

Dow Jumps 479 Points as Stocks Notch a Winning Week Despite Surging Treasury Yields, and Index of Consumer Sentiment Falls

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U.S. equities closed a volatile week on a strong note Friday, as falling oil prices, renewed hopes for Middle East diplomacy, and continued enthusiasm for technology stocks outweighed a sharp rise in Treasury yields. The Dow Jones Industrial Average gained about 479 points, or 0.9%, while the S&P 500 and the Nasdaq Composite each rose 0.5%.

The session captured the central tension facing investors: economic growth and corporate investment remain firm yet borrowing costs have climbed to levels not seen in nearly two decades. For now, earnings momentum is winning that contest, but the margin for error is narrowing.

U.S. Markets

All three major indexes finished the week higher. The S&P 500 advanced 1.2%, the Nasdaq rose 2%, and the Dow added 0.3%. Technology led the way, with the S&P 500 information technology sector gaining roughly 3% for the week, the most of any sector. Meta Platforms rose more than 12% on the week on excitement about its AI agent, Muse, and Akamai Technologies, jumped 5% Friday after announcing a multiyear agreement with Anthropic.

Lower energy prices also supported sentiment. Oil fell after Iran asked the U.S. to return to the memorandum of understanding reached in June, raising hopes that the Strait of Hormuz could reopen. West Texas Intermediate crude settled down 2.33% at \$92.41 per barrel, and Brent crude declined 2.14% to \$104.32.

The bond market remained the week's main source of pressure. The 10-year Treasury yield reached its highest level since 2007 on Thursday, and the 30-year yield touched its highest since 2004; the two were last near 5.20% and 5.52%, respectively. The climb was driven by hawkish remarks from Federal Reserve Governor Michael Barr, persistently high energy prices tied to the Iran conflict, and a hot purchasing managers' report. Fed funds futures now imply roughly a 66% probability of a rate hike in October, according to the CME FedWatch tool.

August's unchanged headline durable goods orders masked a stronger underlying picture. Nondefense capital goods orders excluding aircraft—a closely watched indicator of business equipment spending—rose 1.6% from the previous month and 14.9% from a year earlier. These figures suggested that companies continued to commit capital to expansion and modernization.

Trade policy offered another potential support. Chinese President Xi Jinping's visit to the U.S. remained in focus, with Treasury Secretary Scott Bessent saying the two countries agreed to extend their trade truce by two months, and U.S. Trade Representative Jamieson Greer indicating that more details on negotiations would be released Monday.

In our view, the market's resilience is notable, with the S&P 500 and Nasdaq only about 1% below their recent highs. Still, investor sentiment has weakened as yields have risen, and, whether the driver is stubborn inflation, rapid growth, or widening deficits, the prospect of higher rates for longer is a risk that valuations cannot absorb indefinitely. Earnings will need to keep delivering to justify current prices.

European Markets

European equities ended the week on firmer footing. The Stoxx 600 rose 0.35% to 638.65, the FTSE 100 added 0.14% to 10,695.25, and Germany's DAX led with a 0.56% gain to 25,408.64. Energy costs and

interest rates remain the main drivers of the outlook. Earlier in the week, oil prices extended their decline after reports that Iran had offered to reopen the Strait of Hormuz within seven days if the U.S. lifted its port blockade, with markets watching for possible U.S.-Iran talks at the UN General Assembly. A sustained decline in oil prices would help ease pressure on household purchasing power and corporate margins, particularly in energy-intensive industries.

The rate backdrop is less forgiving. Eurozone sovereign yields climbed to multi-decade highs this week, as strong growth and elevated energy prices reinforced expectations that the ECB will keep raising rates this year. That leaves credit-sensitive sectors such as banks, insurers, and autos exposed even as the broader indexes advance.

Renewed diplomacy is a potentially favorable development. However, any lasting improvement will depend on an agreement that restores shipping flows through Hormuz and reduces the risk of further supply disruption. Until then, European equities will likely trade on each shift in the oil market and each signal from Frankfurt.

Energy Markets

Oil prices retreated during the session as renewed negotiations raised hopes of improved access through the Strait of Hormuz.

Iran reportedly indicated that it could reopen the waterway within seven days if the United States eased military pressure and lifted its blockade on Iranian ports. The proposal remained conditional, leaving markets sensitive to further diplomatic developments.

In our view, the distinction between a diplomatic proposal and restored energy shipments remained critical. Negotiations could reduce the geopolitical premium in crude prices, but sustained relief would require reliable transportation and a meaningful supply recovery.

Economic & Policy Outlook

Business investment counterbalanced **rising yields**. Orders for computers and related products increased more than **17% from August 2025**, consistent with continued spending on technology infrastructure. Artificial intelligence investment remained a significant theme, although the broader orders category extended beyond AI alone.

The bond market nevertheless presented a substantial challenge. The 10-year Treasury yield rose more than **40 basis points** in **September**, while the 2-year yield increased by more than **50 basis points**. Such rapid moves raised financing costs and increased the returns investors demanded from equities.

Our view is that the economic setting matters as much as the size of the rate increase. Rising yields, paired with continued employment gains and business expansion, present a different earnings outlook than rising yields alongside deteriorating demand.

With payrolls increasing by **214,000 over the preceding three months**, employment continued to expand. Combined with stronger core capital goods orders, that offered grounds for a constructive outlook, while leaving room for caution about the delayed effects of higher rates.

Resilience also complicated the monetary policy picture. Firm demand could sustain corporate revenues, but it could also slow progress toward lower inflation and prolong restrictive borrowing costs.

The Final Word: Relief Helps; Earnings Must Deliver

Lower oil prices and steadier yields offered welcome relief, but the stronger message came from businesses continuing to invest. Our outlook remained cautiously constructive: diplomacy could ease near-term pressure, while sustained earnings growth would determine whether equities could advance despite higher borrowing costs.

GDPNow Update:

- The GDPNow for the third quarter for 2026 was updated falling to 5.00%, down from 5.10%, decreasing -1.96%.

Economic Update:

- **US Index of Consumer Sentiment:** fell to 48.10, down from 51.70 last month, decreasing to -6.96%.
- **US Durable Goods New Orders MoM:** fell -0.02%, compared to 0.90% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 638.65, up 2.22 points or 0.35%.
- **FTSE 100:** closed at 10,695.25, up 15.26 points or 0.14%.
- **DAX Index:** closed at 25,408.64, up 142.11 points or 0.56%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,828.62, up 478.64 points or 0.93%.
- **S&P 500:** closed at 7,743.41, up 39.28 points or 0.51%.
- **Nasdaq Composite:** closed at a record 27,068.72, up 129.34 points or 0.48%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,841.89, up 36.66 points or 0.76%.
- **Birling Capital U.S. Bank Index:** closed at 9,702.58, down 25.11 points or 0.26%.
- **U.S. Treasury 10-year note:** closed at 5.17%.
- **U.S. Treasury 2-year note:** closed at 4.81%.

Atlanta Fed GDPNow: 3Q26 Estimate

September 25: 5.0%

Real GDP growth estimate by model update, Aug. 3 – Sept. 25, 2026

▼ 0.1 pt vs. Sept. 16 ▼ 1.2 pts vs. initial

Labels show each estimate and its % change from the prior update



Source: Federal Reserve Bank of Atlanta — Birling Capital Advisors

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U.S. Index Of Consumer Sentiment

Monthly readings, January 2025 – September 2026

September 2026: 48.1

▼ 3.6 vs. August ▼ 7.0 vs. Sept. 2025



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

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U.S. Durable Goods New Orders MoM

Month-over-month % change, January 2025 – August 2026

August 2026: –0.02%

▼ Down from +0.90% in July

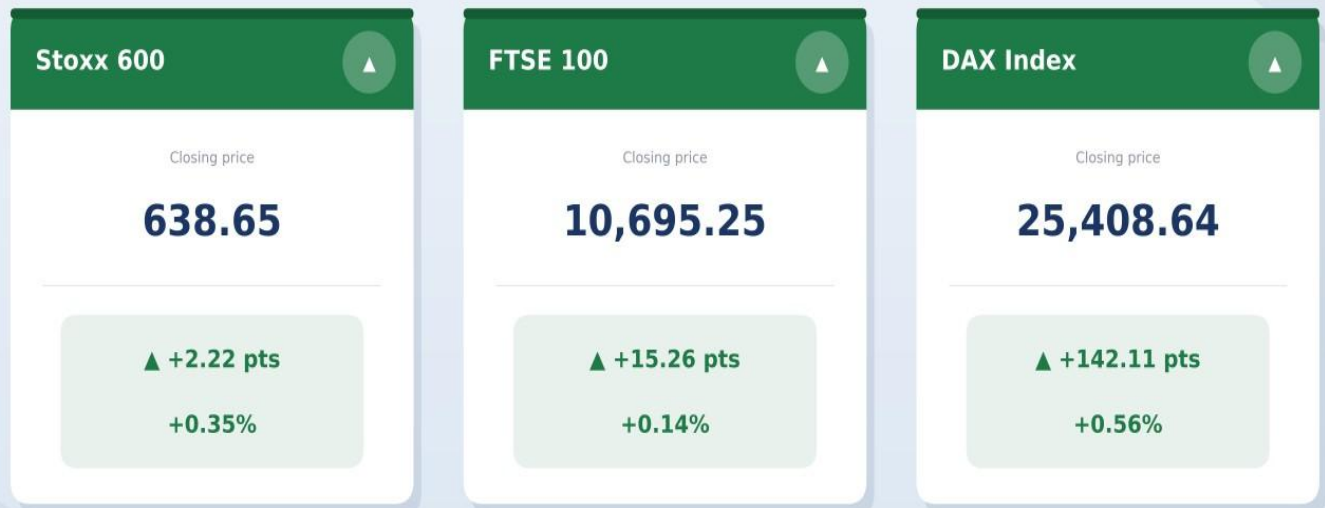


Source: U.S. Census Bureau — Birling Capital Advisors

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European markets close

Friday, September 25, 2026

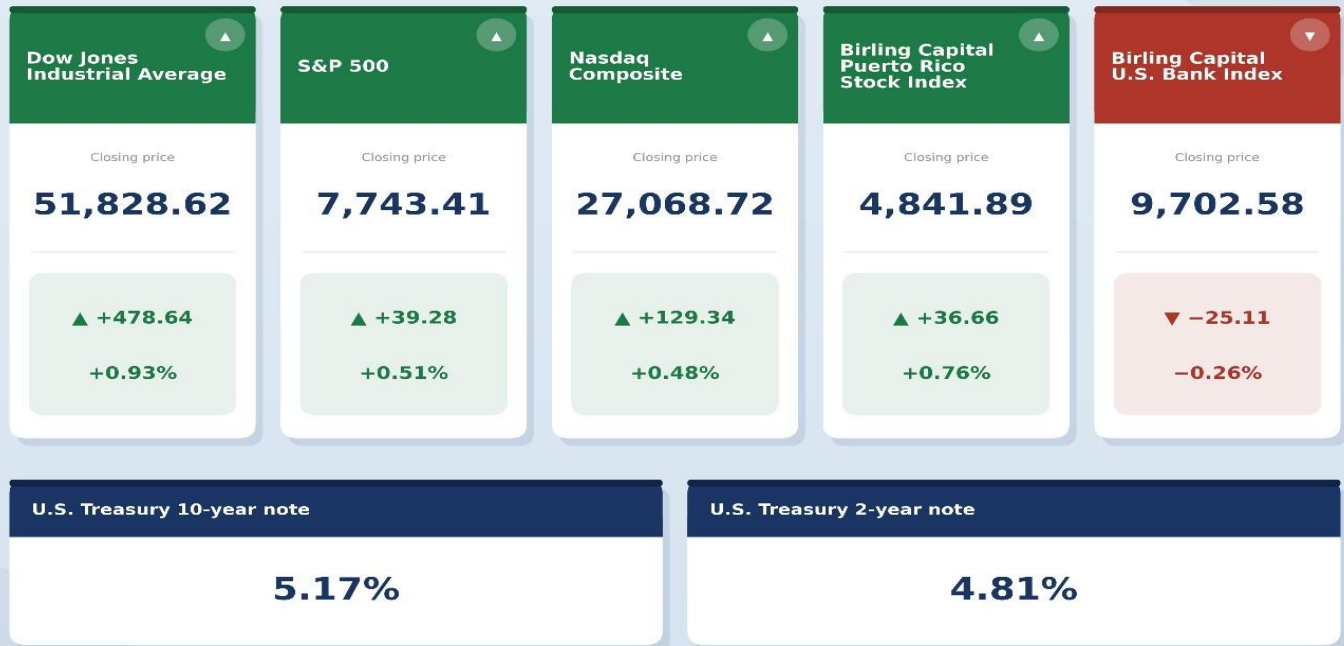


Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Friday, September 25, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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