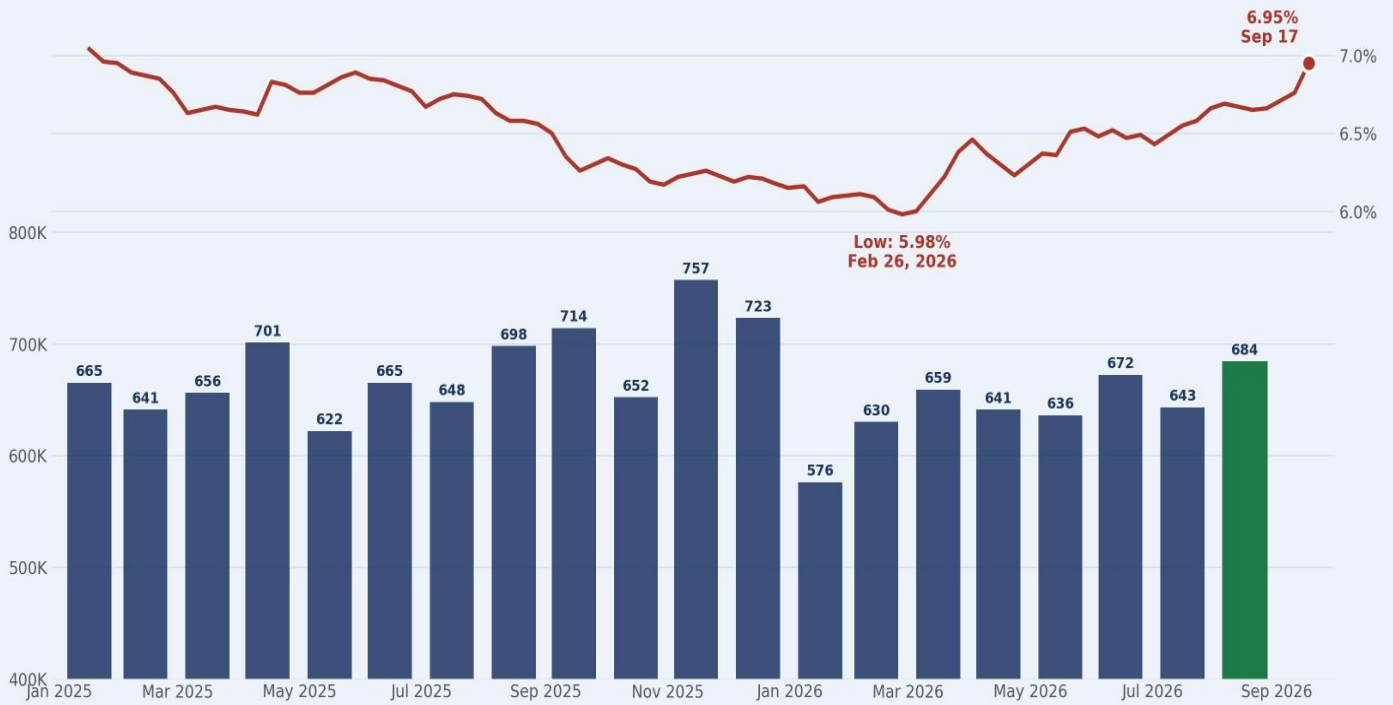
Source: U.S. Department of Labor — Birling Capital Advisors

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U.S. New Single-Family Houses Sold Vs. 30-Year Mortgage Rate

New home sales monthly through August 2026; mortgage rate weekly through September 17, 2026

■ New single-family houses sold (thousands, SAAR, left) — 30-year fixed mortgage rate (right)

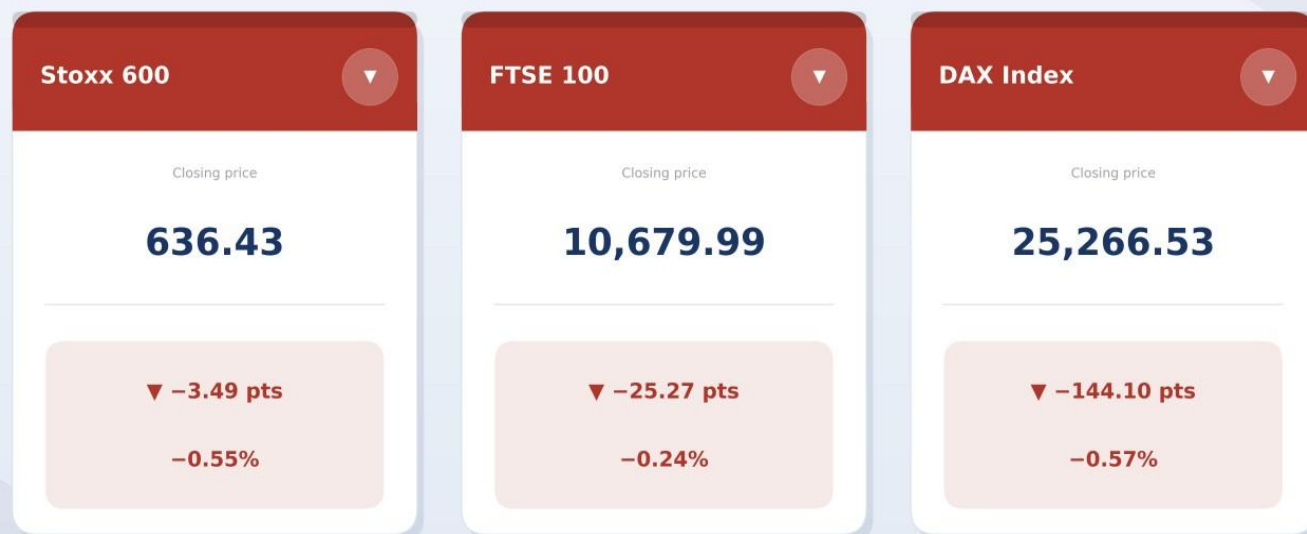


Source: U.S. Census Bureau, Freddie Mac — Birling Capital Advisors

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Eurozone indexes close

Thursday, September 24, 2026

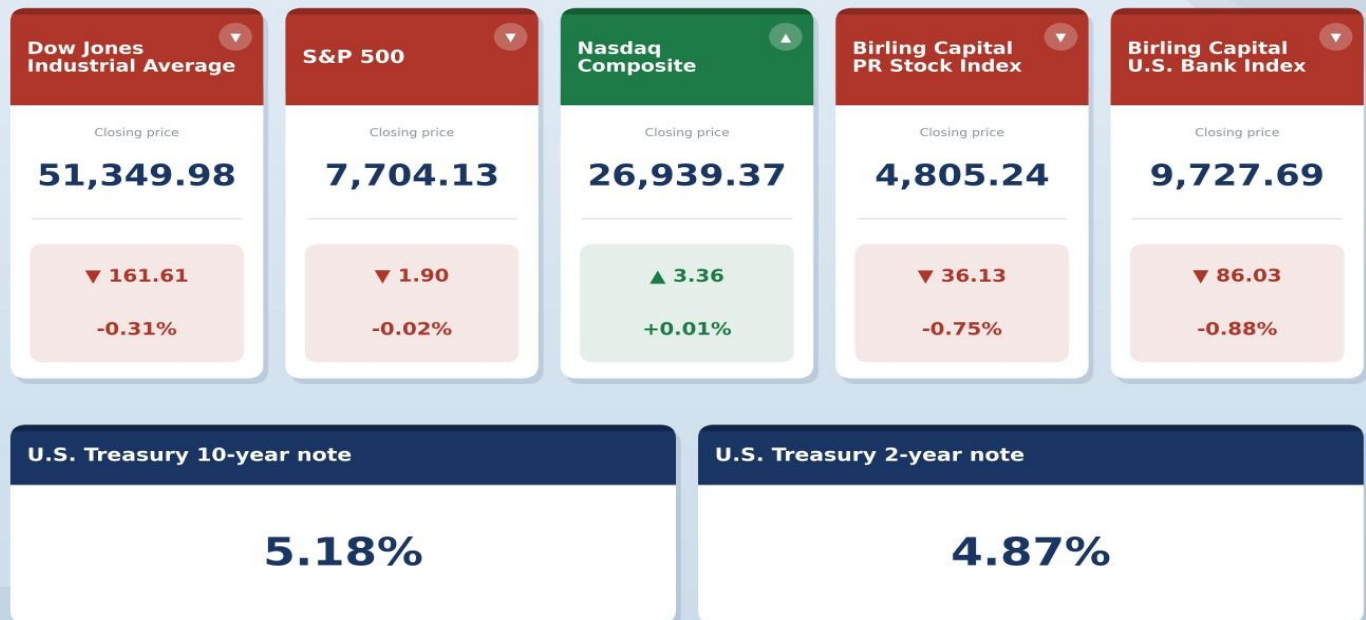


Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Thursday, September 24, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street Recap

September 24, 2026



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