Oil Rally and Inflation Anxiety Send Dow Tumbling 622 Points as Wall Street Opens Holiday-Shortened Week Lower

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The U.S. stock market ended sharply lower Tuesday as rising oil prices, escalating Middle East tensions, and renewed trade friction pressured investor sentiment. The Dow Jones Industrial Average fell 628.18 points, or 1.18%, extending Friday's 272-point decline and recording its second consecutive losing session. The S&P 500 declined 0.58%, while the Nasdaq Composite slipped 0.32%.

Crude oil extended its rally following the latest exchange of attacks between the United States and Iran, heightening concerns about energy supplies and inflation. West Texas Intermediate advanced for a sixth consecutive session—its longest winning streak since March—while Brent crude approached $98 per barrel.

The surge in energy prices sharpened investors' focus on the August Producer Price Index and Consumer Price Index, scheduled for Thursday and Friday. The reports will provide the final major inflation readings before the Federal Reserve's September 15–16 meeting, with futures markets assigning approximately a 60% probability to a quarter-percentage-point rate increase.

U.S. Markets

Wall Street began the holiday-shortened week with broad losses as investors confronted higher energy prices, elevated Treasury yields, and renewed geopolitical and trade uncertainty. U.S. markets were closed Monday in observance of Labor Day.

The Dow Jones Industrial Average tumbled 622 points, or 1.2%, registering its second consecutive decline after falling 272 points on Friday. The S&P 500 lost 0.6%, while the Nasdaq Composite declined 0.3%.

Oil prices remained a central source of pressure. West Texas Intermediate crude rose for a sixth straight session following renewed hostilities between the United States and Iran, while Brent crude traded near $98 per barrel. The advance intensified concerns that higher fuel and transportation costs could slow the recent moderation in inflation and strengthen the case for additional Federal Reserve tightening.

Semiconductor stocks provided one of the session's few bright spots. The VanEck Semiconductor ETF gained 1.5%, supported by advances of more than 9% in Intel, more than 6% in Advanced Micro Devices, and approximately 3% in Broadcom. Their performance helped limit the technology sector's decline but was insufficient to reverse the broader risk-off tone.

Treasury yields also remained elevated as investors assessed the inflationary implications of higher oil prices. The 10-year Treasury yield recently reached its highest level since November 2023, while the 2-year yield climbed to its highest level since January 2025.

Renewed trade tensions added another layer of uncertainty. Canadian retaliatory tariffs covering approximately $20 billion in U.S. goods took effect Tuesday. At the same time, President Donald Trump intensified pressure on aircraft manufacturer Bombardier by linking continued access to the U.S. market with increased production inside the United States.

European Markets

European equities traded near the flatline Tuesday as investors balanced escalating Middle East tensions against the broader resilience of the global economy. The Stoxx 600 and the FTSE 100 both edged lower, while the DAX Index posted a modest gain.

The region remains particularly sensitive to rising energy prices because it depends on imported fuel. A prolonged disruption affecting Saudi production or critical shipping routes could increase manufacturing, transportation, and household energy costs across Europe.

Energy-related companies benefited from higher crude prices, while other sectors reflected a more cautious tone. European investors also awaited the upcoming U.S. inflation reports, which could influence global interest-rate expectations and currency markets.

Energy Markets

Oil prices surged after reports of Houthi attacks against Saudi energy facilities. West Texas Intermediate crude climbed above $93 per barrel, while Brent traded just below $100.

The latest escalation intensified concerns surrounding the security of global energy infrastructure and the availability of crude supplies. The International Energy Agency has characterized this year's interruption as the largest global oil-supply disruption on record.

Although markets and the global economy have absorbed the disruption better than initially feared, sustained elevated oil prices could increase inflation, weaken consumer purchasing power, and put additional pressure on corporate profit margins. Transportation-intensive industries would be particularly vulnerable to higher fuel costs.

Economic & Policy Outlook

Inflation returns to center stage this week, with the August Producer Price Index scheduled for Thursday and the Consumer Price Index due Friday. These reports represent the final major inflation readings before the Federal Reserve's September 15–16 meeting.

Recent data have offered encouraging evidence that underlying price pressures may be moderating. Core consumer inflation—which excludes food and energy—rose at a 1.6% annualized pace during the three months through July, its first three-month reading below 2% this year. Slower wage growth and more timely housing-cost indicators also suggest that additional disinflation may be developed.

Nevertheless, inflation remains above the Federal Reserve's 2% objective. Rising oil prices and renewed instability in the Middle East could increase energy, freight, and transportation costs, creating another obstacle for policymakers.

With labor-market conditions remaining relatively healthy, the Fed has greater flexibility to concentrate on restoring price stability. Markets currently place the probability of a September rate increase at approximately 58%, making this week's inflation reports critical to the policy outlook.

The Final Word: Resilient Markets Confront a New Energy Test

Financial markets have remained remarkably resilient despite the most severe global oil-supply disruption in recent history. That resilience reflects solid economic activity, strong corporate earnings, and continued investor confidence in the longer-term expansion.

However, oil approaching $100 per barrel creates a new test. If the increase proves temporary, markets may continue to absorb geopolitical uncertainty. If elevated energy prices persist, the consequences could extend beyond the oil market, affecting inflation, Federal Reserve policy, consumer spending, and corporate margins.

The investment outlook remains constructive, but September may demand greater selectivity and discipline. In an environment shaped by geopolitical uncertainty and data-dependent monetary policy, earnings strength—and the ability to protect margins—will remain the market's most important anchor.

Economic Update:

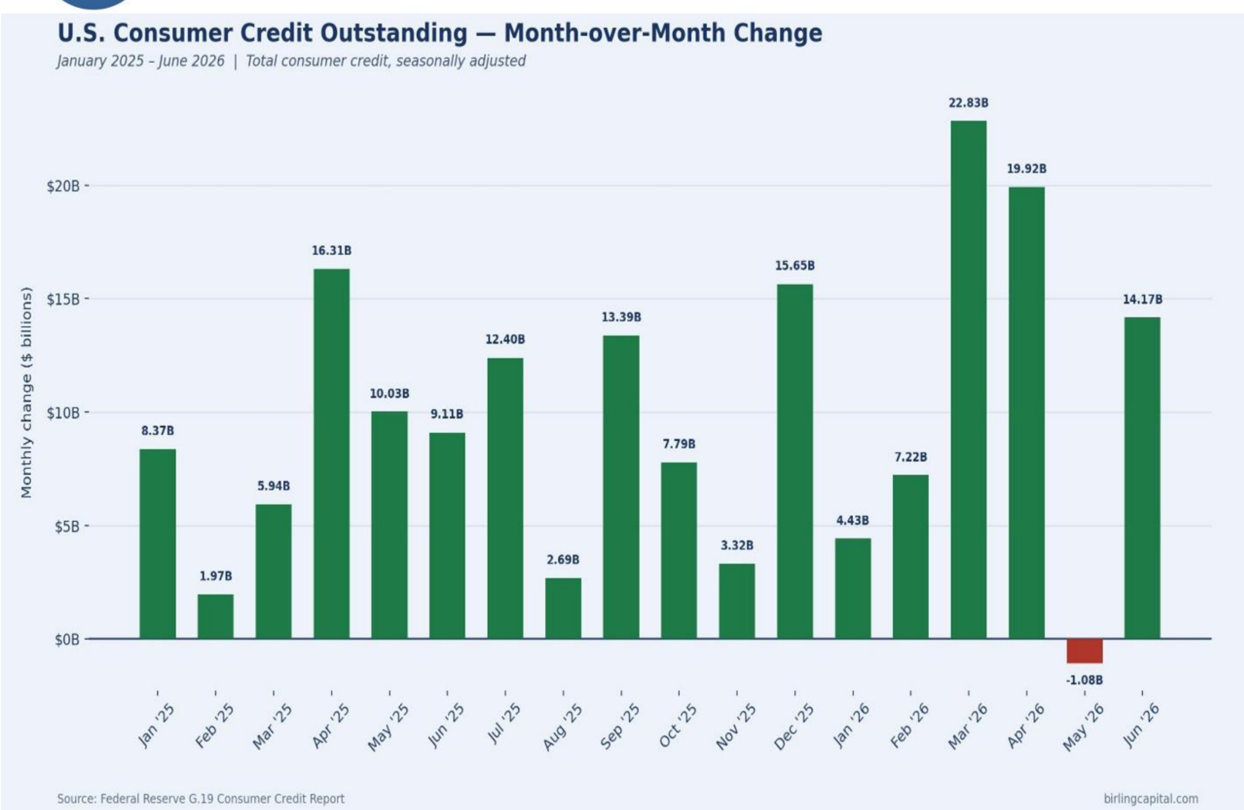
- **US Consumer Credit Outstanding MoM:** rose to 14.17 billion, up from -1.081 billion last month.

Eurozone Summary:

- **Stoxx 600:** closed at 649.60, down 0.30 points or 0.05%.
- **FTSE 100:** closed at 10,811.66, down 10.47 points or 0.10%.
- **DAX Index:** closed at 26,007.63, up 1.10 points or 0.00%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,786.07, down 628.18 points or 1.18%.
- **S&P 500:** closed at 7,673.52, down 45.08 points or 0.58%.
- **Nasdaq Composite:** closed at 26,421.41, down 85.58 points or 0.32%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5,118.42, up 29.14 points or 0.57%
- **Birling Capital U.S. Bank Index:** closed at 10,582.63, up 187.97 points or 1.81%
- **U.S. Treasury 10-year note:** closed at 4.80%.
- **U.S. Treasury 2-year note:** closed at 4.39%.



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European Markets Close

Tuesday, September 8, 2026

Stoxx 600	FTSE 100	DAX Index
Closing Price	Closing Price	Closing Price
649.60	10,811.66	26,007.63
▼ -0.30	▼ -10.47	▲ +1.10
-0.05%	-0.10%	0.00%

Source: Bloomberg, Birling Capital Advisors

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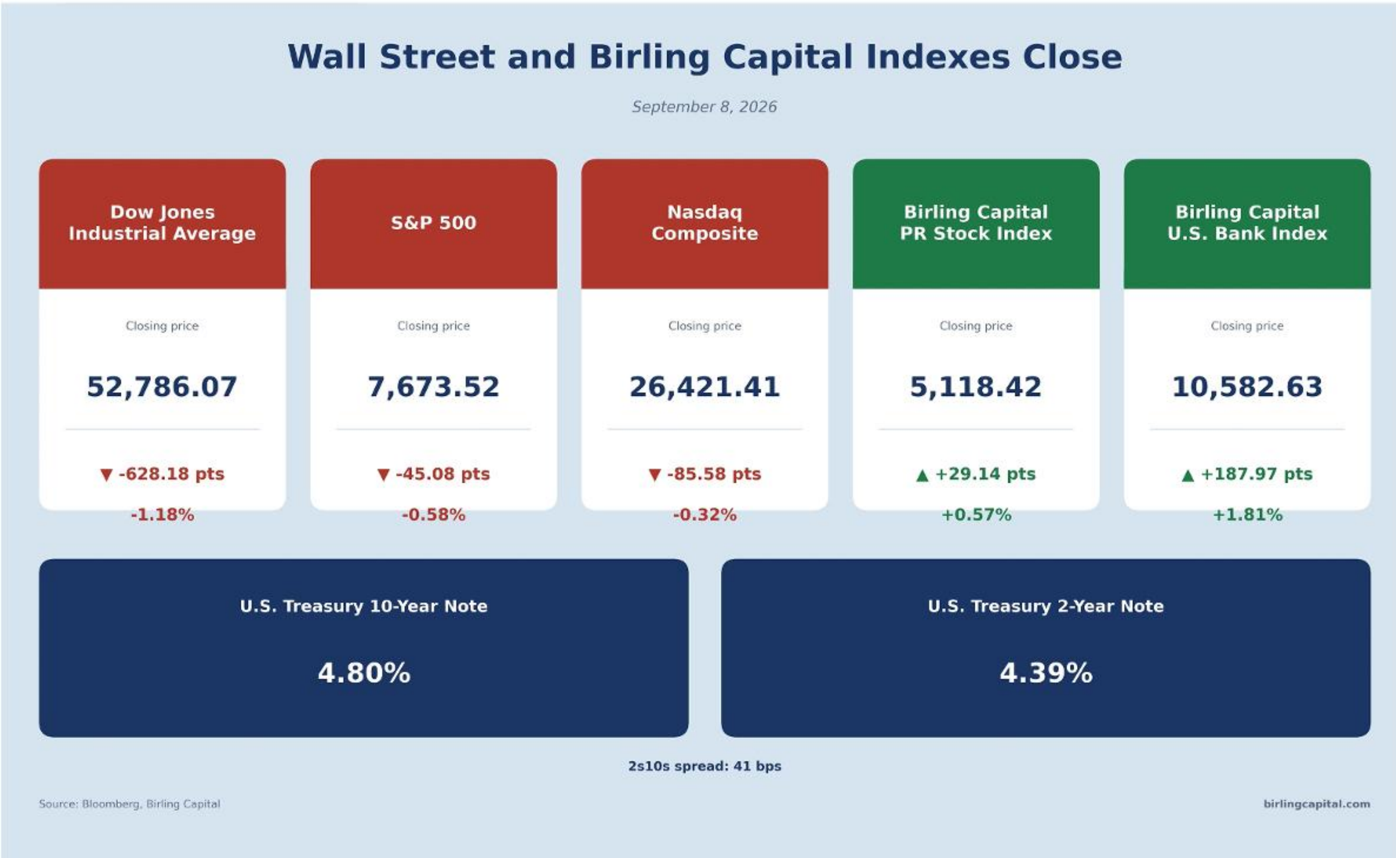
Wall Street and Birling Capital Indexes Close
September 8, 2026
Dow Jones Industrial Average
Closing price
52,786.07
▼ -628.18 pts
-1.18%
S&P 500
Closing price
7,673.52
▼ -45.08 pts
-0.58%
Nasdaq Composite
Closing price
26,421.41
▼ -85.58 pts
-0.32%
Birling Capital PR Stock Index
Closing price
5,118.42
▲ +29.14 pts
+0.57%
Birling Capital U.S. Bank Index
Closing price
10,582.63
▲ +187.97 pts
+1.81%
U.S. Treasury 10-Year Note
4.80%
U.S. Treasury 2-Year Note
4.39%
2s10s spread: 41 bps
Source: Bloomberg, Birling Capital
birlingcapital.com